BIOHIT

Innovating for Health

Annual Report 2005

BIOHIT

The hummingbird

The sensitive and precise qualities of the hummingbird symbolise Biohit's product groups of liquid handling, diagnostic products, and analysis systems. Biohit's products based on the company's innovations and technologies are characterised by versatility, flexibility, power, speed, lightweight quality, robustness and well-engineered design, ergonomics, accuracy, and precision as well as safety in delicate operations.

Contents

Biohit in brief

Biohit develops and manufactures laboratory devices and equipment as well as diagnostic tests and analysis systems for use in research institutions, health care and industrial laboratories. Biohit operates in two business areas: the liquid handling business and the diagnostics business.

Liquid handling products include electronic and mechanical pipettors and disposable pipettor tips. The company's liquid handling product range is the most extensive in the world. Biohit is the global market leader in electronic liquid handling products and the world's leading Original Equipment Manufacturer (OEM) of electronic liquid handling products.

Biohit develops and manufactures test kits for diagnosing and screening diseases of the gastrointestinal area. The range of diagnostic products includes GastroPanel, a blood-sample-based test, developed and patented by Biohit, for diagnosing diseases of the stomach and the risks associated with these diseases, as well as quick tests for the diagnosis of lactose intolerance and *Helicobacter pylori* bacterial infection.

In addition to liquid handling products and diagnostic tests, Biohit's product range includes instruments and the related software for analysing test results, and analysis systems comprising all products. The service laboratory located in Helsinki offers analysis services for GastroPanel and other Biohit diagnostic tests. Biohit also provides pipettor maintenance and calibration services through its global network of distributors.

Biohit employs around 300 people in 8 countries. Biohit has two production facilities in Finland, in Kajaani and Helsinki. In 2006, the company will establish a new plant in China, mainly to serve the growing Asian markets. The subsidiaries focus on the sales and marketing of products and services. Additionally, Biohit's products are also sold by approximately 450 distributors in 70 countries. Biohit's share has been quoted on the Helsinki Stock Exchange's NM list since 1999.

For more information about Biohit, visit
www.biohit.com

2005 in brief

In 2005, Biohit's net sales increased by 7 per cent to EUR 28.7 million (EUR 26.7 million in 2004). After slow growth in the first part of the year, net sales recovered towards the end of the year. The most rapid growth was seen in pipettor maintenance services. Buoyant trends were also seen in sales of pipettors and disposable tips.

The liquid handling business accounted for 95 per cent and the diagnostics business for 5 per cent of net sales. The market position of the liquid handling business remained strong and the business area achieved an operating profit of EUR 2.3 million. Considerable efforts are currently being devoted to the diagnostics business, with the emphasis on creating a foundation on which to bolster sales of diagnostics products, as well as analysis systems comprising liquid handling products, instruments and related software. The business area's net sales rose by 33 per cent and it made an operating loss of EUR 2.3 million.

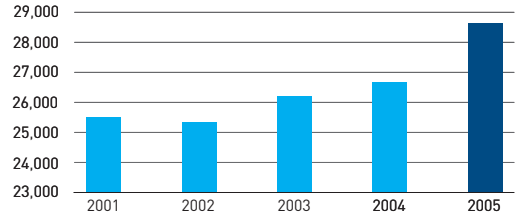
In 2005, Biohit invested in increasing capacity at its production facilities in Kajaani and Helsinki in particular, as well as in developing the diagnostics business. The Group's investments represented 7 per cent of net sales.

Key figures

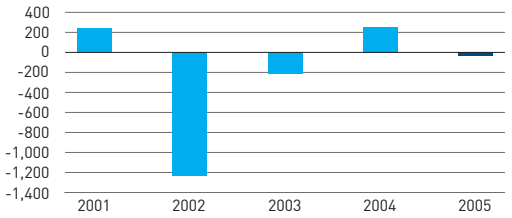
	2005	2004	Change, %
Net sales, EUR 1,000	28,660	26,702	7 %
Operating profit / loss, EUR 1,000	-33	251	-113 %
Profit / loss before tax, EUR 1,000	-256	104	-347 %
Return on equity, %	-1.6 %	-1.1 %	-41 %
Return on capital employed ROI, %	0.5 %	2.0 %	-76 %
Equity ratio, %	51.5 %	62.3 %	-17 %
Investments in fixed assets, EUR 1,000	1,988	2,260	-12 %
Number of employees, average	295	291	1 %

Key figures per share			
Earnings per share, EUR	-0.02	-0.01	-34 %
Shareholders' equity per share, EUR	1.10	1.09	1 %
Price/earnings ratio (P/E)	-123	-158	22 %

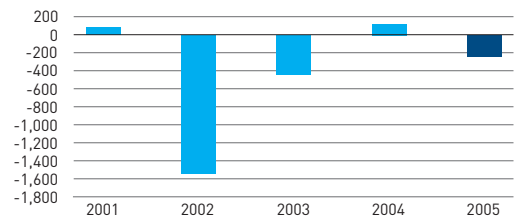
Development of net sales, EUR 1,000



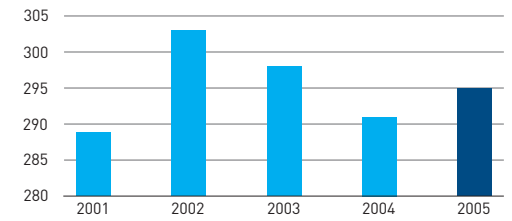
Operating profit/loss, EUR 1,000



Profit / loss before tax, EUR 1,000



Number of employees



2001-2003 according to FAS, 2004-2005 according to IFRS

Letter from the President

Two important development projects are ongoing in Biohit's business operations. The first is the profitable growth in the liquid handling business, which currently forms the bedrock of the Group's business operations, and also the continual strengthening of our market position in this area. The company is the global market leader in electronic pipettors and is one of the most important manufacturers of mechanical pipettors. In addition, a strong emphasis on quality in product development and the expertise have also begun to pay off in the form of rapid growth in demand for pipettor calibration and maintenance services. This indicates that the market is maturing and opening the way for other new business opportunities in the industry.

With regard to the commercialisation of innovations, the second development phase is just emerging. It revolves around building up the diagnostics business and seeking a global breakthrough with GastroPanel examination and related analysis systems in particular. Although development in this area is, from a business perspective, only just getting off the ground, it is worth remembering that it has taken years of work to develop GastroPanel into a reliable and safe diagnostic method, as well as numerous evaluations and registrations in different market areas. The results of this work are now being launched in several countries simultaneously with the aim of achieving profitable business growth.

To pave the way for the development of these two businesses, Biohit has made a strategically important choice. The company has divided its operations into separate units, each with its own organisation. This change seeks to increase the potential for more efficient management of operations in both business areas, and to create a foundation on which to build new operational models, thereby ensuring that the company is poised for future growth.

2005

Biohit's net sales increased 7.3 per cent in 2005. The year started out with a phase of slow growth, which changed into favourable development towards the end of the year. In the fourth quarter, the liquid handling business achieved a growth figure of 17 per cent compared to the previous year. The diagnostics business also experienced growth, but its volumes are still small.

After EUR 1.7 million in depreciation and EUR 0.0 million in taxes, net financial expenses totalling EUR 0.2 million and EUR 1.6 million in long-term research and development expenditure expensed for the financial year, the Biohit Group's loss amounted to EUR 0.2 million. Cash flow from operating activities amounted to EUR 0.6 million and the equity ratio was 51.5 per cent. Gross investments for the financial year totalled EUR 2.0 million.

Trends were slowed during the first part of the year by difficulties associated with the introduction of the new Enterprise Resource Planning system (ERP), including production control and customer relationship management (CRM). However, these were solved during the year. The new ERP system is now functioning satisfyingly. The system currently covers the whole of Biohit Oyj and will be extended to subsidiaries in stages. It will enable us to achieve our vision for growth. Some of the most important benefits conferred by the new system

are shorter delivery times, increased delivery reliability and the fact that the whole Group operates under the same system.

A notable agreement was signed with the French company bioMérieux in the liquid handling business. The agreement enables global deliveries of Biohit's liquid handling products and worldwide maintenance services to the bioMérieux organisation.

During the year, another important OEM agreement was made with a globally-operating company that supplies diagnostics systems. In addition to bioMérieux, other companies that supply test and analysis systems, such as 3M and companies belonging to the Johnson & Johnson Group, have already been partners of Biohit's for a long time. The agreements are a strong indication of the potential for leveraging Biohit's operating method – which is based on long-term partnerships – to expand operations worldwide.

During the year, steps to pave the way for growth in the diagnostics business focused on securing approvals from the relevant authorities and finding suitable distributors for GastroPanel and other diagnostic products in the most important target countries. At the end of the year, GastroPanel had been approved in all countries of the European Union, and in five others. Approval processes were ongoing in over ten countries, including the USA. Therefore, the market for GastroPanel is opening rapidly.

The sources of profitable growth

In our liquid handling business, we aim to achieve net sales of EUR 45 million with an operating profit level of 20 per cent by 2010. Our visions for net sales and operating profit in the diagnostics business are even more challenging.

Naturally, these target figures are based on the company's current understanding of market potential and Biohit's opportunities for opening up the markets. In order to achieve our goals, we require not only an active, expansionist attitude, but also continual improvement in productivity in the liquid handling business. One way of ensuring profitable growth is the decision to open a new production facility in China in 2006. The plant will serve to meet both liquid handling and diagnostics growth objectives in Asia.

Receiving approval from relevant authorities is the most important requirement for increasing sales figures in the diagnostics business. In order to open up the market, proactive marketing among opinion leaders in various countries is also needed, as is entry into reimbursement systems similar to that of KELA (The Social Insurance Institution of Finland) in those countries where they exist.

Of Biohit's diagnostics products, rapid growth is expected from GastroPanel in particular. This expectation is based on the fact that the blood-sample based GastroPanel offers a reliable and safe diagnostic procedure for primary health care. The GastroPanel examination can be given to patients suffering from dyspepsia (upper abdominal pain) to determine whether the patient's stomach mucosa is healthy, or whether the complaints stem from a functional disorder of the stomach (atrophic gastritis), which is often caused by *Helicobacter pylori* bacterial infection of the stomach mucosa. It will also identify the risks associated with atrophic gastritis, such as gastric cancer, B12 vitamin deficiency and peptic ulcers.

On the basis of the results of a Finnish study, it has been estimated that approximately 300 gastric cancer deaths among persons over 50 could probably be prevented in Finland each year. The risk of gastric cancer and Vitamin B12 defieciency and related diseases increases as the population gets older.

Outlook for the future

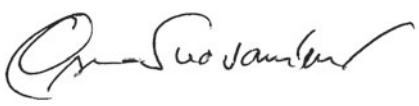
According to our estimates, competition in the liquid handling product market will intensify in 2006. The company is meeting this challenge by both continuing and developing co-operation on new technological solutions with international partners, and also by ensuring the cost-effectiveness of product manufacture with production facility investments in China and Kajaani.

We also expect that development of the distribution network and reorganisation of business operations will ensure an increase in sales of diagnostics products in 2006.

'Innovating for Health' encapsulates the people-centred motivating and guiding principle that continues to govern our operations. With its unbiased and aggressive innovation strategy, Biohit is in a stronger position than ever to make the most of the market potential for its existing and new products.

I wish to express my sincere gratitude to the personnel and scientific advisors of Biohit for their diligent work contribution and to all our shareholders for their patience, as well as to other interest groups for their exemplary co-operation.

Helsinki, March 24th 2006



Osmo Suovanniemi, MD, Ph.D
Professor
President & CEO

The company's mission, vision and values

Mission

Biohit's mission is encapsulated in the company's slogan 'Innovating for Health'. The company uses strongly innovative methods to produce new solutions for medical science, research institutions and industrial laboratories, thereby promoting research and diagnostics, as well as improving quality of life by preventing disease, inhumane suffering and financial losses.

Vision

Biohit's leading position in the liquid handling business in 2010 has been further strengthened and expanded to new market segments. By 2010, the company has made a global breakthrough with its diagnostics products and analysis systems.

Values

To promote health and well-being through innovation and shared goals.

Understanding and benefiting from the power of co-operation between different cultures.

Openness at the corporate and individual levels, as well as fair treatment of all stakeholders of the company.

Strategy

Our goal is profitable growth

Biohit operates globally in two business areas: liquid handling and diagnostics. The company is developing both business areas as independent units. The goal is to create profitable growth and to become a leading manufacturer and provider of selected product ranges.

In the liquid handling business, the company has already achieved a strong market position. The objective is to secure profitable growth and to strengthen its position in existing and new market segments. The most important strategic choices of the liquid handling business are:

- Investment in innovative R&D in existing and new customer segments
- A focus on high-quality, certified pipettors and pipettor tips
- An emphasis on quality throughout the lifetime of products
- Life-cycle management, traceability and environmental friendliness of products
- Continuous development of cost-effectiveness in production
- Co-operation with partners with regard to components, distribution and OEM products
- Growth of after-sales services

The diagnostics business area is in a start-up and development phase. The objective is to take advantage of years of development work and to make a global breakthrough, especially with the GastroPanel examination. The most important strategic choices are:

- Procurement of approvals from relevant authorities as fast as possible in key market areas
- Enhanced marketing efforts as markets open up simultaneously in several countries
- Creation and strengthening of the distributor network
- Further co-operation with opinion leaders in key market areas

Business environment

Outlook for the liquid handling market

The total global market potential for pipettors and disposable pipettor tips is over EUR 700 million, of which about EUR 50 million is accounted for by electronic pipettors. The largest market areas are Europe and North America.

In recent years, growth in the liquid handling products market has slowed in Europe, whilst growth in North America stands at about 10 per cent. Growth in these areas is mainly in electronic pipettors. The market for liquid handling products is growing most rapidly in Asia - and in China in particular - where growth potential lies primarily in mechanical pipettors. Demand for after-sales services, such as calibration and maintenance services, is rapidly increasing in all market areas.

The end customers for liquid handling products are laboratories in the pharmaceutical industry and at universities, hospitals and research institutions. Subsidiaries, large international distribution companies and local distributors are responsible for the distribution of Biohit products. OEM customers who manufacture their own analysis and test systems, such as 3M, bioMérieux and three different companies belonging to the Johnson & Johnson Group, are some of Biohit's larger direct customers. In Finland, Biohit sells both through agents and directly to end users.

The market for liquid handling products has fragmented - there are three globally-operating manufacturers and marketers that are larger than Biohit, as well as numerous smaller companies in the industry.

Biohit's range of electronic and mechanical pipettors is the industry's most extensive in the world. The company is the global market leader in electronic pipettors and a leading OEM of electronic liquid handling products.

In order to meet the challenges posed by low-cost production and conquer new markets, Biohit will start up the assembly of a range of mechanical pipettors in China during 2006. The Chinese production facility will focus on the cost-effective manufacture of pipettors, plus procurements of materials and outsourcing.

Biohit will also be focusing on after-sales marketing with the aim of managing the whole pipettor life-cycle from design and manufacture to maintenance and calibration. Operations are based on Biohit's global after-sales service concept, which will be extended to all the main market areas. The company's subsidiaries and Finnish department also carry out maintenance on other manufacturers' pipettors in selected market areas.

Diagnostics opens up a growing market

Diagnostics has been Biohit's greatest development focus in recent years. It was made into a separate business area in 2005.

The success of new diagnostics products depends primarily on receiving approvals from relevant authorities, as these are required for gaining wide market entry in different countries. Market success demands proactive marketing and strong partners.

GastroPanel is a new and unique product on the market and there are no equivalent products to compete with it. Its customers are hospitals, service laboratories and private general practices. As an affordable and reliable test procedure, it has the potential to gain entry into publicly funded routine and screening research.

GastroPanel screening is a simple and low-cost method of determining whether a patient's stomach mucosa is healthy or damaged (atrophic gastritis). It also identifies the risks associated with atrophic gastritis, such as gastric cancer, peptic ulcers and B12 vitamin deficiency. The number of people suffering from these complaints will increase as the population ages. GastroPanel screening can therefore be used to reduce the number of deaths from gastric cancer as well as diseases associated with B12 vitamin deficiency, such as dementia, depression and damage to the peripheral nervous system. B12 vitamin deficiency also increases the level of homocysteine in the body, which is thought to be an independent risk factor for atherosclerosis, heart attacks and strokes.

GastroPanel has already been approved in the European Union and in five other countries. Approval processes are also ongoing in ten countries. In the USA, FDA approval is at the application stage.

In order to benefit from the huge potential of Biohit's diagnostics products, proactive efforts in sales, marketing and expanding the distribution network are also required.

Research & Development

Biohit is known in the market for its extremely high-quality and innovative products. This reputation is founded on the long-term, pioneering work on electronic pipettors that Biohit carried out at the end of the 1980s and beginning of the 1990s. In 1991, Biohit was one of the first companies in the world to bring to market modern, ergonomic, electronic pipettors. After the first launches, the company became the market leader in electronic pipettors in a few years and continues to strengthen its position.

The profound expertise of Biohit's employees is the most important part of the company's development operations. Many of the key people at Biohit have between 10 and 30 years of experience in liquid handling products and the development of the reagents used in diagnostics. Biohit's comprehensive expertise also comes from a combination of know-how and expertise in a variety of other industries and scientific fields. Operations are rounded out by proactive co-operation with universities and research institutions and, above all, customers.

Co-operation with customers in product development has created the foundation for growth in Biohit's OEM business. This business has been supported by Biohit's ability to react quickly, which has also allowed Biohit to be a strategic partner to large, globally-operating companies.

An aggressive innovation and patenting strategy has brought Biohit extensive patent protection both in Finland and abroad. Above all, patent protection means a strong and safe basis for global co-operation and growth. Biohit has 32 patents in Finland and 127 abroad. In addition, Biohit has 10 patent applications in Finland and 83 abroad.

Becoming part of large systems

One of the most important areas in Biohit's product development is the integration of pipettors into analysis systems. In practice, this means even greater accuracy and the reduction of possible errors with increased automation. At the same time, pipettor use becomes safer and work more efficient.

The development of a variety of pipettor equipment making use of robotics is also progressing quickly in conjunction with integration. As a result of co-operation with customers, Biohit aims to bring to market pipettor models suitable for use in robotic systems. This will also pave the way for new business opportunities, especially in the industry segment.

The focus of development in the diagnostics business is shifting to opening up markets for the commercialisation of new products. Diagnostics products are, however, still being developed. The emphasis is on proactive co-operation with large, international companies in the diagnostics industry that manufacture and market analysis systems in which the GastroPanel test could be adapted for use.

Award for Biohit in the Haastamme-työympäristö (We challenge the working environment) competition

The four-year-long Haastamme-työympäristö (We challenge the working environment) competition finished at the end of 2005. Biohit received an award for a noticeably improved level of safety.

The aim of the competition was to raise companies' productivity, safety and workplace comfort to top levels. During the four years of the competition, development of the working environment and productivity at the workplace was supported with expert evaluations, the dissemination of information and seminars.

As well as improving comfort in the workplace, the aim was also to reduce accidents and absences due to bad ergonomics. Biohit was very successful in this and received an award for its efforts.

The competition was organised by The Technology Industries of Finland, The Finnish Metalworkers' Union, The Union of Salaried Employees TU, The Union of Professional Engineers in Finland, The Finnish Association of Graduate Engineers TEK, The Ministry of Social Affairs and Health, industrial safety districts and the Centre for Occupational Safety. Evaluations were conducted by occupational safety inspectors from industrial safety districts.

Pictured from left to right:
Biohit's Production Manager Kalle Härkönen and production engineer Risto Miettinen.

Production

Biohit's production facilities are located in Helsinki and Kajaani and the company's products are 95% Finnish. The main objective of Biohit's production strategy is to keep the quality of product manufacture as high as possible in order to ensure that the company retains its leading position for quality on the market.

In recent years, investments have been made in increasing capacity in both Kajaani and Helsinki. The Kajaani plant was modernised in 2000, and in 2005 new production lines equipped with robots were installed. These lines enable a many-fold increase in fully-automated tip production in clean room cells. The warehouse was also fully automated to enhance delivery reliability.

In 2001, a new clean room unit was opened at the Helsinki production facility for the manufacture of diagnostic tests. Production capacity for pipettor parts has also been increased in Helsinki during 2005.

The most important factor for success in production is our personnel's high level of expertise. In addition to product expertise, the whole production chain is well-managed and always documented right up to delivery (ISO 9001, ISO 13485). Companies focusing on cheap production lack this important materials expertise, product development and traceability in particular.

Biohit's strengths also include an extensive product range and modular products that can be used in the production of several products. Biohit manufactures almost all of its products itself, using demanding raw materials and injection mould tools based on state-of-the-art technology. Biohit is in control of production technology, costs and quality.

An essential aspect of product strategy is strict quality control. Every pipettor is tested and calibrated separately according to the ISO 8655 standard. The quality and sterility of disposable pipettor tips is ensured with a variety of both automatic and manual test procedures.

All robots and automation used in production processes are continuously monitored by purpose-designed software.

