

## **INTERIM REPORT OF THE BIOHIT GROUP 1 JANUARY TO 30 SEPTEMBER 2010**

### **SUMMARY**

#### **January-September 2010:**

- Net sales EUR 28.9 million (EUR 25.1 million 1-9/2009)
- Operating profit EUR 0.4 million (operating profit EUR 0.3 million)
- Profit before taxes EUR 0.4 million (loss EUR 0.0 million)
- Share of net sales accounted for by international operations 96.2% (96.0%)
- Earnings per share EUR 0.00 (EUR -0.02)

#### **July-September 2010:**

- Net sales EUR 9.6 million (EUR 8.1 million)
- Operating profit EUR 0.4 million (operating profit EUR 0.1 million)
- Loss before taxes EUR 0.1 million (loss EUR 0.1 million)
- Share of net sales accounted for by international operations 95.7% (95.6%)
- Earnings per share EUR -0.01 (EUR -0.01)

### **JUSSI HEINIÖ, PRESIDENT AND CEO**

“Trends in our net sales exceeded expectations during the first part of the year. Growth during the review period was 15.1%, with net sales growth in the third quarter reaching up to 18.2%. The recovery of the North American and Asian market areas had a particularly favourable impact on the net sales trend. The new locations opened during the first part of the year boosted sales growth in Asian market areas.

Sales of electronic and mechanical pipettes have grown during the third quarter in particular, and we expect this trend to continue throughout the rest of the year. All in all, the market outlook combined with changes made to our steering mechanisms has created a firm foundation for continued growth and we expect the liquid handling business to reach its growth targets.

The diagnostics business has focused on launching the Acetium capsule and commercialising diagnostic kits. So far, the promotion of diagnostic test kits has centred on Finnish markets, which will be of key significance in yielding references for an international launch. Marketing of the Acetium capsule has likewise focused on Finland, where the product has been favourably received. However, in order to further expand sales, we must make substantial investments in marketing and building up a distribution network – a task we are currently working on. Due to its

fairly moderate growth rate in 2010, we do not expect the diagnostics business to reach its net sales growth targets.

In addition to a number of one-off items, the Group's operating result has been burdened by expenses associated with the launch of the Acetium capsule and considerable outlays on bolstering our sales and marketing organisation in Asia. The Group's operating result has therefore remained at the same level as in 2009. “

## THE GROUP'S KEY FIGURES

	7-9/ 2010	7-9/ 2009	Change %	1-9/ 2010	1-9/ 2009	Change %	1-12/ 2009	1-12/ 2008
Net sales, MEUR	9.6	8.1	18.2	28.9	25.1	15.1	35.4	35.1
Operating profit/loss, MEUR	0.4	0.1	148.0	0.4	0.3	13.0	1.2	1.3
% of net sales	3.8%	1.8%		1.3%	1.4%		3.4%	3.7%
Profit/loss before taxes	-0.1	-0.1	-73.7	0.4	-0.0	950.1	0.7	1.0
Profit/loss for the period	-0.2	-0.2	-23.8	0.1	-0.2	124.8	0.4	0.9
Investments, gross, MEUR	0.4	0.5	-14.6	1.9	1.7	12.1	2.4	1.2
% of net sales	4.5%	6.3%		6.7%	6.9%		6.9%	3.5%
R&D expenditure, MEUR	0.6	0.4	37.8	1.8	1.7	7.9	2.4	2.0
% of net sales	5.8%	4.9%		6.2%	6.6%		6.8%	5.8%
Average number of personnel	403	376	7.2	407	368	10.4	370	369
Number of personnel at end of period	428	368	16.3	428	368	16.3	383	360
Equity ratio, %	44.3%	45.6%		44.3%	45.6%		46.8%	46.5%
Earnings per share, EUR	-0.01	-0.01	-23.8	0.00	-0.02	124.8	0.03	0.07
Equity per share, EUR	0.99	0.94	5.3	0.99	0.94	5.3	0.99	0.97
Average number of shares during the period	12,937,627	12,937,627	0.0	12,937,627	12,937,627	0.0	12,937,627	12,937,627
Number of shares at end of period	12,937,627	12,937,627	0.0	12,937,627	12,937,627	0.0	12,937,627	12,937,627

## REPORTING

Biohit reports on its business segments, which are the liquid handling and the diagnostics businesses. In addition, the company reports its net sales by main market areas.

## NET SALES AND RESULT

### July–September

In the third quarter, net sales were up 18.2% on the corresponding period of 2009 and amounted to EUR 9.6 million (EUR 8.1 million). In the July–September period, international operations accounted for 95.7% of net sales (95.6%).

Operating profit for the third quarter amounted to EUR 0.4 million (operating profit EUR 0.1 million) and loss before taxes to EUR 0.1 million (loss EUR 0.1 million). Earnings per share were EUR -0.01 (EUR -0.01).

Net sales growth continued during the third quarter, and at an even greater rate than during the first part of the year. Although lower than average net sales during the comparison period accentuated this growth, it is still significant when compared to comparable periods during the years before the recession.

Profitability improved, even though the operating result was burdened by an increase in fixed costs, such as those incurred through marketing Acetium.

