BIOHIT

Innovating for Health

Annual Report 2007

BIOHIT
Innovating for Health

Information for shareholders

Annual General Meeting

Biohit Oyj's Annual General Meeting will be held starting at 5 p.m. on Monday 21 April 2008 in Pörssisali, Fabianinkatu 14, 00100 Helsinki, Finland.

Please register by 12 o'clock noon on 17 April 2008
- by post to Biohit Oyj, Laippatie 1, 00880 Helsinki, Finland
- by phone on +358 9 7738 61
- by fax on + 358 9 7738 6292
- or by e-mail to: yhtiokokous@biohit.com

Dividend payout

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year 1 January–31 December 2007.

Shares

The Biohit share is quoted on the Helsinki Stock Exchange's Nordic List (OMX) in the Small cap/Healthcare group. Biohit's Series B shares are traded under the code BIOBV.

Total shares:	12,937,627
- Series A shares (20 votes/share:	3,875,500
- Series B shares (1 vote/share):	9,062,127

More detailed information on the Biohit Oyj share is presented on pages 62-64 of this Annual Report, and is also available on the company's website www.biohit.com.

Financial reporting

Biohit Oyj's stock exchange releases, interim reports, Financial Statements and Annual Report are all published in both Finnish and English. They are available on the company's website www.biohit.com immediately after publication. The website also contains other key information for investors. A printed version of the Annual Report is also available in both English and Finnish.

Financial calendar 2008

Interim report Jan–Mar/2008 9 May 2008 at 9:30 a.m.
Interim report Jan–June/2008 8 Aug 2008 at 9.30 a.m.
Interim report Jan–Sept/2008 7 Nov 2008 at 9.30 a.m.

The 2007 Financial Statement Bulletin was published on 15 February 2008.

Investor relations

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Communications and requests for materials:

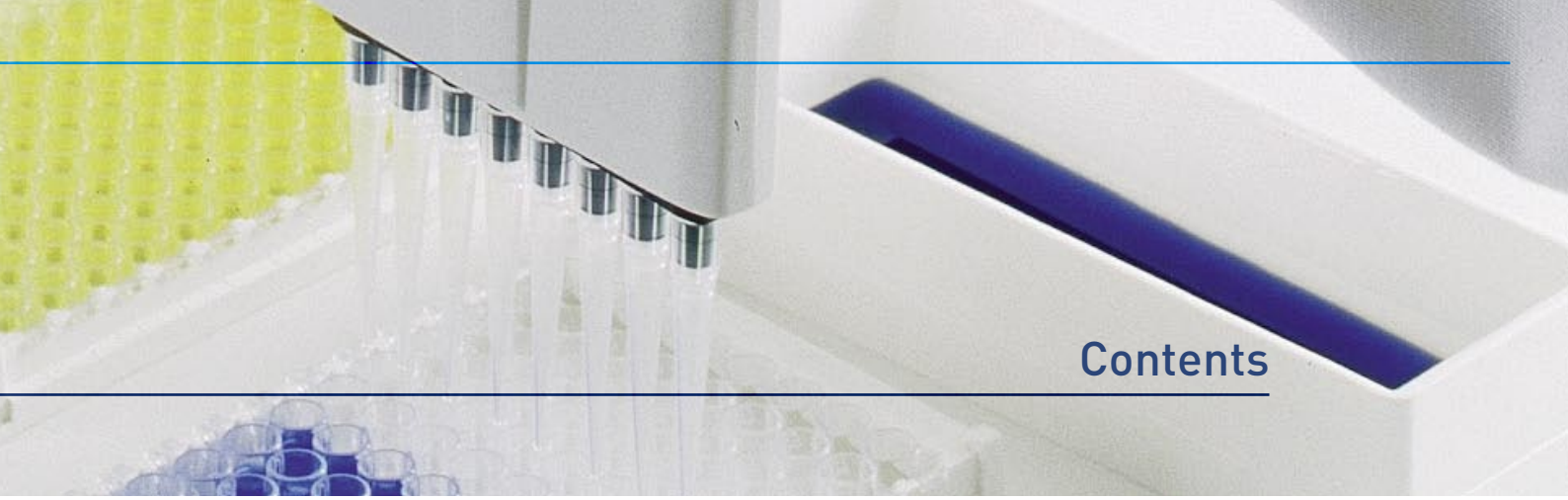
Tel +358 9 773 861
E-mail: info@biohit.com
Contact form at www.biohit.com

The website also contains an online form to order electronic copies of the company's releases, which will be e-mailed to you.

Summary of stock exchange releases in 2007

Stock exchange releases are available on Biohit's web site at www.biohit.com

5 Jan 2007	Biohit's innovative GastroPanel to be used in China's health care
26 Jan 2007	Biohit plans to incorporate its diagnostics business
16 Feb 2007	Financial statement report of Biohit Group 1 Jan to 31 Dec 2006
30 Mar 2007	Notice of Annual General Meeting of Biohit Oyj
30 Mar 2007	Financial statements 2006 of Biohit Oyj have been published
23 Apr 2007	Resolutions of the Annual General Meeting of Biohit Oyj
4 May 2007	Interim report of Biohit Group 1 January to 31 March 2007
28 May 2007	Liquidity providing for Biohit Oyj's share
29 May 2007	Biohit and VWR International sign agreement for distribution in Europe
17 July 2007	The result of Biohit Group for 2007 to be weaker than anticipated
3 Aug 2007	Interim report of Biohit Group 1 January to 30 June 2007
17 Aug 2007	Biohit begins co-determination negotiations with personnel in Finland
18 Sep 2007	Biohit begins test marketing of its XyliCyst chewing gum
9 Oct 2007	Changes in the Board of Directors of Biohit Oyj
2 Nov 2007	Interim report of Biohit Group 1 January to 30 September 2007
21 Dec 2007	Biohit Oyj's financial information in 2008



Contents

Biohit in brief

Established:	1988
Business areas:	Liquid handling - Pipettors and pipettor tips - Liquid handling OEM solutions - Pipettor maintenance services Diagnostics - Tests for the screening and diagnosis of diseases of the gastrointestinal tract - Instruments and analysis systems - Service laboratory - Functional food products for consumers
Customer base:	Research institutions, healthcare and industry
President and CEO:	Osmo Suovaniemi, Professor, MD, PhD
Personnel:	about 350
Subsidiaries:	Germany, France, the United Kingdom, Russia, China, Japan and the United States
Production facilities:	Finland and China
Distribution:	Subsidiaries and distribution companies, a total of about 450 distributors in 70 countries
Sales accounted for by exports:	97%
Share trading:	BIOBV / OMX Helsinki Small Cap/Healthcare

Biohit develops and manufactures laboratory devices and equipment as well as diagnostic tests and analysis systems for use in research institutions, healthcare 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 liquid handling products. Many OEM customers, such as 3M and three companies belonging to Johnson & Johnson, use Biohit pipettors to complement their diagnostics tests and test systems. Biohit also provides pipettor maintenance and calibration services through its global retailer network.

Biohit's diagnostics business focuses on products for the diagnosis, screening and prevention of diseases of the gastrointestinal tract. Its product range includes the patented GastroPanel and GastroView examinations – which are performed on a blood sample and diagnose diseases of the stomach and the risks associated with these diseases – and also quick tests for the diagnosis of lactose intolerance and *Helicobacter pylori* bacterial infection. Biohit's product range also includes instruments for analysing test results.

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

The factors behind Biohit's success

- Investments in innovations, research and product development
- Technological expertise protected by patents
- Ergonomic, safe, economical and high-quality liquid handling products
- Pipettor maintenance, calibration and training services
- Unique diagnostics products and extensive scientific collaboration
- Subsidiaries in major market areas
- Long-term co-operation with customers
- Versatile, cutting-edge and highly automated production
- A professional and experienced staff

Strategy, objectives, mission, vision

Profitable growth

Biohit is a global company operating in two business areas: liquid handling and diagnostics. The company is developing both its business areas as separate units with a view to growing into a profitable and leading global supplier in both areas.

Bolstering the company's market position in liquid handling

Biohit already holds a strong position in the liquid handling markets of many geographical regions. The company aims to increase its market share in North America and Asia in particular. Other major goals include cost-effective growth at a rate faster than the market average, as well as bolstering the company's market position in both existing and new market segments.

The company's main strategic choices in the liquid handling business are:

- Customer-oriented operations in all sub-categories.
- Continual investments in product development and innovations in market segments with growth potential.
- A focus on certified liquid handling solutions that generate added value for customers.
- Lifecycle management of high-quality, traceable, safe and environmentally friendly products.
- Continual improvements to the cost-effectiveness of logistics and production processes.
- Increased outlays on marketing and distribution channel development.
- Growing the company's maintenance business in main market areas.

Safeguarding profitable growth in the diagnostics business

The primary goal of the diagnostics business is to safeguard profitable growth. The company seeks net sales growth and product authorisations from the relevant authorities in North America and Asia in particular. This business area stands on the threshold of growth, and therefore requires both substantial financial and personnel resources as well as effective international marketing. This is why an ongoing analysis is investigating the possibility of spinning off the diagnostics business into a separate company and acquiring globally operating partners.

The company's main strategic choices in the diagnostics business are:

- Stepping up marketing as new markets open up simultaneously in many countries.
- Establishing a distribution network specialised in diagnostics.
- Obtaining authorisations from the relevant authorities as rapidly as possible.
- The introduction of examinations into public sector healthcare screening programmes and reimbursement systems.
- Continued and expanded collaboration with opinion leaders.
- Continual investments in research, innovations and product development.

Mission

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

Vision

By 2010, Biohit's liquid handling business is more strongly established in markets outside Europe. The company holds an even stronger position in high tech liquid handling markets.

The company has made a breakthrough with its diagnostics products and analysis systems by 2010.

2007 in brief

An even stronger market position in liquid handling

In line with Biohit's strategy, the company has focused on bolstering its position in its main market areas of Europe, North America and Asia during the financial year now ended.

Except in the Asian market, sales trends in the liquid handling business have been in line with expectations. Growth has been seen in sales of disposable tips and maintenance services in particular. A new agreement signed with VWR International in 2007 further strengthened Biohit's distribution network in Europe and its position in key customer segments. Biohit has also invested in the development of its OEM business.

Full-year sales targets were not met, mainly due to slower than expected progress in establishing distribution networks in China and Japan. The fall in the currency rate of the US dollar has also had an adverse effect on the Biohit Group's net sales and result.

Increased growth potential in the diagnostics business

In January 2007, Biohit Oyj's Board of Directors decided to investigate the possibility of spinning off the company's diagnostics business into a separate limited company. This move would enable the independent development of both business areas on the basis of their individual strengths. The analysis is still ongoing and no final decision has yet been made.

Sales in the diagnostics business did not reach satisfactory levels. Slow progress in obtaining approvals from the relevant authorities has been one major challenge faced by the company. Approval procedures by the US Food and Drug Administration (FDA) for GastroPanel's Pepsinogen I and II tests have taken longer than predicted, although authorisation is now expected during 2008.

The tests of the GastroPanel examination have already received market authorisation from China's State Food and Drug Administration (SFDA), however, they must also receive separate price approvals from local authorities in each province. Although this approval process has progressed more slowly than expected, price approval for GastroPanel was granted in Shanghai and the neighbouring province of Jiangtsu at the turn of the year.

In order to meet sales targets, Biohit has been focusing on co-operation with local distribution experts. Biohit has been systematically building up its distribution network in China.

Product lifecycle management and the increased importance of the environment

Biohit's proactive after-sales services ensure top quality throughout each product's entire lifecycle. In 2007, the pipettor maintenance service concept was launched in several countries with the aim of ensuring well-functioning, dependable and safe products, and increased customer satisfaction.

Biohit also pays particular attention to the environmental impact of its operations. Thanks to a new environmental programme launched in 2007, the company achieved a reduction in electrical energy consumption and the amount of waste generated by production.

Investments in product development and production efficiency

A continual investment in product development and cost-effective production is one of Biohit's strategic choices. For example, in 2007, the company launched a brand new mechanical pipettor range – Proline Plus – and began deliveries of rLINE dispenser modules that can be integrated into automatic analysis systems to its OEM customers. Biohit has also been working towards further advancements in liquid handling technology. Product development in the diagnostics business has included both product enhancement and collaboration with scientific experts to create products for new applications.

The company continued to hone the cost-effectiveness of its production processes and logistics by, for example, establishing a new logistics centre and investing in increased production capacity and new equipment for use in liquid handling product manufacture.

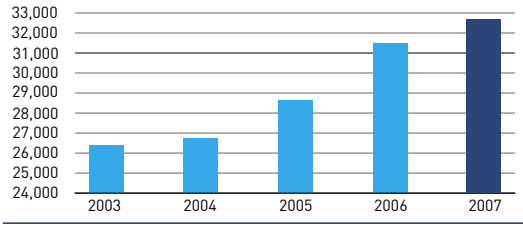
New Proline Plus mechanical pipettes

Key figures

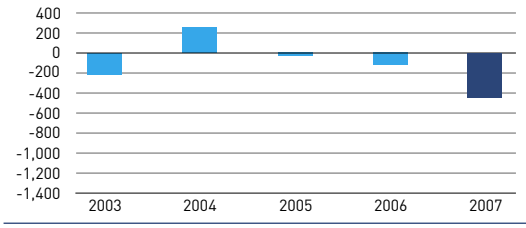
	2007	2006	change %
Net sales, EUR 1,000	32,751	31,408	4.3 %
Operating profit/loss, EUR 1,000	-458	-143	-221.0 %
Profit/loss before taxes, EUR 1,000	-1,116	-607	-83.9 %
Return on equity	-11.9 %	-6.1 %	-96.0 %
Return on investment ROI	-1.9 %	0.0 %	-9837.7 %
Equity ratio	43.6 %	49.4 %	-11.7 %
Investments in fixed assets, EUR 1,000	2,081	1,928	7.9 %
R&D expenditure, EUR 1,000	2,005	1,689	18.7 %
Personnel, average	352	310	13.5 %

Key figures per share			
Earnings per share, EUR	-0.12	-0.06	-100 %
Equity per share, EUR	0.92	1.04	-11.7 %

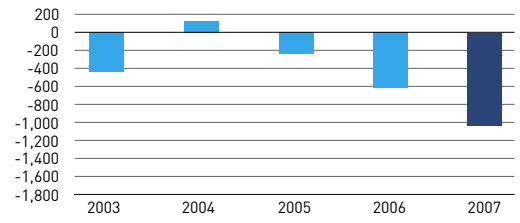
Net sales 2003–2007, EUR 1,000



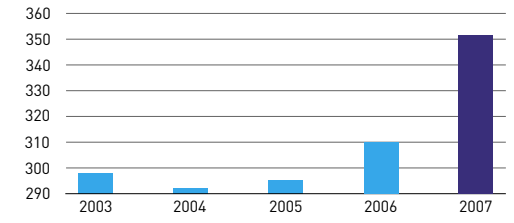
Operating profit/loss 2003–2007, EUR 1,000



Profit/loss before taxes 2003–2007, EUR 1,000

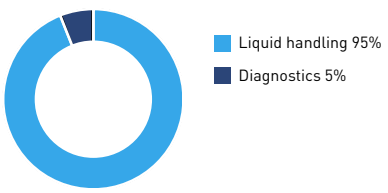


Average number of personnel 2003–2007

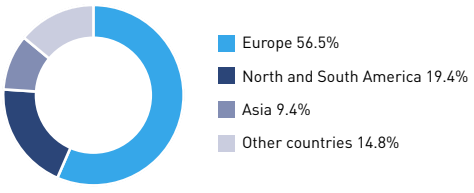


2003 according to FAS; 2004–2007 according to IFRS

Net sales by business segment



Net sales by geographical area



Letter from the President & CEO

In 2007, Biohit continued determined efforts aimed at bolstering our profitable liquid handling business and making a global breakthrough with our diagnostics products. Although the company's net sales rose by 4 per cent to EUR 32.8 million, a combination of investments in business development, exchange rate losses caused by the strong euro, and inventory write-downs resulted in an overall loss for the year.

During 2007, we continued our investigations into the possibility of spinning off the company's diagnostics business into a separate limited company. We are seeking to develop the diagnostics business by acquiring partners with whom we can efficiently handle the distribution and bringing to market of products. In 2007, our analysis focused primarily on Finnish partners in co-operation. The spotlight will now shift to international partners.

Sales growth in liquid handling products

The majority of Biohit's net sales – 95 per cent – are generated by sales of liquid handling products. The fastest market growth is to be found in Asia. Biohit has been making significant investments in this market by, for example, opening a production facility in China. Growth is also seen in other markets.

The roots of the current growth in the liquid handling market lie in a general increase in diagnostics combined with the decentralisation of laboratory operations. The use of liquid handling and measuring instruments is increasing simultaneously in several different industries and creating markets for new product innovations. For example, as the need for more versatile analyses arises, automated pipetting systems are becoming increasingly widespread in laboratories. This is why Biohit is developing its own offering for this market.

Along with separating the company's two business areas, developing liquid handling products is one key source of future growth. In order to realise this potential, we are focusing on honing our marketing and distribution channels in particular.

Biohit and VWR International signed a major distribution agreement in 2007. Biohit will now be a key supplier of pipettors and disposable tips to VWR's European customers. VWR International is one of the world's largest multinational distribution organisations for laboratory products. The company's customer base includes representatives from industry and healthcare as well as university laboratories. VWR holds a particularly strong position as a supplier to the pharmaceutical and biotechnology industries.

Biohit has been co-operating with VWR in the United States for over ten years and is currently a key supplier of liquid handling products. VWR International Europe has also presented Biohit with its 2007 Best Data/Content Provider award in recognition of excellent co-operation.

Liquid handling maintenance services are a continually growing part of the company's operations. In Western Europe in particular, the share of net sales accounted for by maintenance operations has already risen significantly. Growth can also be seen in several other countries. Biohit aims to continue expanding its maintenance service offering.

Opening up markets for diagnostics products

Biohit's major developmental outlays in recent years have been on diagnostics products – GastroPanel and GastroView in particular. GastroPanel and GastroView are blood sample tests used in primary healthcare for diagnosing symptoms of the upper gastrointestinal tract. In 2007, advances in getting both of these products to market were made, although progress was slower than anticipated. Future sales growth for GastroPanel is dependent on distribution channel development in several countries.

A key factor in opening up markets for GastroPanel is the acquisition of FDA (US Food and Drug Administration) authorisation.

The application for FDA approval in the USA was extended with results from additional studies in 2007 and the authorities are likely to reach a favourable decision during spring 2008.

GastroPanel has been granted CE/IVD markings in Europe, meaning that it can already be sold in all EU countries. During 2007, we focused on establishing distribution channels in several EU countries at once. We aim to boost GastroPanel sales during 2008 through co-operation with partners specialised in diagnostics.

Opening up the market in China did not progress as rapidly as expected in 2007 due to slow progress in receiving the separate price approvals required in each province. At the beginning of 2008, we obtained our first price approvals in Shanghai and the neighbouring province of Jiangtsu, enabling the launch of GastroPanel in those areas. China's scientific community has already given its general recommendation for the use of GastroPanel in the examination of upper intestinal tract symptoms.

In the UK, the sale of GastroView through local pharmacies began in 2007. The blood sample needed for the GastroView test is taken at the pharmacy and is then sent to Biohit's service laboratory for analysis. On the basis of these analysis results, customers will receive either a negative result or, if necessary, a recommendation for further tests. GastroView has major market potential in the UK, which has about 12,000 pharmacies.