Environment, ergonomics and safety

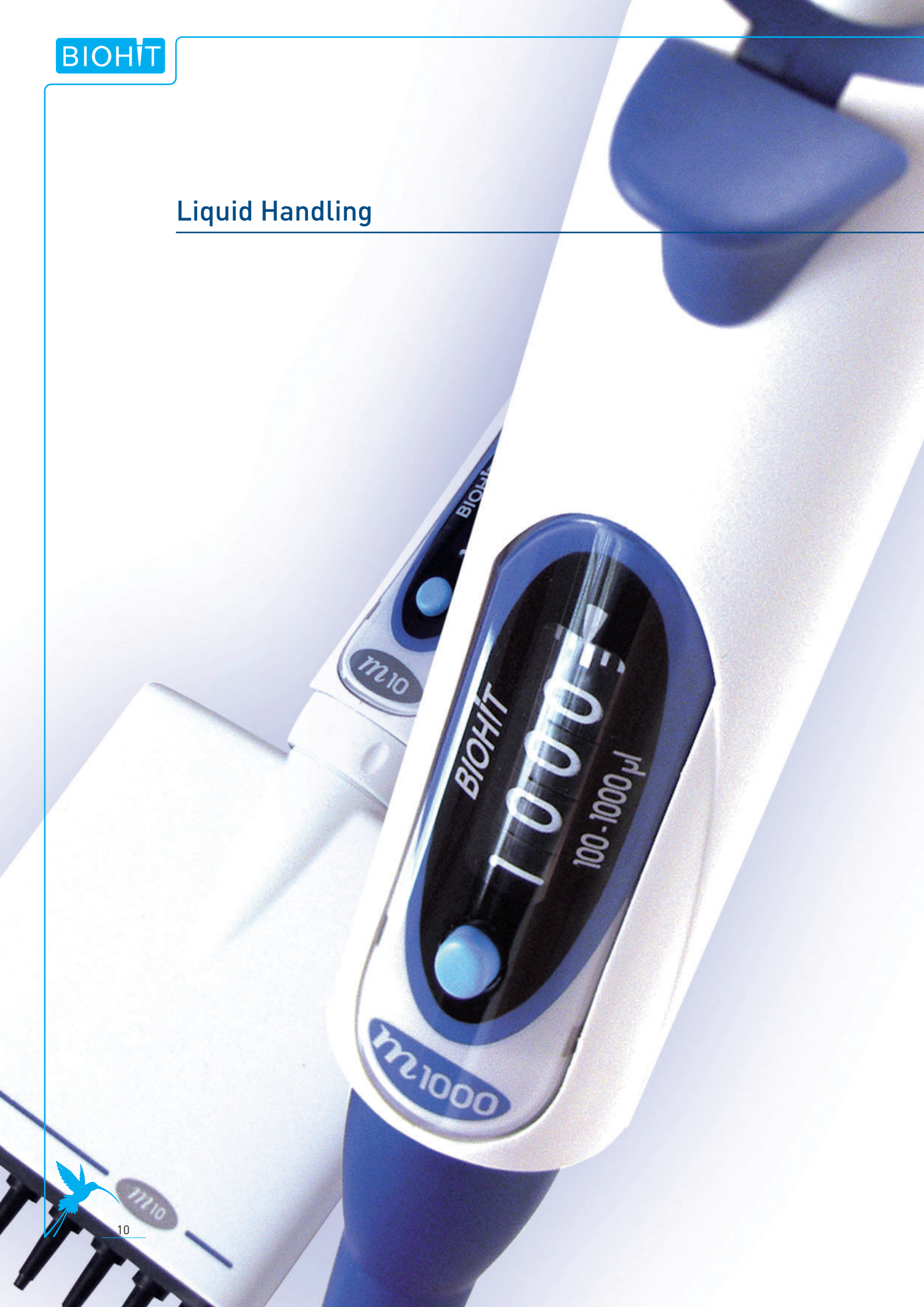
In its liquid handling development work, Biohit has devoted considerable efforts to features that increase ergonomics and safety. These are of vital significance when it comes to preventing repetitive strain injury (RSI) and illnesses resulting from working with the products. Thanks to the company's research and development, Biohit is able to offer the most ergonomic and user-friendly liquid handling products available today.

Not only are the products developed and manufactured by Biohit reliable and safe to use, they cause as little environmental loading as possible throughout their entire life cycles. The majority of the raw materials used are recyclable. Biohit also complies with the international WEEE and RoHS Directives, which aim to promote the recycling of electrical and electronic equipment and reduce the amount of hazardous substances ending up in the environment.

Quality systems that comply with the ISO 9001, ISO 13485 and ISO 14001 quality and environmental standards are used in the manufacture of Biohit's products. All products are CE/IVD *(In Vitro Diagnostics)* approved.

FINAS
Finnish Accreditation Service
K041 (EN ISO/IEC 17025)

Liquid Handling



The market leader in electronic pipettors

The President & CEO of Biohit is the inventor and pioneer in adjustable, single and multichannel pipettors in the world. Biohit is the global market leader in electronic pipettors. In addition to electronic pipettors, the product range includes mechanical pipettors, diposable pipettor tips and safety enhancing equipment. Biohit also offers pipettor maintenance, calibration and training through its global network of distributors. Biohit's liquid handling products adhere to international quality and environmental standards and have been granted CE/IVD marks.

The liquid handling business currently accounts for the majority of Biohit's business. The business area's share of the Group's net sales is 95 per cent. The business area manufactures products both under Biohit's own trademark and tailored as OEM and private label (PL) products for partners. The share of total production accounted for by pipettors sold under the Biohit trademark is 60 per cent; for tips it's 90 per cent.

The customer group for Biohit's liquid handling products is laboratories, which can be either specialist commercial or publicly-funded institutions of different sizes, for example, hospitals, research institutions and industrial laboratories. Among the largest of our direct customers are OEM and PL customers, and the pharmaceutical industry.

Biohit's end customers also include laboratories that are automating their systems to ensure error-free research. Thanks to innovative product development and the high quality of its products, Biohit is an extremely competitive supplier of demanding liquid handling products and systems for laboratories. The tailor-made electronic pipettors manufactured by the company can be robotised and integrated into laboratories' heavily automated analysis systems.

Markets

Biohit's liquid handling products are sold all over the world. The most important market areas are Europe and North America, and the major export countries are currently France and the US.

The number of competitors in the liquid handling products market has increased in recent years. This has been visible in a many-fold increase in manufacturers and tough price competition. Cheap imports, often of replicated products, have sought to dominate markets even in Western countries, but in practice it is not easy to gain entry to markets due to high quality standards and approval procedures.

With every passing year, the market has increasingly emphasised product quality. This can clearly be seen, for example, in pipettor tips, which generally are purchased as consumables in large batches and whose production volumes are in the hundreds of millions. The quality of tips is measured at Biohit's plants using modern methods such as optical inspection. The sterility of each batch of tip products is tested and certified by an independent laboratory..

Our customers' laboratory research procedures have continued to become more precise and the amounts of liquids to be measured are becoming ever smaller. This trend puts the emphasis on quality in pipettor equipment, because the precision of measurements is directly dependent on the procedures and equipment used. Bio-

Photo: Lehtikuva

Laboratories worldwide count on Biohit pipettors

Ever since the first Biohit pipettor, the Proline electronic, was launched in 1991, Biohit's pipettors have taken their place in all kind of laboratories all over the world. Today, Biohit is the global market leader in electronic pipettors.

On the picture, a DNA analyst of the International Commission for Missing Persons (ICMP) team in Sarajevo prepares DNA samples for analysis and matching process using a Biohit Proline multichannel electronic pipettor at ICMP's laboratory in December 2005.

The laboratory in Sarajevo received approximately 350 bone samples belonging to victims of hurricane Katrina that struck USA in August 2005, leaving behind vast scale of destruction and claiming some 1500 lives.

More customer stories can be found on **www.biohit.com/liquidhandling**

hit's pipettors and tips are known for their quality in particular and are preferred in spite of their higher price.

Biohit holds its strongest position with regard to electronic pipettors and is the market leader according to several benchmarks. This strong position is founded on innovative product development, aggressive patenting and a strategy based on strong partnerships, as a consequence of which the company manufactures a significant number of OEM products alongside its own.

Sources of growth

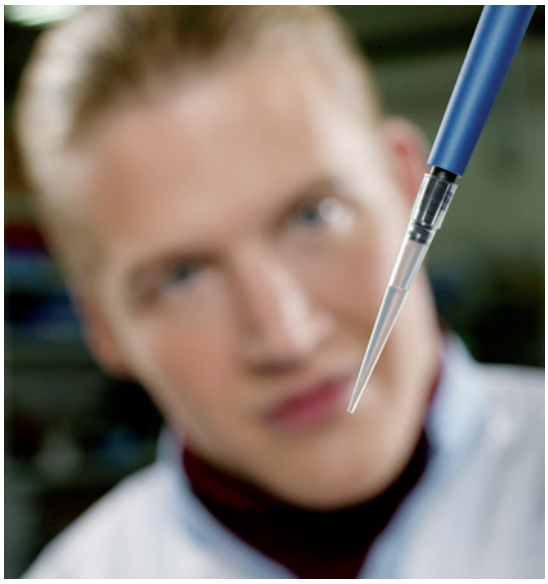
In recent years, the total market for hand-held pipettors has grown by an average of five per cent per year. Although growth in Western countries has slowed, growth in emerging countries is faster than average. Annual growth for electronic pipettors is in the range of around 10 per cent, while tip consumption is increasing by about five per cent a year.

New product areas to support growth are found through innovations and product development. Development in liquid handling is heading towards computer-controlled analysis systems and pipetting equipment that makes use of robotics. Biohit intends to participate in system development as a liquid handling expert and thus be involved in large, automated systems. The company also aims to work on computer control in electronic pipettors.

Growth in pipettors is supported by the introduction of new features and, above all, an increase in after-sales services. There is more and more demand in the market for calibration and maintenance services, and their significance is being underlined as quality standards rise and the current generation of equipment in use begins to age.

Pipettor calibration and maintenance services are the fastest growing section of Biohit's liquid handling business. Biohit has begun determined efforts towards developing a consistent, global maintenance concept whose aim is end-to-end management of the pipettor life cycle and increased customer satisfaction. After-sales marketing of maintenance services will also assist pipettor sales. This concept is already being introduced in Finland and at subsidiaries, and will gradually be extended to all main market areas.

At the end of 2005, Biohit signed a co-operation agreement with bioMérieux S.A. concerning the delivery and maintenance of liquid handling products. This new agreement enables the global sale of Biohit's products to bioMérieux and extends co-operation to include pipettor maintenance.



Companies belonging to the Biohit Group have previously engaged in local co-operation with bioMérieux. bioMérieux has been integrating Biohit pipettors into its own analysis systems and diagnostic test applications for almost ten years.

In 2005, Biohit began to supply multichannel electronic eLINE pipettors and pipettor tips to bioMérieux, which integrates them into its own, globally-available DNA analysis instrument.

The company believes that the recently signed agreements will boost the share of sales of Biohit's liquid handling products accounted for by the OEM business and also pave the way for new projects and steady growth in operations.

Outlook for the future

Biohit will invest in production efficiency in the liquid handling business, production investments in pursuit of this already being made in 2005. Considerable efforts are also being directed towards product development, meeting the requirements of the OEM market and expanding the after-sales service concept into key market areas.

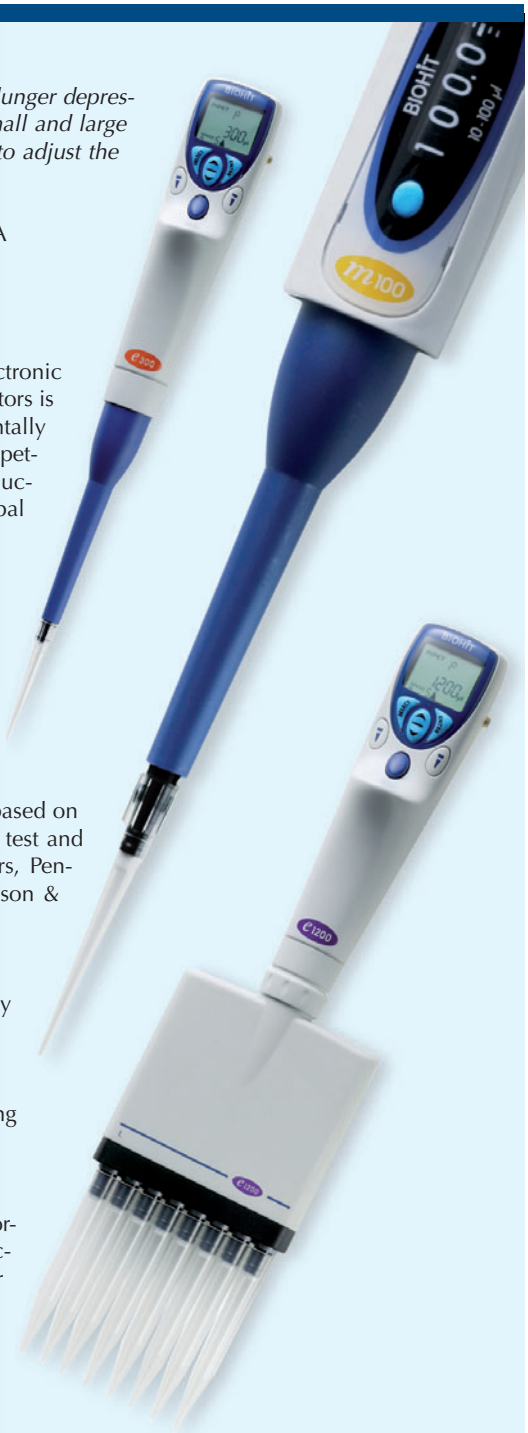
This emphasis seeks to reduce the impact of price competition and leveled-out market growth in Western countries on net sales growth. The strengthening of operations in China and other Asian countries has the same goal.

The start up of production in China will not have a negative impact on production in Finland. On the contrary, co-operation between functions in China and Finland is also enabling an overall improvement in the cost-effectiveness of production and logistics in the Group.

Biohit's liquid handling products

"Biohit mLINE had the lowest force requirements for both plunger depression and tip ejection of the tested pipettes. It fit both the small and large hand the best, was the easiest to read, and was the easiest to adjust the volume."

Joan Erickson, MOTR/L, Ergonomics Consultant, USA
in a comparison study



Electronic pipettors
Because they are ergonomic, safe and effective, Biohit's electronic pipettors are used extensively. Pipetting with electronic pipettors is fast and light. The use of electronic pipettors also fundamentally reduces the risk of repetitive strain injury (RSI) caused by pipetting. When pipetting is controlled by a microprocessor, productivity and accuracy improve significantly. Biohit is the global market leader in electronic pipetting.

Mechanical pipettors
Biohit has an extensive range of high-quality, single-channel and multichannel mechanical pipettors. Health & Safety Officers of leading pharmaceutical companies recommend the mLINE for its ergonomics and ease-of-use.

Liquid handling devices for special applications
Tailored solutions are a speciality of Biohit. Several international companies have for years been using applications based on Biohit's electronic and mechanical pipettors as part of their test and analysis systems. The customer base includes, among others, Pentapharm, 3M, bioMérieux and three companies of the Johnson & Johnson Group.

Pipettor tips
Biohit's pipettors and injection moulded tips guarantee quality and reliability in liquid handling. The specifications of Biohit's pipettors are valid when they are used with the Biohit tips designed for them. Biohit's tips are manufactured in a clean room, and the process is fully automated from handling of raw material to packaging and storage.

Maintenance and calibration services
Pipettor maintenance and calibration services are an important part of Biohit's after-sales marketing. As a result of the accreditation of its calibration operations, Biohit is able to offer calibration certificates according to national and international standards (ISO 17025). Regular maintenance ensures the continued reliability of pipettors and extends their useful lifetimes. Repair services are part of the after-sales services concept that Biohit offers through its global network of distributors.

Further information about Biohit's liquid handling products can be found at **www.biohit.com**

Diagnostics

Diagnostics products seek a foothold

Biohit's diagnostics business covers the research, development, manufacture and marketing of products enabling screening, prevention and diagnosis of diseases related to the gastrointestinal tract. The company's range of diagnostic products includes the blood-sample-based GastroPanel tests and the related GastroSoft software for determining the cause of upper abdominal complaints, as well as quick tests for the diagnosis of lactose intolerance and *Helicobacter pylori* infection.

The diagnostics business area was reorganised in 2005. Marketing of diagnostics products is still in the start-up phase. In 2005, the share of the Group's total net sales accounted for by this business area was nearly 5 per cent.

The diagnostics business area has been the focus of Biohit's greatest development efforts for the last five years.

The diagnostic products are combined with pipettors, analysis instruments featuring globally-used vertical photometry technology and the related software to offer comprehensive analysis systems for research and clinical diagnostics. The business area's most important product is the GastroPanel test.

When assessed with the interpretive software GastroSoft, GastroPanel diagnoses atrophy and functional disorders of the stomach mucosa (atrophic gastritis) and *Helicobacter pylori* infection. It also detects the risk of gastric cancer, vitamin B12 deficiency and peptic ulcers, as well as reflux disease and Barrett's esophagus. These are among the more common diseases of the gastrointestinal tract, and gastroscopy and biopsy examination are currently used in their diagnosis.

Current methods for determining the diagnoses mentioned above and related risk factors are laborious and imprecise, as well as being unpleasant for the patient. However, with the aid of GastroPanel, they can be determined accurately and reliably. GastroPanel is based on a simple blood test and is especially suitable for primary health care. It is therefore expected to become widely used in the future.

GastroPanel enables the screening of patients who are at risk from gastric cancer. On the basis of an extensive study carried out in Finland, it has been estimated that with GastroPanel screening of all over 50s, it would be possible to prevent about 250 deaths from gastric cancer every year. The cost of this screening would be a fraction of the amount that is being devoted to preventing road casualties, for example. In March 2006, the Finnish government approved a safety programme to reduce casualties on the

GastroPanel and the Nobel Prize-winning discovery of *Helicobacter pylori* promote the development of safe evidence-based medicine

The Nobel Prize for Medicine in 2005 was awarded for the discovery of *Helicobacter pylori* bacteria made back in 1982. The effective treatment of peptic ulcers caused by *Helicobacter pylori*, using antibiotics, was only developed during the last ten years. Since the value of this discovery was not initially understood, it was either "ignored" or faced unfounded rebuttals and detractions. One reason for this could be entrenchment of customary treatment methods and the related financial interests.

The invention of GastroPanel allows practical medical science to benefit further from the discovery of the *Helicobacter pylori.* The combination of these two breakthroughs furthers the development of safe, ethical, evidence-based medicine. The introduction of GastroPanel for use in the primary diagnosis of dyspepsia is under way all over the world.

Many service laboratories conduct GastroPanel examinations. Quest Diagnostics - the world's largest service laboratory - has recently introduced GastroPanel into its programme in the UK. Leading Italian experts in gastroenterology wrote a GastroPanel guide that was distributed to over 35,000 general practitioners in Italy by the world-leading marketer of PPIs (proton pump inhibitors). This guide aims to make GastroPanel the primary diagnosis tool for dyspepsia type complaints in primary health care. The GastroPanel examination, combined with anamnesis and the results of clinical tests, sends patients for further examination on the correct basis, eventually leading to the correct diagnosis and treatment.

Further information about GastroPanel and the Nobel prize can be found at www.biohit.com/gastropanel and www.gastropanel.net.

On picture from left: Biohit's founder Professor Osmo Suovaniemi and Nobel Prize winner Professor Barry Marshall.

roads from just under 400 to 250. GastroPanel would enable an equivalent programme to reduce deaths from gastric cancer and associated health care costs.

GastroPanel's entry into foreign markets depends on approval procedures in those countries. At the end of 2005, GastroPanel had already been approved for the entire EU, as well as in Canada, Russia, Iran, Iraq, India and China. Approval processes were also ongoing in over ten countries at the end of the year. One of the key countries is the USA, where approval processes at the Food and Drug Administration (FDA) are progressing according to plan.

The most significant customer groups for GastroPanel are hospitals and service laboratories, as well as private general practices and doctors. Biohit's objective is to make GastroPanel the standard, state-funded examination in every country possible. The opportunities for this are promising, because the GastroPanel examination is clearly more affordable than current gastroscopy examinations. There is no real competitor for GastroPanel examinations based on blood samples. GastroPanel saves endoscopy resources and sends patients at risk from, for example, gastric cancer for gastroscopy and treatment in good time.

Further information at www.biohit.com/diagnostics -> Literature

Analysis systems for developing decentralised diagnostics

Liquid handling products, diagnostic tests, analysers, and related software marketed by Biohit provide analysis systems for research use and clinical diagnosis. Worldwide, there are hundreds of thousands of analysers based on vertical photometry that can be used in, e.g., GastroPanel determinations similarly to the analysers marketed by Biohit.

Biohit is currently adapting GastroPanel to comply with analysis systems supplied by large international companies. This enables GastroPanel test kits to be sold worldwide as part of the product range of these companies. Customers of these large-capacity analysis systems are usually large research institutes or laboratories.

Additionally, Biohit is developing a user-friendly analyser to be used in private clinics, health centres, emergency rooms, and special analyses. The new analyser would support decentralised laboratory diagnostics that can be used to promote rapid diagnosis of the patient's condition and evidence-based medicine. Tekes (Finnish Funding Agency for Technology and Innovation) has provided a grant for this development project in 2004.

Summary of the data provided by the GastroPanel examination and the ^{13}C- urea breath – or stool antigen test of the "test-and-treat" strategy to the doctor in charge. The stochastic GastroSoft program supplies a patient report and in consecutive examinations the graphs on the probabilities of different conditions. The reports produced by GastroSoft are based on clinical studies comparing the results of GastroPanel examinations with results from gastroscopy and biopsy examinations (www.biohit.com/gastrosoft).
The serious medical and ethical problems of the "test-and-treat" strategy for the diagnosis of dyspepsia and *Helicobacter pylori* infection can be corrected simply and economically by replacing its ^{13}C- urea breath – or stool antigen test by the GastroPanel examination (www.biohit.com/gastropanel).