### January–September

In the review period, the Biohit Group's net sales were up 15.1% on the corresponding period of 2009, totalling EUR 28.9 million (EUR 25.1 million). International operations accounted for 96.2% of net sales (96.0%).

Operating profit for the review period amounted to EUR 0.4 million (operating profit EUR 0.3 million) and profit before taxes to EUR 0.4 million (loss EUR 0.0 million). Earnings per share were EUR 0.00 (EUR -0.02).

Trends in net sales growth during the review period exceeded expectations. Net sales in the comparison period were lower than usual, which has accentuated growth. Net sales have grown in all the main market areas, particularly Asia and North America.

Profitability during the review period was weakened by expenses associated with the Acetium capsule launch and bolstering the sales and marketing organisation. The result for the review period was improved by currency exchange gains allocated to financial items.

### Key figures by segment, January–September

Sales and maintenance of liquid handling products accounted for 94.7% of net sales during the reporting period. The net sales of the liquid handling business amounted to EUR 27.4 million (EUR 23.9 million) and the net sales of the diagnostics business to EUR 1.5 million (EUR 1.3 million). The liquid handling business grew by 14.9% and the diagnostics business by 20.2%.

The operating profit of the liquid handling business amounted to EUR 2.4 million (EUR 1.9 million), while the operating loss of the diagnostics business totalled EUR 2.0 million (operating loss EUR 1.5 million).

Due to several new product launches, the diagnostics business has experienced a front-loaded increase in fixed costs in relation to net sales.

### Group net sales by business segment

	7-9 2010 MEUR	7-9 2009 MEUR	Change, %	1-9 2010 MEUR	1-9 2009 MEUR	Change, %	1-12 2009 MEUR
Liquid Handling	9.1	7.7	18.4	27.4	23.9	14.9	33.6
Diagnostics	0.5	0.4	13.7	1.5	1.3	20.2	1.8
Total	9.6	8.1	18.2	28.9	25.1	15.1	35.4

### Consolidated operating result by business segment

	7-9 2010 MEUR	7-9 2009 MEUR	Change, %	1-9 2010 MEUR	1-9 2009 MEUR	Change, %	1-12 2009 MEUR
Liquid Handling	1.1	0.6	79.1	2.4	1.9	28.5	3.2
Diagnostics	-0.7	-0.4	-56.5	-2.0	-1.5	-32.0	-2.0
Total	0.4	0.1	148.0	0.4	0.3	13.0	1.2

### Group's net sales in the main market areas

Net sales, MEUR	7-9/2010	7-9/2009	Change, %	1-9/2010	1-9/2009	Change, %	1-12/2009
Europe	4.7	4.5	6.1%	14.9	14.1	6.1%	19.4
America	2.0	1.7	21.5%	5.9	4.7	26.0%	6.2
Asia	1.6	0.9	75.7%	4.5	3.1	48.0%	4.7
Other	1.2	1.1	13.9%	3.6	3.3	7.9%	5.1
Group, total	9.6	8.1	18.2%	28.9	25.1	15.1%	35.4

### The impact of currency exchange rates

Net sales grew by 15.1% during the review period. When calculated using comparable exchange rates, net sales growth amounted to 11.7%. Exchange rate fluctuations did not have a material impact on the operating result. Biohit reports the currency exchange impacts of intra-Group items in financial items. During the review period, exchange rate fluctuations allocated to financial items improved the result by EUR 0.5 million.

### BALANCE SHEET

On 30 September 2010, the balance sheet total was EUR 29.1 million (EUR 26.7 million) and the equity ratio was 44.3% (45.6%).

### FINANCING

Cash flow during the reporting period was EUR 0.0 million (EUR 0.4 million). Net cash flow from operating activities amounted to EUR 1.7 million (EUR 2.2 million). At the end of the review period, consolidated liquid assets totalled EUR 2.3 million (EUR 2.2 million on 30 September 2009 and EUR 2.0 million on 31 December 2009). Current ratio was 1.4 (2.3). The fall in the current ratio is temporary and is due to the transfer of a EUR 4.05 million convertible bond, which was issued in 2005 and which matured in October 2010, from non-current to current liabilities. The convertible bond has been restructured since the close of the review period.

## RESEARCH AND DEVELOPMENT

Research and development expenditure during the reporting period amounted to EUR 1.8 million (EUR 1.7 million), representing 6.2% of net sales (6.6%). EUR 0.4 million (EUR 0.3 million) in development expenditure was capitalised during the period.

## INVESTMENTS

Gross investments during the reporting period totalled EUR 1.9 million (EUR 1.7 million). Investments were primarily made in production technology in Kajaani, increasing the production capacity of disposable pipette tips.

## PERSONNEL

The average number of Group personnel during the reporting period was 407 (368 in the corresponding period of 2009 and 372 in 2008). Of these, 189 were employed by the parent company (173 in 2009, 173 in 2008) and 218 by subsidiaries (195 in 2009, 199 in 2008). The number of personnel has increased at Asian units in particular.

## SHORT-TERM RISKS AND UNCERTAINTY FACTORS

The major change in Biohit's short-term risks and uncertainty factors concerns the restructuring of the company's EUR 4.05 million convertible bond. After the close of the review period, the bond was restructured in accordance with previously published plans and the lenders have subscribed for the bond in its entirety. The restructuring of the convertible bond, combined with favourable trends in net sales, has improved the company's liquidity. However, liquidity is still burdened by increased costs associated with launching the Acetium capsule and expanding Biohit's international operations.