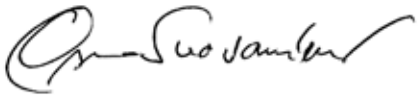
Outlook for the future

Growth in liquid handling products is forecast to remain moderate. We have good growth expectations for North America, Russia and, in particular, the emerging Asian market. We will also continue our focus on developing our customised, that is, OEM product business. Net sales of diagnostics products are expected to rise in the Chinese, Russian and European markets in particular.

In 2008, we will be continuing our cost-reduction programme with the aim of achieving a full-year result in the black.

Biohit celebrates its 20th anniversary this year. We have invested in innovations and research to promote laboratory ergonomics and safety-enhancing features from the outset. In the diagnostics business, we have succeeded in developing unique procedures for screening, diagnosing and preventing diseases of the gastrointestinal tract. We have everything in place to ensure that this success story continues and that also the diagnostics business becomes profitable.

I would like to thank both our personnel and partners for this year's successful co-operation. We are engaged in valuable work that will benefit both research and people's well-being.



Osmo Suovaniemi
President & CEO

Business environment

Liquid handling product market outlook

The total global market potential for pipettors and disposable pipettor tips is about EUR 600 million per annum. North America and Europe are the major market areas.

The company estimates that the total market has increased by an annual average of about five per cent over the last few years. Although growth has slowed in western countries, total pipettor market growth is faster than average in emerging markets. Pipettor tip consumption is increasing by a good five per cent a year.

Operating in the liquid handling market are both larger global manufacturers and marketers as well as numerous smaller players. Increased supply and cheap production have heated up price competition in all of Biohit's main market areas. Strict quality standards and authorisation procedures have made market entry difficult for cheap pipettors manufactured in Asia. The importance of quality is being underlined, which is why Biohit has made substantial investments in quality at all its production facilities and in all of its operations. This has enabled the company to grow its market share despite heightened competition. The significance of Asia and North America will also increase in Biohit's operations. The company is still the global market leader in electronic pipettors and OEM liquid handling products.

As the level of precision and safety required in liquid handling rises and quality assurance regulations become stricter, equipment performance and measurement traceability have become a challenge for many laboratories. Pipettor accuracy and safety must be ensured with comprehensive calibration and performance testing. Several laboratories have already outsourced these operations and this trend is continuing.

Liquid handling products

Products and services	Customers	Market situation
Mechanical and electronic pipettors **Disposable pipettor tips**	*Laboratories:* - Pharmaceutical, chemical and other industrial laboratories - Research institutions - Universities and other educational institutions - Clinical laboratories	*Pipettors and disposable tips* totalling EUR 600 million per annum *Mechanical pipettors* - Annual market growth about 5% - Fastest growth: China and the rest of Asia *Electronic pipettors* - Annual market growth about 10% - Fastest growth: Europe and North America - Biohit is the market leader in electronic pipettors *Tips* - Annual market growth about 5%
OEM solutions **(Customised pipetting equipment and integratable dispensing modules)**	Large companies that manufacture diagnostic tests and analysis systems, such as bioMérieux, 3M and three subsidiaries of the Johnson & Johnson Group.	*Major areas:* United States and Europe Biohit is market leader in OEM liquid handling products.
Maintenance and calibration services	All laboratories, but especially accredited laboratories	Rapid growth in demand in all main market areas due to stricter quality requirements

Market growth figures are based on those in *A Global Strategy Business Report* and on Biohit's own estimates.

The diagnostics market

The success of new products in the diagnostics business depends on many different factors.

Approvals from the relevant authorities are required for market entry in many countries. Biohit's diagnostic tests have already been granted authorisation in the EU and Russia. The approval process is currently ongoing in the United States. In the United States, examinations for clinical use must receive authorisation from the FDA. In addition to SFDA authorisation in China, local authorities must also grant separate price approvals before sales of diagnostics tests can begin. The user base – physicians, laboratories and other healthcare professionals – usually follows recommendations made by the scientific community and opinion leaders.

GastroPanel and GastroView are new and unique. There are no comparable competing product on the market. Their customers include hospitals, service laboratories and private practices. These affordable and reliable examinations also have excellent potential for introduction into State-funded routine tests and screenings.

Operating in the diagnostics market are both large global companies and more specialised companies, such as Biohit. Proactive sales and marketing efforts, as well as strong partners specialising in diagnostics, are required if Biohit is to realise the substantial market potential of its diagnostics products.

Diagnostics

Products and services	Customers	Market situation
GastroPanel and GastroView	Primary healthcare General practitioners and occupational healthcare Hospitals Private practices Other companies and institutions in the healthcare industry Service laboratories Large research institutions and laboratories	GastroPanel and GastroView are unique, blood-sample based examinations Current methods are either unreliable or expensive and unpleasant for patients Global market potential about EUR 4 billion
Quick tests **(lactose intolerance and *Helicobacter pylori*)**	Specialised healthcare Gastroenterologists Hospitals	Familiar examination method, low market threshold Of the world population - *over 50% have Helicobacter pylori infection* - Lactose intolerance • Western countries 15–20% • Asia and Africa up to 90%
Functional food products containing cysteine **(XyliCyst, BioCyst, BioFood)**	Consumers Food industry	Global market potential about EUR 500 million for XyliCyst chewing gum and about EUR 5 billion for BioCyst capsules Around the world - 2 million people a year contract cancers of the upper gastrointestinal tract, primarily due to smoking and alcohol use. - 300-500 million people suffer from an achlorhydric or low-acid stomach in which bacteria are able to live and produce carcinogenic acetaldehyde from carbohydrates in food. This condition can be diagnosed with the GastroPanel and GastroView examinations, and acetaldehyde can be eliminated with BioCyst capsules.

Monetary market potential figures are based on Biohit's own estimates.

Liquid handling

Biohit's liquid handling business develops, manufactures and markets laboratory equipment and accessories for the pharmaceutical, food and other industries, and also for use in research institutions, universities and hospitals. Biohit's products are also used to complement the diagnostic test and analysis systems of many global companies. The company also offers pipettor maintenance and calibration services through its distribution network.

Accuracy, safety and ergonomics in liquid handling

Biohit brought the first ergonomically designed electronic pipettor to market back in the early 1990s. Since then, Biohit has been the global market leader in electronic liquid handling. The company's product range also includes mechanical pipettors and disposable pipettor tips, as well as customised, that is, OEM (Original Equipment Manufacture) liquid handling products, which are based on Biohit's numerous innovations and new technologies.

Biohit's liquid handling product development has focused on ergonomics and safety-enhancing features from the outset. They play a key role in preventing work-related repetitive strain injuries and diseases. Biohit currently offers the safest and the most ergonomic and user-friendly liquid handling equipment on the market. Biohit's pipettors have been successful in numerous comparative studies conducted, for example, by the Health and Safety departments of major pharmaceutical companies (See the article published in 2007 "A Biopharmaceutical Breakthrough", page 81).

Accuracy and precision are two other key features. Laboratory research procedures are becoming ever more advanced and the quantities of liquid to be measured increasingly smaller. Choosing top-quality pipetting equipment is vital, because the accuracy and precision of measurements in research and diagnostics are directly dependent on the processes and equipment used.

Biohit's pipettors and tips are known for their high quality. Finnish cutting-edge technology is also highly respected in many markets. Biohit's liquid handling products are over 90% Finnish.

Product lifecycle management through a comprehensive maintenance concept

Biohit offers a global maintenance concept that seeks to manage the entire pipettor lifecycle and increase customer satisfaction. Biohit offers customers an end-to-end service, providing maintenance for both its own pipettors and those of other manufacturers. After-sales and maintenance services also promote pipettor sales.

Liquid handling	2007	2006
Net sales, EUR million	**31.1**	29.5
Percentage of the Group's net sales, %	**95**	94
Operating profit/loss, EUR million	**2.5**	2.2

Biohit's trained retailers and collaboration partners offer these maintenance and calibration services, which are becoming increasingly more important as the current generation of equipment in use begins to age and pipetting quality and traceability standards become stricter.

Customers in many different industries

Laboratories in many different industries use Biohit's liquid handling products. As a result of stricter quality standards, many industrial companies in the pharmaceutical and biotechnology sector in particular are seeking to standardise their liquid handling equipment and acquire all products from a single supplier. Thanks to its extensive range of liquid handling products and pipettor maintenance services, Biohit has been successful in these standardisation projects.

The company also has a strong position among research institutions and universities, as well as in clinical laboratories.

A focus on innovative product development, high quality, aggressive patenting, and forming strong partnerships has also brought results in the OEM business. As a profound liquid handling expert, Biohit has become a module supplier for globally used automated systems. Biohit delivers customised liquid handling products to companies such as 3M, bioMérieux, and three companies in the Johnson & Johnson Group.

Biohit also manufactures so called private label products for partners in co-operation.

Honing delivery channels to strengthen market position

In 2007, Biohit continued to hone its distribution network in order to bolster the company's position in its main market areas. The company aims to become number one in its industry's key customer segments. Biohit is engaging in co-operation with both local and multinational distributors, as these channels complement each other in different customer segments.

In 2007, Biohit and VWR International entered into an agreement concerning the distribution of liquid handling products in Europe. VWR International is a global sales, marketing and distribution organisation for laboratory products. Biohit has been co-operating with the company in North America for over ten years.

Biohit has also worked on establishing a distribution network in other main market areas, and in Asia in particular. The goal of reorganisation in, for example, Japan has been to reduce the number of steps in the distribution chain, thereby making product sales in Japan more efficient. Efforts to establish a distribution chain in China continued throughout 2007.

Business develops with the market

During the financial year just ended, Biohit has succeeded in growing its sales of disposable tips in particular. Thanks to stricter quality standards in laboratory work, demand for Biohit's maintenance services has also increased. Net sales growth in liquid handling products in the Asian market, and in China and Japan in particular, has been slower than forecast. This is primarily because reorganisation of the distribution network in this market area has taken longer than originally estimated.

Biohit seeks to support growth by developing new products to meet its customers' needs. In 2007, the company launched a brand new mechanical liquid handling product range – Proline Plus – primarily intended for emerging markets and for certain segments in industrial nations. This new product has been well received. Another new product has also arisen from customers' needs – the mLINE pipettor for handling large volumes.

The current trend in industry in particular is a shift away from hand-worked dispensers towards computer-controlled analysis systems and pipetting equipment that makes use of robotics. Increased automation enables greater accuracy, a reduction in possible errors, and more efficient working. As a result of long-term co-operation with customers, in 2007 Biohit began deliveries of integratable rLINE modules to manufacturers of these analysis systems.

Primary products and services

- Mechanical pipettors
- Electronic pipettors
- Disposable tips
- Pipetting equipment for special applications
- Customised products (OEM)
- Integratable dispensing modules
- Pipettor maintenance and calibration services

Ergonomics, accuracy and precision are key issues in the pharmaceutical industry

R&D scientists at pharmaceutical companies require the highest accuracy and precision of their liquid handling instruments. They are also looking for solutions to reduce the discomfort often associated with pipetting, such as RSI (Repetitive Strain Injury).

Biohit is working closely with Environmental Health & Safety (EH&S) departments at many large pharmaceutical companies in order to provide both accurate instruments and more ergonomic pipetting conditions to their scientists.

For example, at Roche's site in Palo Alto, California, Biohit and its distributor partner VWR have teamed up with the EH&S and Procurement group. Roche is a leading healthcare company with a broad spectrum of innovative medical solutions, headquartered in Switzerland and with operations worldwide.

The unique program included employee education for better pipetting techniques and ergonomics to improve accuracy, precision and reproducibility. In addition, this was linked to a pipette recycling initiative for better sustainability; for each pipette purchased by Roche, Biohit and VWR donated a sum to a charity.

Better and more consistent lab results, as well as reduced ergonomic risk were the major benefits derived from this program.

Outlook for the future

In the coming years, the liquid handling business will focus on increasing the efficiency of both production and logistics, and also on enhancing product lifecycle management and overall quality assurance. Investments will also be made in research and development, close customer co-operation, and expanding the maintenance concept in key market areas. In addition to traditional liquid handling products, the company will focus on developing its OEM product business.

Geographically speaking, good growth for traditional liquid handling products is expected in North America, Russia and, in particular, the emerging Asian market.

Diagnostics

Biohit's diagnostics business develops, manufactures and markets products and analysis systems primarily for the diagnosis, screening and prevention of diseases of the gastrointestinal tract.

GastroPanel and GastroView for primary healthcare

Biohit's diagnostics products are primarily intended for use by healthcare professionals. The major product is the GastroPanel examination (Pepsinogen I and II, Gastrin-17, and *Helicobacter pylori* IgA/IgG antibodies), which diagnoses *Helicobacter pylori* infection, as well as atrophy of the stomach using a straightforward blood sample test. It also provides information about the risks associated with atrophic gastritis, such as gastric cancer, peptic ulcers and complications of gastroesophageal reflux disease, as well as the risks of calcium, iron and vitamin B12 deficiency.

GastroView has been developed alongside GastroPanel. This test requires only a fingertip blood sample, with no need for previous fasting. The results given by GastroView (pepsinogen I and II, and *Helicobacter pylori* IgA/IgG antibodies) can be supplemented by the more comprehensive GastroPanel examination. Easy-to-use GastroView is primarily intended for use at healthcare centres and by occupational healthcare physicians, but is also suitable for use at pharmacies and nursing homes, either before a doctor's appointment or before starting self-medication.

In 2007, Biohit's subsidiary in the UK began marketing and selling the GastroView examination directly to consumers through the Assura Pharmacy chain. Biohit also aims to introduce the GastroView examination into other pharmacies in the UK.

GastroPanel and GastroView are notably safer and more affordable and patient-friendly than many of the other examinations currently in use. They are therefore extremely suitable for use in screening programmes and as the first primary healthcare examination in upper gastrointestinal tract diagnostics. Biohit's goal is for GastroPanel and GastroView to become the the national standard and to be introduced as State-funded examinations in a variety of different countries.

Functional food products for consumers

In 2007, Biohit continued to develop its functional food products containing cysteine. These consumer-oriented products reduce the risk of cancers of the gastrointestinal tract.

XyliCyst chewing gum is targeted at smokers. It eliminates the acetaldehyde that dissolves in saliva during smoking. Studies indicate that acetaldehyde is a major risk factor in cancers of the upper gastrointestinal tract. As acetaldehyde may also increase addiction to tobacco products, this gum may help people quit smoking. Biohit began trial marketing of XyliCyst chewing gum in 2007.

In an achlorhydric stomach, carcinogenic acetaldehyde is also formed from ingested carbohydrates. Alcoholic drinks and certain foodstuffs, such as yogurt, also contain acetaldehyde. Biohit is therefore investigating other commercial applications for cysteine. Products currently under development include BioCyst capsules, which are taken with meals and slowly release cysteine to neutralise carcinogenic acetaldehyde, which forms in achlorhydric stomachs.

Diagnostics	2007	2006
Net sales, EUR million	**1.7**	1.9
Percentage of the Group's net sales, %	**5**	6
Operating profit/loss, EUR million	**- 2.9**	-2.4

GastroMate – the automatic analyser

The GastroMate product development project launched in 2004 has progressed during the financial year. This automatic analyser is intended for use in private practices, healthcare centres, hospital emergency rooms, and specialised analytics. GastroMate analyses blood samples taken as part of, for example, GastroView and GastroPanel examinations.

The liquid handling technology used in the GastroMate analyser has also opened up growth potential in the OEM business. The company has therefore been focusing on realising these business opportunities which has in turn led to delays in the GastroMate project.

Scientific collaboration an essential aspect of business

Scientific collaboration and proactive publishing for both the scientific community and customers are an essential aspect in launching business operations. Biohit has an extensive scientific co-operation network.

In recent years, the advantages of GastroPanel have already been studied in about 40,000 patients around the world. Numerous independent population studies are currently using the GastroPanel examination.

Establishing marketing channels

Biohit is only just beginning to bring its diagnostics products to market. Their sale and marketing requires expert local distributors. That's why Biohit has been systematically establishing a distribution network in China and other main market areas throughout 2007.

Biohit's diagnostics products are mainly sold to hospitals, health centres and general practitioners for the screening and diagnosis of diseases. They are also used in research.

In some countries, such as the UK, Italy and Russia, Biohit or its distributors have invested in consumer marketing. Consumers have increasing freedom to choose between diagnostic tests, and so raising their awareness of Biohit's products and the diseases they prevent will grow demand.

Functional food products containing cysteine are targeted at the consumer market.

Approval from relevant authorities for diagnostics products

Growth in the diagnostics business depends on receiving approvals from the relevant authorities in a number of different countries. All of GastroPanel's tests have been granted market authorisation for clinical diagnostics throughout the EU (CE/IVD marking), and also in countries such as India, Canada and Russia.

Although the tests included in GastroPanel (Pepsinogen I and II, gastrin-17) have already received both market authorisation from the SFDA and the Chinese scientific community's general recommendation for use in examining symptoms of the upper gastrointestinal tract, they must also receive price approvals from local authorities. These approval processes have lasted longer than expected.

At the beginning of 2008, the first price approvals were granted in Shanghai and the neighbouring province of Jiangtsu. The sale of GastroPanel examinations can now begin in these areas.

Approval procedures for GastroPanel's pepsinogen I and II tests from the US FDA have progressed and authorisation is expected during the first half of 2008. This change to the previously estimated timetable is due to extended studies related to the approval application. No other company has previously received FDA approval for these tests, and therefore Biohit has had to supplement its original application in the United States with two extensive and time-consuming studies. These patient trials will compare the results of Biohit's GastroPanel examinations to the histology of several biopsies taken through gastroscopy (a normal finding or atrophic gastritis). The FDA has already granted authorisation to GastroPanel's gastrin-17 and *Helicobacter pylori* antibodies tests.

Primary products and services

- GastroPanel and GastroView for primary healthcare
- Lactose intolerance and *Helicobacter pylori* quick tests for specialised healthcare
- Monoclonal antibodies for research use
- Instruments for laboratories
- Service laboratories
- Functional food products for consumers

Pharmacy chain brings GastroView closer to the consumer in the UK

the 3 in 1 indigestion test

The Assura Pharmacy group of retail integrated pharmacies were the first to deliver GastroView directly to the UK dyspepsia market in autumn 2007. Since then Assura have rolled out GastroView in 17 stores located throughout the UK.

Patients can access the test during normal opening hours at the store, without the need for an appointment or fasting. The patient undergoes a questionnaire-style consultation before having a small finger-prick sample of blood collected by the trained pharmacy personnel. This blood sample is then sent to Biohit's laboratory where it is analysed.

Assura Pharmacies is a fast growing pharmacy chain that usually operates in conjunction with a medical centre.

The GastroView developed by Biohit provides a unique and very simple examination service concept to Assura Pharmacies' customers in a primary care setting.

Marketing and PR efforts in local and national press, journal editorials and in-store 'health-awareness' programs have brought a high degree of exposure, and the test has generated much interest in those for whom it is intended. GastroView is set to not only be a great success but also to pave the way for complementary tests for the gastrointestinal tract.

Outlook for the future

Entry into diagnostics markets has progressed more slowly than expected.