At an early stage	The GastroSoft report states:	^{13}C - urea breath test or Stool antigen test report:
The diagnosis for		
• Functional vs. organic dyspepsia. When GastroPanel indicates the gastric mucosa is healthy, the dyspepsia complaints are often caused by functional dyspepsia or another disease not involving the gastric mucosa	YES	NO
• *H. pylori* infection (gastritis)	YES	NOT RELIABLE [1]
• Atrophic gastritis (damaged and severely dysfunctional gastric mucosa) and the probabilities of different conditions affecting the mucosa of the gastric corpus or antrum or both (normal, gastritis or atrophic gastritis)	YES	NO
Atrophic gastritis: the risk of		
• Gastric cancer	YES	YES/NO [2]
• Vitamin B12 deficiency	YES	NO
• Peptic ulcer disease	YES	YES/NO [3]
The risk of		
• Gastroesophageal reflux disease	YES	NO
and Barrett's esophagus	YES	NO
If necessary, a recommendation for		
• Gastroscopy and biopsy examination	YES	NO
• Treatment of *H. pylori* infection	YES	YES/NO [4]
• Determination of vitamin B12 and homocysteine	YES	NO
• Follow-up examination to monitor the incidence of atrophic gastritis	YES	NO
and the healing of the *H. pylori* infection	YES	YES
and the healing of atrophic gastritis	YES	NO

[1] The ^{13}C- urea breath - and stool antigen tests give false negative results if the patient has atrophic gastritis (a risk of gastric cancer and peptic ulcer disease and vitamin B12 deficiency and related diseases, such as dementia, depression and polyneuropathia as well as atherosclerosis, strokes and heart attacks), MALT lymphoma or bleeding peptic ulcer or if the patient is currently receiving antibiotics or protein pump inhibitors (PPIs).
[2] The risk of gastric cancer is very low without atrophic gastritis in corpus, antrum or both. But in some cases, a *H. pylori* infection without histologically observable atrophic gastritis may be associated with gastric cancer and peptic ulcer disease.
[3] No peptic ulcer disease with corpus atrophy (no acid, no ulcer). The risk of peptic ulcer disease is very low without antrum atrophy.
[4] When the incidence of *H. pylori* -related atrophic gastritis is monitored, the patient can be offered targeted, safe treatment at the right time. The need for medication and the costs and adverse effects of medication can thus be reduced. If the patient has been diagnosed with peptic ulcer disease (gastric or duodenal ulcer), the *H. pylori* infection has to be treated (5). It should also be treated if the patient has atrophic gastritis. The patient and the doctor may also agree on eradication treatment for other reasons for example when the patient's close relatives have been diagnosed with gastric cancer.
[5] Press Release: **The 2005 Nobel Prize** in Physiology or Medicine, 3 October 2005 jointly to **Barry Marshall** and **J. Robin Warren** for their discovery of "the bacterium *Helicobacter pylori* and its role in gastritis and peptic ulcer disease": - "An indiscriminate use of antibiotics to eradicate *Helicobacter pylori* also from healthy carriers would lead to severe problems with bacterial resistance against these important drugs. Therefore, treatment against *Helicobacter pylori* should be used restrictively in patients without documented gastric or duodenal ulcer disease." http://nobelprize.org/medicine/laureates/2005/press.html

Outlook for the future

Biohit estimates that diagnostics products can reach a turnover of EUR 55 million by 2010. In order to benefit - at least partially - from the market potential worth almost EUR 5 billion, approvals from authorities in various countries are required, as are proactive efforts devoted to production of scientific articles, training of health care personnel and authorities, and sales and marketing of diagnostics products. Biohit has already begun beefing up sales and marketing in several countries, such as Italy, Germany, France, Russia and China.

The estimated market potential for GastroPanel is based on the number of gastroscopy patients, which is an annual average of about two per cent of the population in developed countries. The number does not take into account gastroscopy associated with various physical examination projects. According to estimates made by experts, the need for GastroPanel examinations may be twice that of gastroscopy examinations. In Europe alone, this would mean up to 14 million GastroPanel tests, representing a market potential of EUR 420 million. All in all, the global market potential for Biohit's GastroPanel test is notable - about EUR 4 billion - and the company's most important challenge is to leverage this potential.

Biohit's Diagnostics products

Biohit develops, manufactures and markets test kits based on enzyme immunoassays (ELISA), quick tests and monoclonal antibodies (MAb) for use in diagnostics and research.

GastroPanel is a unique test panel for the diagnosis of upper abdominal complaints using a simple blood test. GastroPanel is suitable for the diagnosis of atrophy and functional disorders of the stomach (atrophic gastritis) and *Helicobacter pylori* infection. It is also suitable for evaluating the risks of gastric cancer, peptic ulcer and esophageal reflux disease. GastroPanel and the **GastroSoft** software for the interpretation of its results are inventions for which Biohit has been granted patents in Finland and several other countries.

GastroPanel includes four test kits:

- *Helicobacter pylori* antibodies ELISA test
- Gastrin-17 ELISA test
- Pepsinogen I ELISA test
- Pepsinogen II ELISA test

Quick Tests

Biohit's quick tests for the diagnosis of Lactose Intolerance and *Helicobacter pylori* are made during gastroscopy. Biopsy specimen are taken from the duodenum (lactose intolerance) or stomach mucosa (*H. pylori*) and examined immediately. The Lactose Intolerance Quick Test is developed and patented by Biohit.

Instruments

The product range of Biohit also comprises microplate readers based on vertical photometry for use in diagnostics, research and clinical laboratories. These instruments may be used separately or they can be integrated into larger laboratory systems. Biohit also offers software for the interpretation of results.

Biohit's Service Laboratory

Biohit's Service Laboratory offers a set range of laboratory analyses to researchers and health care providers alike. The laboratory's aim is to promote the evaluation and extensive adoption of the systems and diagnostic tests developed by Biohit. With its laboratory analyses, Biohit seeks to support basic research and promote the development of correct diagnoses and evidence-based medicine.

For further information about Biohit's diagnostics products go to **www.biohit.com/diagnostics**

GastroPanel, GastroSoft, Quick Tests and Pepsinogen I & II are for research use only, not for *in vitro* diagnostics use in the US.

History of Biohit

1988
Establishment of Biohit by Professor Osmo Suovaniemi.

1990
Worldwide introduction of the electronic pipettor.

Beginning of assembly of pipettors and of injection moulding operations in Kajaani, Finland.

1991
Establishment of the first subsidiary, in France.

1992
Launch of the mechanical pipettor.

1993
The start of co-operation with Eppendorf and bioMérieux, the foundation of the OEM business.

1994
The start of co-operation with Ortho Diagnostic Systems of Johnson & Johnson.

Establishment of joint venture in Japan.

1997
Start of co-operation with Becton Dickinson and 3M.

Certified ISO 9001 quality system.

1999
Listing on the Helsinki Exchanges NM list.

2000
Completion of new production premises in Kajaani.

Biohit's pipettor calibration laboratory is accredited (ISO 17025).

2001
Marketing of the GastroPanel for research use starts.

Completion of new production premises for diagnostic products in Helsinki.

Establishment of service laboratory operations.

2002
Launch of the new, high-tech mLINE mechanical and eLINE electronic pipettor ranges.

2003
CE/IVD approval (ISO 13485) of Biohit diagnostic products.

Certified ISO 14001 environmental quality standard.

2004
Launch of quick tests for diagnosis of *Helicobacter pylori* infection and lactose intolerance.

U.S. Food and Drug Administration (FDA) approval for the GastroPanel test kit's serum-based *H. pylori* test.

2005
The Gastrin-17, Pepsinogen-I and Pepsinogen-II tests, which form part of GastroPanel, are granted market authorisations by the SFDA (China's State Food and Drug Administration).

Biohit begins co-operation with the American company Luminex Corporation.

The company prepares for the start up of production in China.

OEM business boosted with new agreements.

Read more about Biohit and its history at
www.biohit.com/history

Stock exchange releases in 2005

- 12.12.2005 Biohit's financial information in 2006
- 4.11.2005 Interim report of Biohit Group 1 Jan - 30 Sep 2005
- 28.10.2005 Biohit Oyj convertible bond 2005
- 27.10.2005 Resolutions by the Extraordinary General Meeting
- 4.10.2005 Summons to the Extraordinary General Meeting
- 28.9.2005 Biohit clarifies the impact of the Luminex agreement on the company's result
- 27.9.2005 Biohit and Luminex join forces to provide a breakthrough in diagnostics
- 5.8.2005 Interim Report of the Biohit Group 1.1.-30.6.2005
- 2.8.2005 Biohit intensifies its business activities in China
- 29.7.2005 Biohit receives SFDA clearance for GastroPanel and establishes a sales channel in China
- 23.6.2005 First half weaker than anticipated
- 6.5.2005 Interim Report of the Biohit Group 1.1.-31.3.2005
- 21.4.2005 Decisions of the Annual General Meeting of Biohit Oyj
- 18.3.2005 Summons to the Annual General Meeting of Biohit Oyj
- 14.3.2005 Biohit Group's Transition to IFRS
- 15.2.2005 Financial Statement Bulletin of Biohit 1.1.-31.12.2004

More releases can be found at **www.biohit.com**

The inventions of the founder of Biohit are used worldwide

In the late 1960s, a young student of medicine called Osmo Suovaniemi found a way to make pipetting easier, while doing research with insufficient laboratory equipment during his studies. His innovation, the adjustable single and multichannel mechanical pipettor eventually became a model for numerous other pipette manufacturers. Another groundbreaking invention of his, the vertical photometry technology, resulted in, among others, Multiscan, the very first microplate reader in the world.

Ever since, Professor Suovaniemi has put a record-amount of inventions into practice. He can without doubt be described as a pioneer in setting innovation and patent strategies. His inventions have been utilised so extensively that they can justifiably be called global industry standards. There are more than 20 million pipettes and 300,000 microplate readers using theses technologies in the world today.

His inventions served as foundation and success factors for Labsystems and Eflab that Mr Suovaniemi founded in the 1970s. The story of Biohit began in 1988, when he established the company.

In 1976 Osmo Suovaniemi received an award from the Finnish Foundation of Inventors for the single- and multichannel Finnpipette invention. Suovaniemi possessed most patents in Finland in June 2003. Furthermore, he has been awarded hundreds of patents worldwide in the areas of diagnostics, optics and mechanics. He received an honorary relief from the National Board of Patents and Registration in Finland on November 19th 2003. This day commemorated the awarding of the first Finnish patent 160 years ago. The President of Finland awarded Suovaniemi the title of Professor in June 2002. In 2003 he was appointed as the member of the Academy of Technical Sciences.

Further information about Professor Suovaniemi´s innovations and their significance can be found on the Internet:
www.biohit.com -> Company -> History -> Read more about Biohit and its history from here, www.biohit.com/diagnostics -> Literature -> 2005 Articles -> Suovaniemi O: Being an inventor in Finland, www.google.com -> search: Suovaniemi vertical photometry, www.internationalreports.net/europe/finland/2002/theking.html, www.google.com -> search: microplate instruments, microplate analysis, microplate diagnostics, vertical photometry, vertical measurement and microplates, and microplates

There are hundreds of thousands of measurement instruments utilising the vertical photometry technology invented by Mr Suovaniemi, from manual units to fully automatic analysers and analysis systems. These are being manufactured and marketed by a number of small and large companies worldwide, for example: www.thermo.com (owner of the Labsystems and Eflab business operations that were established by Mr Suovaniemi), www.biotek.com (partner of Biohit), www.perkinelmer.com, www.biorad.com, and www.moleculardevice.com

Board of Directors

Reijo Luostarinen
DSc (Econ.), Professor

Chairman of the Board of Biohit since 1993.
Internationalisation and strategic planning.
Other relevant experience: Professor and Director of International Business at the Helsinki School of Economics (HSE); Head of the faculty and Director of the International Business (IB) programme as well as founder, Director, and Vice-rector of the Centre for International Business Research. Permanent visiting professor in the field of international business at the University of the West Indies and in the Executive MBA Program in Korea. Owner of two consulting firms, chairman and shareholder of three companies, and board member of ten companies in total (in 1980-1997). Several international confidential posts for, e.g., the United Nations. Author of 15 books and more than 75 articles and research papers.
Holdings in Biohit: 62,900 B-shares

Osmo Suovaniemi
MD, PhD, Professor

Founder, President and CEO, and member of the Board of Biohit.
Management and development of the operative activities of the Group; development of the liquid handling and diagnostic product ranges.
Other relevant experience: The founder, main shareholder, chairman, and CEO of Labsystems Oy and Eflab Oy. Nearly 70 patents in Finland and a few hundred worldwide. A board member, vice-chairman, and chairman of the General Industry Group in Finland in 1978-1986. A board member of the Confederation of Finnish Industry in 1986. A member of the Academy of Technical Sciences from 2003.
Holdings in Biohit: 2,285,340 A-shares and 965,207 B-shares.*

Arto Alanko
MD, PhD, Docent

Member of the Board of Biohit since 2001.
Co-operation with health care units.
Health care administration and finance consulting since 2004.
Other relevant experience: Provincial Medical Officer of Southern Finland and Director of the Regional Unit for Health and Social Affairs, Director of Jorvi Hospital (in Espoo, Finland), member of the Management Teams of USHP (the former Hospital District of Uusimaa) and HUS (Hospital District of Helsinki and Uusimaa) and HYKS (Helsinki University Central Hospital), various managerial tasks in health care. Several national and local assessment expert tasks and positions of trust. International Hospital Award in 1995. Author of 140 scientific articles and publications.
Holdings in Biohit: 7,400 Series B shares.

Peter Tchernych
MSc (Econ.), LLM

Member of the Board of Biohit since 2004.
International sales and marketing as well as trade and financing.
Senior Vice President in the GE Health Care Projects unit.
Other relevant experience: Management consultant at Egon Zehnder International; Director of Sales and Marketing for the Eastern European operations of Labsystems Oy; Business Development Manager at Kaukomarkkinat Oy; and Export Manager for Partek Group.
No shareholdings in Biohit.

Mårten Wikström
MD, PhD, Academy Professor

Member of the Board of Biohit since 1997.
Development of co-operation with the scientific and research communities.
Professor of Physical Biochemistry at the University of Helsinki; Academy professor since 1996.
Other relevant experience: Director of the international Helsinki Bioenergetics Group and Research Director of the Institute of Biotechnology at the University of Helsinki, as well as Director of Research and Operative Director at Eflab Oy and Labsystems Oy. Over 160 original publications and several scientific awards.
No shareholdings in Biohit.

Hannu Seristö
DSc (Econ.), professor

Member of the Board of Biohit since 2005.
International marketing and competitive strategies.
Professor of International Business at the Helsinki School of Economics (HSE) since June 2004.
Other relevant experience: Marketing Director at Polar Electro Oy. International positions at Finnair Oy, McKinsey & Co. Inc. and Suunto Oy. Chairman of the Board of Directors of the HSE International Centre, which provides the leading Master of Business Administration (MBA) programme in the Nordic countries.
Holdings in Biohit: 336 Series B shares.

Information on shareholdings as they were on 31 December 2005
* Shares in the name of the shareholder

Management Team

Osmo Suovaniemi
MD, PhD, Professor, completed the JOKO Executive Education study programme and education programme at the Finnish Institute of Management (LIFIM)
Founder, President and CEO of Biohit

Prior to Biohit: Founder, President and CEO of Labsystems Oy and Eflab Oy.
Holdings in Biohit: 2,285,340 A-shares and 965,207 B-shares.*

Erik Forsblom
MSc (Biochemistry)
R&D and Production, Diagnostics

With Biohit since 1990.
Prior to Biohit: Research Chemist, Production Manager and Assistant Director at Labsystems Oy, and Laboratory Technician and Chemist at the Clinical Laboratory Centre and at United Clinical Laboratories in Helsinki.
Holdings in Biohit: 3,000 B-shares.

Jussi Heiniö
LLM
Administration and Legal Affairs

With Biohit since 1997.
Prior to Biohit: An Attorney-at-law at Law Office Matti Oksala Ky; a junior lawyer undergoing court training, and later a judge in the District Court of Vantaa, Finland.
No shareholdings in Biohit.

Kalle Härkönen
MSc
Production, Liquid Handling

With Biohit since 2001.
Prior to Biohit: Factory Manager at Delipap Oy and several positions at the packaging factory Tetra Pak Oy.
Holdings in Biohit: 4,333 B-shares.

Semi Korpela
MSc (Econ.)
Accounting and Finance

With Biohit since 2003.
Prior to Biohit: International Business Controller and other international positions at Sonera Corporation.
No shareholdings in Biohit.

Sari Mannonen (née Ylätupa)
PhD (Biochemistry), completed the Business Unit Management Program at JOKO Executive Education Oy
International Sales and Marketing, Liquid Handling

With Biohit since 1995 (since 1989 at Locus genex Oy, part of Biohit Group).
Prior to Biohit: Biochemist and Product and Marketing Manager at Locus genex Oy (now Biohit Diagnostics); performing duties related to the development of tests for use in diagnosis at Labsystems Oy.
Holdings in Biohit: 3,000 B-shares.

Kees Heije
International Sales and Marketing, Diagnostics

With Biohit Oyj since March 2006.
Before Biohit: Responsible for sales and marketing at Luminex Europe and sales and product management at Beckman Coulter. Over 20 years' experience in laboratories, research and hospitals.
No holdings in Biohit.

Seppo Riikonen
Measurement and Adjustment Technician, diploma in marketing from the Institute of Marketing
Quality Systems and Information Technology

With Biohit Oyj since 1989.
Prior to Biohit: Service Manager at Nordion Instruments Oy; Service Technician at Oriola Oy; Project Technician at Orion Analytica Oy.
Holdings in Biohit: 11,520 B-shares.

Erkki Vesanen
MSc (Engineering, Electronics)
Research and Development, Liquid Handling

With Biohit since 1989.
Prior to Biohit: Managing Director of Innomedia Oy and holder of several duties at Labsystems Oy related to product development, production, materials management, marketing, and international operations.
Holdings in Biohit: 4,260 B-shares.

Information on shareholdings as they were on 31 December 2005
* Shares in the name of the shareholder

Management of Subsidiaries

Great Britain: Biohit Ltd.
Richard Vaughton, Managing Director since 1992.

Japan: Biohit Japan Co, Ltd.
Timo Halonen, Managing Director since 2005.

France: Biohit SAS
Régis Carnis, Managing Director since 1991.

Germany: Biohit Deutschland GmbH
Uwe Thönges, Managing Director since 2003.

Russia: Biohit OOO
Victor Peppi, Managing Director since 2001.

United States: Biohit Inc.
Robert P. Gearty, Managing Director since 2000.

China: Biohit Healthcare Suzhou Co Ltd.
Esko Tikkanen, Managing Director of the representative's office since 2004.

Scientific Advisors

Herman Adlercreutz, MD, PhD. Professor Emeritus of Clinical Chemistry at the University of Helsinki. Director of Folkhälsan Research Center and head of the Institute for Preventive Medicine, Nutrition, and Cancer. At Biohit, advisor for diagnostics and laboratory instrumentation.

Hannu Harjunmaa, PhD. Principal Scientist at VivaScan Corporation, Massachusetts, U.S. At Biohit, advisor for liquid handling and laboratory instruments. Current focus on the research and development of new techniques for liquid handling.

Matti Härkönen, MD, PhD. Professor Emeritus of Clinical Chemistry at the University of Helsinki. At Biohit, advisor for diagnostics and laboratory instrumentation including liquid handling. Current focus on the gastric test panel.

Aavo Mikelsaar, MD, PhD. Professor at the University of Tartu, Estonia, in the field of human biology and genetics. Director of the Institute of General and Molecular Pathology, Medical Faculty. At Biohit, advisor for cancer diagnosis.

Arto Orpana, PhD. Docent in biochemistry at the University of Helsinki. At Biohit, advisor for diagnostics and instruments (PCR and liquid handling equipment) and development of PCR and other applications.

Aarno Palotie, MD, PhD. Professor, University of California at Los Angeles, Dept. of Pathology and Laboratory Medicine. At Biohit, advisor for genetic laboratory diagnostics.

Ari Ristimäki, MD, PhD. Docent of Cell Biology. Actively engaged in basic scientific research (molecular cell biology) at the University of Helsinki and the Helsinki University Central Hospital. At Biohit, advisor for diagnostics. Current focus on cyclooxygenase-2.

Nils-Erik Saris, PhD, honorary MD. Professor Emeritus at the University of Helsinki. Actively engaged in basic scientific research (biochemistry, biophysics, clinical chemistry). At Biohit, advisor for laboratory instruments, including liquid handling.

Seppo Sarna, PhD. Professor of Biometrics at the University of Helsinki. At Biohit, provider of biostatistical and epidemiological expertise.

Pentti Sipponen, MD, PhD, holds the rank of Professor and is the head of the Department of Pathology at Jorvi Hospital in Espoo, Finland, which is a laboratory engaged in large-scale histopathological routines and research. At Biohit, he serves as advisor for diagnostics and diagnostic devices. His current focus is on the gastric test panel and lactose intolerance test.

Agu Tamm, MD. Dr.Med. Professor of Laboratory Medicine, University of Tartu, Estonia. At Biohit, advisor for diagnosis of dyspepsia, hypolactasia tests, and the gastric test panel.

Corporate Governance

Biohit Oyj and the Biohit Group adhere to the requirements of the Finnish Companies Act, the national legislation applicable to subsidiaries, the Finnish Securities Market and Accounting Act, the guidelines of the Helsinki Exchanges, and the provisions of the Articles of Association of Biohit Oyj. In addition, Biohit Oyj complies with the corporate governance recommendations for publicly listed companies published by HEX Plc., those of the Central Chamber of Commerce of Finland, and the recommendations on Corporate Governance issued by the Confederation of Finnish Industry and Employers in 2003.

Annual General Meeting

The Annual General Meeting (AGM) of Biohit Oyj is the highest decision-making body of the company. The AGM is held annually by the end of April. An extraordinary general meeting may be held at the request of the Board of Directors (BOD) or when stipulated by law.

The AGM resolves and decides on, e.g., the following issues:

- Approval of the consolidated financial statements and balance sheet of the parent company and the Group
- Action concerning the financial result
- Discharging of the members of the BOD and the president and CEO from liability
- Confirmation of the number of members of the BOD, election of members, and decision on remuneration
– Appointment of the auditor and deputy
- Changes in the Articles of Association

A summons to the AGM will be published in Helsingin Sanomat and Kauppalehti. In addition, Biohit posts all invitations to general meetings on its corporate Web site. The agenda and nominees for members of the BOD will be presented in the summons to the AGM. Prerequisites for BOD membership are that the nominees have been approved by shareholders possessing at least 10% of the votes and have accepted their nomination. In addition, the nominee for auditor will be announced in the summons.