Cash flow generated by the liquid handling business continues to be the primary source of financing for the diagnostics business. Accelerating growth in the diagnostics business is therefore imperative in order to ensure solid operational foundations for both businesses. Long-term failure to meet growth expectations in the diagnostics business might also result in a EUR 2.6 million impairment of goodwill associated with diagnostics products. The company has, however, engaged in determined efforts to bolster the diagnostics business not only with the launch of new products, such as the revamped ColonView examination (for assessing the risk of colorectal cancer) and the Acetium capsule, but also by refining its product commercialisation plans and prioritising certain market areas. Biohit therefore estimates that there has been no significant increase in neither the risks associated with the development of the diagnostics business nor any other previously reported risks.

A rise in raw material prices – particularly in the case of plastics – and the increased cost of components has burdened the profitability of the liquid handling business. Biohit seeks to hedge itself against these risks and their negative impact on profit margins by employing contractual terms, boosting production efficiency, and transferring costs to product prices.

As a significant portion of Biohit's business is conducted in currencies other than the euro, the strengthening of the euro's external value has a negative impact on the company's profitability. The company hedges itself against currency risks by making procurements in currencies other than the euro and planning the Group's cost structure so that a significant share of fixed costs are in non-euro currencies.

## OUTLOOK FOR 2010

Biohit's customer base is making increased investments in R&D and the market outlook is decidedly more positive for both the liquid handling and diagnostics businesses. Market recovery has been evident in the liquid handling business, especially in areas outside Europe and primarily in North America and Asia. Biohit expects favourable trends in the Group's total net sales to continue for the rest of the year.

Demand in the liquid handling business has grown in the electronic and mechanical pipette product families in particular, with third-quarter growth higher than growth during the early part of the year. Biohit expects this trend to continue for the rest of the year. These favourable trends are a result of the expansion of the distribution network in Asian countries and closer cooperation with key partners.

Growth in the diagnostics business is also forecast to continue for the rest of the year. Full-year growth is, however, expected to be more moderate than estimated and to fall short of the original targets. The majority of net sales growth is expected to come from increased sales of Biohit's diagnostics tests.

The company estimates that its full-year result before taxes will be slightly better than in 2009.

## MAIN EVENTS OF THE REPORTING PERIOD

### Liquid handling business

Biohit's liquid handling business develops, manufactures and markets laboratory equipment and accessories for the pharmaceutical, food and other industries. Biohit's products are also used in research institutions, universities and hospitals. The product range includes mechanical and electronic pipettes as well as disposable tips. While the majority of the products are marketed under the Biohit brand, the company also manufactures customised OEM (Original Equipment Manufacturer) products that complement the diagnostic test and analysis systems of many global companies. In addition, the company offers maintenance, calibration and training services for liquid handling products through its distributor network.

The trend in the sales of the liquid handling business was favourable in all product groups during the review period. Pipette sales continued to grow during the third quarter. Asia in particular saw further growth, but sales in North America also picked up compared to the comparison period.

Biohit focused especially on the marketing and sales of disposable pipette tips during the review period. In addition, the company expanded its own sales network in growing Asian markets and bolstered its distribution network in, for example, Turkey, Italy, Spain and Australia. The company has also firmed up its cooperation with its major partners and made outlays on end-customer marketing.

During the review period, the company focused on building a Group-wide strategy. Part of this includes the reorganisation of the steering model for the liquid handling business as from June. Since early July, the make-up of the Management Team has been reorganised and its areas of responsibility have been redefined in line with the company's processes in order to enhance business control. The new business plans will be mobilised throughout the Group. The goal is to develop the company's business in a truly international direction by utilising the Group's own resources and extensive network of subsidiaries and matrix organisation.

## Diagnostics business

Biohit's diagnostics business develops, manufactures and markets tests and analysis systems for the diagnosis and prevention of diseases of the gastrointestinal tract. The tests and systems are based on innovations and reliable research data. The company's product range includes the GastroPanel examination and the ColonView quick tests for primary healthcare; lactose intolerance and *Helicobacter pylori* quick tests for specialised healthcare; and instruments and analysis systems for laboratories. The company also markets GastroPanel laboratory packages. In addition to GastroPanel test kits, this package includes liquid handling products, instruments, software as well as installation, training and maintenance services. The GastroPanel laboratory concept is geared towards facilitating the efficient introduction of GastroPanel examinations. Biohit's service laboratory also offers analysis services for the company's tests as well as determinations of acetaldehyde concentration in foodstuffs and alcoholic beverages.

(<http://www.biohit.com/diagnostics/determination-of-acetaldehyde>)

Biohit has also developed the prescription-free Acetium capsule to reduce carcinogenic acetaldehyde in the gastrointestinal tract. The International Agency for Research on Cancer (IARC), which forms part of the World Health Organisation (WHO), has classified acetaldehyde included in and generated endogenously from alcoholic beverages as a Group I carcinogen, that is, a substance that causes cancer. The capsule was developed in cooperation with researchers at the University of Helsinki and Biohit's scientific advisors. Acetium is recommended for those suffering from damage to the gastric mucosa (atrophic gastritis) and the resulting anacidic stomach, caused by either a *Helicobacter pylori* infection or an autoimmune disease. The capsules are also recommended for those taking anti-acid medication (Proton Pump Inhibitors, H2 blockers) ([www.biohit.com/acetium](http://www.biohit.com/acetium)).