Delays in obtaining approvals from the relevant authorities and in the introduction of examinations into reimbursement schemes affect the company's growth potential in certain market areas. Scientific collaboration with opinion leaders plays a key role. Realising market potential also requires proactive publishing for both the scientific community and customers, training for healthcare personnel, an expert distribution network, and efforts to increase awareness of the company's products.

The challenge facing Biohit is to introduce the GastroPanel and GastroView examinations into healthcare in a variety of countries in order to further the safe, ethical diagnosis and treatment of atrophic gastritis, dyspepsia and *Helicobacter pylori* infection, while also preventing the risks associated with atrophic gastritis.

Research & development

In 2007, Biohit focused on product enhancements, creating a new mechanical pipettor range and developing OEM products and liquid handling automation.

Liquid handling

In addition to an mLINE pipettor for handling large volumes (1-10 millilitres), the company also launched a brand new mechanical liquid handling product range – Proline Plus – in 2007. This new range of 27 different pipettors combines traditional Proline functionality with cutting-edge design and technology. Particular attention has been paid to quality, as well as features that enhance safety, ergonomics and pipetting efficiency.

Another focal point in 2007 was further development of OEM products and pipetting equipment. Long-term co-operation with customers and the ability to react quickly have created a foundation for growth in the OEM business, enabling Biohit to operate as a strategic partner to large, global companies.

Biohit has profound expertise in the development of electronic liquid handling products. The company aims to create liquid handling modules that can be used as components in robotic systems. Deliveries of the first rLINE modules began in 2007.

The GastroMate product development project launched in 2004 has also progressed. The liquid handling technology used in the GastroMate analyser will also benefit the OEM business.

Diagnostics

In 2007, the diagnostics business focused on both enhancements to existing products and the commercialisation of new products. Improvements seek to make products more customer-friendly and reliable. Research has brought to light new opportunities for existing indicators. For example, a new application has been discovered in the course of research into the Cellular Fibronectin (cFn) test. In 2008, Biohit will look into realising the potential of this discovery.

Biohit has also invested in rounding out its current range. New products include a new, easy-to-use screening test for colorectal cancer, as well as functional food products containing cysteine. Cysteine reduces the health hazards associated with smoking.

When developing its diagnostics products, Biohit also seeks to engage in proactive co-operation with major international companies that manufacture and market analysis systems into which Biohit's tests can be integrated. This strategy aims to improve marketing opportunities for consumer products.

Research and Development	2007
Total R&D expenditure	EUR 2.0 million
Percentage of net sales	6.1%

An expert staff is the key to innovation

One of the vital foundations for Biohit's developmental activities is the profound technological expertise of its personnel. Experience and innovation meet at Biohit. Many of the company's key personnel have up to 30 years of experience in product development – both for liquid handling products and instruments and the reagents used in diagnostics. In order to safeguard continuity, Biohit also seeks to recruit young talents whose fresh ideas complement the work of more experienced experts. Biohit also engages in continual, proactive co-operation with leading industry experts, universities, research institutions and customers.

A strategy of aggressive innovation and patenting has given Biohit extensive patent protection both in Finland and abroad. Above all, patent protection means a solid and secure foundation for global co-operation and business growth.

Production

During 2007, Biohit invested in increased production capacity, such as new equipment for use in liquid handling product manufacture. The company also focused on enhancing logistics and clarified the roles of its production units.

Biohit's production plants are located in Kajaani, Helsinki and Suzhou. The synergy between these three plants is being established on the basis of product lifecycle and market area requirements. Production design and material management are centralised in Finland.

Kajaani is the company's production and logistics hub. The Kajaani plant is specialised in pipettor assembly and the manufacture of pipettor tips. A new faster and more versatile production line for electronic pipettors went online in Kajaani in 2007.

Investments in Kajaani also include new equipment used in the manufacture of pipettor tips and tip packaging. Demand for disposable pipettor tips rose during 2007, and this new equipment will ensure that the company can meet this increase in a cost-effective manner.

A new logistics centre was opened near the Kajaani plant in 2007. Finished products will be delivered to customers on a centralised basis from the new centre with the aim of reducing delivery times and increasing cost-effectiveness.

The production plant in Suzhou, China primarily assembles pipettors for the growing Asian market.

The Helsinki plant specialises in manufacture of components, prototypes and speciality products.

Diagnostics production is also centralised at the Helsinki plant, which has extendable and up-to-date clean rooms for the manufacture of reagents.

Production	2007
Total investments	EUR 2.1 million
Percentage of net sales	6.4%

Quality production a trump card as competition heats up

The main goal of Biohit's production chain is to ensure the highest-quality and most cost-effective production and delivery possible. The company's strengths are its extensive product range, modular products, and versatile, cutting-edge production technology.

Biohit manufactures almost all of its products itself, using demanding raw materials and injection mould tools based on state-of-the-art technology. The company controls production technology, costs, and quality.

Strict quality control is an essential aspect of production strategy. 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.

ISO 13485 quality standards, which cover the manufacture of medical equipment and diagnostics kits, set clear goals for production organisation. Det Norske Veritas has been granted Biohit ISO 13485 certification, which covers the entire process from research and development to product sales and marketing.

Production design and logistics focuses on total process management with the aim of ensuring correct production timing from the initial order to delivery of the finished product.

Quality

Biohit has focused on top-quality products and operations from the outset. Not only authorities but also customers have high quality requirements. That's why all of Biohit's products comply with strict ISO 13485 quality standards.

A significant proportion of Biohit's customer base consists of those in either the healthcare industry or industries producing healthcare products and services. OEM co-operation with large partners is also one area that requires continual investment in quality system development.

In 2007, Biohit focused on enhancing product lifecycle management and comprehensive quality assurance. This included the introduction of the ISO 13485 quality standards for medical equipment manufacture at the plant in China. Biohit has also started up a certification process encompassing ISO 9001, ISO 13485 and ISO 14001 in China, and expects to complete this process this year.

Biohit's high quality is founded on its expert staff, innovative product development, and a well-managed production chain. The company pays attention to every lifecycle phase during the development of its products and processes. Top-quality, traceability and environmental friendliness throughout a product's entire lifecycle is one of the company's strategic choices

In addition to product expertise, the whole production chain is also well-managed and documented right up to delivery. Additionally, material expertise, product development, and traceability are vital aspects that companies focusing on cheap manufacturing lack.

This is evident in, for example, pipettor tips, which are generally bought in large batches and whose annual production volumes are in the hundreds of millions. The quality of tips is measured at Biohit's plants using the company's own methods, including automated optical inspection. Tip sterility is tested and verified on a batch-by-batch basis by an independent laboratory. The sterility of all equipment and samples is vital in many scientific fields, as contamination can lead to misleading research results.

The development and manufacture of Biohit's products comply with the international ISO 9001, ISO 13485, ISO 17025 and ISO 14001 quality and environmental standards. All of Biohit's products are also CE/IVD (*In Vitro* Diagnostics) registered and approved.

Precise calibration

Top quality throughout a product's lifecycle is also ensured through maintenance and appropriate training. Instruction is given on how to use equipment and to correctly maintain and repair pipettors. If customers do not have their own service personnel, either Biohit or one of the company's trained partners will handle the technical service. Biohit can maintain its own pipettors for several years after products have been removed from the market.

Instrument calibration is an important aspect of maintenance. Comprehensive calibration ensures that equipment performance meets both rising quality assurance regulations and the increased accuracy required in liquid handling. The technical competence requirements for calibration are based on the international ISO 17025 quality standard.

Biohit has accredited calibration laboratories in Finland, France and the UK. The accreditation procedure is based on international standards and enables reliable identification of credible laboratories providing competent performance testing. Thanks to its experience, Biohit is also able to offer assistance to distributors wanting to accredit their own calibration services. There are currently only a few accredited calibration laboratories for liquid handling products in the world.

BIOHIT ISO 9001 / 13485 / 14001 CERTIFIED

CE IVD

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

The Environment

Biohit pays particular attention to the environmental impact of its operations. The company aims to develop and manufacture products that are safe to use and will cause as little environmental loading as possible throughout their entire life cycles.

Biohit introduced a revamped environmental programme in 2007. The programme aims to reduce electrical energy consumption and the amount of mixed waste generated, while simultaneously increasing energy waste recycling. All areas have experienced clear improvements.

The majority of waste is generated by the company's production facilities, which is why Biohit has invested not only in recycling but also in new production technologies that generate less waste. The amount of raw materials used in relation to the amount manufactured also decreased notably during 2007. This was partially thanks to the acquisition of state-of-the-art production technology, which is able to make more effective use of raw materials.

Biohit complies with certified ISO 14001 environmental standards. At the design stage, Biohit looks into ways of reducing the hazardous substances and materials used in its products. Environmental efficiency in logistics is sought by minimising the amount of transportation required.

Biohit chooses materials that will load both the environment as little as possible and be suitable for use in waste-to-energy facilities. For example, pipettor tips and packaging are manufactured from one hundred per cent recyclable materials. The majority of the plastic waste derived from the company's plants also goes for reuse. Production processes do not use hazardous substances such as paints or solvents, and are in themselves very clean.

As a manufacturer of electronic liquid dispensers and a member of SELT Association (Electrical and Electronics Equipment Producers' Entity), Biohit complies with the European WEEE and RoHS Directives. These directives seek to reduce the amount of hazardous electrical and electronic waste generated and also promote the reuse and recycling of electrical and electronic products and waste.

Biohit has also been member of PYR Ltd (The Environmental Register of Packaging) since 2004.

The use of hazardous substances in the diagnostics business is minimal. Any hazardous waste that poses a risk of infection is separately delivered to partners specialised in the processing of such waste.

Standard	Use	Where applied	Certified by
ISO 9001	General international quality standards	In all of Biohit's operations in Finland and China.	Det Norske Veritas The certification process is currently ongoing in China.
ISO 13485	Quality standards for the manufacture of medical equipment. Complies with the European Union IVD Directive (*In vitro* diagnostics).	In all of Biohit's operations in Finland Taken into use in China in 2007	Det Norske Veritas The certification process is currently ongoing in China.
ISO 14001	International environmental standards.	In all of Biohit's operations in Finland and China.	Det Norske Veritas The certification process is currently ongoing in China.
ISO 17025	General competence standards for testing and calibration. An accredited pipettor calibration laboratory (K041) that calibrates pipettors in accordance with strict technical requirements.	Finland France The UK	FINAS (K041) COFRAC (2-1513) UKAS (0698)

Board Of Directors


Reijo Luostarinen


Peter B. Coggins


Tero J. Kauppinen


Osmo Suovaniemi


Mårten Wikström

REIJO LUOSTARINEN, born in 1939
DSc (Econ.), Professor

Chairman and independent member of the Board of Biohit Oyj 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.

PETER B. COGGINS, born in 1948
PhD (Univ. of London)

Independent member of the Board of Biohit Oyj since 2006
International co-operation and marketing
Other relevant experience:
Advisor at PerkinElmer Inc., previously CEO of the company. Member of HRSA (advisory committee to the US Secretary of Health on newborn screening). President of the Analytical & Life Science Systems Association. Worked previously for Labsystems Oy in Finland and the UK, and for Amersham in the US.

TERO J. KAUPPINEN, born in 1949
MSc (Soc. Sc.) , PhD (Hon.)

Independent member of the Board of Biohit Oyj since 2006
Strategic planning
Other relevant experience:
Developed the Vision In Action management model. Founder of Leadership Academy and a sought-after lecturer. Over 30 years experience of management consultancy, specialised in management strategies and change management, as well as customer relationship management.

OSMO SUOVANIEMI, born in 1943
MD, PhD, Professor

Founder, President and CEO, and non-independent member of the Board of Biohit Oyj
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.

MÅRTEN WIKSTRÖM, born in 1945
MD, PhD, Professor

Independent member of the Board of Biohit Oyj since 1997
Development of co-operation with the scientific and research communities
Other relevant experience:
Professor of Physical Biochemistry at the University of Helsinki; Academy professor between 1996 and 2006. 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.

PETER TCHERNYCH, born in 1957
MSc (Econ.), LLM

Independent member of the Board of Biohit Oyj since 2003, resigned from his Board member duties due to changes in his main occupation in October 2007
International sales and marketing as well as trade and financing
Other relevant experience:
Position of Senior Vice President in the GE Health Care Projects unit. 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. Export Manager for Partek Group.

Information on shareholdings in this Annual Report on page 20 and on Internet www.biohit.com

Management Teams


Osmo Suovaniemi


Jussi Heiniö


Jukka Yli-Hankala


Seppo Riikonen


Mikko Patrakka


Erkki Vesanen


Kalle Härkönen


Lea Paloheimo


Panu Hendolin

Both Management Teams:

OSMO SUOVANIEMI, born in 1943
MD, PhD, Professor
Founder, President and CEO of Biohit

Prior to Biohit: Founder, President and CEO of Labsystems Oy and Eflab Oy.

JUSSI HEINIÖ, born in 1962
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.

JUKKA YLI-HANKALA, born in 1971
MSc (Econ.)
Accounting and Finance
With Biohit since 2006

Prior to Biohit: In financial management, business controller and analyst duties at Deere & Company, S-Group and Tax Authorities.

SEPPO RIIKONEN, born in 1957
Measurement and Adjustment Technician, diploma in marketing from the Institute of Marketing
Quality Systems and Information Technology
With Biohit since 1989

Prior to Biohit: Service Manager at Nordion Instruments Oy. Service Technician at Oriola Oy. Project Technician at Orion Analytica Oy.

Liquid handling:

MIKKO PATRAKKA, born in 1970
MSc (Industrial Mgmt)
Sales and Marketing
With Biohit since 2007

Prior to Biohit: Account and Business Manager at Okmetic Inc. (Texas). Sales Manager at IBM Global Services. Account Director and Marketing Manager at Tellabs International. Account Manager at Tecnomen Oyj.

ERKKI VESANEN, born in 1956
MSc (Engineering, Electronics)
Research and Development
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.

KALLE HÄRKÖNEN, born in 1968
MSc (Agr. & For.)
Production
With Biohit since 2001

Prior to Biohit: Factory Manager at Delipap Oy and several positions at the packaging factory Tetra Pak Oy.

Diagnostics:

LEA PALOHEIMO, born in 1951
PhD (clinical biochemistry), Hospital Chemist,
"Quality and Leadership" program at the Danish Technical Institute
Business development
With Biohit since 2001

Prior to Biohit: Chemist at Huslab. Area Sales Manager at Dasico a/s. PhD and post-doctoral work at University of Copenhagen. Research Scientist at Orion Diagnostica (Orion Yhtymä Oy). Clinical chemist at United Laboratories Ltd. in Helsinki (Yhtyneet Laboratoriot Oy).

PANU HENDOLIN, born in 1971
MSc (biotechnology), PhD (molecular medicine)
Research and Development
With Biohit since 2007

Prior to Biohit: Technical Product Manager at Jurilab Ltd: R&D, performance testing, customer training and marketing support. Researcher at Universities of Kuopio and Helsinki

***KEES HEIJE**, International Sales and Marketing*
Resigned in January 2008

***ERIK FORSBLOM**, R&D and Production*
Resigned in August 2007

Management of subsidiaries

UK: Biohit Ltd.
Richard Vaughton, Managing Director since 1992

Japan: Biohit Japan Co, Ltd.
Hideaki Mizoguchi, Managing Director since 2006

China: Biohit Biotech (Suzhou) Co., Ltd.
Eirik Pettersen, Managing Director since 2006

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

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

Shareholdings on 31 December 2007

Name	Position	Series A shares	Series B shares
Reijo Luostarinen	Chairman of the Board	10,000	68,000
Osmo Suovaniemi	Member of the Board, President & CEO	2,265,340	965,207
Seppo Riikonen	Management Team Member	-	11,520
Erkki Vesanen	Management Team Member	-	4,260
Kalle Härkönen	Management Team Member	-	4,333

Only those members of the company's management who own Biohit Oyj shares are listed. The list contains privately owned shares.

Compensations to the management

Management salaries and fees paid to the operating management

The remuneration paid to President and CEO Osmo Suovaniemi, including benefits and Board fees, totalled EUR 251 thousand in 2007 (EUR 260 thousand in 2006 and 142 thousand in 2005).

The salaries of the Managing Directors of the company's subsidiaries totalled EUR 712 thousand (EUR 635 thousand in 2006 and 515 thousand in 2005).

Remuneration paid to other Management Team members totalled EUR 827 thousand (EUR 799 thousand in 2006 and EUR 648 thousand in 2005).

Remuneration paid to members of the Board

During the financial year that ended on 31 December 2007, remuneration paid to the members of the Board totalled EUR 186 thousand (EUR 198 thousand in 2006 and EUR 74 thousand in 2005).

Board meetings

The Board of Directors met 12 times in 2007. The average turnout was 71%.

Auditors and their fees

On 23 April 2007, the Annual General Meeting of Biohit Oyj chose authorised public accountants PricewaterhouseCoopers Oy as auditor and decided that the company's fee was to be paid on the basis of the invoice issued. APA Hannele Selesvuo is the head auditor.

Invoiced auditors' fees for the 2007 financial year totalled EUR 163 thousand (EUR 152 thousand in 2005). Authorised public accountants PricewaterhouseCoopers Oy has also been paid EUR 15 thousand (EUR 13 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.

Management's ownership

On 31 December 2007, members of the Board and the President and CEO owned a total of 2,275,340 series A shares and 2,308,038 series B shares. These represent 35.4% of all shares and 55.0% of votes conferred.

Detailed information on the personal share ownership of members of the Board and Management Team is presented on pages 20 of this Annual Report, and also on the company's website.

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 Helsinki Exchanges, 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 management. 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 Teams

The duty of the Management Teams (MTs) 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 MTs comprise the president and CEO and the directors of the different functional areas of the Group. The following business functions are represented in the MTs: Sales and Marketing, Production, Finance, Research and Development, Administration, and Quality Systems.

The president and CEO appoints the members of the Management Teams 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 MTs need to be based on written agreements, the terms of which have been clearly stated. The terms of remuneration of the MTs 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 MTs assist 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 MTs.

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.

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.

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 main objective of Biohit's risk management policy is to identify major risks associated with the Group's business operations and business environment. The cost-effective management and monitoring of these risks will then ensure that the company's strategic and operational targets can be reached as intended.

The Board of Directors carries the main responsibility for the company's risk management policy and monitoring its implementation. The president and CEO's task is to work with the parent company's operative management and subsidiaries' managements to ensure that the Group's risk management is properly organised. The parent company's operative management is responsible for identifying and managing the risks involved within business areas, while subsidiaries' managements are responsible for those in their own market areas.

Read more about business risks in the Report of the Board of Directors on pages 29-31 of this annual report.

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.

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Biohit develops and manufactures laboratory devices and equipment as well as diagnostic tests and analysis systems for use in research institutions, healthcare and industrial laboratories. Biohit operates in two business areas: the liquid handling business and the diagnostics business. The company is developing both its business areas as separate units with a view to growing into a profitable and leading global supplier in both product areas.

Biohit employs approximately 350 people in eight countries. The company has production facilities in Finland (Kajaani and Helsinki) and China (Suzhou). Its subsidiaries in Germany, France, the United Kingdom, Russia, China, Japan and the United States focus on product sales and marketing. Biohit's products are also sold through about 450 distributors in 70 countries.

Biohit's Series B share (trading code BIOBV) is quoted on the Helsinki Stock Exchange's Nordic List (OMX) in the Small cap/Healthcare group.

Net sales

The Biohit Group's full-year net sales totalled EUR 32.8 million (EUR 31.4 million in 2006, EUR 28.7 million in 2005), representing a rise of 4% on 2006.