It is presumed that the Chairman of the BOD will open the AGM. Other members of the Board of Directors and the auditor are requested to attend the meeting, if possible.

Board of Directors

The Board of Directors, which comprises at least five members elected by the Annual General Meeting, is responsible for the administration of the Group and the proper organising of its operations. The BOD elects a chairman amongst its members. The membership commences from the election by the AGM and lasts until the next AGM.

The BOD is responsible for the organisation and control of the accounting and financing function. The BOD discusses and approves the annual financial statements of the parent company and the Group as well as the interim financial statements through the end of March, June, and September. In addition to the duties set forth by law, the BOD approves the operating principles, the business plan, and the budget of the Group. Moreover, the BOD decides on Group strategy, possible redirection of operations, organisational structure, investments, and other matters of significant importance and with long-term implications. The decision-making of the BOD is based on the reports drawn up by the operative management concerning the activities and development of the Group and its business areas.

In general, the BOD convenes once a month (i.e., 10-12 times per year). When necessary, Board meetings are held at more frequent intervals and via telephone. The schedule for the meetings will be confirmed for the entire term in advance. The BOD summons the AGM and draws up the proposals for the agenda. The BOD assesses at the end of each financial year its activities and work methods. The assessment shall be made by the BOD, and it shall be discussed at the meeting thereof.

The BOD decides on the internal division of duties in order to enhance the development of the activities of the Group optimally on the basis of the expertise and experience of the members of the BOD.

The guidelines of administration and control systems of listed companies are taken into consideration when proposals concerning the members of the BOD are made. The BOD has drawn up a written working order for its activities. No separate committees have been established for enhancing the work of the BOD.

President and CEO

The president and CEO, appointed by the Board of Directors, is responsible for the day-to-day management of the Group. The president and CEO is responsible for the management of the operative activities of the Group, the realisation of the operative plan and budget, and informing the BOD of matters related to business operations and their administration. Furthermore, the president and CEO assumes liability for the legality and reliable organisation of accounting and financial manage-

ment. At the monthly meetings, the president and CEO reports to the BOD on business operations and possible changes. The president and CEO informs the BOD immediately of changes that are of crucial importance to the company and its activities.
The BOD approves the remuneration, incentives connected with the result of the company, and other terms of employment of the president and CEO.

Management Team

The duty of the Management Team (MT) is to assist the president and CEO in planning and controlling the business operations of the company, in managing daily operations, and in preparing matters to be submitted for the consideration of the BOD.

The MT comprises the president and CEO and the directors of the different functional areas of the Group. The following business functions are represented in the MT: Sales and Marketing, Production, Finance, Research and Development, Administration, and Quality Systems.

The president and CEO appoints the members of the Management Team and approves the terms of the employment thereof in accordance with the instructions given by the BOD. The instructions concerning the services provided by the MT need to be based on written agreements, the terms of which have been clearly stated. The terms of remuneration of the MT and those of the managing directors of subsidiaries should be fair and motivating. It is recommended that the MT convene once a month and, if possible, before Board meetings.

The MT assists the president and CEO in action planning and operative management as well as in preparation concerning matters discussed by the BOD. Moreover, development of internal co-operation, corporate culture, and the corporate image of the company are central tasks of the MT.

Managing Directors of Subsidiaries

The managing directors of subsidiaries and the BODs of subsidiaries are responsible for the management of subsidiary operations. The subsidiaries are responsible for the sales and marketing of the products of Biohit in the different market areas. The subsidiaries' managing directors operate under the management and control of the president and CEO and the Director of Administration. The BOD of each subsidiary is composed of the managing director of the subsidiary and the necessary number of members of the Management Team of Biohit Oyj.

Each managing director of a subsidiary is responsible for ensuring that the business operations of the subsidiary are managed, planned, controlled, reported, and developed in accordance with the operating principles of the Biohit Group.

The president and CEO approves the salaries of the subsidiaries' managing directors in accordance with the instructions provided by the BOD of Biohit Oyj. Incentives related to profit are dependent on the development of the sales and profitability of various product groups.

Internal control

Subsidiaries report to the MT of the Group on a monthly and quarterly basis on the development of business and profitability. The MT of the Group reports to the BOD on the overall development of business; these two bodies, together with the president and CEO, decide on overall corporate strategies and procedures guiding the operations of the Group.

The MT of the Group decides, on the basis of the instructions given by the BOD, on the guidance of business activities, financing, and investments. In general, the MT convenes once per month.

The BODs of subsidiaries follow the development of business and ensure that the instructions and other guidelines accepted and provided by the parent company are followed. The BOD of each subsidiary convenes at least four times per year, primarily after each calendar quarter.

Steering and control of the business of Biohit Group is carried out in accordance with the management system described above. The company provides reporting systems necessary for business and financial management.

The financial department of the parent company provides instructions for drawing up annual and interim financial statements and prepares the consolidated financial statements. The financial department of the parent company maintains central control of matters related to funding and is responsible for the management of interest and exchange rate risks. The managing directors of subsidiaries ensure that subsidiaries' reporting is carried out in accordance with the instructions given by the MT of the Group. The administration department of the parent company provides instructions on, and controls, the agreement and personnel policies enacted at the Group level.

Risk management

The objective of the risk management policy of Biohit is to identify the most important risks related to the business and the business environment. The risks need to be controlled and monitored in a cost-effective manner so

as to promote the operational and strategic goals of the Group in the best possible way.

The MT of the Group assumes overall operational responsibility for the risk management policy. The management is responsible for the organising and planning of the risk management strategy as well as its development, co-ordination, and follow-up. The MT of the Group reports to the BOD. The BOD of the parent company accepts the risk management policy and its objectives.

The risk management policy of Biohit forms part of the management, control, and reporting systems of the Group. Regular reporting and follow-up is carried out at both the Group and subsidiary level. The identification of risks takes place at both levels as well.

The main risk factors of the company have been identified and divided by area of responsibility amongst the members of the MT. Each member of the MT is expected to follow up on the risks of his/her functional area of responsibility as well as to carry out all measures necessary for risk management. The administrative department of the Group is responsible for general risk management. Each managing director of a subsidiary is responsible for following the risk management policy at subsidiary level and reporting to the MT of the Group. The management of subsidiaries should recognise and evaluate the most important risks and draw up a response plan in co-operation with the MT of the Group.

Internal and external auditing

Currently, a separately organised function for internal auditing purposes does not exist in the company. The Group has an auditor and reporting systems for monitoring the development of business and for financial management purposes. In addition, the auditor and each subsidiary assess the functionality of the internal control system during the statutory audit.

The auditor elected by the AGM is responsible for the statutory audit. According to the Articles of Association, the company needs to have one auditing body approved by the Central Chamber of Commerce. The auditor announces the name of the individual auditor who assumes the main responsibility for conducting the audit. The term of the auditor begins during the financial year in progress, and it ends during the next AGM.

In connection with the publication of the financial statements, the auditors issue their statutory report to the shareholders. The auditors of the parent company report their findings to the BOD and CEO. The reports drawn up by the auditors of the parent company are based in part on the audits carried out by the auditors of subsidiaries. The MT of the Group evaluates the subsidiary reports.

Insiders

Biohit Oyj applies the Guidelines for Insiders approved by the Helsinki Exchanges.

Biohit's statutory insiders comprise the members of the BOD of the parent company, the president and CEO, the principal auditor and his/her substitute, and the members of the MT.

In addition to the public register of insiders, the company also keeps a non-public, company-specific register of insiders that lists both permanent insiders and project-specific insiders. People listed in the non-public register as permanent insiders are those who regularly receive inside information as part of their business activities. Project-specific insiders are those people who receive inside information in conjunction with a specific project.

Permanent insiders are not allowed to sell or purchase shares in Biohit Oyj for 14 days before the publication of the financial statements and interim reports. Insiders participating in projects are not allowed to sell or purchase shares in Biohit before an announcement has been made of the continuation or discontinuation of a project. More details on insiders is published on the corporate Web site at **www.biohit.com**.

Salaries of the management

The remuneration paid to the Group's President and CEO, including benefits and Board fees, totalled EUR 142 thousand in 2005 (EUR 140 thousand in 2004).

The salaries of the Managing Directors of the subsidiaries totalled EUR 515 thousand (EUR 492 thousand).

The fees paid to the members of the Board of Directors

Remuneration paid to the members of the Board totalled EUR 74 thousand in 2005 (EUR 69 thousand). The Chairman of the Board received EUR 1,450 per month and members EUR 1,100 per month.

Board meetings

The Board of Directors assembled 14 times in 2005. The average turnout was 86.9%.

Auditors and their fees

On 21 April 2005, the Annual General Meeting of Biohit chose public accountancy company Pricewaterhouse-Coopers Oy as the auditor and decided that the company's fee was to be paid on the basis of the invoice issued. The responsible auditor is APA Hannele Selesvuo.

During the 2005 fiscal year, the invoiced auditor's fees totalled EUR 156 thousand. In addition, public accountancy company PricewaterhouseCoopers Oy has been paid EUR 14 thousand for other services.

Dismissal of the president and CEO

The terms and conditions of the President and CEO's dismissal have yet to be confirmed.

Pension plans

No other notable pension arrangements, beyond those mandated by law, have been made with the Managing Directors of Group companies.

Ownership by the management

The members of the Board and the president and CEO of the company owned a total of 2,285,340 A-shares and 2,323,672 B-shares on 31 December 2005. This in total represents 35.6% of all shares and 55.5% of votes in the company.

Detailed information about the ownership of the management is included in the Annual Report, pages 20-21 and on the company website.

Risk Management

With its risk management policy, Biohit has prepared for various risks related to international business. The responsibility for the risk management policy belongs to the BOD and MT of the Biohit Group. Risk management is an essential part of the Group's operations management. The related instructions and methods of organisation have been described in the section on Biohit's corporate governance (under 'Risk Management').

The risks related to Biohit's business have been charted and divided into market risks, financial risks, property and liability risks, product related risks, personnel risks, data system risks and juridical risks.

Market risks

Biohit practises worldwide business in several market areas, where the prices and distribution channels of competing products may vary significantly even within a short time interval due to company organisation issues and strategic integration. Biohit has prepared for this risk by forming an extensive and flexible distribution network that includes also the subsidiaries in all main market areas. With this operational distribution network, Biohit can react quickly to market changes. Biohit has developed manufacturing processes that are as cost-effective as possible, in order to be able to respond to changes in the pricing of products.

Sales and marketing directors share the responsibility for following the market risks together with the managing directors of the subsidiaries. The president and CEO of the Group is responsible for readiness.

Financial risks

At the beginning of 2005, Biohit's parent company introduced a new enterprise resource planning (ERP) system that is to be introduced in the subsidiaries as well. The ERP system and the improvement of monitoring and reporting aim at enhancing the order and delivery process and at reducing the need for working capital.

According to Biohit's management, the most significant financial risks at the moment are related to the fluctuation of exchange rates and especially to the strength of the euro. The Group has taken the currency risks into consideration by controlling various currency-based acquisitions, for example.

Biohit's clientele consists mainly of well-established companies, and consequently Biohit does not consider credit loss risks a significant threat.

The Group's financial management is responsible for following the development of financial risks and preparing for the risks on the operational level.

Property and liability risks

Biohit has extensive insurance against harm to property and personnel. The insurance policies are checked at least once a year. Policy amounts have been adjusted to correspond to the extent of the operations and developments in operations. Biohit has also prepared for product liability risks with contractual methods involving insurance policies that have worldwide coverage.

The parent company's administrative director and financial director are responsible for following up on loss risks and liability risks.

Product related risks

The company's products are developed and manufactured according to the ISO 9001, ISO 13485, ISO 17025 and ISO 14001 international quality and environmental standards. As part of its standard-compliant quality control and risk management, the company manages, and also seeks to reduce, the risks associated with its products.

Biohit also seeks to minimise product risks with contractual methods and appropriate liability insurance. Each representative of the Group's operative management is responsible for identifying and managing product risks in his or her area. The responsibility for co-ordinating risk management is held by the parent company's administrative director.

Personnel risks

Biohit's business development and the complexity of the operational environment require constant development of the skills of the personnel. In particular, realisation of the expected growth in the diagnostics business requires recruiting skilful personnel.

Biohit aims at minimising personnel risks by concentrating on workers' well-being, on-the-job learning, commitment, and education.

The unit directors and the administrative director of the parent company are responsible for minimising personnel risks.

Data system risks

There are data system risks connected to guiding and monitoring international business operations. Biohit has taken these risks into consideration by implementing solutions that improve the security of the company's data systems. The prevention and control of risks have been improved by, e.g., providing data security instructions.

On the operative level, the manager of Biohit's IT department is responsible for the data system risks.

Juridical risks

Inventions related to the company's products have been protected with patents and various contractual arrangements. The company has taken the risks related to the business operations into consideration via written agreements drawn up by the company's lawyer. The main emphasis in controlling the juridical risks is on preventive measures, such as informing and guiding the personnel participating in the sales operations.

The company's administrative director is responsible for following up on the juridical risks.

Report of the Board of Directors

Biohit manufactures liquid handling products and accessories as well as diagnostic test systems for use in research, health care and industrial laboratories. Biohit's product range encompasses also instruments and related software, which, together with the liquid handling products and diagnostic tests, enable the company to provide complete analysing systems for its customers.

In the liquid handling field, Biohit's main products are electronic and mechanical pipettors, and their disposable tips. The company's diagnostic product range encompasses the following tests: GastroPanel for diagnosing dyspepsia (upper stomach symptoms) as well as for screening the risk of gastric cancer and peptic ulcers from blood sample; fast and reliable quick tests for diagnosing lactose intolerance and *Helicobacter pylori* infection.

IFRS

The financial statement report has been prepared in accordance with the International Financial Reporting Standards (IFRS). The Biohit Group has adopted IFRS reporting since 1 January 2005. Further information on the impact of the transition to IFRS can be found in the stock exchange release published on 14 March 2005. The comparative figures presented in this report are in accordance with the IFRS figures of 2004 published in the above-mentioned release. The accounting principles are the same as in the above-mentioned release.

Net sales

The Biohit Group's net sales increased 7 per cent compared with 2004 and totalled EUR 28.7 million (EUR 26.7 million).

The Group's net sales during the reporting period were generated primarily from the sale of liquid dispensers and disposable pipettor tips and from maintenance services for liquid dispensers. The liquid handling business net sales were EUR 27.2 million (EUR 25.6 million), the net sales for the diagnostics business being EUR 1.5 million (EUR 1.1 million). The growth in sales of diagnostics products was slowed down due to a delay in the acquisition of authority approvals and to a prolongation in negotiations with importers in the diagnostics business.

The slump in sales during the first half of the year was reflected in the unfavourable trend in net sales for the financial year as a whole. In spite of increased price competition for liquid handling products, net sales during the fourth quarter grew by 17 per cent compared to the corresponding period of the previous year.

Result

The loss for the reporting period was EUR 0.2 million (EUR -0.2 million). The operating profit was EUR 0.0 million (EUR 0.2 million).

The operating profit of the liquid handling business was EUR 2.3 million (EUR 2.1 million), the operating loss of the diagnostics business being EUR 2.3 million (EUR -1.9 million).

In spite of an increase in net sales, the loss remained at the same level as in the previous year due to the rationalisation of the diagnostics organisation, as well as non-recurring costs associated with the changeover to a new Enterprise Resource Planning (ERP) system and other restructuring of the organisation.

Earnings per share were EUR -0.02 (EUR -0.01).

Balance sheet

The balance sheet total was EUR 27.9 million (EUR 22.8 million) and the equity ratio was 51.5 per cent (62.3 per cent). The balance sheet total was increased and the equity ratio decreased by the issuance of a EUR 4.05 million convertible bond in November 2005. In accordance with a decision made at the Annual General Meeting on 21 April 2005, the share premium fund has been used to cover the parent company's EUR 0.3 million losses for 2004.

Convertible bond

The Extraordinary General Meeting of Biohit Oyj that was held on 27 October 2005 resolved, in accordance with the proposal by the Board of Directors, to issue a convertible bond. The objective of the transaction is to strengthen the company's growth potential and broaden its investor basis. The bond was offered to a limited group of professional domestic investors, and 4,050,000 euros' worth of subscriptions were entered during the time the offer was open.

The annual fixed interest to be paid on the convertible bond is 6.5 per cent. The convertible bond will have a five year maturity. Each EUR 4,050 note unit can be converted into 1,000 Biohit Oyj B-shares with a nominal value of EUR 0.17. The conversion rate is EUR 4.50. The bond can be converted to a total of maximum 900,000 Biohit Oyj B-shares. As a result of the conversion the share capital of the company may be increased by a maximum of EUR 153,000 and the number of B-shares by a maximum of 900,000 new shares. The share of stock converted on the basis of the convertible bond is a maximum of 6.5 per cent of company shares, and 1.0 per cent of the votes granted with this stock after a possible increase in share capital.

The company is entitled to repay the entire share capital of the bond providing that the mean rate weighted with the Biohit B-share (share) conversion in the Helsinki Stock Exchange has been at least 10 euros immediately before the decision date regarding the repayment on 20 exchange days of 30 consecutive exchange days.

Liquidity

The cash flow from operating activities for the financial year was EUR 0.6 million (EUR 2.2 million). The downswing in cash flow was due to the increase in net working capital. Current ratio was 1.25 (1.20). Interest-bearing liabilities rose to EUR 8.2 million (EUR 4.2 million), resulting from the issuance of a EUR 4.050 million convertible bond. Investments in funds and deposits include EUR 3.4 million.

Research and development

Research and development expenditures amounted to EUR 1.6 million in 2005 (EUR 1.3 million), representing 6 per cent of net sales (5 per cent). In accordance with IFRS 38, EUR 112 thousand in development expenditure was capitalised during the financial year (EUR 187 thousand).

Investments

Gross investments for the financial year totalled EUR 2.0 million (EUR 2.3 million). The majority of these investments was aimed to increase capacity at the Kajaani and Helsinki plants, and it consisted of machinery and equipment for the automation of liquid handling product manufacture, as well as injection moulds used in the manufacture of new liquid handling products.

During the review period, Biohit Oyj acquired a 5 per cent minority interest in Biohit Inc.

Personnel

The average number of personnel in the reporting period was 295 (291), with 162 (164) persons being employed by the parent company and 133 (127) by the subsidiaries.

Administration

The Annual General Meeting on 21 April 2005 resolved that the Board of Directors shall have six members. Docent Arto Alanko, MD, Ph.D; Professor Reijo Luostarinen; Professor Hannu Seristö; Professor Osmo Suovaniemi, MD, Ph.D; Peter Tchernych, M.Sc. (Econ.), LLM; and Professor Mårten Wikström were elected as members of the Board of Directors. In 2005, Reijo Luostarinen was Chairman of the Board and Osmo Suovaniemi President and CEO of Biohit Oyj.

The Annual General Meeting chose PricewaterhouseCoopers Oy, Authorised Public Accountants, as auditor with Hannele Selesvuo, Authorised Public Accountant, as chief auditor.

Risks

In accordance with the principles of good corporate governance, Biohit has assessed the risks associated with the company's business operations. The most significant risks stem from the international nature of the company's business and the market and economic risks this brings, such as those associated with currency exchange rates. The main responsibility for risk management is held by the parent company's Board of Directors and the Management Team.

Equity turnover and price development

During the reporting period, the total turnover of Biohit's B-shares on the Helsinki Exchanges NM list amounted to EUR 4,651,741, and the number of shares traded was 2,113,704. The highest share price was EUR 2.87 and the lowest EUR 1.75, the average price being EUR 2.20. The closing price at the end of the reporting period was EUR 2.15. On 31 December 2005, the market capitalisation value for the B shares totalled EUR 19,483,573. Biohit's B share has been listed on the Helsinki Exchanges NM list since 1999.

Outlook for 2006

The company estimates that competition in the liquid handling products market will become more severe in 2006. The company is meeting this challenge by both continuing and developing co-operation on innovations and new technologies with international partners, and by ensuring the cost-effectiveness of product manufacture with production facility investments in China and Kajaani. The company expects that sales of liquid handling products will continue to increase in 2006.

When it comes to growth in net sales of diagnostics products, the challenges are not linked to the competitive situation per se, but involve devoting greater efforts to marketing and increasing the recognition of products. In this respect, the company expects that development and organisation of the distribution network will ensure an increase in sales of diagnostics products in 2006. However, sales growth in the US and Japanese markets depends on whether the public authorities grant products the necessary market authorisations.

The Group's total net sales are therefore predicted to grow favourably in 2006 and earnings before taxes to improve on the previous year.

Consolidated income statement

EUR 1,000	Note number	01.01. - 31.12.2005	01.01. - 31.12.2004
NET SALES	2.1	28,660	26,702
Other operating income	2.2	67	173
Change in inventories of finished goods and work in progress		600	-454
Raw materials and consumables	2.3	-6,283	-5,124
Employee benefit expenses	2.4	-11,584	-10,648
Depreciation	2.5	-1,671	-1,531
Other operating expenses	2.6	-9,823	-8,867
OPERATING RESULT		-33	251
Financial income	2.8	135	141
Financial expenses	2.8	-358	-289
PROFIT BEFORE TAXES		-256	104
Income taxes	2.9	30	-265
PROFIT/LOSS FOR THE PERIOD		-226	-169
Attributable to:			
Equity holders of the parent company		-226	-161
Minority interest		0	-8
Earnings per share calculated from earnings attributable to equity holders of the parent company			
Earnings per share, undiluted*, EUR	2.10	-0.02	-0.01

*) The convertible bond is not dilutive in respect of earnings per share

All the figures in the financial statements have been rounded up or down, due to which the sums of figures may deviate from the sum total presented.