Sales growth in the diagnostics business was up by 20.2% on the 2009 comparison period, and was mainly generated by sales of test kits.

During the review period, Biohit introduced a new version of its ColonView examination, which traces faecal occult blood. The new packages contain two tests in the same cassette, which makes the analysis process even easier.

ColonView is a sensitive test that is specific to human blood, which makes it ideal for colorectal cancer screening programmes, and also for use by health centres, private practitioners and occupational healthcare. The ColonView examinations offer an easy and cost-effective way of finding patients who have faecal occult blood and therefore a greater than average risk of having colorectal cancer or its pre-stages. It also provides information on other potential diseases of the gastrointestinal tract that are associated with intestinal bleeding.

During the review period, Biohit started pharmacy sales of Acetium capsules in Finland. The product was launched for consumers at the end of May and its sales have as yet not had a significant impact on the net sales for the review period. Launch-related costs have also weakened the operating result for the period.

In addition to consumer advertising, the company's focus during the launch phase has been on product availability in pharmacies. Acetium capsules are distributed nationwide through Tamro Oyj, one of Finland's leading pharmaceutical wholesalers, and are already available from 600 pharmacies across the country. However, if the set growth expectations are to be achieved, it is necessary to make continuous outlays on marketing targeted at both professionals (physicians, pharmacists) and consumers. (See also [www.biohit.com/diagnostics](http://www.biohit.com/diagnostics) Product Brochures and "About Biohit": appendices 1 and 2)

## ADMINISTRATION

Professor Osmo Suovaniemi, MD, PhD, founder of Biohit and its long serving President and CEO, stepped down from his position in June. The company's Board of Directors appointed Jussi Heiniö, 48, LLM, as the new President and CEO as of 10 June 2010. Heiniö has been in Biohit's employ since 1997 and for the past six years served as VP of Administration and Legal Affairs and deputy CEO. Osmo Suovaniemi has not, however, left the company. He will serve on Biohit's Boards of Scientific Advisors and continue to take an active role in the development of business strategies and innovations. He will also continue as a member of Biohit Oyj's Board of Directors.

The amendments to Biohit Oyj's Articles of Association, which were decided on by the AGM of 23 April 2010, came into effect on 14 May 2010. In accordance with these amendments, the term of the recently elected seventh member of the Board of Directors, Ainomaija Haarla, also began on the same date.

During the review period, the Board of Directors of Biohit Oyj named Jukka Ant-Wuorinen, M.Sc. (Econ.) vice chairman of the Board. Professor Reijo Luostarinen continues as chairman.

### Changes in the Management Teams

In accordance with the Group's new strategy, the make-up of the Diagnostics Management Team was altered as of 1 October 2010.

Members of the new Management Team are: Jussi Heiniö (President & CEO), Yrjö Wichmann (General Director of Diagnostics), Lea Paloheimo (Product Life Cycle Management), Terhi Lampén (Sales and Marketing), Kalle Häkkinen (Operations), Seppo Riikonen (Quality and Risk Management), Tiina Hankonen (Finance, ICT and HR) and Josefina Hoviniemi (Communications).

The new strategy seeks to bolster business control and develop the company's operations in a truly international direction by utilising the Group's own resources and extensive network of subsidiaries.

Biohit has two Management Teams. The Diagnostics Management Team focuses on the diagnostics business and its development, while the Liquid Handling Management Team focuses on the liquid handling business and its development, as well as Group-level administration. The Liquid Handling Management Team was reorganised at the beginning of July.

### New office in Asia

At the beginning of the review period, Biohit opened a representative office in Singapore to support sales in growing Asian markets.

## SHARES AND SHAREHOLDERS

Biohit Oyj's shares are divided into series A and series B shares. There are 2,975,500 series A shares and 9,962,127 series B shares to a total of 12,937,627 shares. Series A shares confer 20 votes per share and series B shares 1 vote per share. 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. Supposing that the market capitalisation value for series A and B shares is equal, the total market capitalisation value at the end of the period was EUR 30.4 million (EUR 18.5 million on 30 September 2009).

Biohit Oyj's series B shares are quoted on NASDAQ OMX Helsinki in the Small cap/Healthcare group under the code BIOBV.

BIOBV/NASDAQ OMX Helsinki	1-9/2010	1-9/2009
High, EUR	4.91	1.9
Low, EUR	1.50	1.27
Average, EUR	3.49	1.55
Closing price, EUR	2.35	1.43
Total turnover, EUR	30,866,555	2,174,667
Total turnover, no. of shares	8,838,544	1,722,756

## Shareholders

At the end of the review period on 30 September 2010, the company had 4,750 shareholders (3,555 on 30 September 2009). Private households held 73.11% (72.87%), companies 23.25% (23.67%) and public sector organisations 2.81% (3.03%). 0.73% (0.53%) of shares were in foreign ownership or registered in a nominee's name.

Further information about the shares, major shareholders and management's shareholdings is available on the company's website at [www.biohit.com/investors](http://www.biohit.com/investors).