Sales and maintenance of liquid handling products once again accounted for 95% of net sales.

The net sales of the liquid handling business amounted to EUR 31.1 million (EUR 29.5 million in 2006, EUR 27.1 million in 2005) and the net sales of the diagnostics business to EUR 1.7 million (EUR 1.9 million in 2006, EUR 1.5 million in 2005).

Full-year net sales trends did not meet the company's expectations. Although strong sales growth continued in Russia throughout 2007, establishing distribution networks in China and Japan has progressed more slowly than expected. The exceptionally strong euro has also had an adverse effect on the Biohit Group's net sales.

Result

The operating loss was EUR 0.5 million, representing -1.4% of net sales (2006: operating loss EUR 0.1 million, -0.5% of net sales; 2005: operating loss EUR 0.0 million, -0.1% of net sales). The loss for the financial year totalled EUR 1.5 million, or -4.6% of net sales (2006: loss EUR 0.8 million, -2.7% of net sales; 2005: loss EUR 0.2 million, -0.8% of net sales).

The operating profit of the liquid handling business amounted to EUR 2.5 million (operating profit EUR 2.2 million in 2006, operating profit EUR 2.3 million in 2005), while the operating loss of the diagnostics business totalled EUR 2.9 million (operating loss EUR 2.4 million in 2006, operating loss EUR 2.3 million in 2005).

Return on equity was -11.9% (-6.1 % in 2006, -1.6 % in 2005).

Earnings trends have been adversely affected by weaker than expected sales growth, especially in the Asian market. The company has revised its procedures for determining the obsolescence of inventories, particularly with respect to material and component inventories. This weakened the company's result for the financial year by about EUR 0.5 million compared to 2006.

The result was further impacted by the year-on-year increase in personnel expenses and financing costs. The company's result for 2007 also contains EUR 0.4 million in currency exchange losses (losses of EUR 0.4 million in 2006 and gains of EUR 0.2 million in 2005).

During the last quarter of 2007, the company has conducted evaluations for each of the Group's companies on the possibility of utilising confirmed losses in the coming years. Deferred tax assets have only been entered for those confirmed losses that the company's management considers can be utilised. This, combined with the continued good profitability of certain subsidiaries, caused income taxes to rise by EUR 0.2 million on the previous year.

Balance sheet

On 31 December 2007, the balance sheet total was EUR 27.3 million (EUR 27.3 million in 2006, EUR 27.9 million in 2005). The equity ratio was 43.6% (49.4% on 31 Dec. 2006, 51.5% on 31 Dec. 2005). The fall in the equity ratio was primarily due to an increase in non-current liabilities and the loss for the reporting period.

Liquidity

Cash flow from operating activities during the financial year was EUR 1.1 million (EUR 0.2 million in 2006, EUR 0.7 million in 2005). At the end of the financial year, the Group's liquid assets totalled EUR 1.1 million (EUR 0.9 million in 2006, 1.7 million in 2005). The company acquired EUR 2.5 million in new long-term financing in 2007. Interest-bearing liabilities totalled EUR 9.1 million (EUR 7.7 million in 2006, EUR 8.2 million in 2005). Current ratio was 2.3 (2.2 in 2006, 2.9 in 2005).

Research and development

Research and development expenditures amounted to EUR 2.0 million in 2007 (EUR 1.7 million in 2006, EUR 1.6 million in 2005), representing 6% of net sales (5% in 2006, 6% in 2005). EUR 0.4 million (EUR 0.3 million in 2006, EUR 0.1 million in 2005) in development expenditure was capitalised during the financial year.

Investments

Gross investments during the financial year totalled EUR 2.1 million (EUR 1.9 million in 2006, EUR 2.0 million in 2005). Investments were primarily for increasing production capacity and the purchase of equipment used in the manufacture of liquid handling products in Kajaani.

Personnel

The average number of Group personnel during the financial year was 352 (310 in 2006, 295 in 2005). Of these, 178 (162 in 2006, 162 in 2005) were employed by the parent company and 174 (148 in 2006, 133 in 2005) by subsidiaries. The Biohit Group's salaries and bonuses for the financial year totalled EUR 11.6 million (EUR 10.6 million in 2006, EUR 9.4 million in 2005).

Administration

The Annual General Meeting held on 23 April 2007 decided that the Board of Directors should be comprised of six members. The AGM appointed Reijo Luostarinen, Osmo Suovaniemi, Peter Tchernych, Mårten Wikström, Tero J. Kauppinen and Peter B. Coggins as members of the Board. The Board reappointed Reijo Luostarinen as Chairman. Member of the Board Peter Tchernych resigned from his administrative duties in October 2007 due to changes in his work situation.

Professor Osmo Suovaniemi is the company's President and CEO.

The AGM appointed authorized public accountant PricewaterhouseCoopers Oy as auditor.

The liquid handling business

The liquid handling business' product range consists of mechanical and electronic liquid dispensers as well as disposable tips. The company also offers maintenance, calibration and training services for its liquid handling products through its distribution network.

The total global market potential for pipettors and disposable tips is about EUR 600 million per annum. North America and Europe are the major market areas.

The company estimates that the total market has increased by an average of about 5% over the last few years. Although growth has slowed in western countries, total pipettor market growth is faster than average in emerging markets. Pipettor tip consumption is increasing by a good five per cent a year.

The sales of the Biohit Group's liquid handling business rose by 5% on the previous year. Except in the Asian market, trends in the liquid handling business have been in line with expectations. Liquid handling accounted for 95% of the company's total net sales. During the financial year just ended, Biohit has succeeded in growing its sales of disposable tips in particular. The maintenance business has also been experiencing growth.

Major events of the financial year

In 2007, Biohit continued to develop its distribution network in order to bolster the company's position in its main market areas. During the financial year, Biohit and VWR International entered into an agreement concerning the distribution of liquid handling products in Europe. Efforts to build up a distribution network in China and Japan also continued.

Biohit's outlays on product development and the company's focus on close co-operation with customers brought results during 2007. For example, the company launched a brand new mechanical pipettor range – Proline Plus – and began deliveries of integratable rLINE dispenser modules to its OEM customers. Biohit has also been focusing on further developing liquid handling technology.

The company also continued in its efforts to develop more cost-effective production processes by, for example, investing in increased production capacity and new equipment for use in liquid handling product manufacture. Biohit focused on enhancing logistics and clarified the roles of its production units, too. Thanks to a new environmental programme, Biohit also achieved a clear reduction in electrical energy consumption and the amount of waste generated by production.

The diagnostics business

Biohit's diagnostics business develops, manufactures and markets products and analysis systems primarily for the diagnosis, screening and prevention of diseases of the gastrointestinal tract. Its product range includes the GastroPanel and GastroView examinations for primary

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healthcare; lactose intolerance and *Helicobacter pylori* quick tests for specialised healthcare; and instruments and analysis systems for laboratories. The company also runs service laboratories in Finland and the UK.

GastroPanel and GastroView are new, unique products. There are no comparable, competing products on the market. They are used by hospitals, service laboratories and private practices. These affordable and reliable examinations have excellent potential for introduction into State-funded routine tests and screenings.

Operating in the diagnostics market are both large global companies and more specialised companies, such as Biohit. Proactive sales efforts and marketing and strong partners specialising in diagnostics are required if Biohit is to realise the substantial market potential of its diagnostics products.

The sales of the diagnostics business have not met growth expectations. Sales fell by 11% on 2006. This fall is primarily due to a decline in instrument sales (EUR 0.6 million in 2007, EUR 0.8 million in 2006). During the financial year, Biohit has been focusing on higher-margin kit sales (at the same level as in 2006). The diagnostics business accounted for 5% of the company's total net sales.

Major events of the financial year

During the financial year, Biohit continued its focus on developing operations in line with the strategy. In order to meet sales targets, Biohit has been co-operating with local distribution experts. Biohit has been systematically building up a distribution network in China and other main market areas during 2007.

Slow progress in obtaining approvals from the relevant authorities is one major challenge faced by the company. This includes extended approval procedures by the US Food and Drug Administration (FDA) for GastroPanel's Pepsinogen I and II tests. Authorisation is, however, expected during the first half of 2008. Although the Gastro-Panel examination has already received market authorisation from the SFDA (China's State Food and Drug Administration), it must also receive separate price approvals from local authorities in each province. This approval process has progressed more slowly than expected.

In 2007, Biohit began marketing its diagnostics products directly to consumers. Biohit's subsidiary in the UK began marketing and selling the GastroView examination through a pharmacy chain with the aim of expanding co-operation to include several pharmacy chains. In Finland, Biohit began trial marketing of its XyliCyst chewing gum. Sales of this functional food product did not have a significant impact on the company's net sales for 2007. The company's other functional food products (BioCyst, BioFood) are still under development.

Product development has included both product enhancement and close co-operation with scientific experts to create products for new applications. The GastroMate product development project launched in 2004 has progressed during the financial year. The liquid handling technology used in the GastroMate analyser has opened up growth potential in the OEM business. The company has therefore been focusing on realising the business opportunities presented by GastroMate's liquid handling technology, which has in turn led to delays in the GastroMate project.

Plans to spin off the diagnostics business

In January 2007, Biohit Oyj's Board of Directors decided to investigate the possibility of spinning off the company's diagnostics business into a separate limited company with its own equity funding in order to boost international marketing and distribution.

The decision forms part of the company's new strategy, which aims to clarify the differences and synergies between its business areas and derive the full benefit from their strengths, as well as to boost the Group's business as a whole and improve earnings.

The analysis was still ongoing at the end of the financial year.

Shares and shareholders

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. However, the dividend paid for Series B shares is higher than that paid for Series A shares by two (2) per cent of its nominal value.

In the event of the dissolution of the company through a merger or other reason, Series A and B shareholders have an equal right to an equally-sized portion of the compensation paid for the dissolution. If a Series A share is transferred to a Series B shareholder or a new external shareholder, the shareholder receiving the share must notify the Board of Directors without delay and the Series A shareholder has the right to buy back shares in accordance with the provisions of the Articles of Association.

Distribution of the company's share capital by share type:

	2007		2006	
	No.	EUR	No.	EUR
Series A shares (20 votes/share)	3,875,500	658,835	3,875,500	658,835
Series B shares (1 vote/share)	9,062,127	1,540,562	9,062,127	1,540,562
Total	12,937,627	2,199,397	12,937,627	2,199,397

Liquidity provision for Biohit Oyj's share

During the financial year, Biohit Oyj and Swedish company Remium AB signed a market making agreement in accordance with the guidelines laid down by the Helsinki Stock Exchange on 5 April 2004. Market making began on 1 June 2007 and remains in force indefinitely with a one (1) month period of notice.

The contract aims to secure liquidity of the Biohit Oyj share and maintain a narrow spread between the bids and offers on Biohit Oyj shares.

Convertible bonds

On 27 October 2005, Biohit Oyj floated an issue of convertible bonds targeted at professional investors in Finland. The subscription value of the convertible bond on the date of issue was EUR 4,050,000. Annual fixed interest of 6.5% is paid on the capital of the convertible bond, which 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. Conversion can be carried out from 28 October 2005 – 28 October 2010. No bonds were converted into shares during the financial year.

The main terms of the convertible bonds are presented in the Notes to the Financial Statements.

Capital loans

Biohit's principal shareholders and the State Treasury have granted the company a capital loan of EUR 1.2 million for product and other business-related development. The accumulated interest on the capital loan at 31 December 2007 totals EUR 0.7 million. The loan meets the provisions laid down in Chapter 12 of the Finnish Companies Act. The main terms of the loan are presented in the Notes to the Financial Statements.

Short-term risks and uncertainty factors

The key goal of Biohit's risk management strategy is to identify and analyse major risks, and to cost-effectively minimise the financial losses resulting from any risks that are realised.

The Board of Directors carries the main responsibility for the company's risk management policy and monitoring its implementation. The president and CEO's task is to work with the parent company's operative management and subsidiaries' managements to ensure that the Group's risk management is properly organised. The parent company's operative management is responsible for identifying and managing the risks involved within business areas, while subsidiaries' managements are responsible for those in their own market areas.

In addition to the customary risks involved in international operations – such as quality, commodity, exchange rate, accident, information security and personnel risks – Biohit's risk management has focused on analysing and minimising the following risks:

In line with Biohit's strategy, both of the company's business segments have made substantial investments in the Asian market in order to build up a distribution network in China and Japan. Developing the distribution network with the available resources has, however, proven slower than anticipated. Therefore, there is a risk that the earnings targets for Biohit's Asian units will not be met in full, which will also weaken the entire Group's profitability. The company intends to minimise this risk by, for example, developing the organisations of these units and bolstering their capabilities to operate in these emerging markets.

The liquid handling business involves strategic risks arising from the fact that market growth in liquid handling products in western countries has levelled out and price competition has become more severe, especially in emerging markets. Falling prices place cost pressures on production and logistics. Biohit has taken various precautions to meet these challenges. They include developing Group-wide production processes that are as cost-effective as possible and establishing a production facility in China to primarily serve China and its surrounding markets.

The market penetration of Biohit's diagnostics products has taken longer than expected. If sales of diagnostics products do not rise in line with expectations, this will also weaken the profitability of the Group as a whole. The failure of the diagnostics business to meet its growth expectations could also lead to a EUR 2.5 million impairment of goodwill associated with the GastroPanel examinations (gastrin-17, *Helicobacter pylori* antibodies, Pepsinogen I and II). Sales growth in

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the United States has been hampered by the fact that GastroPanel's Pepsinogen I and II tests have yet to obtain the requisite Food and Drug Administration (FDA) approval. Biohit expects this approval to be granted during the first half of 2008. Any delay in this process could weaken the product's sales prospects and have an adverse impact on net sales trends throughout the diagnostics business. The company intends to minimise this risk by working in close co-operation with, for example, its US and Finnish scientific advisors and by maintaining proactive contact with the FDA. Other measures to minimise this risk include outlays to promote sales in markets outside the United States – China, Russia, the UK and Italy in particular.

Growing cost pressures in the liquid handling business and the outlays required in the diagnostics business give rise to financial risks whose management requires the optimisation of operational cost structure and the correct allocation of resources. Liquidity risk management aims to safeguard the Group's financing in all situations. The Group's liquid assets at the closing date totalled EUR 1.1 million. The continued negative earnings trend has weakened the company's liquidity. If trends in the Group's profitability are weaker than expected, this could have an adverse effect on liquidity. The company has aimed to ensure sufficient financing by launching an investigation into the feasibility of a sale and lease back arrangement at its Kajaani factory property. This analysis is still ongoing and the results should be available during the first half of 2008, when any potential transaction would also be made.

More information on financial risks and their management is presented in Section 2.25 of the Notes to the Financial Statements.

Outlook for 2008

The increase in net sales of Biohit's liquid handling products is expected to continue during 2008. Net sales growth in traditional liquid handling products in Europe will, however, be more moderate than in other market areas. Good sales growth is expected in North America, Russia and, in particular, emerging Asian markets. In addition to traditional liquid handling products, the company will continue to focus on developing its tailor-made, that is, OEM, product business. This is expected to have a favourable impact on the company's net sales and profitability trends during 2008.

In 2008, net sales of diagnostics products are expected to increase in the Chinese, Russian and European markets in particular. Sales growth in North America is dependent on the duration of the FDA's approval process. If approval is received on schedule, this will pave the way for increased sales of diagnostics products in the North American market area, too.

Biohit's outlays on liquid handling products in the Asian market coupled with its investments in boosting the sales growth of diagnostics products will continue to burden the company's earnings in 2008. The operating result will be dependent on the success of these strategic choices and the measures used to implement them.

Events after the close of the financial year

The codetermination negotiations launched in August 2007 ended on 15 January 2008. The company has, however, decided not to implement the planned lay-offs. Towards the end of the financial year, Biohit scaled down other expenses and investments. The

number of personnel affected by the lay-off plan has also declined. The company intends to continue enhancing the entire Group's profitability by boosting sales and marketing and whittling down expenses as much as possible.

The board of directors' proposal for the disposal of earnings and distribution of other non-restricted equity

The parent company's distributable funds amount to EUR 8.6 million, which comprises non-restricted equity of EUR 12.2 million and an accumulated loss of EUR 3.7 million. The Board of Directors proposes that no dividend be paid and that the EUR 2,038,972.37 loss for the financial year be transferred to retained earnings.

Information required by current legislation, such as key financial and per-share figures, and information on share turnover, share price trends and related party transactions, are presented in the Notes to the Financial Statements.

Consolidated income statement

EUR 1,000	Note number	1 Jan - 31 Dec 2007	1 Jan - 31 Dec 2006
Net sales	2.3	32,751	31,408
Other operating income	2.4	94	35
Change in inventories of finished goods and work in progress		257	945
Materials and services	2.5	-6,954	-7,370
Employee benefit expenses	2.6, 2.9	-14,140	-12,738
Depreciation	2.7	-1,815	-1,775
Other operating expenses	2.8, 2.9	-10,650	-10,647
Operating result		-458	-143
Financial income	2.10	61	147
Financial expenses	2.10	-719	-611
Profit before taxes		-1,116	-607
Income taxes	2.11	-386	-232
Result for the period		-1,502	-839
Distribution			
To equity holders of the parent company		-1,502	-839
Minority interest		-	-
Total		-1,502	-839
Earnings per share are calculated from the earnings attributable to equity holders of the parent company.			
Earnings per share, undiluted, EUR	2.12	-0.12	-0.06

The notes are an integral part of the financial statements.

Consolidated balance sheet

EUR 1,000	Note number	31 Dec 2007	31 Dec 2006
ASSETS			
NON-CURRENT ASSETS			
Goodwill	2.13	2,638	2,638
Intangible assets	2.13	1,494	1,576
Tangible assets	2.14	7,203	6,855
Financial assets	2.15, 2.18	9	11
Deferred tax assets	2.16	1,954	2,099
Total non-current assets		13,297	13,179
CURRENT ASSETS			
Inventories	2.17	5,622	5,772
Trade and other receivables	2.15, 2.18	6,385	6,663
Financial assets recognised at fair value through profit or loss	2.15	923	856
Cash and cash equivalents	2.15, 2.19	1,109	850
Total current assets		14,040	14,141
TOTAL ASSETS		27,337	27,320
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent company			
Share capital	2.20	2,199	2,199
Share premium fund	2.20	174	174
Translation differences	2.20	53	125
Fund for investments of non-restricted equity	2.20	12,230	12,230
Retained earnings		-2,814	-1,312
Total equity		11,842	13,415
NON-CURRENT LIABILITIES			
Deferred tax liabilities	2.16	82	95
Pension obligations	2.21	53	45
Interest-bearing liabilities			
Capital loans	2.15, 2.23	880	880
Other interest-bearing liabilities	2.15, 2.23	7,380	5,437
Total interest-bearing liabilities	2.15, 2.23	8,260	6,317
Other liabilities	2.15, 2.24	929	969
Total non-current liabilities		9,324	7,427
CURRENT LIABILITIES			
Trade payables	2.15, 2.24	1,419	1,798
Provisions	2.22	-	56
Current interest-bearing liabilities			
Capital loans	2.15, 2.23	363	363
Other interest-bearing liabilities	2.15, 2.23	503	1,019
Total interest-bearing liabilities	2.15, 2.23	866	1,383
Other liabilities	2.15, 2.23	3,887	3,242
Total current liabilities		6,172	6,479
Total liabilities		15,495	13,905
TOTAL EQUITY AND LIABILITIES		27,337	27,320

The notes are an integral part of the financial statements.