Consolidated balance sheet

EUR 1,000	Note number	31.12.2005	31.12.2004
ASSETS			
NON-CURRENT ASSETS			
Goodwill	2.11	2,638	2,638
Intangible assets	2.11	1,419	1,160
Tangible assets	2.12	6,860	6,802
Available-for-sale investments	2.13	11	11
Receivables		4	4
Deferred tax assets	2.14	2,067	1,938
Total non-current assets		12,999	12,552
CURRENT ASSETS			
Inventories	2.15	4,584	3,565
Trade and other receivables	2.16	6,122	5,346
Financial assets recognised at fair value through profit or loss	2.17	2,400	0
Cash and cash equivalents	2.18	1,745	1,296
Total current assets		14,852	10,206
TOTAL ASSETS		27,851	22,759
LIABILITIES			
Equity attributable to the equity holders of the parent company			
Share capital	2.19	2,199	2,199
Share premium fund		13,016	13,109
Translation differences		121	-42
Retained earnings		-1,086	-1,127
Total equity		14,250	14,139
NON-CURRENT LIABILITIES			
Deferred tax liabilities	2.14	93	93
Pension obligations	2.4	88	77
Interest-bearing liabilities	2.20	7,260	3,197
Other liabilities		1,091	1,191
Total non-current liabilities	2.20	8,532	4,557
CURRENT LIABILITIES			
Trade and other payables		1,676	1,135
Current interest-bearing liabilities		901	917
Other liabilities		2,491	2,011
Total current liabilities	2.20	5,068	4,063
Total liabilities		13,600	8,620
TOTAL EQUITY AND LIABILITIES		27,851	22,759

Consolidated statement of changes in equity

	Equity attributable to the equity holders of the parent company					
EUR 1,000	Share capital	Share premium fund	Capital loan	Trans-lation diff.	Retained earnings	Total equity
Equity, 31 Dec. 2003 (FAS)	2,199	15,425	1,243		-3,587	15,280
Effect of IFRS transition			-1,243		313	-930
Equity, 1 Jan. 2004 (IFRS)	2,199	15,425	0		-3,274	14,350
Translation differences				-42		-42
Losses covered with the share premium fund		-2,316			2,316	0
Profit/loss for the period					-169	-169
Equity, 31 Dec. 2004 (IFRS)	2,199	13,109	0	-42	-1,127	14,139

	Equity attributable to the equity holders of the parent company					
	Share capital	Share premium fund	Capital loan	Trans-lation diff.	Retained earnings	Total equity
Equity, 1 Jan. 2005 (IFRS)	2,199	13,109	0	-42	-1,127	14,139
Translation differences				163		163
Losses covered with the share premium fund		-267			267	0
Equity share of the convertible bond		174				174
Profit/loss for the period					-226	-226
Equity, 31 Dec. 2005 (IFRS)	2,199	13,016	0	121	-1,086	14,250

Consolidated cash flow statement

EUR 1,000	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES		
Operating result	-33	251
Adjustments for:		
Depreciation according to plan	1,671	1,531
Other adjustments	63	-203
CHANGE IN WORKING CAPITAL		
Increase (-) or decrease (+) in trade and other receivables	-762	376
Increase (-) or decrease (+) in inventories	-1,019	510
Increase (+) or decrease (-) in current non-interest-bearing liabilities	978	-104
Interest and other financial items paid	-333	-210
Interest received from operating activities	138	133
Income taxes paid	-98	-46
Net cash flow from operating activities	605	2,238
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-1,680	-2,130
Proceeds from sales of tangible and intangible assets	12	8
Investments in fixed-term deposits and other investments	-3,400	-
Grants received	0	33
Shares acquired in subsidiaries	-32	-80
Interest received from investments	-	28
Dividends received from investments	1	1
Net cash flow from investments	-5,099	-2,140
CASH FLOW FROM FINANCING ACTIVITIES		
Convertible bond issued	3,939	-
Increase in long-term loans	762	780
Repayments of long-term loans	-922	-632
Net cash flow from financing activities	3,779	148
Translation difference adjustment	164	-4
Increase (+) or decrease (-) in cash and cash equivalents	-551	242
Cash and cash equivalents at the beginning of the period	1,296	1,054
Cash and cash equivalents at the end of the period	745	1,296

Notes to the consolidated financial statements

Company profile

Biohit Oyj is a Finnish public company that manufactures liquid handling and diagnostics products, as well as diagnostics analysis systems for use in research institutions, health care and industrial laboratories. The parent company is domiciled in Helsinki.

Copies of the consolidated financial statements are available on the Internet at www.biohit.com or from the parent company's head office, address Laippatie 1, Helsinki, Finland.

At its meeting on 30 March 2006, Biohit Oyj's Board of Directors approved the financial statements for publication.

Accounting policy applied in the financial statements

Accounting policy

These are the Group's first financial statements drafted in accordance with International Financial Reporting Standards (IFRS). They have been drawn up in compliance with the IAS and IFRS standards in force as at 31 December 2005 and SIC and IFRIC interpretations. The term "IFRS standards" in the Finnish Accounting Act and the provisions laid down pursuant to the Act refers to the standards approved by the EU in accordance with the procedures laid down in IAS Regulation (EC) 1606/2002 of the European Parliament, and the interpretations of these standards. The notes to the consolidated financial statements also conform to Finnish accounting and corporate legislation.

In 2005, the Group adopted IFRS, applying IFRS 1 (First-time Adoption of International Financial Reporting Standards). The transition date is 1 January 2004. The differences arising from the adoption of IFRS have been presented in the reconciliation statements.

The consolidated financial statements have been drawn up on the basis of the original acquisition costs, with the exception of available-for-sale investments as well as financial assets and liabilities at fair value through profit or loss. In the case of business combinations prior to 2004, goodwill matches the carrying amounts under the previous financial statement standards, which have been used as the deemed cost under IFRS. The classification or financial statement treatment of these acquisitions have not been adjusted when drafting the Group's opening IFRS balance sheet. The figures in the financial statements are presented in thousands of euros, unless mentioned otherwise.

When financial statements are prepared in accordance with IFRS, the management of the Group must make estimates and exercise judgement in the application of the accounting policies. Information about the judgements made by management in the application of the accounting principles employed by the Group and which have the greatest impact on the figures presented in the financial statements is given in the note "Accounting principles requiring judgements by management and key sources of estimation uncertainty".

2.0 Accounting policy applied in the consolidated financial statements

Subsidiaries

The consolidated financial statements include the parent company Biohit Oyj and all its subsidiaries. Subsidiaries are those companies in which the Group has a controlling interest, that is, in which the Group holds over half of the voting rights or the Group has a controlling interest otherwise. "Controlling interest" means the right to dictate a company's financial and business principles in order to benefit from its operations.

The acquisition cost method has been used in eliminating cross-ownership of shares within the Group. Acquired subsidiaries are included in the consolidated financial statements as from the moment when the Group has assumed a controlling interest, and divested subsidiaries are included until the moment when the Group ceases to have a controlling interest. All intra-Group transactions, receivables, liabilities, unrealised profits and internal distribution of profits are eliminated in the consolidation. Unrealised losses are not eliminated if they are due to impairment. The distribution of the profit for the period to the equity holders of the parent company and minority interests is presented in the income statement and minority interest in equity is presented as a separate item under shareholders' equity in the balance sheet. The minority interest share of accumulated losses is recognised in the consolidated financial statements up to the amount of the investment at the most. The Group does not have any associates or joint ventures.

Translation of items denominated in foreign currency

Figures relating to the result and financial position of each of the Group's business units are measured in the currency of the main operating environment for that unit. The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company.

Foreign currency transactions are recorded in the

functional currency using the exchange rates on the date of the transaction in question. Monetary receivables and liabilities are converted using the rates on the closing date. Exchange rate differences on translation have been entered in the income statement. The income statements of foreign subsidiaries have been translated to euros using the average exchange rates for the financial period, and the balance sheets have been translated using the rates on the closing date. The exchange rate difference resulting from the use of the average exchange rate in the translation of income statement items and the closing date rate in the balance sheets has been entered as a separate item under translation differences in consolidated shareholders' equity. In accordance with the exception permitted by IFRS 1, cumulative translation differences prior to the IFRS transition date are recorded under retained earnings at the time of the transition to IFRS, and will also not be entered into the income statement later on the divestment of a subsidiary.

Business segments

Biohit has organised its business into two primary business areas: Liquid Handling and Diagnostics. The format of the Group's primary segment reporting is based on these business segments. Biohit reports on geographical areas as its secondary segment: Europe, Asia, America and other countries.

A business segment is a distinguishable component that provides products or services subject to different risks and returns from those of other business segments. A geographic segment is a distinguishable component of an entity that provides products or services within a particular environment, and is subject to risks and returns different from those operating in other economic environments.

Income recognition

The sale of goods and services is recognised as income when the significant risks and rewards incident to ownership are transferred to the buyer, and the payment of goods and services, costs or the possible return of the goods does not involve significant uncertainty. The income recognised is the fair value of the consideration received from the goods or services sold less value-added tax and both bulk and other discounts as well as exchange rate gains or losses on the sale. Interest income is recognised using the effective interest method. Dividend income is booked when the rights to the dividends have materialised.

Property, plant and equipment

Property, plant and equipment have been valued at the original acquisition cost less accumulated depreciation and impairment. The acquisition cost includes the direct costs of acquisition. Later expenditure is included in the carrying amount of the asset or recognised as a separate asset only if it is probable that the Group will benefit from the future economic benefits of the asset and the acquisition cost of the asset can be reliably measured. Other repair and maintenance expenditure is recognised through profit or loss in the period incurred.

Assets are amortised on a straight-line basis over their estimated useful life. Land is not subject to depreciation. The estimated useful lives are:

	years
Buildings	20 – 30
Machinery and equipment	3 – 10

The residual values and useful lives of assets are reviewed in each financial statement. If necessary, they are adjusted to reflect the changes in the expected economic benefits. Capital gains and losses on the discontinuation or disposal of property, plant and equipment are included in other operating income or expenses.

Costs of debt

Costs of debt are expensed in the financial period in which they were incurred. Transaction costs arising directly from the raising of loans – and which are clearly connected with a certain loan – are included in the original periodised acquisition cost of the loan and are periodised as interest expenses using the effective interest rate method.

Public grants

Public grants, such as grants received from the state for the acquisition of property, plant or equipment, are recognised as decreases in the carrying amounts of property, plant and equipment. Grants are recognised as revenue through smaller depreciation over the useful life of the asset. Grants not related to the acquisition of non-current assets are booked in other income.

Intangible assets

Goodwill

In the case of companies acquired after 1 January 2004, goodwill corresponds to the share of the acquisition cost in excess of the Group's share of the fair value of the acquiree's net assets at the time of acquisition. The good-

will on the consolidation of business functions prior to this date corresponds to the carrying amount as per the previously employed accounting standards, which has been used as the deemed cost. Neither the classification nor accounting treatment of these acquisitions has been adjusted when drafting the opening consolidated IFRS balance sheet.

No regular depreciation is recorded on goodwill, but instead it is subjected to an annual impairment test. To this end, goodwill is allocated to cash generating units. Goodwill is measured at the original acquisition cost less impairment.

Research and development expenditure

Research expenditure is expensed in the income statement. Development expenditure on the design of new or more advanced products is capitalised as intangible assets in the balance sheet as from the date when the product is technically feasible, can be utilised commercially and is expected to yield future economic benefits. Expensed development expenditure is not capitalised later. Amortisation begins when the asset is ready to be used. Incomplete assets are tested annually for impairment. The useful life of capitalised development expenditure is about 5 years, over which capitalised assets are expensed on a straight-line basis.

An intangible asset is recorded in the balance sheet only if the asset acquisition cost can be reliably determined and it is probable that the company will benefit from the expected economic benefits of the asset. Patents, brands and licenses with a finite useful life are entered in the balance sheet at the original acquisition cost and expensed in the income statement on a straight-line basis over their known or estimated useful lives. The Group has no intangible assets with unlimited useful lives.

The depreciation periods are as follows:

Patents	10 years
Development expenditure	5 years
Software	3 years
Other	5-7 years

Impairment

At each closing date, the Group evaluates whether there are indications of impairment in any asset item. If impairment is indicated, the recoverable amount of said asset is estimated. In addition, the recoverable amount is assessed annually for each of the following asset items regardless of whether impairment is indicated: goodwill and incomplete intangible assets. Impairment is examined at the level of cash generating units – that is, at the lowest unit level that is primarily independent of other units and whose cash flows can be separated out from other cash flows.

The recoverable amount is the fair value of the asset item less the costs of disposal or the value in use, whichever is higher. Value in use is the estimated future cash flow, discounted to its present value, from the asset item or cash generating unit in question. An impairment loss is recognised if the carrying amount of the asset item is higher than its recoverable amount. The impairment loss is entered immediately in the income statement. If the impairment loss is allocated to a cash generating unit, it is first allocated as a reduction to the goodwill of the cash generating unit and subsequently as a reduction to the other asset items of the unit on a pro rata basis. An impairment loss is reversed when the situation changes and the recoverable amount of the asset item has changed since the date when the impairment loss was recorded. However, impairment losses are not reversed beyond the carrying amount of the asset exclusive of impairment losses. Impairment losses on goodwill are never reversed under any circumstances.

Goodwill has been tested for impairment as required under the transition standard, applying IAS 36 to IFRS standards on the transition date, 1 January 2004.

Inventories

Inventories are measured either at the acquisition cost or at the probable net realisable value, whichever is lower. The acquisition cost is determined using the FIFO principle. The acquisition cost of finished and incomplete products comprises raw materials, direct costs of labour, other direct costs and the appropriate portion of the variable general costs of manufacture and fixed overhead at a normal level of operations. The net realisable value is the estimated selling price in ordinary business operations less the estimated expenditure on product completion and sale.

Lease agreements

The Group as lessee

Lease agreements concerning property, plant and equipment in which the Group holds a material share of the risks and rewards of ownership are classified as finance lease agreements. Assets acquired under finance lease agreements are recognised in the balance sheet at the lower of the fair value of the asset when the lease period begins or the present value of the minimum rents. Assets acquired under finance lease agreements are amortised

over their useful life or the lease period, whichever is shorter. Lease payments are split between the finance cost and a reduction in the liability over the lease period such that the interest rate on the liability outstanding for each financial period remains the same. The lease commitments are included in interest-bearing liabilities.

Lease agreements in which the risks and rewards incident to ownership are retained by the lessor are treated as other lease agreements. Rents payable under other lease agreements are expensed in the income statement on a straight-line basis over the lease period.

Pensions

The Group companies have organised their pension security in accordance with the pension legislation and practices of the country in question. The majority of the Group's pension schemes are defined contribution schemes for which payments are expensed in the period in which they occur. Defined benefit pension schemes are entered into the income statement such that expenses are periodised over the years in employment of the employee on the basis of annual actuarial calculations. Actuarial gains and losses are recognised in the income statement over the average remaining time in service of the persons in the scheme insofar as they exceed either 10% of the pension commitment or 10% of the fair value of assets, whichever is higher. In accordance with the exception permitted by IFRS 1, all actuarial gains and losses accumulated by the date of transition to IFRS, 1 January 2004, have been recognised in the opening shareholders' equity.

Provisions

Provisions are recorded when the Group has a legal or constructive obligation on the basis of a prior event, the materialisation of the payment obligation is probable and the size of the obligation can be reliably estimated. The amount recognised as a provision represents the best estimate of the expenditure required to fulfil the existing obligation on the closing date. If the time value of money is material, the provision recorded is the present value of expected expenditure. The Group does not have provisions.

Income taxes

Tax expenses in the income statement comprise taxes on the taxable income for the period and the deferred tax liabilities. Taxes on the taxable income for the period are calculated on the taxable income on the basis of the tax base in force in the country in question. Taxes are adjusted for the taxes of previous periods, if applicable.

Deferred taxes are calculated on all temporary differences between the carrying amount and taxable value. The largest temporary differences arise from the depreciation of property, plant and equipment, unused tax losses, unpaid interest on capital loans and the internal margin included in inventories.

No deferred taxes are calculated on goodwill impairment that is not deductible in taxation and no deferred taxes are recognised on the undistributed profits of subsidiaries to the extent that the difference is unlikely to be discharged in the foreseeable future.

Deferred taxes have been calculated using the tax bases set by the closing date. Deferred tax assets have been recognised to the extent that it is probable that taxable income against which the temporary difference can be applied will materialise in the future.

Financial assets and liabilities

The Group's financial assets are categorised as: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. Financial assets are classified in accordance with the purpose underlying the acquisition of the financial asset. The assets are categorised on initial recognition. All acquisitions and sales of financial assets are booked on the date of the transaction. Financial assets are derecognised in the balance sheet when the Group has lost its contractual rights to their cash flows or it has transferred substantially the risks and rewards out of the Group.

Financial assets at fair value through profit or loss comprise held-for-trading assets. Both held-for-trading assets and financial assets maturing within 12 months are interest fund investments and are included in current assets. The items in this group are measured at fair value. The fair value of all investments in this group is measured on the basis of released price quotations on well-functioning markets, that is, buy quotations on the closing date. Both realised and unrealised gains and losses due to changes in fair value are recorded in the income statement in the period in which they were incurred.

Loans and receivables are assets that exclude derivative assets and whose related payments are fixed or definable. They are not quoted on well-functioning markets and are not held for trading. This category includes the Group's financial assets arising from the transfer of cash, goods or services to a debtor. They are measured at the periodised acquisition cost and are included in current and non-current financial assets: in the latter, if they mature later than in 12 months.

Available-for-sale financial assets

Available-for-sale non-current assets are classified as being available for sale and measured at the lower of the carrying amount or the fair value less selling costs, if their amount corresponding to the carrying amount will be mainly accrued from the sale of the asset item instead of continuous use.

Trade receivables are originally recognised at the fair value and later valued at the periodised acquisition cost using the effective interest rate method minus a credit loss provision. A credit loss is recognised when there is reliable proof that the company is not able to recover its receivables under the original terms and conditions.

Financial assets include cash at bank and in hand and other liquid investments with a maturity of less than 3 months.

Financial liabilities are originally booked at their fair value on the basis of the consideration received. Transaction costs have been included in the original carrying amount of financial liabilities. All financial liabilities are later valued at the periodised acquisition cost using the effective interest rate method. Financial liabilities are included in current and non-current liabilities and may be interest-bearing or non-interest-bearing.

Accounting principles requiring judgements by management and key sources of estimation uncertainty

When preparing financial statements, estimates and assumptions about the future must be made, and actual results may differ from these estimates and assumptions. In addition, management must exercise judgement in the application of the accounting policies. Although estimates are based on the most up-to-date information available, actual results may differ from these estimates. The major areas in which estimation and judgement have been used are described below.

Impairment test

The Group tests goodwill and incomplete intangible assets for impairment at least annually and evaluates whether there are indications of impairment as presented in the accounting policies above. The recoverable amount of cash generating units has been defined using calculations of the value in use. Estimates must be used when performing said calculations.

Deferred tax assets

In the case of unused tax losses and the deferred tax assets recognised on temporary differences, the Group evaluates annually whether it is probable that the company in question will generate sufficient taxable income before unused tax losses lapse.

Adoption of IFRS

The Biohit Group adopted IFRS (International Financial Reporting Standards) as from 1 January 2005. Previously, the Group complied with FAS (Finnish Accounting Standards). All comparative information for 2004 has been adjusted to conform to IFRS.

In 2004, the result for the financial year in accordance with FAS amounted to EUR -0.6 million. The transition to IFRS improved the result for the 2004 financial year by EUR 0.4 million to EUR -0.2 million.

Effects of the transition to IFRS accounting on the Group's balance sheet: 1 January 2004

MEUR	IFRS 1.1.2004	FAS 1.1.2004	IFRS adjustment
Assets			
Non-current assets			
Property, plant and equipment (8)	6.5	6.2	0.3
Goodwill	2.6	2.6	0.0
Other intangible assets (8)	0.7	1.0	-0.3
Deferred income tax assets (7)	2.2	1.1	1.1
	12.0	11.0	1.1
Current assets			
Inventories	4.1	4.1	0.0
Trade and other receivables	5.7	5.7	0.0
Cash and cash equivalents	1.1	1.1	0.0
	10.9	10.9	0.0
Total assets	22.9	21.9	1.1
Equity and liabilities			
Share capital	2.2	2.2	0.0
Share premium fund	15.4	15.4	0.0
Retained earnings	-3.3	-3.6	0.3
Capital loan (1)	0.0	1.2	-1.2
	14.3	15.3	-0.9
Non-current liabilities			
Other non-current liabilities (2)	0.5	0.0	0.5
Deferred income tax liabilities	0.1	0.1	0.0
Retirement benefit obligations (3)	0.2	0.0	0.2
Interest-bearing debt (1)	3.5	2.3	1.2
	4.4	2.4	2.0
Current liabilities			
Trade and other payables	3.2	3.2	0.0
Short-term interest-bearing debt	1.0	1.0	0.0
	4.1	4.1	0.0
Total liabilities	8.5	6.5	2.0
Total equity and liabilities	22.9	21.9	1.1

Effects of the transition to IFRS accounting on the Group's balance sheet: 31 December 2004

MEUR	IFRS 31.12.2004	FAS 31.12.2004	IFRS adjustment
Assets			
Non-current assets			
Property, plant and equipment (8)	6.8	6.6	0.2
Goodwill (6)	2.6	2.3	0.3
Other intangible assets (5, 8)	1.2	1.2	0.0
Deferred income tax assets (7)	1.9	0.8	1.1
	12.6	11.0	1.6
Current assets			
Inventories	3.6	3.6	0.0
Trade and other receivables	5.3	5.3	0.0
Cash and cash equivalents	1.3	1.3	0.0
	10.2	10.2	0.0
Total assets	22.8	21.2	1.6
Equity and liabilities			
Share capital	2.2	2.2	0.0
Share premium fund	13.1	13.1	0.0
Retained earnings	-1.2	-1.9	0.7
Capital loan (1)	0.0	1.2	-1.2
	14.1	14.7	-0.5
Total equity	14.1	14.7	-0.5
Non-current liabilities			
Other non-current liabilities (2)	0.6	0.0	0.6
Deferred income tax liabilities	0.1	0.1	0.0
Retirement benefit obligations (3)	0.1	0.0	0.1
IAS 19 Employee benefits (3)	3.8	2.4	1.4
	4.6	2.5	2.1
Current liabilities			
Trade and other payables	3.0	3.0	0.0
Short-term interest-bearing debt (5)	1.0	1.0	0.1
	4.1	4.0	0.1
Total liabilities	8.6	6.5	2.1
Total equity and liabilities	22.8	21.2	1.6

Reconciliation of equity 1.1. and 31.12.2004

MEUR	31.12.2004	1.1.2004
Equity under FAS	14,7	15,3
IAS 19 Employee benefits (3)	-0.1	-0.2
IAS 39 Capital loans (1)	-1.2	-1.2
IAS 23 Interests on capital loans (2)	-0.6	-0.5
IFRS 3 Goodwill (6)	0.3	0.0
IAS 17 Financial leasing (5)	0.0	0.0
IAS 12 Deferred taxes (7)	1.0	0.9
Equity under IFRS	14.1	14.3

Reconciliation of profit or loss 1.1.-31.12.2004

MEUR	31.12.2004
Loss for the period under FAS	-0.6
IAS 19 Employee benefits (3)	0.1
IAS 23 Interests on capital loans (2)	-0.1
IFRS 3 Goodwill (6)	0.3
IAS 17 Financial leasing (5)	0.0
IAS 12 Deferred taxes (7)	0.1
Loss for the period under IFRS	-0.2

Effects of the transition to IFRS on the previously reported Group profit and loss statement for the fiscal year 1 January - 31 December 2004

MEUR	IFRS 2004	FAS 2004	IFRS adjustments
Sales	26.7	26.7	0.0
Other operating income	0.2	0.2	0.0
Increase/decrease in inventories in finished goods and in work in progress	-0.5	-0.5	0.0
Production for own use	-5.1	-5.1	0.0
Personnel expenses (3)	-10.7	-10.8	0.1
Depreciation (6)	-1.5	-1.8	0.3
Other operating expenses	-8.9	-8.9	0.0
Operating profit / loss	0.2	-0.2	0.4
Finance costs-net (2)	-0.2	-0.1	-0.1
Profit / loss before tax	0.0	-0.3	0.3
Direct taxes	-0.2	-0.3	0.1
Loss for the year	-0.2	-0.6	0.4

Notes on reconciliations:

(1) Capital loans
In the financial statements according to FAS the capital loans MEUR 1.2 are presented separately within equity. In the IFRS balance sheet the capital loans are presented as a liability in accordance with IAS 39.