## Convertible bonds

On 3 August 2010, under the authorisation granted by the General Meeting, Biohit Oyj's Board of Directors decided to issue a convertible bond of EUR 4.05 million to Finnish institutional investors. The bond was issued on 28 October 2010, after the close of the review period. The fixed coupon rate of the bond is 6.5%. The term of the loan is five years. The bond will not be publicly traded.

This new bond replaced Biohit Oyj's earlier convertible bond of the same size, which matured in October 2010. The issue is part of a set of measures aimed at optimising the company's long-term financing plan.

The issue was chiefly organised by Pohjola Corporate Finance Oy.

## MAJOR EVENTS AFTER THE CLOSE OF THE PERIOD

Since the close of the review period, Biohit Oyj has expanded its diagnostics business offering to include acetaldehyde determination services. Biohit has invested in both technology and expertise so that the carcinogenic acetaldehyde contained in, for example, foodstuffs and alcoholic beverages can be measured. Companies in the food and drink industry will now be able to send product samples to Biohit for analysis, thereby enabling them to offer safer products to their customers. Biohit believes that its assay services will also be used by a variety of research institutions, supervisory authorities and possibly even consumers. Guidelines for sending samples are available at: <http://www.biohit.com/diagnostics/determination-of-acetaldehyde>.

In addition to its assay services, Biohit is also commercialising its BioFood innovation. BioFood can significantly reduce – or even completely remove – the acetaldehyde contained in, for example, beer, wine, strong alcoholic beverages and yoghurts. BioFood's core target customer group

comprises companies in the food and drink industry: using BioFood in conjunction with Biohit's assay services will open up new avenues for product development.

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the IAS 34 standard.

Biohit Oyj has applied the same accounting principles in preparing this interim report as for its financial statements of 2009. The IFRS standards that came into effect in 2010 did not affect the accounting principles.

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

The figures in this interim report have not been audited.

## CONSOLIDATED INCOME STATEMENT

	7-9 2010 MEUR	7-9 2009 MEUR	Change %	1-9 2010 MEUR	1-9 2009 MEUR	Change %	1-12 2009 MEUR
Net sales	9.6	8.1	18.2	28.9	25.1	15.1	35.4
Other operating income	0.0	0.1	-50.1	0.1	0.1	-0.4	0.2
Increase/decrease in inventories of finished goods and in work in progress	0.3	-0.0	986.5	-0.4	-0.1	336.6	-0.3
Materials and services	-2.0	-1.6	27.7	-5.4	-4.5	19.1	-6.5
Employee benefit expenses	-4.0	-3.4	17.6	-12.4	-11.0	13.1	-14.9
Depreciation	-0.4	-0.4	3.2	-1.3	-1.3	-4.7	-11.0
Other operating expenses	-3.1	-2.5	20.3	-9.2	-8.0	14.6	-1.7
Operating profit/loss	0.4	0.1	148.0	0.4	0.3	13.0	1.2
Financial income	-0.1	0.1	-243.6	0.6	0.3	59.8	0.4
Financial expenses	-0.4	-0.3	35.9	-0.6	-0.7	-19.3	-0.9
Profit/loss before taxes	-0.1	-0.1	-73.7	0.4	-0.0	950.1	0.7
Income taxes	-0.1	-0.1	0.4	-0.3	-0.2	71.9	-0.3
Profit/loss for the period	-0.2	-0.2	-23.8	0.1	-0.2	124.8	0.4
Other comprehensive income							
Translation differences	-0.2	0.1	-488.1	-0.0	-0.1	89.4	-0.1
Total comprehensive income for the period	-0.4	-0.1	-335.0	0.0	-0.4	110.8	0.3

Biohit Oyj's earnings are attributable to the equity holders of the parent company in their entirety, as there are no minority interests.

Earnings per share calculated from earnings attributable to equity holders of the parent company	1-9 2010	1-9 2009	1-12 2009
Earnings per share, undiluted *, EUR	0.00	-0.02	0.03

\*) The convertible bond is not dilutive in respect of earnings per share in the financial years 2010 and 2009.