Consolidated statement of changes in shareholders' equity

		Equity attributable to the equity holders of the parent company					
EUR 1,000	Note number	Share capital	Share premium fund	Translation differences	Fund for investments of non-restricted equity	Retained earnings	Total equity
Equity, 1 Jan 2006		**2,199**	**13,016**	**121**	**-**	**-1,086**	**14,250**
Translation differences	2.20	-	-	4	-	-	4
Dissolution of the share premium fund	2.20	-	-12,842	-	12,230	613	-
Result for the period		-	-	-	-	-839	-839
Equity, 31 Dec 2006		**2,199**	**174**	**125**	**12,230**	**-1,312**	**13,415**
Translation differences	2.20	-	-	-72	-	-	-72
Dissolution of the share premium fund	2.20	-	-	-	-	-	-
Result for the period		-	-	-	-	-1,502	-1,502
Equity, 31 Dec 2007		**2,199**	**174**	**53**	**12,230**	**-2,814**	**11,842**

The notes are an integral part of the financial statements.

Consolidated cash flow statement

EUR 1,000	Note number	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES			
Result before taxes		-1,116	-607
Adjustments for:			
Depreciation according to plan	2.7	1,815	1,775
Other adjustments	2.26	602	521
CHANGE IN WORKING CAPITAL			
Increase (-) or decrease (+) in trade and other receivables		280	-542
Increase (-) or decrease (+) in inventories		149	-1,188
Increase (+) or decrease (-) in current non-interest-bearing liabilities		218	748
Interest and other financial items paid		-537	-432
Interest received		4	112
Dividends received		1	-
Income taxes paid		-372	-174
Net cash flow from operating activities		1,044	212
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets		-2,062	-1,796
Proceeds from sales of tangible and intangible assets		16	3
Investments in funds and deposits		-1,200	-
Capital gains from investments in funds and deposits		1,110	2,571
Dividends received from investments		-	1
Net cash flow from investments		-2,136	778
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in long-term borrowings		2,494	127
Finance leasing debts paid		-206	-194
Repayments of long-term borrowings		-916	-827
Net cash flow from financing activities		1,372	-894
Increase (+) or decrease (-) in cash and cash equivalents		281	97
Cash and cash equivalents at the beginning of the period		850	745
Effect of exchange rates on cash and cash equivalents		-22	9
Cash and cash equivalents at the end of the period	2.19	1,109	850

The notes are an integral part of the financial statements.

2 Notes to the consolidated financial statements

2.1 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, healthcare 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 headquarters, address Laippatie 1, Helsinki, Finland.

At its meeting on 28 March 2008, Biohit Oyj's Board of Directors approved the financial statements for publication.

2.2 Accounting policy applied in the financial statements

Accounting policy

These financial statements have been prepared 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 2007 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.

The consolidated financial statements have been drawn up on the basis of original acquisition costs, with the exception of available-for-sale investments and financial assets and liabilities measured at fair value through profit or loss. The figures in the financial statements are presented in thousands of euros.

When financial statements are prepared in accordance with IFRS, the Group's management must make estimates and exercise judgement in the application of accounting policies. The note 'Accounting principles requiring judgements by management and key sources of estimation uncertainty' provides information on the judgements that have been 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.

New or amended IFRS standards and IFRIC interpretations adopted by the Group in 2007

- *IFRS 7, Financial Instruments: Disclosures, and an Amendment to IAS 1, Presentation of Financial Statements.* The adoption of this standard and amendment increases the information that must be presented in notes relating to financial instruments. The standard requires qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. Market risk information must include a market risk sensitivity analysis. The Amendment to IAS 1 requires disclosures concerning the level of an entity's capital and its capital management. The notes required by these standards have been added to the consolidated financial statements.
- *IFRIC 8, Scope of IFRS 2.* If an entity grants its own equity instruments for consideration that is less than the fair value of the instruments granted, this interpretation requires assessment of whether or not IFRS 2 is applicable to the transaction. This interpretation has no effect on the consolidated financial statements.
- *IFRIC 10, Interim Financial Reporting and Impairment.* This interpretation states that certain impairment losses that have been recognised in an interim financial statement must not be reversed in subsequent interim or annual financial statements. This applies to impairment losses on goodwill, available-for-sale investments classed as equity instruments, and unquoted equity instruments whose acquisition costs have been entered in the balance sheet. This interpretation has no effect on the consolidated financial statements.

New or amended IFRS standards and IFRIC interpretations that came into force in 2007 but do not have an effect on the consolidated financial statements

- *IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies;*
- *IFRIC 9, Reassessment of Embedded Derivatives.*

Accounting policy applied in the consolidated financial statements

Subsidiaries

The consolidated financial statements include the parent company Biohit Oyj and all of 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 otherwise has a controlling interest. '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. The acquisition cost is taken to include surrendered assets at fair value, liabilities that have arisen or for which responsibility has been adopted, equity instruments issued, and all the direct expenses of the acquisition. 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 when drawing up the consolidated financial statements. Unrealised losses are not eliminated if they are due to impairment. The distribution of profit for the period to the equity holders of the parent company and minority interests is presented in the income statement. Minority interest in equity is presented in the balance sheet as a separate item under shareholders' equity. 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 associated companies, joint ventures or minority shareholders.

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. Non-monetary items denominated in foreign currency are translated to the functional currency at the rate on the transaction date. Exchange rate differences on translation have been entered in the income statement. The income statements of foreign subsidiaries have been translated into euros using the average exchange rates for the financial period. Their 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 produces products and services whose risks and profitability differ from the risks and profitability of other segments. A geographical segment produces products and services in an economic environment whose risks and profits differ from the risks and profitability 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. There is no depreciation on land. The estimated useful lives of assets are as follows:

	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 received for the acquisition of intangible assets and 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 operating 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 goodwill 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. 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. The useful life of capitalised development expenditure is about 5 years, over which time capitalised assets are expensed on a straight-line basis.

Other intangible assets

An intangible asset is recorded in the balance sheet only if the asset's acquisition cost can be reliably determined and it is probable that the company will benefit from the expected economic benefits of the asset. Other intangible assets 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 of tangible and intangible assets

At each closing date, the Group evaluates whether there are indications of impairment on any asset item. If impairment is indicated, the recoverable amount

of the asset is estimated. The recoverable amount for goodwill is also assessed annually regardless of whether impairment is indicated. 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 discount interest used is determined before taxes and describes the market outlook for the time value of money and the risks associated with the asset items to be tested.

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 net 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 if the situation changes and the recoverable amount of an 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.

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 labour costs, 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 fair value of the asset when the lease period begins or at the present value of the minimum rents, whichever is lower. 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.

The Group does not act as a lessor.

Pension obligations

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.

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.

Income taxes

Tax expenses in the income statement comprise taxes on the taxable income for the period and 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. If applicable, taxes are adjusted for the taxes of previous periods.

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, 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 other receivables, and available-for-sale financial assets. Financial assets are classified in accordance with the purpose underlying their acquisition, and 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 when the Group has substantially transferred the risks and rewards out of the Group.

Financial assets at fair value through profit or loss comprise held-for-trading assets. Held-for-trading assets 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 period in which they were incurred. *Loans and other 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. Assets are measured at the periodised acquisition cost using the effective interest rate method. They are included in the balance sheet as either current and non-current financial assets – non-current if they do not mature within the next 12 months. This category mainly consists of trade receivables.

Available-for-sale assets comprise investments in unquoted shares. They are measured at acquisition cost, as they are non-liquid assets whose fair value cannot be reliably determined. Available-for-sale assets are included in non-current assets, as the Group is unlikely to surrender them within 12 months of the closing date.

Cash and cash equivalents comprise 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. *Interest-bearing liabilities* comprise financial liabilities requiring the company to make contractual interest or other payments during the term of the loan. *Non-interest-bearing liabilities* comprise liabilities for which the company does not have to make contractual interest or other payments.

The fair value of the *convertible bond liability* has been determined using the market interest rate for a comparable liability on the date of issue. The bond liability will be presented as a periodised acquisition cost until it is amortised through repayment or conversion into shares. The remainder – the equity component of the bond – is presented, less taxes, in the share premium fund.

The principles used for determining the fair values of financial assets and liabilities are presented in note number 2.15 to the financial statements.

Impairment of financial assets

At every closing date, the Group evaluates whether there is objective evidence indicating impairment in the value of either a single item or a group of financial assets. If there is evidence of impairment, impairment is recognised through profit or loss. If the impairment loss decreases in a subsequent financial year, the recognised loss is reversed through profit or loss, except in the case of available-for-sale investments classed as

equity instruments. Impairment of the latter is not reversed in the income statement.

The Group recognises an impairment loss on trade receivables when there is reliable evidence to indicate that the receivable cannot be collected according to the original terms. The impairment loss to be recognised in the income statement is defined as the difference between the carrying amount of the receivable and the estimated present value of future cash flows adjusted using the effective discount interest rate. If the impairment loss decreases in a subsequent financial year and the reduction can be considered as relating to an event after the recognition of impairment, the recognised loss is then reversed through profit or loss.

Definition of operating profit or loss

The IAS 1 standard – Presentation of Financial Statements – does not include a definition of operating profit. The Group has defined it as follows: operating profit or loss is the net sum remaining after other operating income is added to net sales, less purchasing costs (adjusted for the change in inventories of finished goods and work in progress and the costs incurred from production for own use) and less expenses, depreciation and potential impairment losses caused by employee benefits and other operating expenses. All other income statement items except the above-mentioned are presented below operating profit/loss. Translation differences and changes in the fair value of derivatives are included in operating profit/loss if they are incurred from items related to operational activities, otherwise they are entered under financial items.

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, so actual results may differ from these estimates and assumptions. Management must also exercise judgement in the application of 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 testing

The Group tests goodwill and incomplete intangible assets for impairment on at least an annual basis, and evaluates whether there are indications of impairment as presented in the accounting policies above. The recoverable amount from cash generating units has been defined on the basis of value in use calculations. Estimates must be used when performing these 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 the unused tax losses lapse.

Application of new or amended IFRS standards and IFRIC interpretations

Adoption of the following standards and interpretations issued by the IASB will be compulsory in 2008 or later. The Group has decided not to adopt these standards until 2008.

In 2008, the Group will adopt the following standards and interpretations:

- *IFRIC 11, Group and Treasury Share Transactions*. This interpretation clarifies how transactions concerning an entity's shares or those of Group companies should be accounted for in the financial statements of the parent and Group companies. It provides guidance on classifying them as share-based payment arrangements where consideration is paid in either shareholders' equity or cash. This interpretation has no effect on the consolidated financial statements.

Adoption of the following new standards and interpretations coming into force in 2008 will not have any effect on the 2008 consolidated financial statements:*

- *IFRIC 12, Service Concession Arrangements*. This interpretation covers contractual agreements in which a private entity participates in the development, financing, implementation or infrastructure maintenance of public sector services.*

- *IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. When there is a minimum funding requirement, this interpretation is applied in accordance with IAS 19 on defined benefit pension schemes after employment has ended as well as on other long-term employee benefits. The interpretation also fur-

ther specifies the recognition criteria for asset items to be recognised in the balance sheet due to the return of contributions or deductions on future contributions. *

In 2009, the Group will adopt the following IASB standards:

- *IAS 1 (Amendment), Presentation of Financial Statements*. This Amendment is intended to help the reader analyse and compare the information presented in financial statements by differentiating changes in shareholders' equity associated with the company's owners from other changes in shareholders' equity. The Group's management is analysing the effect of this amendment on the consolidated financial statements.*

- *IAS 32 (Amendment), Financial Instruments: Disclosure and Presentation, and IAS 1 (Amendment), Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*. Due to the revisions to the standards, certain instruments that must be redeemed and financial instruments that obligate the corporation to surrender an equal percentage of the company's net assets only if it is placed into liquidation are to be classified as equity. *

- *IAS 23 (Amendment), Borrowing Costs*. This Amendment requires borrowing costs fulfilling certain conditions to be capitalised under an asset's acquisition cost. The option to recognise borrowing costs immediately as an expense is no longer permissible. The amendment will not change consolidated accounting policy, nor will it have an effect on the consolidated financial statements.*

- *IFRS 8, Operating Segments*. This standard replaces IAS 14. It requires segment information to be presented using the 'management approach', that is, presented in the same way as in internal reporting. The Group's management is analysing the effect of this standard on the Group's segment reporting.

- *IFRIC 13, Customer Loyalty Programmes*. Transactions in which entities grant their customers award credits that can be redeemed for goods or services are classified as multiple sales transactions. Payments received from customers are allocated to the various components of the sales transaction on the basis of their fair value. IFRIC 13 will not have an effect on the consolidated financial statements, as the company does not run any customer loyalty programmes.*

In 2010, the Group will adopt the following IASB standards:

- *IFRS 3 (Revised), Business combinations*. The revision still requires business combinations to be accounted for by applying the purchase method, but with certain significant amendments. For example, all costs related to an entity's acquisition must be recognised at their fair value on the date of acquisition, and certain contingent considerations are to be measured at fair value through profit or loss after acquisition. Goodwill may be calculated on the basis on the parent company's share of net assets, or it may include goodwill allocated to a minority interest. All transaction costs are to be expensed. The Group's management is analysing the effect of this revision on the Group's consolidated financial statements.*

- *IAS 27 (Revised), Consolidated and separate financial statements*. When there is no transfer of control, this revision requires all minority interest transactions to be presented within shareholders' equity. Minority interest transactions will therefore no longer lead to losses or gains in goodwill or be recognised as profit or loss. This standard also determines how transactions involving a transfer of control should be handled. Any remaining portion of the acquisition is measured at fair value and any gains or losses are recognised through profit or loss. The Group's management is analysing the effect of this amendment on the consolidated financial statements.*

* This standard or interpretation has not yet been approved for adoption in the EU.

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.

2.3 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. 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 property, plant and equipment, intangible assets, inventories, receivables and cash and cash equivalents. Segment liabilities consist of business debts and do not include 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 2007	Liquid handling	Diagnostics	Unallocated	Total
Net sales	31,092	1,659	-	32,751
Operating profit/loss	2,474	-2,931	-	-458
Assets	20,836	2,848	3,652	27,337
Liabilities	1,263	155	14,076	15,495
Investments	1,871	210	-	2,081
Depreciation	-1,729	-87	-	-1,815

Business segments 2006	Liquid handling	Diagnostics	Unallocated	Total
Net sales	29,547	1,860	-	31,408
Operating profit/loss	2,221	-2,363	-	-143
Assets	21,479	2,760	3,081	27,320
Liabilities	2,019	148	11,682	13,849
Investments	1,865	63	-	1,928
Depreciation	-1,643	-132	-	-1,775

Unless otherwise stated, figures are presented in thousands of euros. 43

Geographical segments 2007	Europe	America	Asia	Other countries	Total
Net sales	18,494	6,344	3,062	4,851	32,751
Segment assets	23,006	1,707	1,883	741	27,337
Investments	1,860	37	182	1	2,081

Geographical segments 2006	Europe	America	Asia	Other countries	Total
Net sales	17,703	6,095	3,167	4,443	31,408
Segment assets	23,215	1,844	1,547	714	27,320
Investments	1,750	-	155	23	1,928

2.4 OTHER OPERATING INCOME

	2007	2006
Capital gains on the sale of property, plant and equipment	16	4
Grants	15	-
Other	62	31
Total	94	35

2.5 MATERIALS AND SERVICES

	2007	2006
Raw materials, consumables and goods	6,200	5,981
External manufacturing services	754	1,389
Total materials and services	6,954	7,370

2.6 EMPLOYEE BENEFIT EXPENSES

		2007	2006
Wages and salaries		11,640	10,561
Pensions	Defined benefit plans	31	20
Pensions	Defined contribution plans	1,267	1,088
Other personnel expenses		1,625	1,488
Wages and salaries capitalised in non-current assets		-424	-419
Total		14,140	12,738

Details of management's employee benefits are presented in note number 2.27, Related party transactions.

Unless otherwise stated, figures are presented in thousands of euros.

Number of personnel	2007	2006
Average number of salaried personnel	251	221
Average number of non-salaried personnel	102	88
Average number of personnel	352	310
Number of personnel at the end of the financial period	359	321

2.7 DEPRECIATION	2007	2006
Intangible assets	367	324
Buildings	176	274
Machinery and equipment	1,273	1,177
Total	1,815	1,775

2.8 OTHER OPERATING EXPENSES	2007	2006
Travel and other employee related expenses	2,318	2,136
Rent and maintenance expenses	2,694	2,807
Marketing and sales expenses	2,113	2,208
Other external services	2,235	2,263
Other operating expenses	1,289	1,233
Total	10,650	10,647

2.9 RESEARCH AND DEVELOPMENT EXPENDITURE

The Group's research and development expenditure totalled EUR 2,005 thousand (EUR 1,689 thousand), representing 6.1% (5.4%) of net sales, of which EUR 362 thousand (EUR 306 thousand) has been capitalised as development expenditure.

2.10 FINANCIAL INCOME AND EXPENSES	2007	2006
Dividend income from available-for-sale financial assets	1	1
Exchange rate gains from financial assets and liabilities	34	79
Gains from financial assets recognised at fair value	17	56
Other financial income	9	11
Total financial income	61	147
Interest expenses on financial liabilities	-513	-451
Exchange rate losses on financial assets and liabilities	-94	-106
Wage and salary expenses	-113	-54
Total financial expenses	-719	-611
Total financial income and expenses	-658	-464

The items above operating profit include net exchange rate losses totalling EUR 309 thousand (EUR 329 thousand in 2006).

Unless otherwise stated, figures are presented in thousands of euros. 45

2.11 INCOME TAXES	2007	2006
Direct taxes		
Taxes on taxable income for the period	-254	-262
Deferred taxes	-132	30
Direct taxes total	-386	-232

Reconciliation of the tax rate	2007	2006
Profit before taxes	-1,116	-607
Taxes at the rate of the parent company, 26%	290	158
Effect of different tax rates of foreign subsidiaries	-27	-18
Non-deductible expenses and tax-exempt income	-121	-52
Unrecognised tax assets from tax losses/use of previously unrecognised tax losses	-521	-287
Use of temporary differences	-8	-33
Taxes in the income statement	-387	-232

2.12 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.

	2007	2006
Earnings for the period attributable to equity holders of the parent company, EUR thousand	-1,502	-839
Interest on the convertible bond	263	263
Result for the period for the calculation of the earnings per share adjusted with the dilution effect	-1,238	-576
Average number of shares, undiluted	12,937,627	12,937,627
Conversion of the convertible bond into shares	900,000	900,000
Average number of shares, diluted	13,837,627	13,837,627
Earnings per share (EPS), EUR, undiluted	-0.12	-0.06

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 2007 and 2006 financial years.

Unless otherwise stated, figures are presented in thousands of euros.