(2) Interests on capital loans
In the FAS financial statements the accumulated interests on capital loans are not recorded in the financial statements but presented as commitments in the notes. In the IFRS financial statements the accumulated interests on the capital loans are included in the balance sheet in the non current liabilities.

The amount of accumulated interests on 1 January 2004 is MEUR 0.5, decreasing the IFRS opening equity 1 January 2004 by MEUR 0.4 and increasing the deferred tax receivables by MEUR 0.1. The accumulated interests on the capital loans on 31 December 2004 are MEUR 0.6. The interests decrease the profit before taxes by MEUR 0.1 for the fiscal year 2004.

(3) Pension obligations
Since 1 January 2004, the disability of the Finnish TEL pension scheme has been accounted for as a defined benefit plan in accordance with IAS 19.
In December 2004 the Ministry of Social Affairs and Health approved certain changes to the accounting of obligations for disabilities that are effective on 1 January 2006. As a result of this change, the disability element of TEL is accounted for as a defined contribution plan under IFRS. The actuarially calculated disability obligation of MEUR 0.1 has been recognised in the balance sheet at the date of transition. The above mentioned reduction in pension obligations has been recognised as a non-recurring gain of MEUR 0.1 in the 2004 IFRS profit and loss statement.

Additionally the balance sheet at the date of transition includes MEUR 0.1 of pension obligations of subsidiaries, which are accounted for as a defined benefit plan.

(4) Intangible Assets
The development costs have been activated in the FAS financial statements in accordance with IAS 38 since 1 January 2004.

(5) Lease contracts
In the financial statements according to FAS all the leasing contracts are accounted for as operational leases. In the IFRS balance sheet the financial leases are in compliance with IAS 17 recorded in the assets and liabilities to the amount corresponding the market value of the leased asset or lower net present value of lease payments at the time of contract initiation. The effect on the IFRS balance sheet as of 31 December 2004 is for intangible assets MEUR 0.2 and for debts MEUR 0.2.

(6) Amortization of goodwill
In accordance with IFRS 3, goodwill is no longer amortized on a systematic basis but tested annually for impairment in accordance with IAS 36. This change improves earnings before tax in 2004 by MEUR 0.3.

(7) Income taxes
Changes in deferred tax liabilities and assets arising from the above mentioned differences are taken into account in the IFRS balance sheet, increasing the IFRS balance sheet tax assets by MEUR 0.2.

The deferred tax assets relating to the tax loss carry forwards of the group are included in the IFRS balance sheet to the extent they can probably be utilised. The inclusion of the deferred tax assets relating to the tax loss carry forwards in the IFRS balance sheet increase deferred tax assets by MEUR 0.8 and MEUR 0.9 at 1 January 2004 and 31 December 2004 respectively.

(8) Leasehold improvements
In the FAS balance sheet the leasehold improvements are classified as intangible assets while in the IFRS balance sheet they are in the property, plant and equipment. The carrying value of leasehold improvements on 1 January 2004 is MEUR 0.3 and 31 December 2004 MEUR 0.2.

Application of new or amended IFRS standards and IFRIC interpretations

Listed below are the standards and interpretations made public by the IASB that must be applied in 2006 or later. The Group has decided not to apply these standards earlier, and will adopt them in financial years to come.

The Group will adopt the following standards and interpretations in 2006:

- IAS 19 (Amendment), Employee Benefits. The amendment allows the option of recognising actuarial gains and losses directly in shareholders' equity. In the estimation of the Group's management, this amendment will not have a material effect on the consolidated financial statements.

- IAS 21 (Amendment) Net Investment in a Foreign Operation.* The amendment clarifies and changes the re-

quirements of the standard as regards receivables from or liabilities to a foreign operation which are treated as part of the entity's investment in a foreign operation. These items may be in any currency and exist either between the reporting company and a subsidiary or between subsidiaries. In the estimation of the Group's management, this amendment will affect the recognition of intragroup monetary items.

- Amendment to IAS 39 Cash Flow Hedge Accounting of Forecast Intragroup Transactions. The amendment permits a highly probable intragroup foreign currency risk to qualify as a hedged item in the consolidated financial statements. In the estimation of the Group's management, this amendment will not have a material effect on the consolidated financial statements, as the Group does not apply hedge accounting to intragroup items denominated in foreign currency.

- Amendment to IAS 39: Fair Value Option. The amendment means that any financial asset or any financial liability can be designated to be measured at fair value through profit or loss if doing so either provides more significant information or is justifiable because it reduces complexity or leads to more reliable measurements. The adoption of the amendment is voluntary and the decision is made on initial recognition. The Group will not revise its financial instrument classification criteria in future financial statements.

- IAS 39 (Amendment) Financial Instruments: Recognition and Measurement and IFRS 4 (Amendment) Insurance Contracts – Financial Guarantee Contracts concern the treatment of guarantee contracts granted to parties outside the Group. Such contracts are to be initially recognised at fair value and subsequently at the greater of the unamortised amount of the remaining payments or the amount required to perform the guarantee. In the estimation of the Group's management, this amendment will not have a material effect on the consolidated financial statements.

- IFRIC 4, Determining Whether an Arrangement Contains a Lease. The interpretation specifies that the definition of an arrangement or part thereof as a lease must be based on the content of the arrangement and, more specifically, whether the fulfilment of the arrangement depends upon a specific asset or the arrangement conveys a right to control the use of the asset. The Group is currently assessing the effect of this interpretation on the consolidated financial statements.

The following new standards and interpretations coming into force in 2006 will have no effect on the consolidated financial statements:

- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources.
- IFRS 6, Exploration for and Evaluation of Mineral Resources.
- IFRIC 5, Rights to Interests Arising from Decommissioning, Restoration and Environmental Funds.
- IFRIC 6, Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.
- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies.*
- IFRIC 8, Scope of IFRS 2.*

The Group will adopt in 2007 the following standard released by the IASB:

- IFRS 7 Financial Instruments: Disclosures and IAS 1 (Amendment) Presentation of Financial Statements – Disclosures about capital. The standard introduces new requirements for disclosures about financial instruments in the notes to the financial statements. It requires qualitative and quantitative disclosures about the company's exposure to risks arising from financial instruments, including specified minimum disclosure requirements in the notes regarding credit risk, liquidity risk and market risk, including a market risk sensitivity analysis. Amendments to IAS 1 introduce additional disclosure requirements in the notes concerning the level and management of the company's capital. The Group's management is assessing the effects of the standard and the changes introduced therein; the current assessment is that the Group's most significant new notes will be broader quantitative analyses, the presentation of a sensitivity analysis and additional notes concerning capital.

* The EU has not as yet approved the standard/interpretation for use.

2.1 SEGMENT INFORMATION

Biohit has organised its business into two primary business areas: Liquid Handling and Diagnostics. Biohit reports on these business areas as its primary segments in accordance with IAS 14 (Segment Reporting). Biohit reports on geographical areas as its secondary segments: Europe, America, Asia and other countries.

The Group's business is divided into separate business segments on the basis of the nature of the products and services provided. A segment represents a business unit that offers different kinds of products and services to different markets. The Liquid Handling segment produces electronic and mechanical pipettors, disposable tips and maintenance. The Diagnostics segment produces diagnostic test systems, tests and instruments and related software. There are no sales or other business transactions between business segments. Segment assets consist primarily of intangible assets, property, plant and equipment, inventories, receivables and cash and cash equivalents. Segment liabilities consist of business debts and do not include certain items such as tax liabilities or the liabilities of the Group as a whole. Investments comprise increases of property, plant and equipment and increases of intangible assets to be employed longer than one financial period.

Although the Group's two business segments are managed globally, they operate in four separate geographical areas: Europe, America, Asia and the rest of the world. Sales are allocated to geographical areas on the basis of the country in which the customer is located. A segment's assets and investments are allocated on the basis of the location of the asset.

Segment reporting follows the structure of the company's internal reporting.
There is no trade between primary segments.
In the secondary segments, internal pricing follows market-based internal prices.

Business segments 2005	Liquid Handling	Diagnostics	Unallocated	Total
Net sales	27,138	1,522		28,660
Operating profit/loss	2,258	-2,291		-33
Assets	18,613	2,414	6,823	27,851
Liabilities	1,455	94	12,051	13,600
Investments	1,909	79		1,988
Depreciation	-1,573	-97	0	-1,671

Business segments 2004	Liquid Handling	Diagnostics	Unallocated	Total
Net sales	25,559	1,143		26,702
Operating profit/loss	2,145	-1,894		251
Assets	15,841	2,803	4,115	22,759
Liabilities	1,120	15	7,485	8,620
Investments	2,239	21		2,260
Depreciation	-1,406	-125		-1,531

Geographical segments 2005	Europe	America	Asia	Other countries	Total
Net sales	15,933	5,990	3,252	3,486	28,660
Segment assets	24,359	2,102	784	605	27,851
Investments	1,934	35	0	19	1,988

Geographical segments 2005	Europe	America	Asia	Other countries	Total
Net sales	16,730	5,265	3,406	1,302	26,702
Segment assets	20,322	1,366	733	338	22,759
Investments	2,233	2	2	23	2,260

2.2 OTHER OPERATING INCOME

	2005	2004
Public grants received	0	143
Capital gains on the sale of property, plant and equipment	7	8
Other	60	22
Total	67	173

2.3 MATERIALS AND SERVICES

	2005	2004
Raw materials, consumables and goods	5,283	4,385
External manufacturing services	1,000	739
Total materials and services	6,283	5,124

2.4 EMPLOYEE BENEFIT EXPENSES

	2005	2004
Wages and salaries	9,386	8,803
Pensions, defined benefit plans	11	-139
Pensions, defined contribution plans	1,118	1,119
Other personnel expenses	1,382	1,163
Wages and salaries capitalised in R&D expenditure	-313	-298
Total	11,584	10,648

Pension obligations

The Group uses both defined benefit and defined contribution pension plans.

In the case of occupational disability insurance, Finnish TEL insurance has been treated as a defined benefit plan as from 1 January 2004. Due to amendments to the calculation bases of occupational disability pension liabilities under the Finnish occupational pension system that were approved by the Ministry of Social Affairs and Health in December 2004, from 1 January 2006 the occupational disability portion of TEL will be treated as a defined contribution plan in IFRS financial statements. On the basis of actuarial calculations, EUR 147 thousand in occupational disability liabilities have been entered into the balance sheet on the transition date. The decrease in pension liabilities caused by said change has been entered into the 2004 IFRS income statement as a non-recurring item of income.

Defined pension plans in the balance sheet	2005	2004
Pension liability at beginning of period	77	216
Increase for the period	11	8
Decrease for the period		-147
Pension liability at end of period	88	77

Information on the employee benefits of management is presented in note 2.21, Related party transactions.

Number of personnel	2005	2004
Office personnel	209	202
Factory personnel	86	89
Average number of personnel	295	291
Number of personnel at the end of the financial period	290	285

2.5 DEPRECIATION	2005	2004
Intangible assets	311	214
Buildings	248	229
Machinery and equipment	1,112	1,088
Total	1,671	1,531

2.6 OTHER OPERATING EXPENSES	2005	2004
Travel and other employee related expenses	2,109	1,787
Rent and maintenance expenses	2,535	2,552
Marketing and sales expenses	2,164	2,016
Other external services	1,955	1,654
Other operating expenses	1,058	857
Total	9,823	8,867

2.7 RESEARCH AND DEVELOPMENT EXPENDITURE

The Group's research and development expenditure totalled EUR 1630 thousand (EUR 1304 thousand), representing 5.7% (4.9%) of net sales, of which EUR 112 thousand (EUR 188 thousand) has been capitalised as development expenditure.

2.8 FINANCIAL INCOME AND EXPENSES	2005	2004
Dividend income	1	1
Exchange rate gains	111	79
Other financial income	23	61
Total financial income	135	141
Interest expenses	-254	-174
Exchange rate losses	-60	-79
Bank charges and other financial expenses	-45	-35
Total financial expenses	-358	-289
Total financial income and expenses	-223	-148

The items above operating profit include exchange rate gains and losses totalling EUR 162 thousand (EUR -168 thousand in 2004).

2.9 INCOME TAXES	2005	2004
Direct taxes		
Taxes on taxable income for the period	-99	-35
Deferred taxes	129	-229
	30	-265
Tax reconciliation		
Profit before taxes	-256	104
Taxes at the tax rate of the parent company, 26% in 2005 / 29% in 2004	67	-30
Tax expenses due to the decline in the Finnish tax rate		-91
Effect of different tax rates of foreign subsidiaries	-34	-7
Effect of non-deductible expenses	-8	-9
Unrecognised tax assets from tax losses/use of previously unrecognised tax losses	-139	-61
Effect of consolidation	144	-67
Taxes in the income statement	30	-265

2.10 EARNINGS PER SHARE

Undiluted earnings per share are calculated by dividing the profit for the period attributable to equity holders of the parent company by the weighted average number of shares outstanding during the period.

	2005	2004
Earnings for the period attributable to equity holders of the parent company, EUR 1,000	-226	-161
Interest on the convertible bond	46	-
Result for the period for the calculation of the earnings per share adjusted with the dilution effect	-180	-
Average number of shares, undiluted	12,937,627	12,937,627
Conversion of the convertible bond into shares	900,000	-
Average number of shares, diluted	13,095,435	12,937,627
Earnings per share (EPS), EUR, undiluted	-0.02	-0.01

In the calculation of the earnings per share adjusted with the dilution effect, the weighted average number of shares accounts for the dilution effect of the conversion of convertible bonds into shares.
The convertible bonds did not have a dilutive effect in the 2005 financial year.

2.11 INTANGIBLE ASSETS

2005	Development expenditure	Intangible rights	Goodwill	Other intangible assets	Total
Acquisition cost at beginning of period	188	1,333	6,547	854	8,921
Increases	112	111		347	570
Decreases				-110	-110
Acquisition cost at end of period	300	1,444	6,547	1,091	9,382
Accumulated depreciation and impairment at beginning of period	-1	-733	-3,909	-481	-5,124
Accumulated depreciation of decreases and transfers				110	110
Depreciation for the period	-28	-126		-157	-311
Accumulated depreciation at end of period	-29	-860	-3,909	-527	-5,325
Carrying amount at end of period	271	585	2,638	564	4,057
Carrying amount at beginning of period	187	600	2,638	373	3,797

2004	Development expenditure	Intangible rights	Goodwill	Other intangible assets	Total
Acquisition cost at beginning of period	0	1,240	6,547	675	8,462
Increases	188	92		373	653
Decreases				-193	-193
Acquisition cost at end of period	188	1,333	6,547	854	8,921
Accumulated depreciation and impairment at beginning of period	0	-615	-3,909	-579	-5,104
Accumulated depreciation of decreases and transfers				193	193
Depreciation for the period	-1	-118	0	-95	-214
Accumulated depreciation at end of period	-1	-733	-3,909	-481	-5,125
Carrying amount at end of period	187	600	2,638	373	3,797
Carrying amount at beginning of period	0	625	2,638	95	3,358

Assets acquired under finance lease agreements have been capitalised in other intangible assets. The acquisition cost at end of year was EUR 437 thousand (EUR 216 thousand), accumulated depreciation EUR 105 thousand (EUR 17 thousand) and the carrying amount EUR 332 thousand (EUR 199 thousand).

Goodwill impairment test

In impairment testing, goodwill on consolidation allocated to the Diagnostics segment has been determined on the basis of the value in use. The forecast cash flows for 2006 are based on the budget approved by the Board. Estimated cash flows for the years 2007-2010 are based on very moderate growth in line with conservative accounting practices. A growth rate of 3% has been used in calculations for the years after 2010. As this is a fledgling business area, growth estimates cannot be based on historical information. Therefore, more conservative assumptions about growth have been used in impairment tests compared to management's current view of the forthcoming trends in the business.

Impairment testing also accounts for the sensitivity of forecast cash flows to key variables. A discount interest rate of 13.5% before taxes has been used in the calculations. In the view of the company's management, moderate changes in the key assumptions used in the calculations would not lead to the carrying amount of asset items exceeding their recoverable amount. On the basis of impairment testing, there is no need to recognise any impairment losses on goodwill.

2.12 TANGIBLE ASSETS

2005	Land	Buildings	Machinery and equipment	Total
Acquisition cost at beginning of period	72	3,458	10,154	13,685
Increases		217	1,201	1,418
Decreases			-72	-72
Acquisition cost at end of period	72	3,675	11,283	15,030
Accumulated depreciation and impairment at beginning of period	0	-903	-5,979	-6,882
Accumulated depreciation of decreases and transfers			72	72
Depreciation for the period		-248	-1,112	-1,360
Accumulated depreciation at end of period	0	-1,151	-7,019	-8,170
Carrying amount at end of period	72	2,524	4,264	6,860
Carrying amount at beginning of period	72	2,555	4,175	6,802

2004	Land	Buildings	Machinery and equipment	Total
Acquisition cost at beginning of period	0	2,309	9,497	11,806
Increases	72	1,093	1,059	2,224
Translation difference			-6	-6
Decreases			-340	-340
Transfers between items		56	-56	
Acquisition cost at end of period	72	3,458	10,154	13,685
Accumulated depreciation and impairment at beginning of period	0	-674	-5,237	-5,911
Translation difference			6	6
Accumulated depreciation of decreases and transfers			340	340
Depreciation for the period		-229	-1,088	-1,317
Accumulated depreciation at end of period	0	-903	-5,979	-6,882
Carrying amount at end of period	72	2,555	4,175	6,802
Carrying amount at beginning of period	0	1,635	4,260	5,895

The unamortised acquisition cost for production machinery and equipment is EUR 3,386 (3,328) thousand. As at 31 Dec. 2005, commitments on agreements relating to the acquisition of property, plant and equipment amounted to EUR 88 thousand.

Assets acquired under finance lease agreements have been capitalised in machinery and equipment. The acquisition cost at end of year was EUR 180 thousand (EUR 0 thousand), accumulated depreciation EUR 30 thousand (EUR 0 thousand) and the carrying amount EUR 150 thousand (EUR 0 thousand).

2.13 AVAILABLE-FOR-SALE INVESTMENTS	2005	2004
Carrying amount at start and end of period	11	11

Available-for-sale investments include unquoted investments, which have been presented at cost because their fair value is not reliably available.

2.14 DEFERRED TAXES	2005	2004
Deferred income tax assets		
Intangible assets	501	644
Internal margin on inventories	246	199
Pension obligations	29	25
Unused tax losses	1,120	914
Interest on capital loans	171	155
Total	2,067	1,938
Deferred tax liabilities		
Accumulated depreciation difference	93	93
Net deferred tax assets	1,974	1,845

Changes in deferred taxes have been entered into the income statement. Deferred tax assets on confirmed losses have been recognised to the extent that it is probable that taxable income will materialise in the future against which the asset can be utilised. The Group's result has posted a loss in the past few years. In spite of this, it is considered that there are grounds for recognising deferred tax assets, because the company's management believes that the diagnostics business will develop positively, enabling the utilisation of tax assets.
As at 31 Dec. 2005, the Group had EUR 220 thousand in confirmed losses for which no tax assets against which said losses could be applied have been recognised (EUR 29 thousand in 2004) because the Group will probably not generate taxable income before the losses lapse. Said losses lapse in 2007-2010.

2.15 INVENTORIES

	2005	2004
Raw materials and consumables	1,786	1,367
Products in progress	408	231
Completed products and goods	2,390	1,967
Total inventories	4,584	3,565

EUR 60 thousand was expensed during the financial year to reduce the carrying amount of inventories to match the net realisable value (EUR 78 thousand in 2004).