## CONSOLIDATED BALANCE SHEET

	30 Sep 2010 MEUR	30 Sep 2009 MEUR	Change %	31 Dec 2009 MEUR
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Goodwill	2.6	2.6	0.0	2.6
Intangible assets	2.8	2.5	12.7	2.3
Tangible assets	6.7	6.0	11.3	6.5
Receivables	0.0	0.0	-117.4	0.0
Deferred tax assets	1.8	2.0	-8.8	1.9
<b>Total non-current assets</b>	<b>14.0</b>	<b>13.1</b>	<b>6.4</b>	<b>13.4</b>
<b>CURRENT ASSETS</b>				
Inventories	5.2	5.3	-0.6	5.1
Trade and other receivables	7.6	6.2	23.6	6.9
Financial assets recognised at fair value through profit or loss	0.6	0.5	8.1	0.4
Cash and cash equivalents	1.7	1.7	1.2	1.6
<b>Total current assets</b>	<b>15.1</b>	<b>13.6</b>	<b>10.9</b>	<b>14.0</b>
<b>TOTAL ASSETS</b>	<b>29.1</b>	<b>26.7</b>	<b>8.7</b>	<b>27.4</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to the equity holders of the parent company				
Share capital	2.2	2.2	0.0	2.2
Fund for the investment of non-restricted equity	12.4	12.4	0.0	12.4
Translation differences	-0.3	-0.3	-1.2	-0.3
Retained earnings	-1.5	-2.1	30.8	-1.5
<b>Total equity</b>	<b>12.8</b>	<b>12.1</b>	<b>5.4</b>	<b>12.7</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	0.0	0.0	100.0	0.0
Pension obligations	0.1	0.1	43.9	0.1
Total interest-bearing liabilities	4.5	7.9	-43.8	3.9
Other liabilities	0.7	0.7	-8.0	0.7
<b>Total non-current liabilities</b>	<b>5.3</b>	<b>8.7</b>	<b>-39.8</b>	<b>4.6</b>
<b>CURRENT LIABILITIES</b>				
Trade payables	2.1	1.4	49.7	1.4
Total interest-bearing liabilities	5.0	0.9	466.2	5.1
Other liabilities	3.9	3.6	9.7	3.5
<b>Total current liabilities</b>	<b>11.0</b>	<b>5.9</b>	<b>88.0</b>	<b>10.0</b>
<b>Total liabilities</b>	<b>16.3</b>	<b>14.6</b>	<b>11.5</b>	<b>14.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>29.1</b>	<b>26.7</b>	<b>8.7</b>	<b>27.4</b>

## STATEMENT OF CHANGES IN EQUITY

### Consolidated statement of changes in equity on 30 Sep 2010

MEUR	Share capital	Translation differences	Fund for the investment of non-restricted equity	Retained earnings	Equity
Equity on 1 Jan 2010	2.2	-0.3	12.4	-1.5	12.7
Total comprehensive income for the period		0.0		0.1	0.0
Equity on 30 September 2010	2.2	-0.3	12.4	-1.5	12.8

### Consolidated statement of changes in equity on 30 September 2009

MEUR	Share capital	Translation differences	Fund for the investment of non-restricted equity	Retained earnings	Equity
Equity on 1 Jan 2009	2.2	-0.2	12.4	-1.9	12.5
Total comprehensive income for the period		-0.1		-0.2	-0.3
Equity on 30 Sep 2009	2.2	-0.3	12.4	-2.1	12.1

## CASH FLOW STATEMENT

	1-9/2010 MEUR	1-9/2009 MEUR	1-12/2009 MEUR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit/loss before taxes	0.4	-0.0	0.7
Adjustments	1.3	1.7	2.2
<b>CHANGE IN WORKING CAPITAL</b>			
Interest and other financial items paid	-0.2	-0.4	-0.5
Interest received	0.0	0.0	0.0
Realised exchange rate gains and losses	0.5	0.0	0.2
Income taxes paid	-0.1	-0.2	-0.4
Net cash flow from operating activities	1.7	2.2	2.8
<b>CASH FLOW FROM INVESTMENTS</b>			
Investments in tangible and intangible assets	-1.2	-1.6	-2.0

Investments and capital gains from investments in funds and deposits, net	-0.2	0.0	0.1
Net cash flow from investments	-1.4	-1.6	-1.9
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from loans	1.2	0.0	0.0
Loan repayments	-1.5	-0.2	-0.6
Net cash flow from financing activities	-0.3	-0.2	-0.6
Increase (+)/decrease (-) in cash and cash equivalents	0.0	0.4	0.3
Cash and cash equivalents at the start of the period	1.6	1.3	1.3
Effects of exchange rates on cash and cash equivalents	0.1	0.0	-0.0
Cash and cash equivalents at end of the period	1.7	1.7	1.6

## RELATED PARTY TRANSACTIONS

There have been no noticeable changes in related party transactions during the review period.

## COLLATERAL, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30 Sep 2010 MEUR	30 Sep 2009 MEUR	31 Dec 2009 MEUR
Liabilities for which mortgages have been lodged as collateral			
Loans from financial institutions	3.4	3.4	3.4
For which collateral has been lodged			
- Corporate mortgages	2.3	2.3	2.3
- Mortgages on real estate	2.0	1.9	2.0
Other liabilities	0.1	0.2	0.1
For which collateral has been lodged			
- Mortgages on real estate	0.8	0.8	0.8
Rental and lease agreements	4.5	4.6	5.0
For which collateral has been lodged			
- Corporate mortgages	0.2	0.2	0.2

Helsinki, 5 November 2010

Biohit Oyj  
Board of Directors

### Further information:

Jussi Heinio, President and CEO  
Tel: +358 (0) 9 773 861  
jussi.heinio@biohit.com

## **Distribution:**

NASDAQ OMX Helsinki Oy  
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## **About Biohit Oyj:**

Biohit Oyj is a globally operating Finnish biotechnology company that was established in 1988. The company's mission is to improve human health and quality of life. The company follows a goal-directed and long-term innovation and patenting strategy.

Biohit works with scientific communities to produce new technologies, products and services based on research results and innovations that can be used to develop safe and cost-effective liquid handling solutions for laboratory work as well as diagnostic tests for the early detection and prevention of diseases of the gastrointestinal tract.