2.13 INTANGIBLE ASSETS

2007	Development expenditure	Intangible rights	Goodwill	Other intangible assets	Total
Acquisition cost at beginning of period	567	1,518	2,638	1,231	9,863
Increases	297	85	-	283	665
Transfers between items	-	-	-	-379	-379
Foreign exchange differences	-	-	-	-6	-6
Acquisition cost at end of period	864	1,604	2,638	1,129	10,144
Accumulated depreciation and impairment at beginning of period	-58	-979	-	-703	-5,649
Depreciation for the period	-42	-121	-	-203	-367
Foreign exchange differences	-	-	-	3	3
Accumulated depreciation and impairment at end of period	-101	-1,100	-	-903	-6,013
Carrying amount at end of period	763	504	2,638	226	4,131
Carrying amount at beginning of period	509	540	2,638	528	4,214

2006	Development expenditure	Intangible rights	Goodwill	Other intangible assets	Total
Acquisition cost at beginning of period	300	1,444	2,638	1,091	9,382
Increases	267	74	-	140	481
Acquisition cost at end of period	567	1,518	2,638	1,231	9,863
Accumulated depreciation and impairment at beginning of period	-29	-860	-	-527	-5,325
Depreciation for the period	-29	-119	-	-176	-324
Accumulated depreciation and impairment at end of period	-58	-979	-	-703	-5,649
Carrying amount at end of period	509	540	2,638	528	4,214
Carrying amount at beginning of period	271	585	2,638	564	4,057

Intangible rights consist of patents. Assets acquired under finance lease agreements have been capitalised in other intangible assets. The acquisition cost at end of year was EUR 497 thousand (EUR 497 thousand), accumulated depreciation EUR 371 thousand (EUR 242 thousand) and the carrying amount EUR 126 thousand (EUR 255 thousand).

Unless otherwise stated, figures are presented in thousands of euros. 47

Goodwill impairment test

All goodwill has been allocated to certain GastroPanel products in the Diagnostics segment. In impairment testing, recoverable amounts have been determined on the basis of the value in use. Cash flow estimates cover a five-year period. The forecast for 2008 is based on the budget approved by the Board. Estimated cash flows for the years 2009–2012 are based on market-specific business plans approved by the Board and an understanding of future trends in key market areas. A growth rate of 3% has been used in calculations for the years after 2012. As this is a fledgling business area, growth estimates cannot be based on historical information. The company's management considers the business growth expectations used in impairment testing to be realistic with the possibility that they may also be exceeded.

The net sales forecasts used for impairment testing are presented in the following table. Net sales for 2007 were EUR 0.7 million.

Year	2008	2009	2010	2011	2012
Net sales (EUR thousand)	1,287	2,389	3,970	5,973	8,572

The sales margin used for impairment testing has been estimated at an average of 7 percentage points lower than the sales margin for 2007. This figure cautiously reflects a possible increase in competition and rise in production costs in the coming years. Biohit's management is of the opinion that this sales margin may be exceeded in the period 2008–2012.

The fixed costs used in impairment testing are based on management's estimates, which take into account the rise in costs caused by market-specific growth expectations. Average annual growth has been forecast at about 17%.
The discount rate used in impairment calculations reflects the impact of business risks on the required return on equity. The cost of debt has been defined according to the existing credit base. The same discount interest rate as in 2006 – 15.3% before taxes – has been used in 2007 impairment calculations.

On the basis of impairment testing using the previously mentioned estimates, there is no need to recognise any impairment losses on goodwill in the financial statements for the year ending 31 December 2007.

Impairment testing sensitivity analysis

An approximate increase of about 1.8 percentage points in the discount interest rate would lead to impairment of goodwill.

If annual net sales fall about 13% under the projected level for 2008–2012, or if the sales margin falls by 9 percentage points, this would also lead to an impairment of goodwill.

Whether or not the projected net sales figures are achieved depends largely on the following factors:
The market penetration of Biohit's diagnostics products has taken longer than expected. Sales growth in the United States has been prevented, as GastroPanel's Pepsinogen I and II tests have still not been granted authorisation by the FDA. However, Biohit expects this approval to be granted during the first half of 2008. Any delay in this process could weaken the product's sales prospects not only in the United States, but also indirectly in Europe and Asia. There would then be a risk that the projected net sales growth used in goodwill impairment testing would not be reached.

Negotiations with several distributors are still ongoing in several European and Asian countries. Delays in these negotiations and difficulties in finding reliable distributors could lead to net sales growth not meeting the forecasts used in impairment testing.

Unless otherwise stated, figures are presented in thousands of euros.

Management's estimations indicate that there is substantial growth potential for the GastroPanel product family in China and India. However, forecasts for future trends cannot be based on historical data, as net sales in these markets have been minimal to date. If approval from local opinion leaders and physicians is not obtained according to schedule, there is a risk that that the growth forecasts used in goodwill impairment testing will not be met.

2.14 TANGIBLE ASSETS

2007	Land	Buildings	Machinery and equipment	Total
Acquisition cost at beginning of period	72	3,796	12,533	16,401
Increases	-	5	1,437	1,442
Decreases	-	-	-303	-303
Transfers between items	-	-	379	379
Foreign exchange differences	-	-	-55	-55
Acquisition cost at end of period	72	3,801	13,991	17,864
Accumulated depreciation and impairment at beginning of period	-	-1,414	-8,131	-9,546
Accumulated depreciation of decreases and transfers	-	-	293	293
Depreciation for the period	-	-176	-1,273	-1,449
Foreign exchange differences	-	-	41	41
Accumulated depreciation and impairment at end of period	-	-1,590	-9,070	-10,660
Carrying amount at end of period	72	2,211	4,920	7,203
Carrying amount at beginning of period	72	2,381	4,401	6,855

2006	Land	Buildings	Machinery and equipment	Total
Acquisition cost at beginning of period	72	3,675	11,283	15,030
Increases	-	121	1,326	1,446
Decreases	-	-	-76	-76
Acquisition cost at end of period	72	3,796	12,533	16,401
Accumulated depreciation and impairment at beginning of period	-	-1,151	-7,019	-8,170
Accumulated depreciation of decreases and transfers	-	-	52	52
Depreciation for the period	-	-274	-1,177	-1,451
Foreign exchange differences	-	11	12	23
Accumulated depreciation and impairment at end of period	-	-1,414	-8,131	-9,546
Carrying amount at end of period	72	2,381	4,401	6,855
Carrying amount at beginning of period	72	2,524	4,264	6,860

Commitments on agreements relating to the acquisition of property, plant and equipment amounted to EUR 91 thousand (EUR 459 thousand).

Assets acquired under finance lease agreements have been capitalised in machinery and equipment. The acquisition cost at end of year was EUR 282 thousand (EUR 282 thousand), accumulated depreciation EUR 167 thousand (EUR 93 thousand) and the carrying amount EUR 114 thousand (EUR 188 thousand).

Unless otherwise stated, figures are presented in thousands of euros.

2.15 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

Balance sheet values of financial assets by category at 31 December 2007

	Loans and receivables	Available-for-sale	Recognised at fair value	Total carrying amount	Fair value
Non-current financial assets					
Financial assets	1	8	-	9	1*
Total	1	8	-	9	1
Current financial assets					
Trade and other receivables	6,385	-	-	6,385	6,385
Investments held for trading	-	-	923	923	923
Cash and cash equivalents	1,109	-	-	1,109	1,109
Total	7,494	-	923	8,417	8,417
Financial assets total	7,495	8	923	8,426	8,426

Balance sheet values of financial assets by category at 31 December 2006

	Loans and receivables	Available-for-sale	Recognised at fair value	Total carrying amount	Fair value
Non-current financial assets					
Financial assets	3	8	-	11	3*
Total	3	8	-	11	3
Current financial assets					
Trade and other receivables	6,663	-	-	6,663	6,663
Investments held for trading	-	-	856	856	856
Cash and cash equivalents	850	-	-	850	850
Total	7,513	-	856	8,369	8,369
Financial assets total	7,516	8	856	8,380	8,372

* Available-for-sale investments totalling EUR 8 thousand (EUR 8 thousand) include unquoted investments, which have been presented at cost because their fair value is not reliably available.

The carrying value of other receivables is equivalent to their fair value, because the discount effect is minimal when taking into account the maturity of liabilities.

Unless otherwise stated, figures are presented in thousands of euros.

Financial liabilities by category

	Carrying amount 2007	Fair value 2007	Carrying amount 2006	Fair value 2006
Non-current financial liabilities valued at a periodised acquisition cost				
Convertible bond	3,872	3,620	3,818	3,842
Capital loans	880	880	880	880
Other interest-bearing liabilities	3,508	3,508	1,619	1,619
Other liabilities	981	981	1,014	1,014
Total	9,240	8,988	7,331	7,355
Current financial liabilities valued at a periodised acquisition cost				
Capital loans	363	363	363	363
Other interest-bearing liabilities	503	503	1,019	1,019
Trade payables and other liabilities	4,924	4,924	4,717	4,717
Total	5,790	5,790	6,099	6,099
Total financial liabilities	15,030	14,778	13,430	13,454

The original carrying amount of trade payables and other non-interest-bearing liabilities is equivalent to their fair value, because the discount effect is minimal when taking into account the maturity of liabilities.

The fair value of the convertible bond has been determined using a discount interest rate of 9.00% (6.75%). The fair value of capital loans cannot be reliably determined because they are not quoted on well-functioning markets. Other interest-bearing liabilities are primarily floating rate liabilities linked to the market interest rate, or else have been drawn down close to the closing date. Their balance sheet values do not substantially differ from their fair values.

2.16 DEFERRED TAXES	**2007**	2006
Deferred tax assets		
Intangible assets	171	323
Internal margin on inventories	313	281
Pension obligations	18	15
Unused tax losses	1,442	1,479
Other	11	-
Total	1,954	2,099
Deferred tax liabilities		
Accumulated depreciation differences	82	84
Other	-	11
Total	82	95

Changes in deferred taxes have been entered into the income statement. Deferred tax assets on confirmed losses have been recognised to the extent that management believes it is probable that taxable income against which the asset can be utilised will materialise in the future.

On 31 December 2007, Group companies had EUR 2,817 thousand (EUR 609 thousand in 2006) in confirmed tax losses for which no deferred tax assets have been recorded, as it has been estimated that it is not probable that these losses can be utilised prior to maturity. Said losses lapse in 2007-2012 and the equivalent deferred taxes are EUR 751 thousand (EUR 180 thousand).

Unless otherwise stated, figures are presented in thousands of euros.

2.17 INVENTORIES

	2007	2006
Raw materials and consumables	2,054	2,381
Products in progress	711	567
Completed products and goods	2,856	2,823
Total inventories	5,622	5,772

EUR 5,943 thousand (EUR 5,036 thousand) was expensed during the financial year to reduce the carrying amount of inventories. The item includes the carrying amount of obsolete and slow-moving inventories recognised as expenses, EUR 663 thousand (EUR 283 thousand).

2.18 TRADE AND OTHER RECEIVABLES

	2007	2006
Non-current receivables		
Non-current non-interest-bearing receivables	1	3
Current receivables		
Trade receivables	5,532	6,035
Prepayments and accrued income	442	318
Other receivables	411	311
Total	6,385	6,663

A breakdown of trade receivables by age is presented in note number 2.25.

2.19 CASH AND CASH EQUIVALENTS	2007	2006
Cash at bank and in hand	1,109	850
Total	1,109	850
Cash and cash equivalents in the cash flow statement	1,109	850

2.20 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. There have been no changes in the number of shares in 2006 and 2007. 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. However, in payment of dividends, 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. There was no change in share capital in 2007 and 2006. The share capital is fully paid-in.

Unless otherwise stated, figures are presented in thousands of euros.

Description of shareholders' equity funds:

The share premium fund contains the equity component of the convertible bond.

Translation differences
The fund includes translations differences resulting from the conversion of foreign subsidiaries' financial statements into euros.

Fund for investments of non-restricted equity includes other equity investments and payments for share subscriptions insofar as it is decided not to enter said amounts into the share capital.

2.21 PENSION LIABILITIES

The majority of the Group's pension shemes are defined contribution plans. There is a defined benefit plan in France.

Pension liabilities for defined benefit plans in the balance sheet	**2007**	2006
Present value of unfunded liabilities	53	45
Present value of funded liabilities	82	61
Unrecognised actuarial gains/losses	-4	-2
Fair value of assets	-78	-59
Pension liabilities at end	53	45
Changes in the present value of obligations during the period		
Present value of obligations at beginning of period	106	88
Costs based on work carried out during the period	30	19
Interest expenses	1	0
Benefits paid	-2	-1
Pension liabilities at end	135	106
Changes in the fair value of assets during the period		
Fair value of assets at beginning of period	60	30
Employer contributions	20	30
Benefits paid	-2	-1
Fair value of assets at end of period	78	59
Pension expenses from defined benefit schemes recognised in the income statement		
Costs based on work carried out during the period	30	19
Interest expenses	1	1
Total	31	20

Unless otherwise stated, figures are presented in thousands of euros. 53

Mathematical assumptions for defined benefit pension schemes	2007	2006
Discount interest rate, %	3	3
Projected increase in wages and salaries, %	2	2
Projected inflation, %	4.5	4.0
Projected average time remaining in the company's employ (years)	23	25

Payments into pension schemes are expected to total EUR 15 thousand in 2008.

2.22 PROVISIONS

Provisions for warranty	2007	2006
1 Jan	56	-
Provision additions	-	56
Released during the period	-10	-
Reversals of unused provisions	-46	-
31 Dec	-	56
Total provisions	-	56

2.23 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities, balance sheet values	2007	2006
Non-current interest-bearing liabilities		
Loans from financial institutions	3,430	1,365
Convertible bondt	3,872	3,818
Capital loans	880	880
Finance leasing liabilities	78	254
Total	8,260	6,317
Current interest-bearing liabilities		
Loans from financial institutions, current portion	327	814
Capital loans, current portion	363	363
Finance leasing liabilities, current portion	176	206
Total	866	1,383
Total interest-bearing liabilities	9,126	7,700

Fair values for financial liabilities are presented in note number 2.15.

Current and non-current interest-bearing liabilities are presented in euros. At the end of the period, the average weighted interest on the company's loans was 5.3 % per annum (5.2 % in 2006). The fair values of interest-bearing liabilities do not substantially differ from their balance sheet values.

Unless otherwise stated, figures are presented in thousands of euros.

Convertible bond
On 27 October 2005, Biohit Oyj floated an issue of convertible bonds targeted at professional investors in Finland. The subscription value of the convertible bond on the date of issue was EUR 4,050,000. Annual fixed interest of 6.5% is paid on the capital of the convertible bond, which 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. The company's share capital 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 as a result of conversions. The proportion of shares that can be converted on the basis of the convertible bond is a maximum of 6.5% of the company's shares, and 1.0% 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 EUR 10 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 October 2005 - 28 October 2010. No bonds were converted into shares during the financial year. The convertible bonds mature if the bond holders do not exercise their right to convert the bonds to shares in the parent company. Conversion can be carried out until the due date, 28 October 2010. In the balance sheet, the convertible bond is divided into equity and liabilities. The liability component has been initially recognised at fair value, which was defined 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 174 thousand, is presented in the share premium fund.

Covenants related to non-current loans
Loans from financial institutions include EUR 1,204 thousand (EUR 754 thousand) in long-term loans with the special condition that the loan will mature immediately when the creditor so demands. The bases for this demand are detailed in note number 2.25.

Capital loans
Biohit's principal shareholders and the State Treasury have granted the company a capital loan of EUR 1.2 million for product and other business-related development. The accumulated interest on the capital loan at 31 December 2007 totals EUR 0.7 million. The loan meets the provisions laid down in Chapter 12 of the Finnish Companies Act. 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 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 company for the financial period last ended.
- Loan interest rates vary between 3% and 6% per annum. Capital of EUR 0.4 million and interest of EUR 0.1 million on the capital loan is due for payment during 2008. These items are presented in the balance sheet under current liabilities. Other capital loans and their outstanding interest are presented under non-current liabilities.

Finance leasing liabilities

Total minimum rents	2007	2006
Due for payment in the next year	182	220
Due for payment in the next 2–5 years	78	260
Due for payment in more than 5 years	-	-
Total	260	481
Future financial expenses	-7	-22
Present value of financial leasing liabilities	254	459
Present value of minimum rents		
Due for payment in the next year	176	206
Due for payment in the next 2–5 years	78	254
Due for payment in more than 5 years	-	-
Present value of financial leasing liabilities	254	459

2.24 TRADE PAYABLES AND OTHER LIABILITIES

Non-interest-bearing liabilities, balance sheet values	2007	2006
Non-current non-interest-bearing liabilities		
Deferred tax liabilities	82	95
Pension liabilities	53	45
Interest on capital loans	681	633
Other non-current liabilities	248	336
Total	1,064	1,110
Current non-interest-bearing liabilities		
Trade payables	1,419	1,798
Other liabilities	816	643
Provisions	-	56
Advances received	199	187
Tax liabilities	183	192
Interest on capital loans	82	82
Accrued liabilities and prepaid income	2,607	2,138
Total	5,306	5,096
Total non-interest-bearing liabilities	6,369	6,206

Accrued liabilities and prepaid income include periodised employee benefits and leasing expenses.

2.25 FINANCIAL RISK MANAGEMENT

Biohit's risk management has focused on analysing and minimising the following major risks:

Exchange rate risk

International operations involve exchange rate risks. The exceptionally strong euro has had an adverse effect on the company's result for 2007 and this trend is expected to continue in 2008. Biohit seeks to hedge against this exchange rate risk by making procurements in currencies other than the euro. During the financial year, the company did not make any derivative agreements to hedge against exchange rate movements. At the closing date, 39% (33%) of the Group's external trade receivables and 24% (24%) of its trade payables were in foreign currencies.

Unless otherwise stated, figures are presented in thousands of euros.

Sensitivity analysis of changes in foreign currency exchange rates in accordance with IFRS7

2007 EUR thousand	USD	JPY	GBP
Net position	1,680	1,723	565
Effect on profit before taxes	-80	-82	-27
Effect on shareholders' equity	-39	1	-6

2006 EUR thousand	USD	JPY	GBP
Net position	1,519	1,568	565
Effect on profit before taxes	-72	-75	-27
Effect on shareholders' equity	-102	-5	-52

The net position includes cash and cash equivalents in foreign currencies, as well as receivables and payables to both Group and non-Group companies. The calculations show the risk to the largest net positions in financial liabilities and assets should foreign exchange rates weaken by five per cent.

Interest rate risk

Changes in interest rates have only a slight effect on Biohit's earnings, for which reason the Group has not implemented separate hedging measures during the financial period. The overall potential interest rate risk of deposits and short-term money market investments is not significant. The Group's income and cash flows from operating activities are largely independent of changes in market interest rates. Interest rate risks associated with the Group's credit granting are managed with fixed-rate lending. On the closing date, 75% (78%) of the Group's credit was fixed interest.

Sensitivity analysis of changes in interest levels in accordance with IFRS7

The Group has net floating rate liabilities totalling EUR 2,334 thousand (EUR 1,807 thousand). A change of 1 percentage point in the interest level at the end of the year would mean a +/- EUR 12 thousand (EUR 9 thousand) effect on the result before taxes. A change in the interest level would not affect the company's shareholders' equity.

The contractual repricing periods for floating rate liabilities are as follows:

2007	under 6 months	6-12 months	12-36 months	Later	Total
Loans from financial institutions	25	2,061	129	120	2,334

2006	under 6 months	6-12 months	12-36 months	Later	Total
Loans from financial institutions	406	826	214	360	1,807

Liquidity risk

Growing cost pressures in the liquid handling business and the outlays required in the diagnostics business give rise to financial risks whose management requires the optimisation of operational cost structure and the correct allocation of resources. Liquidity risk management aims to safeguard the Group's financing in all situations. The Group's liquid assets at the closing date totalled EUR 1.1 million. The continued negative earnings trend has weakened the company's liquidity. If trends in the Group's profitability are weaker than expected, this will have an adverse effect on liquidity. The company has aimed to ensure sufficient financing by launching an investigation into the feasibility of a sale and lease back arrangement at its Kajaani factory property. This analysis is still ongoing and the results should be available during the first half of 2008, when any potential transaction would also be made.