2.16 TRADE AND OTHER RECEIVABLES	2005	2004
Current receivables		
Trade receivables	5,539	4,611
Other receivables	316	362
Prepayments and accrued income	267	373
Total current receivables	6,122	5,346

A credit loss of EUR 111 thousand was recorded on trade receivables in 2005 (EUR 147 thousand in 2004).

2.17 OTHER FINANCIAL ASSETS	2005	2004
	2,400	0

Other financial assets consist of investments in bond funds and these investments have been measured at their acquisition cost.

2.18 CASH AND CASH EQUIVALENTS	2005	2004
Cash at bank and in hand	745	1,296
Fixed-period deposits	1,000	0
Total cash and cash equivalents	1,745	1,296

The interest on the fixed-term deposit is 2.1% per annum, and it will mature on 2 May 2006.

2.19 NOTES ON SHAREHOLDERS' EQUITY

Biohit Oyj's share capital is EUR 2,199,397 and the number of shares 12,937,627, of which 3,875,500 are Series A shares and 9,062,127 Series B shares. Both series have a nominal value of EUR 0.17. Series A shares confer twenty (20) votes at General Meetings and Series B shares confer one (1) vote. In payment of dividends, however, a dividend of two (2) per cent higher than the nominal value is paid for Series B shares than is paid for Series A shares.

According to the Articles of Association, the company's minimum share capital is EUR 1,063,101.29 and the maximum share capital EUR 4,252,405.16. Within these limits the share capital can be increased or decreased without amending the Articles of Association. The share capital did not change in 2004 or 2005. The share capital is fully paid-in.

2.20 LIABILITIES

Non-current liabilities	2005	2004
Interest-bearing		
Loans from financial institutions	1,930	1,807
Convertible bonds	3,758	0
Capital loans	1,243	1,243
Finance lease liabilities	328	147
Total	7,260	3,197
Non-interest-bearing		
Deferred tax liabilities	93	93
Pension obligations	88	77
Interest on capital loans	657	598
Other non-current liabilities	434	593
Total	1,272	1,360
Total non-current liabilities	8,532	4,557

Convertible bonds

The extraordinary general meeting of shareholders held on 27 Oct. 2005 decided to float an issue of convertible bonds. The subscription value of the convertible bond was EUR 4,050,000 on 27 Oct. 2005. Annual fixed interest of 6.5% is to be paid on the capital of the convertible bond and the bond has a five-year maturity. Each EUR 4,500 note unit can be converted into 1,000 Series B shares with a nominal value of EUR 0.17. The conversion rate is EUR 4.50. The bond can be converted into a maximum of 900,000 Biohit Oyj Series B shares. As a result of the conversion the share capital of the company may be increased by a maximum of EUR 153,000 and the number of Series B shares by a maximum of 900,000 new shares. The proportion of shares converted on the basis of the convertible bond is a maximum of 6.5 per cent of the company's shares, and 1.0 per cent of the votes conferred by the shares after a possible increase in share capital. The company is entitled to repay the entire capital of the bond before the maturity date, providing that the mean rate weighted with the Biohit Series B share turnover on the Helsinki Stock Exchange has been at least 10 euros immediately before the decision date regarding the repayment on 20 exchange days of 30 consecutive exchange days.

The convertible bonds mature 5 years after issue unless the bond holders do not exercise their right to convert the bonds to shares in the parent company. Conversion can be carried out from 28 Oct. 2005 - 28 Oct. 2010. The convertible bond is divided into equity and liabilities in the financial statements. The liability component has been initially recognised in the balance sheet at fair value, which was defined by using the market interest on an equivalent liability at the moment when the bond was issued. The equity component has been calculated as the difference between the cash received from the bond issue and the fair value of the liability. The equity component of the convertible bond, EUR 179 thousand, was booked in the share premium fund.

Covenants related to non-current loans

Loans from financial institutions include EUR 1.2 million in long-term loans with the special condition that the loan will mature immediately when the creditor so demands in writing, if:

- the equity ratio in the consolidated financial statements adopted by Biohit Oyj Group declines under 40 per cent or
- the debtor or subsidiary has, without prior written consent of the creditor, placed or will place the collateral position of the creditor on a weaker footing than other creditors.

Capital loans

According to the terms of the loan, in the event of the dissolution and bankruptcy of the company, the payment of the capital and interest is subordinated to all other debt. In other cases, the capital may be repaid only if a full margin remains on restricted equity and other non-distributable items in the balance sheet adopted for the parent company and the Group for the financial period last ended. Interest can be paid on the capital loan only if the amount to be paid can be used for the distribution of profit in accordance with the balance sheet adopted for the parent company and the Group for the financial period last ended.

Debt maturities 2005	Loans from financial institutions	Convertible bonds	Finance lease liabilities	Other non-current liabilities
2006	747		154	95
2007	710		154	95
2008	453		154	95
2009	185		21	95
2010	143	3,758		95
2011 -	473			47
	2,711	3,758	482	520

Except for the convertible bond and capital loans, the interest on debt is mainly variable. The average interest rate weighted by the loan amount was 5.0% per annum on 31 December 2005 (4.1% in 2004).

Debt maturities 2004	Loans from financial institutions	Convertible bonds	Finance lease liabilities	Other non-current liabilities
2005	864		53	95
2006	525		50	95
2007	424		50	95
2008	340		47	95
2009	232			95
2010 -	324			142
	2,708	0	199	615

Current liabilities	2005	2004
Interest-bearing		
Loans from financial institutions, current portion	747	864
Finance lease liabilities, current portion	154	53
Total	901	917
Non-interest-bearing		
Trade payables	1,676	1,135
Advances received	173	80
Accrued liabilities and prepaid income	1,478	1,318
Other current liabilities	841	612
Total	4,167	3,145
Total current liabilities	5,068	4,063

Accrued liabilities and prepaid income consist mainly of holiday pay periodisation and related social expenses.

2.21 RELATED PARTY TRANSACTIONS

Parties are considered to be related parties if one party is able to exercise control over the other or has substantial influence in decision making relating to the other's finances and business operations. The Group's related parties include the parent company and subsidiaries. Related parties also include members of the Board of Directors and the Group's Management Team, the President & CEO and their close family members.

Salaries and bonuses	2005	2004
Management's employee benefits		
Salaries and other employee benefits	648	617
President and CEO		
Osmo Suovaniemi	130	127
Presidents of subsidiaries	515	492
Board members		
Osmo Suovaniemi	12	13
Reijo Luostarinen	16	15
Mårten Wikström	13	16
Arto Alanko	12	12
Hannu Seristö	9	6
Peter Tchernych	12	8
Total	74	69

Capital loans from related parties	2005	2004
Amount of loans	880	880
Interest for the period	59	59
Total in interest payment liabilities	582	534
Average loan interest, per annum	5.4 %	5.4 %

Interest on capital loans is paid when the company's balance sheet indicates that it has distributable funds.

Group's parent company and subsidiaries	Group's
Parent company Biohit Oyj, Finland	holding
Biohit Ltd, UK	100 %
Biohit SAS, France	100 %
Biohit Deutschland GmbH, Germany	100 %
Biohit Japan Co., Ltd, Japan	100 %
Biohit Inc., USA	100 %
Biohit OOO, Russia	100 %
Oy Finio Ab, Finland	100 %
Vantaan Hienomekano Oy, Finland	100 %

Oy Finio Ab and Vantaan Hienomekano Oy did not conduct any business operations in 2005.

During the financial period, Biohit Oyj acquired a 5% minority stake in Biohit USA's shares outstanding from a related-party minority shareholder at a price of EUR 33 thousand. The related-party individual has a sub-tenancy on business premises.

2.22 FINANCIAL RISK MANAGEMENT

Financial risks associated with the Biohit Group's operations are exchange rate, interest and liquidity risks. In the view of Biohit's management, the most significant financial risks at the moment are related to the fluctuation of exchange rates and especially to the strength of the euro. The Group has sought to hedge exchange rate risks by, for example, controlling various currency-based acquisitions and financing in euros.

The Group also has operations in several areas outside the euro zone, the major ones being the USA, UK and Japan. In these countries, the Group is exposed to exchange rate risks, which occur in internal trade within the company, exports, imports and from the shareholders' equity and financing of subsidiaries. During the financial period, the company did not make derivative agreements to hedge against exchange rate movements.

Biohit's clientele consists mainly of financially sound companies, and consequently Biohit does not consider credit loss risks significant. Decisions on trade receivables are supervised centrally in the Group's administration. The Group has not taken out any credit insurance.

Changes in interest rates have only a slight effect on consolidated earnings, for which reason the Group has not implemented separate hedging measures during the financial period. The potential interest rate risk of deposits is not significant. The Group's short-term money market investments expose its cash flow to interest rate risk, but their overall effect is not significant. The Group's income and cash flows from operations are largely independent of changes in market interest rates. The Group is primarily exposed to interest rate risk on fair value, which is considered to be mainly related to the loan portfolio. On the closing date, 68% of the credit was fixed interest.

2.23 PLEDGES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	2005	2004
Loans for which corporate mortgages and pledge have been given		
Loans from financial institutions	2,315	2,364
Corporate mortgages	1,603	1,603
Mortgages on real estate	1,381	1,381
Other loans	520	615
Mortgages on real estate	757	757

Operational lease commitments	2005	2004
Due for payment in the next financial year	1,582	1,498
Due for payment in the next 2-5 financial years	2,218	2,586
Total	3,800	4,084

The Group has rented office and warehouse buildings for its use under different types of lease agreements. In addition, other lease agreements for tangible assets that are not finance lease agreements are classified as other lease agreements. Their rents are expensed over the lease period.

Parent company income statement

EUR 1,000	Note number	01.01. - 31.12.2005	01.01. - 31.12.2004
NET SALES	3.1	18,073	16,333
Change in inventories of finished goods and work in progress		244	-228
Other operating income	3.2	132	232
Materials and services	3.3	-4,266	-3,542
Personnel expenses	3.4	-6,396	-6,159
Depreciation and impairment	3.5	-1,730	-1,696
Other operating expenses	3.6	-6,400	-5,136
OPERATING PROFIT/LOSS		-344	-196
Financial income and expenses	3.7	-269	-70
PROFIT/LOSS BEFORE TAXES		-613	-267
Income taxes		0	0
PROFIT/LOSS FOR THE PERIOD		-613	-267

Parent company balance sheet

EUR 1,000	Note number	31.12.2005	31.12.2004
ASSETS			
FIXED ASSETS			
Intangible assets	3.8	2,966	3,290
Tangible assets	3.9	5,757	5,653
Investments	3.10		
Participations in Group companies		3,399	3,493
Other investments		10	10
Total fixed assets		12,132	12,446
CURRENT ASSETS			
Inventories	3.11	2,837	2,174
Non-current receivables	3.12	177	190
Current receivables	3.12	6,807	5,719
Marketable securities	3.13	2,400	0
Cash at bank and in hand	3.14	1,354	967
Total current assets		13,574	9,050
TOTAL ASSETS		25,705	21,496
LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	3.15	2,199	2,199
Share premium fund	3.15	12,842	13,109
Accumulated profit/loss from previous years	3.15	0	0
Profit/loss for the period	3.15	-613	-267
Capital loans	3.16	1,243	1,243
Total shareholders' equity		15,673	16,285
UNTAXED RESERVES		359	359
LIABILITIES			
Long-term liabilities	3.17	6,189	2,046
Short-term liabilities	3.18	3,485	2,806
Total liabilities		9,674	4,852
TOTAL LIABILITIES		25,705	21,496

Cash flow statement of the parent company

EUR 1,000	2005	2004
Cash flow from operating activities:		
Profit/loss before extraordinary items	-533	-267
Adjustments for:		
Depreciation according to plan	1,730	1,694
Financial income and expenses	287	70
Other adjustments	-7	-34
Cash flow before change in working capital	1,477	1,463
Change in working capital:		
Increase (-) or decrease (+) in current non-interest-bearing trade receivables	-3,587	731
Increase (-) or decrease (+) in inventories	-722	232
Increase (+) or decrease (-) in current non-interest-bearing liabilities	692	-151
Cash flow from operating activities before financial items and taxes	-2,140	2,275
Interest and other financial items paid	-130	-206
Interest received from operating activities	24	135
Cash flow from operating activities (A)	**-2,246**	**2,203**
Cash flow from investing activities:		
Investments in tangible and intangible assets	-1,507	-1,491
Grants received	0	33
Proceeds from sales of tangible and intangible assets	12	8
Shares acquired in subsidiaries	-33	-80
Repayments of loan receivables	110	102
Interest received from investments	0	28
Dividends received from investments	1	1
Cash flow from investing activities (B)	**-1,417**	**-1,399**
Cash flow from financing activities:		
Increase in long-term loans	4,812	300
Repayments of long-term loans	-762	-627
Cash flow from financing activities (C)	**4,050**	**-327**
Increase (+) or decrease (-) in cash and cash equivalents (A+B+C)	387	477
Liquid assets at the beginning of the financial period	967	489
Liquid assets at the end of the financial period	1,354	967

Notes to the parent company's financial statements

3.0 ACCOUNTING POLICY

When preparing financial statements in accordance with Generally Accepted Accounting Principles, the company's management must make estimates and assumptions. Actual results may differ from these estimates.

The financial statements have been prepared in accordance with the Finnish Accounting Act.

The financial statements are presented in euros and are based on initial transaction values.

Measurement of property, plant and equipment

Property, plant and equipment have been entered into the balance sheet at the original acquisition cost less grants received, deprecation according to plan and impairment. Amortisation according to plan has been calculated on a straight-line basis over the useful economic lives of the items of property, plant or equipment.

Depreciation periods according to plan are:

Intangible rights	3 -10 years
Goodwill	10 years
Development expenditure	5 years
Other capitalised expenditure	5 - 10 years
Buildings	20 years
Machinery and equipment	3 -10 years

Measurement of inventories

Inventories are presented using the FIFO principle at acquisition cost or the lower of the replacement cost or the probable sale price. The acquisition cost of inventories includes an appropriate proportion of production overheads in addition to the direct costs.

Research and development expenditure

Research expenditure is expensed in the year incurred. Development expenditure for new products has been capitalised as intangible assets in the balance sheet since 1 January 2004 and amortised over their economic lives within a maximum of five years.

Revenue recognition

Net sales are calculated as gross sales less indirect sales taxes and discounts. Revenues from products and services are recognised upon delivery.

Maintenance and repairs

Maintenance and repair costs are recorded as expenses in the financial year incurred. The costs of renovating rented premises have been capitalised under "other capitalised expenditure", with depreciation calculated on a straight-line basis over the remaining lease period.

Pensions

The pension schemes and any additional pension benefits required by Finnish law are arranged through pension insurance companies. Pension costs are recorded over the period of service of employees on an accrual basis.

Foreign currency translation

Figures for receivables and liabilities in foreign currencies are converted into euros at the exchange rate quoted by the European Central Bank on the closing date. Exchange rate gains and losses are recognised through profit or loss.

3.1 NET SALES BY GEOGRAPHICAL AREA

	2005	2004
Finland	1,654	1,579
Other Europe	7,541	8,680
North and South America	4,168	3,162
Asia	2,274	2,700
Other countries	2,437	212
Total	18,073	16,333

3.2 OTHER OPERATING INCOME

	2005	2004
Public grants received	0	86
Capital gains on the sale of property, plant and equipment	7	8
From Group companies, Corporate fees	115	138
Other	10	0
Total	132	232

3.3 MATERIALS AND SERVICES

	2005	2004
Purchases during the year	4,085	3,171
Change in inventories	-419	4
Total raw materials and consumables	3,666	3,175
External services	600	367
Total materials and services	4,266	3,542

3.4 PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

	2005	2004
Salaries and wages	5,375	5,171
Pension expenses	892	866
Other personnel expenses	442	420
Salaries and wages capitalised in tangible assets	-313	-298
Total personnel expenses	6,396	6,159

During the financial year, EUR 197 (227) thousand in product development-related wages and salaries have been capitalised in intangible assets and EUR 116 thousand (71) in tangible assets.

Average number of people employed by the parent company during the year	2005	2004
Office personnel	76	75
Factory personnel	86	89
Average number of personnel	162	164
Personnel at end of period	157	157

3.5 DEPRECIATION

	2005	2004
Intangible assets	674	648
Buildings	119	117
Machinery and equipment	937	931
Total	1,730	1,696

3.6 OTHER OPERATING EXPENSES

	2005	2004
Travel and other personnel-related expenses	991	852
Rent and maintenance expenses	1,812	1,699
Marketing and sales expenses	1,353	1,161
Other external services	1,146	936
Other operating expenses	1,098	489
Total	6,400	5,136

3.7 FINANCIAL INCOME AND EXPENSES

	2005	2004
Dividend income from outside the Group	0	1
Interest income from long-term investments		
From Group companies	15	21
From others	6	0
Total income from long-term investments	21	21
Other interest and financial income	13	114
Total interest income from long-term investments and other interest and financial income	34	135
Interest expenses and other financial expenses		
To Group companies	-9	-9
To others	-294	-197
Total financial income and expenses	-269	-70
Net foreign exchange losses included under 'Financial income and expenses'	19	5

Items above operating profit include EUR 160 thousand in foreign exchange gains and losses (EUR -168 thousand in 2004).

3.8 INTANGIBLE ASSETS

2005	Development expenditure	Intangible rights	Good-will	Other capitalised expenditure	Total 2005
Acquisition cost at beginning of year	188	1,333	6,558	1,172	9,251
Increases	112	111		127	350
Decreases				-13	-13
Acquisition cost at end of year	300	1,444	6,558	1,286	9,588
Accumulated depreciation and impairment at beginning of year	-1	-733	-4,445	-782	-5,961
Accumulated depreciation of decreases				13	13
Depreciation and impairment during the year	-28	-126	-352	-168	-674
Accumulated depreciation at end of year	-29	-860	-4,797	-937	-6,623
Carrying amount at end of year	271	585	1,761	349	2,966

Goodwill in the parent company consists of patents (EUR 5,045 thousand) transferred as a result of the dissolution of Locus genex Oy and liquidation loss (EUR 1,513 thousand).

2004	Development expenditure	Intangible rights	Good-will	Other capitalised expenditure	Total 2004
Acquisition cost at beginning of year	0	1,240	6,558	1,087	8,886
Increases	188	92	0	156	436
Decreases		0	0	-71	-71
Acquisition cost at end of year	188	1,333	6,558	1,172	9,251
Accumulated depreciation and impairment at beginning of year	0	-615	-4,092	-677	-5,385
Accumulated depreciation of decreases	0	0	0	71	71
Depreciation and impairment during the year	-1	-118	-352	-177	-648
Accumulated depreciation at end of year	-1	-733	-4,445	-782	-5,961
Carrying amount at end of year	187	600	2,114	390	3,290

3.9 TANGIBLE ASSETS

2005	Buildings	Machinery and equipment	Total 2005
Acquisition cost at beginning of year	2,377	9,012	11,389
Increases	217	943	1,160
Decreases		-72	-72
Acquisition cost at end of year	2,594	9,883	12,477
Accumulated depreciation and impairment at beginning of year	-491	-5,245	-5,736
Accumulated depreciation of decreases		72	72
Depreciation during the year	-119	-937	-1,056
Accumulated depreciation at end of year	-610	-6,109	-6,719
Carrying amount at end of year	1,983	3,774	5,757

2004	Buildings	Machinery and equipment	Total 2004
Acquisition cost at beginning of year	2,309	8,168	10,477
Increases	68	946	1,014
Decreases	0	-103	-103
Acquisition cost at end of year	2,377	9,012	11,389
Accumulated depreciation and impairment at beginning of year	-374	-4,409	-4,784
Accumulated depreciation of decreases	0	95	95
Depreciation during the year	-117	-931	-1,048
Accumulated depreciation at end of year	-491	-5,245	-5,736
Carrying amount at end of year	1,886	3,767	5,653

The unamortised acquisition cost of production machinery and equipment is EUR 3,386 thousand (EUR 3,328 thousand).

3.10 SHARES AND HOLDINGS

2005	Shares, Group companies	Other shares	Total 2005
Carrying amount at beginning of year	3,493	10	3,503
Increases	33	0	33
Decreases	-127	0	-127
Carrying amount at end of year	3,399	10	3,409

During the financial year, a 5% minority holding in the shares outstanding of Biohit Inc. USA was acquired from related parties at a price of EUR 33 thousand. Due to the financial situation of Biohit Japan Co. the value of shares in subsidiaries, EUR 127 thousand, has been written down in the parent company balance sheet.

2004	Shares, Group companies	Other shares	Total 2004
Carrying amount at beginning of year	3,413	10	3,423
Increases	80	0	80
Carrying amount at end of year	3,493	10	3,503

Other shares are unquoted investments, which have been presented at cost because their fair value is not reliably available.

3.11 INVENTORIES

	2005	2004
Raw materials and consumables	1,786	1,367
Products in progress	408	231
Finished products/goods	643	576
Total inventories	2,837	2,174

3.12 RECEIVABLES

Non-current receivables	2005	2004
Receivables from Group companies		
Loans receivable	84	190
Receivables from others		
Other receivables	93	
Total non-current receivables	177	190
Current receivables		
Receivables from Group companies		
Trade receivables	4,552	3,602
Loans receivable	109	107
Other receivables	4	0
Total	4,665	3,709
Receivables from others		
Trade receivables	1,839	1,643
Other receivables	213	163
Prepayments and accrued income	89	204
Total	2,142	2,010
Total current receivables	6,807	5,719

EUR 117 thousand in convertible bond issue costs are capitalised in other receivables as at 31 December 2005. Capitalised expenditure is expensed over a five-year maturity.

3.13 MARKETABLE SECURITIES

	2005	2004
Carrying amount	2,400	0

Marketable securities consist of investments in bond funds and these investments have been measured at their acquisition cost.