Biohit has two business segments: liquid handling and diagnostics. Liquid handling products include electronic and mechanical pipettes, disposable tips as well as pipette maintenance and calibration services for research institutions, healthcare and industrial laboratories.

The diagnostics business comprises products and analysis systems for the early diagnosis and prevention of gastrointestinal diseases, such as the blood-sample based GastroPanel examinations for the diagnosis of stomach illnesses and associated risks, quick tests for the diagnosis of lactose intolerance and *H. pylori* infection in connection with gastroscopy, and the ColonView examination for the early detection of intestinal bleeding that indicates a risk of colorectal cancer. Acetium reduces the amount of carcinogenic acetaldehyde in an anacidic stomach. (See Appendix 1 and 2)

The Biohit Group employs around 400 people. The company is headquartered in Helsinki, Finland, and has subsidiaries in France, Germany, the UK, Russia, India, China, Japan and the USA. The company also has a representative office in Singapore. Biohit's products are also sold through about 450 distributors in 70 countries.

Since 1999, Biohit's Series B share has been quoted on NASDAQ OMX Helsinki in the Small cap/Healthcare group and is traded under the code BIOBV.

Read more at [www.biohit.com](http://www.biohit.com)

## Appendix 1

If a person suffers from occasional or chronic indigestion, heartburn, or upper abdominal pain (dyspepsia), possible gastric mucosa damage or dysfunction (atrophic gastritis) cannot be detected by a 13C-urea breath test for *Helicobacter pylori* infection or by a stool antigen test, nor by simple antibody testing. In order to avoid potentially serious treatment errors, it is not advisable to use these tests either for health check-ups in asymptomatic individuals (atrophic gastritis causes

conditions such as achlorhydria and is usually asymptomatic) or for diagnosing dyspepsia or *Helicobacter pylori* infection, for the following medical and ethical reasons:

*"The 13C-urea breath test, stool antigen test, and antibody tests do not detect mildly symptomatic or, most frequently, asymptomatic atrophic gastritis caused by Helicobacter pylori infection or autoimmune disease, nor its associated risks, which include gastric and oesophageal cancer as well as malabsorption of vitamin B12, iron, magnesium, calcium, and certain drugs. Calcium deficiency causes osteoporosis. Vitamin B12 deficiency may cause Alzheimer's disease, dementia, depression, or peripheral nervous system damage, as well as a high concentration of homocysteine, which in turn is thought to be an independent risk factor for vascular calcification, myocardial infarction and stroke. The absorption of dipyridamole, some iron compounds and antifungals (fluconazole, itraconazole), thyroxine, and atazanavir is considerably reduced in the achlorhydric stomach as a result of atrophic gastritis. The risk of pneumonias and intestinal infections, which may even be fatal in the elderly (e.g. giardiasis, malaria, Clostridium difficile), has been found to be significantly higher in the achlorhydric stomach. - None of the three Helicobacter pylori tests discussed provides information about excessive gastric acid production, which may cause complications such as ulcerative oesophagitis and Barrett's oesophagus in patients with gastro-oesophageal reflux disease. The complications are often asymptomatic and may lead to oesophageal cancer if untreated. Helicobacter pylori gastritis can also progress to atrophic gastritis of the antrum, which increases the risk of peptic ulceration and stomach cancer. Furthermore, the 13C-urea breath test and stool antigen test may yield as much as 50% false negative results for Helicobacter pylori infection when the patient has atrophic gastritis, MALT lymphoma or bleeding peptic ulcers, or is currently on antibiotics or PPI therapy."*

The GastroPanel test used for health check-ups in asymptomatic individuals or for the diagnosis of dyspepsia or *Helicobacter pylori* infection does not involve the serious medical and ethical problems described above (1). Therefore, from the standpoint of patient safety, the GastroPanel is always useful for confirming that a patient does not have mildly symptomatic or, most frequently, asymptomatic atrophic gastritis in the gastric corpus or antrum (or both) before prescribing proton-pump inhibitors (PPIs) for dyspepsia or PPIs and antimicrobial drugs for *Helicobacter pylori* eradication. PPIs and antimicrobial drugs do not address the risks related to atrophic gastritis, like stomach or oesophageal cancer or deficiency of vitamin B12 and calcium. The sooner atrophic gastritis is diagnosed and the patient is referred to gastroscopy and other examinations, the more successfully the diseases associated with atrophic gastritis can be prevented and treated, and the more health care costs can be reduced (2,3).

The prevention of cancer is one of the most important objectives for both the individual and the entire society. Gastric cancer and oesophageal cancer have a very poor prognosis. No more than five to ten per cent of patients with one of these cancers are alive five years after the diagnosis. Attempts to improve the prognosis have included regular endoscopies of the oesophagus or stomach in the hope of early diagnosis and treatment of cancer. The Finnish invention Acetium, available at six hundred pharmacies in Finland, offers the first opportunity for possible prevention of these cancers ([www.biohit.com/Acetium](http://www.biohit.com/Acetium)).

Acetium capsules are recommended for people who 1) have an achlorhydric or hypochlorhydric stomach due to atrophic gastritis in the gastric corpus, 2) have a chronic *Helicobacter pylori* infection, or 3) need to use antacids (PPIs or H2 blockers). Acetaldehyde is formed in their stomachs as a result of microbial activity. Achlorhydric stomach, *Helicobacter pylori* infection, and smoking are the most important risk factors for gastric cancer. In addition, achlorhydric stomach and smoking are independent risk factors for oesophageal cancer. Part of the acetaldehyde in tobacco smoke dissolves in saliva in the smoker's mouth and is conveyed from there to the stomach.