Unless otherwise stated, figures are presented in thousands of euros.

The loan refinancing risk - that is, the risk that too large of a share of the Group's loans will fall due at a time when loan refinancing is financially or contractually impossible - is minimised by balancing out the loan maturities. However, a convertible bond of EUR 4.1 million will mature in full in 2010 if the bond holders do not exercise their right to convert them into shares in the parent company.

Biohit's non-current liabilities contain EUR 1.2 million in financing with the special condition that the loan will mature immediately if the equity ratio in the consolidated financial statements adopted by Biohit Oyj Group falls below 40% 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.

Financial liability maturity analysis 2007	<1 year	1–5 years	>5 years	Total
Trade payables and other non-interest-bearing liabilities	5,315	477	113	5,905
Repayments on loans from financial institutions	326	2,721	708	3,755
Financing costs for loans from financial institutions	174	430	31	636
Repayments on the convertible bond	-	4,050	-	4,050
Financing costs for the convertible bond	263	527	-	790
Repayments on capital loans	363	-	880	1,243
Financing costs for capital loans	105	-	681	786
Repayments on financial leasing liabilities	176	77	-	253
Financing costs for financial leasing liabilities	7	1	-	8
Total	6,730	8,283	2,414	17,427

Financial liability maturity analysis 2006	<1 year	1–5 years	>5 years	Total
Trade payables and other non-interest-bearing liabilities	5,007	571	165	5,743
Repayments on loans from financial institutions	719	1,087	278	2,083
Financing costs for loans from financial institutions	118	184	30	332
Repayments on the convertible bond	-	4,050	-	4,050
Financing costs for the convertible bond	263	790	-	1,053
Repayments on capital loans	363	0	880	1,243
Financing costs for capital loans	82	0	633	715
Repayments on financial leasing liabilities	206	253	-	459
Financing costs for financial leasing liabilities	22	8	-	30
Total	6,779	6,943	1,986	15,708

Commodity risk

The company has not hedged against commodity risks with derivatives, as they are not appropriate to the nature of the company's business. Biohit engages in long-term delivery contracts to minimise any risks associated with commodity availability.

Credit and counterparty risk

Business units are responsible for any credit loss risks associated with their trade receivables, and have conducted separate evaluations of the credit risk associated with each customer. Biohit's customer base consists mainly of financially sound companies, and consequently Biohit does not consider credit loss risks significant. The Group has not taken out any credit insurance. Biohit mainly enters into long-term, active relationships with its customers, so that any changes in customers' credit ratings will quickly come to the company's attention.

Unless otherwise stated, figures are presented in thousands of euros.

At 31 December 2007, trade receivables totalled EUR 5.5 million (EUR 6 million). Trade receivables include EUR 1.1 million (EUR 0.6 million) in receivables from a single, financially stable customer. The maximum credit risk amount is equal to the carrying amount of trade receivables.

Breakdown of trade receivables by age	**2007**	2006
Not yet falling due	3,592	4,044
Under 60 days	1,690	1,534
61–120 days	157	251
121–360 days	83	113
Over 360 days	11	93
Total	5,532	6,035

In 2007, EUR 19 thousand in credit losses from trade receivables were recognised (EUR 75 thousand in 2006).

Equity structure management

Biohit's equity structure management aims to safeguard the Group's ability to operate in all situations. The equity ratio is used to monitor equity structure, and it should remain above 40%.

The equity structure indicator – the equity ratio – is calculated by dividing the Group's shareholders' equity by the balance sheet total minus advances received and then multiplying the result by 100.

Equity ratio	**2007**	2006
Total shareholders' equity	11,842	13,415
Balance sheet total	27,337	27,320
Advances received	-199	-187
Equity ratio	44 %	49 %

2.26 OPERATING CASH FLOW ADJUSTMENTS

Other adjustments for transactions with no associated cash flow	**2007**	2006
Financial income and expenses	658	464
Capital gains from sales of property, plant and equipment	-16	-
Varausten muutos	-56	56
Other adjustments	16	-
Total	602	521

Unless otherwise stated, figures are presented in thousands of euros. 59

2.27 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, the Group's Management Team, and the President & CEO.

Salaries and other current employee benefits	**2007**	2006
Parent company		
Management Teams	827	799
President and CEO	190	186
Subsidiaries		
Managing Directors	712	635
Fees of Board Members		
Osmo Suovaniemi	14	14
Reijo Luostarinen	19	18
Mårten Wikström	14	14
Arto Alanko	-	3
Hannu Seristö	-	3
Peter Tchernych	12	14
Tero Kauppinen	14	10
Peter Coggins	6	5
Parent company, total	80	82
Subsidiaries		
Members of the Boards	76	71
Other operating expenses		
Consulting fees		
Companies controlled by Board Members	38	70
Key members of the parent company's management	30	45
Total consulting fees	68	115
Capital loans from related parties		
Loan amounts	880	880
Interest for the period	48	48
Total in interest payment liabilities	681	630
Average loan interest, per annum	5.4 %	5.4 %

The main terms for the capital loans are presented in note number 2.23.

Unless otherwise stated, figures are presented in thousands of euros.

Group's parent company and subsidiaries Parent company Biohit Oyj, Finland	Group's 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 %
Biohit Biotech (Suzhou) Co., Ltd, China	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 2006 or 2007.

2.28 CONTINGENT LIABILITIES

Pledges, contingent liabilities and other commitments	**2007**	2006
Loans from financial institutions	3,307	1,678
Corporate mortgages	1,603	1,603
Mortgages on real estate	1,957	1,381
Other liabilities	331	426
Mortgages on real estate	757	757
Lease agreements	2,442	2,770
Corporate mortgages	235	235
Operational lease agreements and lease agreements		
Due for payment in the next year	1,488	1,201
Due for payment in the next 2–5 years	3,662	2,446
Due for payment in more than 5 years	979	821
Total	6,129	4,468

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.

Unless otherwise stated, figures are presented in thousands of euros. 61

Key ratios

3 KEY RATIOS

3.1 Key financial ratios	FAS 2003	IFRS 2004	IFRS 2005	IFRS 2006	IFRS **2007**
Net sales	26,259	26,702	28,660	31,408	32,751
Change in net sales, %	3.6 %	1.7 %	7.3 %	9.6 %	4.3 %
Operating result	-213	251	-33	-143	-458
% of net sales	-0.8 %	0.9 %	-0.1 %	-0.5 %	-1.4 %
Profit/loss before extraordinary items and taxes	-462	104	-256	-607	-1,116
% of net sales	-1.8 %	0.4 %	-0.9 %	-1.9 %	-3.4 %
Profit/loss before taxes	-462	104	-256	-607	-1,116
% of net sales	-1.8 %	0.4 %	-0.9 %	-1.9 %	-3.4 %
Return on equity, %	-4.9 %	-1.1 %	-1.6 %	-6.1 %	-11.9 %
Return on investment (ROI), %	-0.2 %	2.0 %	0.5 %	0.0 %	-1.9 %
Equity ratio, %	64.7 %	62.3 %	51.5 %	49.4 %	43.6 %
Investments in fixed assets	1,190	2,260	1,988	1,928	2,081
% of net sales	4.5 %	8.5 %	6.9 %	6.1 %	6.4 %
R&D expenditure	1,447	1,304	1,630	1,689	2,005
% of net sales	5.5 %	4.9 %	5.7 %	5.4 %	6.1 %
Total assets	21,875	22,759	27,851	27,320	27,337
Personnel, average	298	291	295	310	352

3.2 Key per share ratios	FAS 2003	IFRS 2004	IFRS 2005	IFRS 2006	IFRS **2007**
Earnings per share, undiluted, EUR	-0.06	-0.01*	-0.02*	-0.06*	-0.12*
Equity per share attributable to the equity holders of the parent company, EUR	1.08	1.09	1.10	1.04	0.92
Price/earnings ratio, (P/E)	-45	-158	-123	-31	-14
Dividend per share	-	-	-	-	-
Dividend/earnings, %	-	-	-	-	-
Effective dividend yield, %	-	-	-	-	-
Series B share price trend, EUR					
– average	1.85	2.39	2.20	2.26	2.42
– low	1.22	1.75	1.75	1.99	1.51
– high	3.30	3.09	2.87	2.61	3.29
– price at 31 Dec	2.50	2.06	2.15	2.03	1.57
Market capitalisation, EUR 1,000 (assuming the market price of the Series A share is the same as that of the Series B share)	32,344	26,652	27,816	26,263	20,312
Turnover of Series B shares, 1,000 shares	1,287	1,131	2,114	1,530	3 436
– % of total number of shares	14.2 %	12.5 %	23.3 %	16.9 %	37.9 %
Average number of shares, adjusted for share issues	12,937,627	12,937,627	12,937,627	12,937,627	12,937,627
– accounting for the dilutive effect of options and bonds	-	-	13,095,435	13,837,627	13,837,627
Total number of shares at the closing date, adjusted for share issues	12,937,627	12,937,627	12,937,627	12,937,627	12,937,627
– accounting for the dilutive effect of options and bonds	-	-	13,837,627	13,837,627	13,837,627

*) options and bonds have no dilutive effect

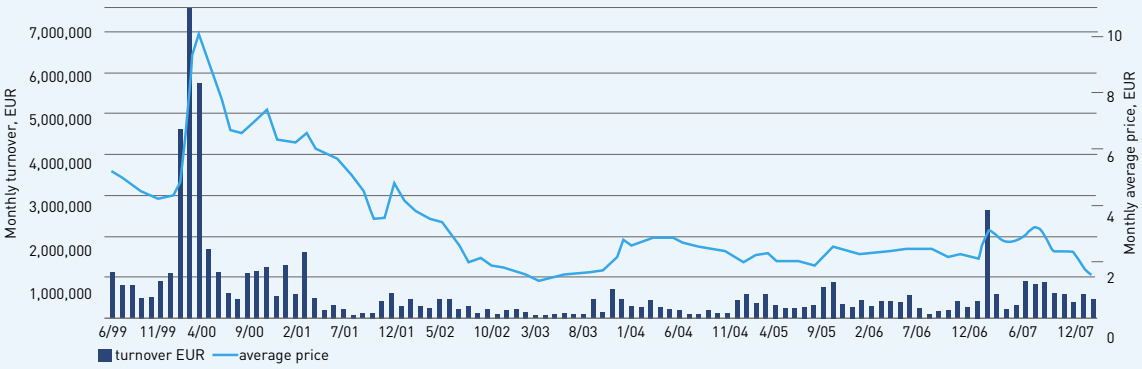
As of 1 January 2004, financial statements have been drafted in accordance with IFRS. The financial statements for 2003 have been drafted in accordance with the Finnish Accounting Act.

Unless otherwise stated, figures are presented in thousands of euros.

4 SHARES AND SHAREHOLDERS

4.1 Share turnover and average price

Share turnover and average price 18 June 1999 - 31 Dec 2007



4.2 Shares and shareholders

Holdings by shareholder group, 31 Dec 2007

Series A shares	No. of shareholders		No. of shares	
	no.	%	no.	%
1. Companies	1	11.1	24,990	0.6
2. Households	8	88.9	3,825,510	98.7
Shares on the waiting list			25,000	0.6
Total Series A shares	9	100.0	3,875,500	100.0

Series B shares	No. of shareholders		No. of shares	
	no.	%	no.	%
1. Companies	153	4.4	2,135,616	23.6
2. Financial and insurance institutions	6	0.2	47,077	0.5
3. Public sector organisations	1	0.0	391,800	4.3
4. Non-profit organisations	8	0.2	27,821	0.3
5. Households	3,300	94.7	6,416,961	70.8
6. Foreign ownership	17	0.5	37,260	0.4
Shares on the joint book-entry account			5,592	0.1
Total Series B shares	3,485	100.0	9,062,127	100.0
Total Series A and B shares	3,494		12,937,627	

Series A shares	No. of shareholders		No. of shares	
	no.	%	no.	%
1–1,000	1	11.1	10	0.0
10,001-50,000	1	11.1	24,990	0.6
Over 50,000	7	77.8	3,825,500	98.7
Shares on the waiting list			25,000	0.6
Total Series A shares	9	100.0	3,875,500	100.0

Unless otherwise stated, figures are presented in thousands of euros.

Shares and shareholders

Series B shares	No. of shareholders		No. of shares	
	no.	%	no.	%
1–1,000	2,873	82.4	1,036,623	11.4
1,001–5,000	458	13.1	998,923	11.0
5,001–10,000	74	2.1	559,828	6.2
10,001–50,000	64	1.8	1,197,081	13.2
Over 50,000	16	0.5	5,264,080	58.1
Shares on the joint book-entry account			5,592	0.1
Total Series B shares	3,485	100.0	9,062,127	100.0
Total Series A and B shares			12,937,627	

Largest registered shareholders, 31 December 2007

The 10 largest shareholders by number of shares

	Series A shares	Series B shares	Total shares	%
Suovaniemi, Osmo	2,265,340	2,240,038	4,505,378	34.8
Sipponen, Pentti	900,000	14,300	914,300	7.1
Suovaniemi, Ville	208,280	371,300	579,580	4.5
Suovaniemi, Joel	208,280	333,000	541,280	4.2
Härkönen, Matti	57,200	393,670	450,870	3.5
Etra-Invest Oy Ab	-	420,000	420,000	3.2
Suovaniemi, Oili	111,600	288,935	400,535	3.1
Etera Mutual Pension Insurance Company	-	391,800	391,800	3.0
Suovaniemi, Vesa	74,800	232,757	307,557	2.4
Adlercreutz, Herman	-	192,800	200,300	1.5

The 10 largest shareholders by number of votes

	Series A shares	Series B shares	Total votes	%
Suovaniemi, Osmo	45,306,800	2,240,038	47,546,838	54.9
Sipponen, Pentti	18,000,000	14,300	18,014,300	20.8
Suovaniemi, Ville	4,165,600	371,300	4,536,900	5.2
Suovaniemi, Joel	4,165,600	333,000	4,498,600	5.2
Suovaniemi, Oili	2,232,000	288,935	2,520,935	2.9
Suovaniemi, Vesa	1,496,000	232,757	1,728,757	2.0
Härkönen, Matti	1,144,000	393,670	1,537,670	1.8
Tech Know Oy Ltd	499,800	108,000	607,800	0.7
Etra-Invest Oy Ab	-	420,000	420,000	0.5
Etera Mutual Pension Insurance Company	-	391,800	391,800	0.5

Management's shareholding, 31 Dec 2007

On 31 December 2007, members of the Board of Directors and the President and CEO owned a total of 2,275,340 Series A shares and 2,308,038 Series B shares. These represent 35.4% of the total number of shares outstanding and 55.0% of the voting rights conferred.

5 FORMULAS FOR THE KEY RATIOS

Return on equity, %	$\frac{\text{result for the period}}{\text{shareholders' equity (average over the year)}} \times 100$
Return on investment, %	$\frac{\text{profit before extraordinary items + interest and other financial expenses}}{\text{balance sheet total – non-interest-bearing liabilities (average over the year)}} \times 100$
Equity ratio, %	$\frac{\text{shareholders' equity in the balance sheet}}{\text{balance sheet total – advance payments received}} \times 100$
Earnings per share, EUR	$\frac{\text{profit for the period}}{\text{average number of shares, adjusted for share issues}}$
Equity per share, EUR	$\frac{\text{shareholders' equity in the balance sheet}}{\text{number of shares on the closing date}}$
Dividends per share, EUR	$\frac{\text{dividends for the period}}{\text{number of shares on the closing date}}$
Dividends per earnings, %	$\frac{\text{dividends per share}}{\text{earnings per share}} \times 100$
Effective dividend yield, %	$\frac{\text{dividends per share}}{\text{closing share price}} \times 100$
Price per earnings ratio, (P/E)	$\frac{\text{closing share price}}{\text{earnings per share}}$

Parent company income statement (FAS)

EUR 1,000	Note number	1 Jan - 31 Dec 2007	1 Jan - 31 Dec 2006
NET SALES	3.1	20,073	19,528
Change in inventories of finished goods and work in progress		144	542
Other operating income	3.2	106	176
Materials and services	3.3	-5,569	-5,566
Personnel expenses	3.4	-7,715	-6,973
Depreciation and impairment	3.5	-1,774	-1,760
Other operating expenses	3.6	-6,766	-6,565
OPERATING PROFIT/LOSS		-1,500	-619
Financial income and expenses	3.7	-547	-389
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		-2,047	-1,008
Appropriations	3.8	8	34
PROFIT/LOSS FOR THE PERIOD		-2,039	-974

Parent company balance sheet (FAS)

EUR 1,000	Note number	31 Dec 2007	31 Dec 2006
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	3.9	2,415	2,733
Tangible assets	3.10	6,057	5,706
Investments			
Participations in Group companies	3.11	3,805	3,805
Other investments	3.11	7	7
Total non-current assets		12,284	12,251
CURRENT ASSETS			
Inventories	3.12	3,724	3,773
Non-current receivables	3.13	44	169
Current receivables	3.13	7,251	7,569
Marketable securities	3.14	923	856
Cash at bank and in hand	3.15	159	95
Total current assets		12,102	12,462
TOTAL ASSETS		24,386	24,713
LIABILITIES			
Shareholders' equity			
Share capital	3.16	2,199	2,199
Fund for investments of non-restricted equity	3.16	12,230	12,230
Accumulated profit/loss from previous years	3.16	-1,630	-657
Profit/loss for the period	3.16	-2,039	-974
Total shareholders' equity		10,760	12,799
ACCUMULATED APPROPRIATIONS	3.17	316	324
OBLIGATORY PROVISIONS	3.18	-	56
LIABILITIES			
Non-current liabilities	3.20	8,230	5,979
Capital loans	3.21	880	880
Current liabilities	3.22	3,837	4,311
Capital loans	3.21	363	363
Total liabilities		13,310	11,534
TOTAL LIABILITIES		24,386	24,713

Parent company cash flow statement

EUR 1,000	2007	2006
Cash flow from operating activities:		
Profit/loss before extraordinary items	-2,047	-1,008
Adjustments for:		
Depreciation according to plan	1,774	1,760
Financial income and expenses	547	389
Other adjustments	328	56
Change in working capital:		
Increase (-) or decrease (+) in current non-interest-bearing trade receivables	-43	-792
Increase (-) or decrease (+) in inventories	49	-936
Increase (+) or decrease (-) in current non-interest-bearing liabilities	134	615
Interest and other financial items paid	-475	-412
Interest received from operating activities	6	85
Cash flow from operating activities	**271**	**-243**
Cash flow from investing activities:		
Investments in tangible and intangible assets	-1,788	-1,506
Investments in other securities	-1,200	-
Capital gains from other investments	1,110	1,544
Proceeds from sales of tangible and intangible assets	16	-
Shares acquired in subsidiaries	-	-403
Repayments of loan receivables	76	34
Interest and other income received from investments	14	-
Cash flow from investing activities	**-1,773**	**-331**
Cash flow from financing activities:		
Increase in long-term borrowings	2,434	127
Repayments of long-term borrowings	-868	-811
Cash flow from financing activities	**1,566**	**-684**
Increase (+) or decrease (-) in cash and cash equivalents	64	-1,258
Cash and cash equivalents at the beginning of the period	95	1,354
Cash and cash equivalents at the end of the period	159	95

Notes to the parent company's financial statements

6.0 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.