3.14 CASH AND CASH EQUIVALENTS

	2005	2004
Cash at bank and in hand	354	967
Fixed-term deposits	1,000	0
Total cash and cash equivalents	1,354	967

3.15 SHAREHOLDERS' EQUITY

	2005	2004
Share capital, 1 Jan. and 31 Dec.	2,199	2,199
Share premium fund, 1 Jan.	13,109	15,425
Covered losses from prior years	-267	-2,316
Share premium fund, 31 Dec.	12,842	13,109
Accumulated profit/loss from prior years, 1 Jan.	-267	-2,316
Transfer from share premium fund	267	2,316
Accumulated profit/loss from prior years, 31 Dec.	0	0
Loss for the year	-613	-267
Capital loans, 1 Jan. and 31 Dec.	1,243	1,243
Total shareholders' equity	15,673	16,285

In accordance with a decision made by the Annual General Meeting on 21 April 2005, accumulated losses of EUR 267 thousand from prior years have been covered with the share premium fund.

Shares and voting rights

Biohit's shares are divided into Series A and B shares. Series A shares confer twenty (20) votes at General Meetings and Series B shares confer one (1) vote. In payment of dividends, however, a dividend of two (2) per cent higher than the nominal value is paid for Series B shares than is paid for Series A shares.

Structure of the parent company's shareholders' equity

	2005		2005		2004	
	no.	EUR	% of shares	% of votes	no.	EUR
Ser. A shares (20 votes per share)	3,875,500	658,835	30.0	89.5	3,875,500	658,835
Ser. B shares (1 vote per share)	9,062,127	1,540,562	70.0	10.5	9,062,127	1,540,562
Total	12,937,627	2,199,397	100.0	100.0	12,937,627	2,199,397

According to the Articles of Association, the company's minimum share capital is EUR 1,063,101.29 and the maximum share capital EUR 4,252,405.16. Within these limits the share capital can be increased or decreased without amending the Articles of Association.

The company does not own any of its own shares. The Board of Directors has no valid authorisations to carry out a share issue or issue of convertible bonds or bonds with warrants, or to buy back the company's own shares. The company has no share option schemes.

Distributable funds	Group		Parent company	
	2005	2004	**2005**	2004
Profit/loss from prior years	-932	-1,282	0	0
Profit/loss for the year	-226	-588	-613	-267
Unrecognised interest on capital loans			-657	-598
Accelerated depreciation included in shareholders' equity	-266	-266		
Total	-1,424	-2,136	-1,269	-865

The calculation above demonstrates that, as per the Companies Act, Biohit does not have distributable funds as at 31 December 2005.

3.16 CAPITAL LOANS

	2005	2004
From related parties	880	880
From others	363	363
Total	1,243	1,243
Total unrecognised interest accrued on capital loans	657	598

The parent company has capital loans totalling EUR 1,243 thousand. The main terms are:

- In the event of the dissolution and bankruptcy of the company, the payment of the capital, interest and other compensation is subordinated to all other creditors.
- In other cases, the capital may be repaid only if a full margin remains on restricted equity and other non-distributable items in the balance sheet adopted for the company and its Group for the financial period last ended.
- Interest and other compensation can be paid only if the amount to be paid can be used for the distribution of profit in accordance with the balance sheet adopted for the parent company and its Group for the financial period last ended.

Loan interest rates vary between 3% and 6% per annum. Interest on loans is not recognised in the interest expenses of the parent company's income statement.

3.17 LONG-TERM LIABILITIES

	2005	2004
Loans from Group companies	200	200
Loans from others		
Loans from financial institutions	1,514	1,326
Convertible bonds	4,050	0
Other non-current liabilities	426	520
Total non-current liabilities	6,189	2,046

Liabilities falling due after five years:		
Loans from financial institutions	155	0
Other non-current liabilities	47	142
	202	142

Non-current liabilities include convertible bonds totalling EUR 4,050 thousand. The main terms of the bonds are presented in the notes to the consolidated financial statements, chapter 2.20.

3.18 SHORT-TERM LIABILITIES

	2005	2004
Loans from financial institutions, current portion	715	808
Other non-current liabilities, current portion	95	95
Advances received	42	12
Trade payables	1,308	744
Other liabilities	213	147
Accrued liabilities and prepaid income	1,049	946
Liabilities to Group companies		
Trade payables	0	45
Other current liabilities	62	9
Total current liabilities	3,485	2,806

Accrued liabilities and prepaid income consist mainly of EUR 923 thousand in holiday pay periodisation and related social expenses.

3.19 PLEDGES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	2005	2004
Liabilities for which corporate mortgages and shares have been lodged as collateral		
Loans from financial institutions	1,866	1,884
Corporate mortgages	1,603	1,603
Mortgages on real estate	900	900
Other liabilities	520	615
Mortgages on real estate	757	757

The parent company has assumed EUR 0.4 million in contingent liabilities on behalf of Group companies.

Leasing commitments	2005	2004
Due for payment the following year	1,133	897
Due for payment at a later date	2,153	2,352
Total	3,286	3,249

Leasing commitments and rents mainly consist of fixed-term leasing and rental agreements that are effective for more than one year.

4 INFORMATION ON SHARES

4.1 Financial ratios

	FAS 2001	FAS 2002	FAS 2003	IFRS 2004*	IFRS **2005**
Net sales	25,545	25,354	26,259	26,702	28,660
Change in net sales, %	5.4 %	-0.7 %	3.6 %	1.7 %	7.3 %
Operating profit/loss,	237	-1,227	-213	251	-33
% of net sales	0.9 %	-4.8 %	-0.8 %	0.9 %	-0.1 %
Profit/loss before extraordinary items and taxes	55	-1,545	-462	104	-256
% of net sales	0.2 %	-6.1 %	-1.8 %	0.4 %	-0.9 %
Profit/loss before taxes	55	-1,545	-462	104	-256
% of net sales	0.2 %	-6.1 %	-1.8 %	0.4 %	-0.9 %
Return on equity, %	-1.3 %	-11.7 %	-4.9 %	-1.1 %	-1.6 %
Return on investment, %	2.0 %	-5.5 %	-0.2 %	2.0 %	0.5 %
Equity ratio, %	65.7 %	66.9 %	64.7 %	62.3 %	51.5 %
Investments in fixed assets	2,212	1,578	1,190	2,260	1,988
% of net sales	8.7 %	6.2 %	4,5 %	8.5 %	6.9 %
R&D expenditure	2,114	1,809	1,447	1,304	1,630
% of net sales	8.3 %	7.1 %	5.5 %	4.9 %	5.7 %
Total assets	24,996	22,414	21,875	22,759	27,851
Personnel, average	289	303	298	291	295

4.2 Ratios per share

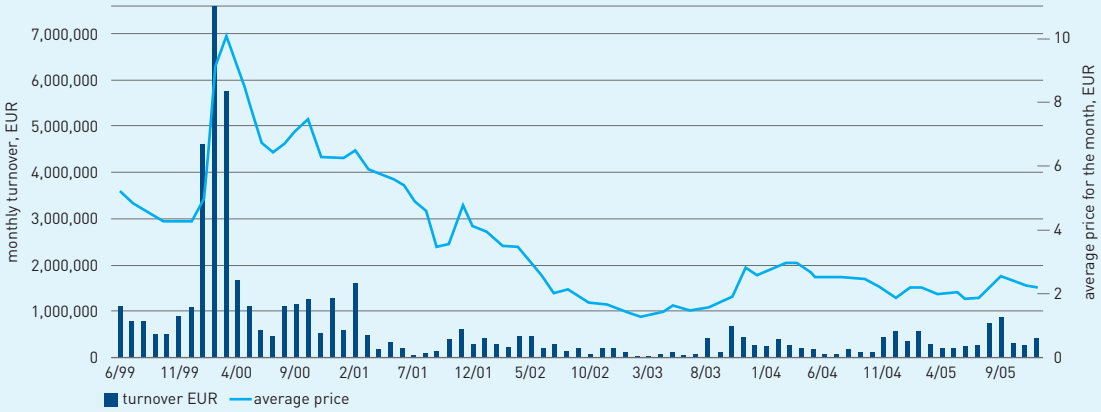
	FAS 2001	FAS 2002	FAS 2003	IFRS 2004*	IFRS **2005**
Earnings per share, EUR *)	-0.02	-0.14	-0.06	-0.01	-0.02
Shareholders' equity per share, EUR	1.28	1.15	1.08	1.09	1.10
Price/earnings ratio, (P/E)	-233	-10	-45	-158	-123
Dividends per share	0	0	0	0	0
Dividends/earnings, %	0	0	0	0	0
Effective dividend yield, %	0	0	0	0	0
Trend in the Series B share price, EUR					
- average price	5.35	2.56	1.85	2.38	2.20
- lowest price	3.00	1.40	1.22	1.75	1.75
- highest price	7.20	4.40	3.30	3.09	2.87
- price on 31 Dec.	4.28	1.41	2.50	2.06	2.15
Market capitalisation, EUR 1,000 (assuming the market price of the Series A share is the same as that of the Series B share)	54,114	18,242	32,344	26,652	27,816
Turnover of Series B shares, 1,000	909	1,178	1,287	1,131	2,114
- % of total number of shares	10.4 %	13.2 %	14.2 %	12.5 %	23.3 %
Average number of shares, adjusted for share issues	12,643,377	12,827,781	12,937,627	12,937,627	12,937,627
- accounting for the dilutive effect of options and bonds	13,220,400				13,095,435
Total number of shares on the closing date, adjusted for share issues	12,643,377	12,937,627	12,937,627	12,937,627	12,937,627
- accounting for the dilutive effect of options and bonds					13,837,627

*) options and bonds have no dilutive effect

Financial statements have been drafted in accordance with IFRS as from 1 January 2004. The financial statements for 2001 - 2003 have been drafted in accordance with the Finnish Accounting Act.

4.3 SHARE TURNOVER AND AVERAGE PRICE

Share turnover and average price 18 June 1999 - 30 Dec. 2005



4.3 SHARES AND SHAREHOLDERS

Holdings by shareholder group, 31 Dec. 2005

Series A shares	No. of shareholders		No. of shares	
	no.	%	no.	%
1. Companies	2	22.2	919,990	23.7
2. Households	7	77.8	2,955,510	76.3
Total	9	100.0	3,875,500	100.0

Series B shares	No. of shareholders		No. of shares	
	no.	%	no.	%
1. Companies	178	4.5	2,193,445	24.2
2. Financial and insurance institutions	4	0.1	1,295	0.0
3. Public organisations	1	0.0	391,800	4.3
4. Non-profit organisations	13	0.3	84,720	0.9
5. Households	3,760	94.5	6,294,535	69.5
6. Foreign	21	0.5	58,310	0.6
Shares that are not entered in the book-entry system		0.0	5,592	0.1
Total	3,977	99.9	9,029,697	99.6
Nominee-registered shares	3	0.1	32,430	0.4
Total Series B shares	3,980	100.0	9,062,127	100.0
Total Series A and B shares	3,989		12,937,627	

Series A shares	No. of shareholders		No. of shares	
	no.	%	no.	%
1-1,000	1	11.1	10	0.0
1,001-5,000	0	0.0	0	0.0
5,001-10,000	0	0.0	0	0.0
10,001-50,000	1	11.1	19,990	0.5
Over 50,000	7	77.8	3,855,500	99.5
Total Series A shares	9	100.00	3,875,500	100.0

Series B shares	No. of shareholders		No. of shares	
	no.	%	no.	%
1-1,000	3,305	83.1	1,206,714	13.3
1,001-5,000	542	13.6	1,197,769	13.2
5,001-10,000	76	1.9	571,420	6.3
10,001-50,000	45	1.1	775,588	8.6
Over 50,000	9	0.2	5,305,044	58.5
Total	3,977	100.0	9,056,535	99.9
Shares that are not entered in the book-entry system			5,592	0.1
Total Series B shares			9,062,127	100.0
Total Series A and B shares			12,937,627	

Largest registered shareholders on 31 December 2005

The 10 largest shareholders by number of shares

	Series A shares	Series B shares	Total shares	%
Suovaniemi, Osmo	2,285,340	2,253,372	4,538,712	35.1
Erja-Yhtymä Oy	900,000		900,000	7.0
Suovaniemi, Ville	208,280	371,300	579,580	4.5
Suovaniemi, Joel	208,280	333,000	541,280	4.2
Härkönen, Matti	57,200	430,300	487,500	3.8
Etra-Invest Oy Ab		427,000	427,000	3.3
Suovaniemi, Oili	121,600	293,035	414,635	3.2
Etera Mutual Pension Insurance Company		391,800	391,800	3.0
Suovaniemi, Vesa	74,800	261,117	335,917	2.6
Adlercreutz Herman		210,000	210,000	1.6

The 10 largest shareholders by number of votes

	Series A shares	Series B shares	Total shares	%
Suovaniemi, Osmo	45,706,800	2,253,372	47,960,172	55.40
Erja-Yhtymä Oy	18,000,000		18,000,000	20.79
Suovaniemi, Ville	4,165,600	371,300	4,536,900	5.24
Suovaniemi, Joel	4,165,600	333,000	4,498,600	5.20
Suovaniemi, Oili	2,432,000	293,035	2,725,035	3.15
Suovaniemi, Vesa	1,496,000	261,117	1,757,117	2.03
Härkönen, Matti	1,144,000	430,300	1,574,300	1.82
Tech Know Oy Ltd	399,800	127,300	527,100	0.61
Etra-Invest Oy Ab		427,000	427,000	0.49
Etera Mutual Pension Insurance Company		391,800	391,800	0.45

Management's shareholding, 31 Dec. 2005

Members of the Board of Directors and the President owned a total of 2,285,340 Series A shares and 2,323,672 Series B shares on 31 December 2005. These represent 35.6% of the total number of shares outstanding and 55.5% of voting rights. The numbers of shares include the insiders' own holdings plus those of their controlled corporations.

4.4. FORMULAS USED IN CALCULATING KEY RATIOS

Return on equity, %	$\frac{\text{Profit before extraordinary items – income tax for the period}}{\text{Shareholders' equity – capital loans + minority interests (average over the year)}} \times 100$
Return on investment, %	$\frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Total assets – non-interest-bearing liabilities (average over the year)}} \times 100$
Equity ratio, %	$\frac{\text{Shareholders' equity – capital loans + minority interests}}{\text{Total assets – advance payments received}} \times 100$
Earnings per share, EUR	$\frac{\text{Profit before extraordinary items – income tax for the period – minority interests}}{\text{Average number of shares, adjusted for share issues}}$
Equity per share, EUR	$\frac{\text{Shareholders' equity – capital loans}}{\text{Number of shares on the closing date}}$
Dividends per share, EUR	$\frac{\text{Dividends for the period}}{\text{Number of shares on the closing date}}$
Dividends/earnings, %	$\frac{\text{Dividends/share}}{\text{Earnings per share}} \times 100$
Effective dividend yield, %	$\frac{\text{Dividends, adjusted for share issues / share}}{\text{Stock exchange price on 31 December, adjusted for share issues}} \times 100$
Price/earnings ratio (P/E)	$\frac{\text{Stock exchange price on 31 December, adjusted for share issues}}{\text{Earnings per share}}$

5. The Board of Directors' proposals to the Annual General Meeting

The company does not have distributable equity. The Board of Directors proposes to the Annual General Meeting that no dividends be paid for the period now ended. The Board of Directors proposes to the General Meeting of Shareholders a decrease of the share premium fund of a total of 12,842,314.81 euros and that the amount of decrease will be used as follows:

1) 612,688.29 euros will be used for the direct covering of a loss shown on an adopted balance sheet which cannot be covered from the non-restricted equity,
2) 12,229,626.52 euros will, in accordance with a decision of the General Meeting of Shareholders, be transferred to a fund included in the company's non-restricted equity to be used like items in the non-restricted equity.

As far as the amount to be transferred to the fund included in the non-restricted equity is concerned, the decrease of the share premium fund is subject to the approval by the National Board of Patents and Registration of Finland, in accordance with Chapter 6 Section 5 in the Companies Act. The approval by the National Board of Patents and Registration of Finland will be obtained within about five months from the potential decision of the General Meeting of Shareholders. In this respect, the decision to decrease the share premium fund will not become valid until the date of granting the permission by the National Board of Patents and Registration of Finland.

No company's shares will be annulled or redeemed in connection with the decrease of the share premium fund. The decrease of the share premium fund will thus not have an effect on the number and nominal value of the shares and on the distribution of voting rights in the company.

The total amount of restricted shareholders' equity after the decrease will be EUR 2,199,396.59 and the total amount of the non-restricted shareholders' equity will be EUR 12,229,626.52. After the reduction of the share premium fund, the company's share capital, other restricted equity and other non-distributable items as well as the Group's capital employed and other non-distributable items are covered in full. The decrease will not have an effect on the total amount of the shareholders' equity.

The Board of Directors will decide on all practical matters related to the decrease of the share premium fund. The purpose of the decrease of the share premium fund is to improve the company's conditions of activity and credibility as a listed company. In addition, the purpose is to return the company's ability to distribute profit when the company's capital marketability improves. In addition, the purpose of the decrease is to prepare for the proposed reform of the Companies Act, pursuant to which the current concept of share premium fund will no longer exist. The proposed decrease of the share premium fund will not have an effect on the company's solvency.

Helsinki, 30 March 2006

Reijo Luostarinen Chairman of the Board of Directors	Osmo Suovaniemi Member of the Board of Directors	Arto Alanko Member of the Board of Directors
Hannu Seristö Member of the Board of Directors	Peter Tchernych Member of the Board of Directors	Mårten Wikström Member of the Board of Directors

Auditors' Report

To the shareholders of Biohit Oyj

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Biohit Group plc for the period 1.1. – 31.12.2005. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report of the Board of Directors and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies' Act.

Consolidated financial statements
In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration
In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of the result is in compliance with the Companies' Act.

Helsinki, 31 March 2006

PricewaterhouseCoopers Oy
Authorized Public Accountants

Hannele Selesvuo
Authorized Public Accountant

Information for the shareholders

Annual General Meeting

The Annual General Meeting (AGM) of Biohit Group is to be held on Thursday April 20th 2006, at 5:00 p.m. in Restaurant Pörssi at Fabianinkatu 14, 00100 Helsinki.

Registration by April 18th 2006 by 12 noon
by letter: Biohit Oyj, Laippatie 1, 00880 Helsinki
by telephone: +358 9 773 861 (Sanna Kurlin)
by FAX: +358 9 773 86 202
by e-mail: yhtiokokous@biohit.com

Payment of Dividends

The Board of Directors proposes to the AGM that no dividends be paid for the 2005 fiscal year.

Shares

Biohit Group's shares are listed on the NM list of the Helsinki Exchanges. The Group owns 12,937,627 shares in total, of which 3,875,500 are A-shares and 9,062,127 B-shares. B-shares are units of trading on the Helsinki Exchanges. Detailed information on Biohit Group's shares is presented in the Annual Report on pages 68-70.

Financial Reports

Biohit Group's financial statements are published in Finnish and English. You can order them by writing to Biohit Group, Laippatie 1, 00880 Helsinki, by calling +358 9 773 861 or via the Biohit web site at www.biohit.com.

Biohit's web site offers important information for investors, in the 'Investors' section. Stock exchange releases, interim reports, financial statement bulletins, and annual reports are published in Finnish and English. Please visit www.biohit.com.

Dates of publication of financial reports in 2006

Interim report 1-3/2006	May 5th 2006 at 10:00 Finnish time
Interim report 1-6/2006	August 4th 2006 at 10:00 Finnish time
Interim report 1-9/2006	November 3rd 2006 at 10:00 Finnish time

Investor relations and communications

Osmo Suovaniemi, President and CEO
Tel.: +358 9 773 862 50
osmo.suovaniemi@biohit.com

BIOHIT

Innovating for Health

Headquarters
Biohit Oyj
Laippatie 1
00880 Helsinki
Tel: +358-9-773 861
Fax: +358-9-773 86 200
info@biohit.com

Kajaani (factory)
Tietokatu 4
87400 Kajaani

The Netherlands
Biohit Oyj branch office (diagnostics)
Klinkenbergerweg 42,
6711 ML, Ede, The Netherlands
Tel: +31318616970
Fax: +31318618367

www.biohit.com

Subsidiaries

Germany
Biohit Deutschland GmbH
Raiffeisenstrasse 1
61191 Rosbach, Germany
Tel: +49-6003-82 820
Fax: +49-6003-828 222
info@biohit.de

Japan
Biohit Japan Co., Ltd.
NB Building 6F
2-15-10 Iwamoto-cho, Chiyoda-ku
Tokyo, 101-0032 Japan
Tel: +81-3-5822 0021
Fax: +81-3-5822 0022
sales@biohit.co.jp

United Kingdom
Biohit Ltd.
Unit 1, Barton Hill Way
Torquay, Devon TQ2 8JG,
United Kingdom
Tel: +44-1803-315 900
Fax: +44-1803-315 530
sales@biohit.co.uk

France
Biohit SAS
2 Rue du Grand Chene
78830 Bonnelles, France
Tel: +33-1-3088 4130
Fax: +33-1-3088 4102
commercial.france@biohit.com

United States
Biohit Inc.
3535 Route 66, Bldg. 4
P.O. Box 308, Neptune,
N.J. 07754-0308
U.S.A.
Tel: +1-732-922 4900
Fax: +1-732-922 0557
pipet@biohit.com

Russia
Biohit OOO, Saint-Petersburg
Vasiljevskij ostrov, 6-ja linija, d. 57
199048 Saint-Petersburg, Russia
Tel: +7-812-327 5327
Fax: +7-812-327 5323
main@biohit.ru

Biohit OOO, Moscow
Petrovsko-Razumovsky av. 29,
building 2
103287 Moscow, Russia
Tel: +7-495-614 9550
Fax: +7-495-613 5577
taras.pravdoljubenko@biohit.ru

China
Biohit Healthcare Suzhou Co Ltd.
Room 608, Office Block
Hotel Equatorial
65 Yan An Xi Lu
Shanghai, 200040
P. R. China
Tel: +86-21-6248 5589
Fax: +86-21-6248 7786
info.china@biohit.com