The International Agency for Research on Cancer (IARC) of the World Health Organization has classified acetaldehyde, which is contained in alcoholic beverages and formed endogenously (in the digestive tract), as a Group I carcinogen. This puts it in the same category as asbestos, tobacco, and benzene, for example. Acetaldehyde exposure is linked to approximately 4 million new cases of cancer worldwide each year, nearly 40 percent of all cancers (4).

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2. Suovaniemi O. GastroPanel dyspepsian, helikobakteeri-infektion ja atrofisen gastriitin ja siihen liittyvien riskien turvallisen tutkimus- ja hoitokäytännön kehittämiseen, Offprint *Yksityislääkäri* 2006; 5. (available in English: GastroPanel for the development of safe examination and treatment praxis for dyspepsia, *Helicobacter pylori* infection, atrophic gastritis and the related risks.)
3. Suovaniemi O. GastroPanel- tutkimus dyspepsian turvallisen ja kustannustehokkaan hoidon kehittämiseen. *Yksityislääkärilehti* 2009; 4: 94-98 (in Finnish) (The GastroPanel examination for developing safe and cost-effective treatment of dyspepsia)
4. Salaspuro M. Asetaldehydi - maailman yleisin karsinogeeni, *Erikoislääkäri*. 2010;20:36-39 (in Finnish) (Acetaldehyde – the most common carcinogen in the world, Membership journal of the Finnish Association of Medical Specialists)

## Appendix 2

In primary care (health centres and occupational health care), it would be beneficial to use the GastroPanel and ColonView examinations as follows for health check-ups of asymptomatic patients; diagnosis of dyspepsia, *Helicobacter pylori* infection, and atrophic gastritis; colon cancer risk assessment; and management of risks related to *Helicobacter pylori* infection and atrophic gastritis as well as colorectal cancer prevention:

1. As primary examinations for dyspepsia (occurs in about one-third of the population), *Helicobacter pylori* infection (occurs in 20–70% depending on age), and gastro-oesophageal reflux disease (in about 20% of the population) in health centres and occupational health care, as well as in
2. employee health screening and
3. health check-ups of asymptomatic individuals (e.g. at five-year intervals below 45 years of age and at three-year intervals thereafter), since atrophic gastritis (2–12% of adult population depending on age), which causes gastric and oesophageal cancer, is nearly always asymptomatic and was a rare incidental finding in gastroscopy before the advent of GastroPanel. Nearly one-third of the complications from gastro-oesophageal reflux disease may be asymptomatic. These complications include ulcerative oesophagitis and Barrett's oesophagus, which may lead to oesophageal cancer if untreated. GastroPanel warns of the

risk of these conditions. Similarly, ColonView is a sensitive examination specific to human blood that can reveal the risk of colon cancer in its early stage, when successful treatment is still possible. Symptoms at this stage are nearly always absent, or may manifest only as upper abdominal dyspepsia, particularly in the elderly. (The widely used Hemoccult test is not specific to human blood.)

The GastroPanel examination from a blood sample and the ColonView examination (from stool samples on three consecutive days) are therefore recommended for use in health centres and by occupational health physicians, both for health check-ups of asymptomatic patients and for primary dyspepsia and *Helicobacter pylori* infection diagnostics. This could uncover usually asymptomatic atrophic gastritis, and the associated risk of cancer and so on, as well as the risk of colon cancer that is often asymptomatic in its early stage. These are some of the examinations that employers should consider requesting in addition to other basic examinations in their occupational health care contracts.

For further investigation of dyspepsia to complement the GastroPanel and ColonView tests, Biohit also offers diagnostic tests for benign irritable bowel, i.e. irritable bowel syndrome (IBS calprotectin test); celiac disease, which causes deficiencies in vitamin B12 and other nutrients (celiac panel); and ulcerative colitis and Crohn's disease (IBD panel). Food allergies may be associated with conditions such as ulcerative or irritable bowel or celiac disease, as well as atrophic gastritis caused by autoimmune disease, rheumatoid arthritis, and SLE. Biohit also offers a unique, patented test for the diagnosis of SLE and its differential diagnosis from rheumatoid arthritis. In addition to other examinations at the time of every gastroscopy, it would be advantageous to rule out or confirm lactose intolerance and *Helicobacter pylori* infection using Biohit's Quick Tests for biopsy specimens ([www.biohit.com/Diagnostics](http://www.biohit.com/Diagnostics)). This would reduce costly trial treatments and unnecessary examinations, promote targeted care, and conserve scarce public resources, while also fending off many preventable illnesses that become increasingly prevalent in aging populations and can be severe and costly to society ([www.biohit.com/Diagnostics/Product-brochures](http://www.biohit.com/Diagnostics/Product-brochures)).

**Additional information:**

Professor Osmo Suovaniemi, MD, PhD  
Member of the Board  
Tel. +358 (0)9 773 861  
[Osmo.suovaniemi@biohit.com](mailto:Osmo.suovaniemi@biohit.com)