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

The financial statements are presented in thousands of euros and are based on initial transaction values, except for marketable securities included in current assets, which have been measured at fair value.

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. Depreciation 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 at the lower of the replacement cost or the probable sale price. In addition to the direct costs, the acquisition cost of inventories includes an appropriate proportion of production overheads.

Valuation of marketable securities

Marketable securities included in current assets are measured at fair value. The fair value of all investments is measured on the basis of released price quotations on well-functioning markets, that is, buy quotations on the closing date. Both gains and losses due to changes in fair value are recorded in the income statement in the period in which they materialised.

Research and development expenditure

Research expenditure is expensed in the year it is incurred. Development expenditure for new products has been capitalised as intangible assets in the balance sheet since 1 January 2004 and amortised over the economic lives of the products 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 they are 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

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.

Deferred taxes

Deferred taxes have not been recognised in the balance sheet. In accordance with the general guidelines of the Finnish Accounting Standards Board, issued on 12 September 2006, the notes to the financial statements present the amount of deferred taxes that could be recognised in the balance sheet and the amount of tax liabilities and assets that are unlikely to materialise and as such should not be recognised in the balance sheet.

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.

6.1 NET SALES BY BUSINESS AREA

	2007	2006
Liquid handling	18,922	18,259
Diagnostics	1,151	1,269
Total	20,073	19,528

NET SALES BY GEOGRAPHICAL AREA

	2007	2006
Finland	1,812	1,752
The rest of Europe	9,188	8,433
North and South America	3,899	3,726
Asia	2,090	2,685
Other countries	3,083	2,932
Total	20,073	19,528

6.2 OTHER OPERATING INCOME

	2007	2006
Capital gains on the sale of property, plant and equipment	16	5
From Group companies	51	171
Other	39	-
Total	106	176

6.3 MATERIALS AND SERVICES

	2007	2006
Purchases during the year	4,978	4,936
Change in inventories	193	-394
Total raw materials and consumables	5,171	4,542
External service	398	1,024
Total materials and services	5,569	5,566

6.4 PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

	2007	2006
Salaries and wages	6,574	5,986
Pension expenses	1,047	935
Other personnel expenses	517	470
Wages and salaries capitalised in non-current assets	-424	-419
Total personnel expenses	7,715	6,973

EUR 362 thousand (EUR 306 thousand) in development expenditure (wages and salaries) and EUR 62 thousand (EUR 113 thousand) related to mould production was capitalised during the financial year.

Average number of people employed by the parent company during the year	2007	2006
Salaried employees	92	78
Non-salaried employees	86	83
Average number of personnel	178	162
Personnel at end of period	172	162

Unless otherwise stated, figures are presented in thousands of euros.

6.5 DEPRECIATION

	2007	2006
Intangible assets	590	654
Buildings	132	130
Machinery and equipment	1,051	976
Total	1,774	1,760

6.6 OTHER OPERATING EXPENSES

	2007	2006
Travel and other personnel-related expenses	1,061	1,019
Rent and maintenance expenses	1,874	2,099
Marketing and sales expenses	1,257	1,345
Other external services	1,205	1,201
Depreciation of trade receivables	425	55
Other operating expenses	943	846
Total	6,766	6,565

Depreciation of trade receivables contains EUR 400 thousand (EUR 0 thousand) in receivables from Group companies.

6.7 FINANCIAL INCOME AND EXPENSES

	2007	2006
Interest income from long-term investments		
From Group companies	-	8
From others	4	8
Total income from long-term investments	4	16
Other interest and financial income		
From Group companies	2	-
From others	17	66
Other interest and financial income	19	66
Total interest income from long-term investments and other interest and financial income	23	82
Interest expenses and other financial expenses		
To Group companies	-10	-8
To others	-560	-463
Total interest expenses and other financial expenses	-570	-471
Total financial income and expenses	-547	-389
Foreign exchange losses included under 'Financial income and expenses' (net)	-36	-18

The items presented above operating profit include EUR 309 thousand in net exchange rate losses (EUR 324 thousand). These financial items contain EUR 4 thousand (EUR 27 thousand) in unrealised financial income from securities recognised at fair value.

6.8 APPROPRIATIONS

	2007	2006
The accumulated difference between the depreciation according to plan and depreciation in taxation	8	34

Unless otherwise stated, figures are presented in thousands of euros. 71

6.9 INTANGIBLE ASSETS

2007	Development expenditure	Intangible rights	Good-will	Other capitalised expenditure	Total
Acquisition cost at beginning of period	566	1,519	6,558	1,366	10,009
Increases	287	85	-	279	651
Transfers between items	-	-	-	-379	-379
Acquisition cost at end of period	854	1,604	6,558	1,266	10,281
Accumulated depreciation and impairment at beginning of year	-58	-979	-5,149	-1,090	-7,277
Depreciation and impairment during the year	-42	-121	-352	-75	-590
Accumulated depreciation and impairment at end of period	-101	-1,100	-5,502	-1,165	-7,867
Carrying amount at end of period	753	504	1,057	101	2,415

Acquisition costs consist of EUR 5,045 thousand for patents transferred as a result of the dissolution of Locus genex Oy and a liquidation loss of EUR 1,513 thousand.

2006	Development expenditure	Intangible rights	Good-will	Other capitalised expenditure	Total
Acquisition cost at beginning of period	300	1,444	6,558	1,286	9,588
Increases	266	75	-	161	502
Transfers between items	-	-	-	-81	-81
Acquisition cost at end of period	566	1,519	6,558	1,366	10,009
Accumulated depreciation and impairment at beginning of year	-29	-860	-4,797	-937	-6,623
Depreciation and impairment during the year	-29	-119	-352	-153	-653
Accumulated depreciation and impairment at end of period	-58	-979	-5,149	-1,090	-7,276
Carrying amount at end of period	508	540	1,409	276	2,733

Unless otherwise stated, figures are presented in thousands of euros.

6.10 TANGIBLE ASSETS

2007	Buildings	Machinery and equipment	Total
Acquisition cost at beginning of period	2,594	10,937	13,531
Increases	-	1,166	1,166
Decreases	-	-303	-303
Transfers between items	-	379	379
Acquisition cost at end of period	2,594	12,178	14,773
Accumulated depreciation and impairment at beginning of year	-740	-7,085	-7,825
Accumulated depreciation of decreases	-	293	293
Depreciation for the period	-132	-1,051	-1,183
Accumulated depreciation at end of year	-872	-7,843	-8,715
Carrying amount at end of period	1,722	4,335	6,057

The unamortised acquisition cost of production machinery and equipment is EUR 4,019 thousand (EUR 3,453 thousand).

2006	Buildings	Machinery and equipment	Total
Acquisition cost at beginning of year	2,594	9,883	12,477
Increases	-	973	973
Decreases	-	-	-
Transfers between items	-	81	81
Acquisition cost at end of year	2,594	10,937	13,531
Accumulated depreciation and impairment at beginning of year	-610	-6,109	-6,719
Accumulated depreciation of decreases	-	-	-
Depreciation for the period	-130	-976	-1,106
Accumulated depreciation at end of year	-740	-7,085	-7,825
Carrying amount at end of year	1,854	3,852	5,706

6.11 SHARES AND HOLDINGS

2007 shares	Group companies	Other shares	Total
Carrying amount at beginning of year	3,805	7	3,812

2006 shares	Group companies	Other shares	Total
Carrying amount at beginning of year	3,399	10	3,409
Increases	406	-	406
Decreases	-	-3	-3
Carrying amount at end of year	3,805	7	3,812

Biohit Biotech (Suzhou) Co., Ltd. increased its share capital by EUR 406 thousand in 2006.

Unless otherwise stated, figures are presented in thousands of euros.

6.12 INVENTORIES

	2007	2006
Raw materials and consumables	1,934	2,233
Products in progress	755	712
Finished products/goods	1,035	828
Total inventories	3,724	3,773

6.13 RECEIVABLES

Non-current receivables	2007	2006
Receivables from Group companies		
Loan receivables	-	101
Receivables from others		
Payments and accrued income	44	68
Total non-current receivables	44	169
Current receivables		
Receivables from Group companies		
Trade receivables	4,758	5,234
Loan receivables	91	76
Other receivables	12	8
Total	4,861	5,318
Receivables from others		
Trade receivables	2,065	1,994
Other receivables	251	172
Prepayments and accrued income	74	85
Total	2,390	2,251
Total current receivables	7,251	7,569

At 31 December 2007, EUR 69 thousand (EUR 93 thousand) in convertible bond issue costs have been capitalised in prepayments and accrued income. Capitalised expenditure is expensed over a resting three-year (four-year) maturity.

3.14 MARKETABLE SECURITIES

	2007	2006
Investments in funds	923	856

Marketable securities consist of investments in interest funds.

6.15 CASH AND CASH EQUIVALENTS

	2007	2006
Cash at bank and in hand	159	95

Unless otherwise stated, figures are presented in thousands of euros.

6.16 SHAREHOLDERS' EQUITY

	2007	2006
Share capital, 1 Jan and 31 Dec	2,199	2,199
Share premium fund, 1 Jan	-	12,842
Covered loss from previous years	-	-613
Transfer to fund for investments of non-restricted equity	-	-12,230
Share premium fund, 31 Dec	-	-
Fund for investments of non-restricted equity, 1 Jan	12,230	-
Transfer from share premium fund	-	12,230
Fund for investments of non-restricted equity, 31 Dec	12,230	12,230
Accumulated profit/loss from previous years, 1 Jan	-1,630	-1,270
Transfer from share premium fund	-	613
Accumulated profit/loss from previous years, 31 Dec	-1,630	-657
Reported loss for the year	-2,039	-974
Total shareholders' equity	10,760	12,799

Accumulated interest on capital loans totalling EUR 657 thousand for the years 1996–2005 has been recognised as a decrease in retained earnings in 2006.

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. however, in the payment of dividends, 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

	2007		2007		2006	
	no.	EUR	% of shares	% of votes	no.	EUR
Series A shares (20 votes per share)	3,875,500	658,835	30.0	89.5	3,875,500	658,835
Series 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.

Unless otherwise stated, figures are presented in thousands of euros.

6.17 ACCUMULATED APPROPRIATIONS

Accumulated appropriations comprise accumulated depreciation differences.

6.18 OBLIGATORY PROVISIONS

Provisions for warranty	2007	2006
1 Jan	56	-
Provision additions	-	56
Released during the period	-10	-
Reversals of unused provisions	-46	-
31 Dec	-	56
Total obligatory provisions	-	56

6.19 DEFERRED TAX LIABILITIES AND ASSETS

The company has a total of EUR 1,913 thousand (EUR 1,517 thousand) in deferred tax assets from tax losses and temporary differences. The company's management estimates that EUR 1,459 thousand (EUR 1,508 thousand) of this amount can be utilised.

6.20 NON-CURRENT LIABILITIES

	2007	2006
Loans from Group companies	231	-
Loans from others		
Loans from financial institutions	3,031	965
Convertible bonds	4,050	4,050
Other non-current liabilities	237	331
Interest on capital loans	681	633
Total non-current liabilities	8,230	5,979

Liabilities falling due after five years:	2007	2006
Loans from financial institutions	521	47
Capital loans	880	880
Total	1,401	927

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.

6.21 CAPITAL LOANS

	2007	2006
From related parties	880	880
From others	363	363
Total	1,243	1,243

The company has capital loans totalling EUR 1,243 thousand. The main terms for these loans are detailed in the notes to the consolidated financial statements.

Unless otherwise stated, figures are presented in thousands of euros.

6.22 CURRENT LIABILITIES

	2007	2006
Loans from financial institutions, current portion	269	674
Other non-current liabilities, current portion	95	95
Advances received	33	3
Trade payables	987	1,314
Accrued liabilities and prepaid income	2,149	1,730
Other liabilities	194	201
Liabilities to Group companies		
Trade payables	17	7
Accrued liabilities and prepaid income	93	288
Total current liabilities	3,837	4,311

Accrued liabilities and prepaid income include holiday pay periodisation and related social expenses totaling EUR 1,068 thousand (EUR 996 thousand), leasing cost periodisation of EUR 361 thousand (EUR 231 thousand), and interest cost periodisation of EUR 170 thousand (EUR 168 thousand).

6.23 LIABILITIES AND COMMITMENTS WITH MORTGAGES AS COLLATERAL

Liabilities for which mortgages have been lodged as collateral	2007	2006
Loans from financial institutions	2,849	1,233
Corporate mortgages	1,603	1,603
Mortgages on real estate	1,500	900
Other liabilities	331	426
Mortgages on real estate	763	763
Lease agreements	2,442	2,770
Corporate mortgages	235	235

The parent company has assumed EUR 0.3 million (EUR 0.0 million) in contingent liabilities on behalf of Group companies.

Leasing commitments	2007	2006
Due for payment the following year	426	504
Due for payment at a later date	398	603
Total	825	1,106

Rental commitments	2007	2006
Due for payment the following year	407	396
Due for payment at a later date	2,035	2,374
Total	2,442	2,770

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

Unless otherwise stated, figures are presented in thousands of euros. 77

7 THE BOARD OF DIRECTORS' PROPOSAL CONCERNING THE LOSS FOR THE FINANCIAL YEAR

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2007 and that the EUR 2,038,972.37 loss for the financial year be transferred to retained earnings/loss.

Helsinki, 28 March 2008

Reijo Luostarinen
Chairman of the Board

Osmo Suovaniemi
Member of the Board
President and CEO

Peter Coggins
Member of the Board

Tero Kauppinen
Member of the Board

Mårten Wikström
Member of the Board

Financial statement entry

The financial statements and annual report have been prepared in accordance with generally accepted accounting practice in Finland. I have today submitted the report of my audit.

Helsinki, 28 March 2008

PricewaterhouseCoopers Oy
Authorised Public Accountants

Hannele Selesvuo
Authorised Public Accountant

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 Oyj for the period 1 January to 31 December 2007. The Board of Directors and the President have prepared the consolidated financial statements, drawn up 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, which contain 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. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the President 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 result of operations and 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 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 of both the Group and the parent company.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the President 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, 28 March 2008

PricewaterhouseCoopers Oy
Authorised Public Accountants

Hannele Selesvuo
Authorised Public Accountant

The history of Biohit

Biohit was founded 20 years ago, in 1988. The background of the company, however, stretches back to the 1970s, when Professor Osmo Suovaniemi (M.D, Ph.D.), founder of Labsystems (1971), developed and commercialised the first air displacement, adjustable single and multichannel pipettors.

The new technology made liquid handling both more convenient and safer than before. These inventions included the first 8- and 12-channel adjustable pipettors that were designed to aid the liquid handling work in analyses where microplates (8x12 wells) were used. Professor Suovaniemi also invented the vertical photometry technology and developed the very first 96-well microplate reader (the Titertek Multiskan), a central product of Eflab Oy, a joint venture founded by Mr Suovaniemi.

Over the years, Biohit's liquid handling devices have taken their place in laboratories worldwide as ergonomic, safe and reliable solutions for all types of pipetting and dispensing.

The vertical measurement technology has enabled extensive research and fast development of safe and reliable immunoassays and methods used in gene research. The global market potential for diagnostics tests and reagents related to these is several billion euros.

Additionally, the vertical photometry invention – and its associated microplates, multichannel pipettors, measurement equipment and analysis systems – has contributed to the creation and practical application of GastroPanel and GastroView. These inventions have connections with the 2005 Nobel Prize for Medicine, which was awarded to Australians Robin Warren and Barry Marshall for the discovery of *Helicobacter pylori*, a cause of atrophic gastritis and peptic ulcers, made in 1982.

Their very first publication put forward the idea that *Helicobacter pylori* infection progresses into atrophic gastritis and is an important factor in the development of peptic ulcers. Both men have been involved in the praiseworthy, GastroPanel-related basic research that has been led by Finnish Professors Max Siurala and Pentti Sipponen since the beginning of the 1970s.

1988

- Professor Osmo Suovaniemi establishes Biohit Oy.

1990

- Launch of the first electronic pipettor, Proline.
- Assembly of pipettors and injection moulding operations start in Kajaani, Finland.

1991

- Establishment of the first subsidiary, in France.

1992

- Biohit launches its own product range of mechanical pipettors, Proline.
- Establishment of a subsidiary in the UK.

1993

- Start of OEM business through co-operation with Eppendorf and bioMérieux.

1994

- Biohit establishes a subsidiary in Japan.

1995

- Biohit establishes a subsidiary in Germany.

1997

- Biohit receives ISO 9001 quality certification.

1999

- Listing on the Helsinki Exchanges NM list.

2000

- Biohit's pipettor calibration laboratory is accredited (ISO 17025) by FINAS (Finnish Accreditation Service).
- Biohit opens up subsidiaries in the US and Russia.

In February 2008, VWR Europe awarded Biohit for successful cooperation (Best Data / Content Provider). Biohit and VWR International entered into an agreement concerning distribution of liquid handling products in Europe in May 2007. In the USA, Biohit and VWR have been in close co-operation for more than ten years.

Biohit's pipettors have been successful in numerous comparative studies conducted, for example, by the Health and Safety departments of major pharmaceutical companies. In 2007, a US magazine specialised in ergonomics published an article related to one of these studies, "A Biopharmaceutical Breakthrough" (Erickson, Joan G & Smith, Anthony V: Case Study Ergonomics, Occupational Health & Safety Magazine, June 2007, Vol. 76, No 6 issue), in which Biohit's mLINE came out as the winner.


CASE STUDY ERGONOMIC

A Biopharmaceutical Breakthrough

A study involving manual pipettors eased a persistent risk for repetitive strain injuries

We knew from our experience that users would assume awkward positioning to read the volume setting if needed.

2001

- Launch of the new, state-of-the-art electronic eLINE pipettor range.
- Marketing of the GastroPanel for research use starts.
- Completion of new production premises for diagnosis products in Helsinki.

2002

- Launch of the new, ergonomic mechanical mLINE pipettor range.

2003

- Diagnostics business receives ISO 13485 certification.
- Biohit receives ISO 14001 environmental quality certification.
- Biohit opens a representative office in China.

2004

- Launch of quick tests for diagnosis of *Helicobacter pylori* infection and lactose intolerance.
- US Food and Drug Administration (FDA) approval for the GastroPanel test kit's serum-based *H. pylori* test. Registration of Gastrin-17 test in the US.

2005

- The Gastrin-17, Pepsinogen-I and Pepsinogen-II tests, which form part of GastroPanel, are granted market authorisations by China's State Food and Drug Administration.
- OEM business boosted with new agreements.

2006

- Liquid Handling business receives ISO 13485 certification.
- Production and subsidiary operations start in China.
- Chinese scientists recommend GastroPanel tests for use in Chinese health care.

2007

- Launch of the new Proline Plus pipettor range.
- Biohit enters into agreement with VWR International concerning liquid handling sales in Europe.
- Launch of GastroView (Pepsinogen I and II and *Helicobacter pylori*) through a pharmacy chain in the UK.
- Test marketing of XyliCyst chewing gum starts.

2008

- Biohit's 20th anniversary.

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