BIOHIT OYJ ANNUAL REPORT 2013

INNOVATING FOR HEALTH

CONTENTS

BIOHIT IN BRIEF

Biohit Oyj is a globally operating Finnish biotechnology company. Biohit's mission is 'Innovating for Health' – we provide innovative products and services to promote research and early diagnostics.

Our objective is to improve quality of life by preventing disease, human suffering and financial losses. Being a responsible company, it is our duty to raise public awareness of acetaldehyde, a Group I carcinogen.

Biohit is headquartered in Helsinki, Finland and has subsidiaries in Italy and the UK. Biohit's Series B share (BIOBV) is quoted on NASDAQ OMX Helsinki under Small cap/Healthcare.

Biohit Oyj was established in **1988**

Cost-efficient innovations in healthcare

Gastrointestinal diseases are a growing worldwide phenomenon that involve significant medical, ethical and economical issues. Gastrointestinal disorders are the most common cause of complaints regarding treatment, or insufficient treatment. The ageing population represents a growing financial constraint on the healthcare system, and cost-efficient solutions are needed urgently.

Biohit's products and services are safe, ethical and cost-efficient innovations for diagnosing and preventing gastrointestinal diseases and associated risks.

→ Read more: www.biohithealthcare.com

2013: A YEAR OF CONSISTENT OPERATIONAL DEVELOPMENT

In 2013, we expanded our sales network in international markets. Our personnel grew, and we continued to make determined investments in product development.

We launched three new products, Acetium® lozenge, celiac quick test and UTF300 *H. pylori* quick test

Expanding our sales network

We carried out new distributor and partnership arrangements as well as corporate arrangements (subsidiary in Italy, joint venture in China) to expand our sales network in international markets. As our sales are growing, it is particularly important to support our new partners and renew our product portfolio. Our marketing efforts focused on providing support to partners and on active communications.

Number of personnel growing

During the review period, the Biohit Group employed 44 (35 in 2012) people on average, 34 (29) of whom were employed by the parent company and 10 (6) by the subsidiaries. At the end of the year, the Group employed 47 (35) personnel, of whom 38 (29) were employed by the parent company and 9 (6) by the subsidiaries.

Investing in research and development

Biohit continues to make determined investments in its product development. A quarter of the company personnel is directly employed in product development, and Biohit is also engaged in cooperation with leading Finnish and international researchers. The Acetium® product range was expanded with the launch of the Acetium lozenge for smokers. In addition, the most sensitive rapid test available in the markets for the diagnosis of *Helicobacter pylori* infection was launched. Our development activities rely on the high quality of products and their suitability and effectiveness in practice, which have been proven in extensive clinical trials.

Solid financial position

Our strong financial position allows determined investments in an international distributor network, as well as development and commercialization of new products. Financial assets at the year-end totalled EUR 15.7 million. In addition, the company has other receivables of EUR 6.8 million in an escrow account. These are related to the divestment of the liquid handling business in 2011, and will be released on 31 March 2014 if no claims are made regarding the transaction.

Goal: To enable early diagnosis and prevention of diseases of the gastrointestinal tract

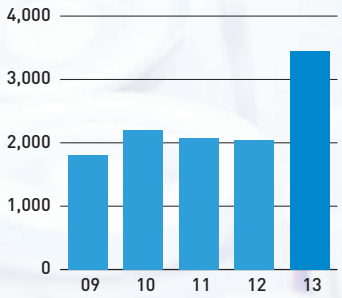
Actions: Commerzialization of new products and support to international distribution channels

Impacts: Enablement of appropriate and adequate treatment, early prevention of serious diseases, public health improvement and cost efficiency

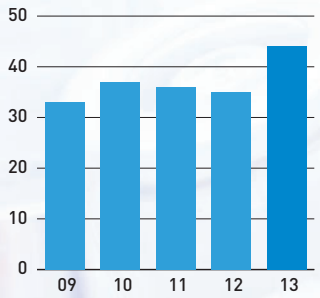
Equity ratio
79.3%

Net sales
3.5 MEUR

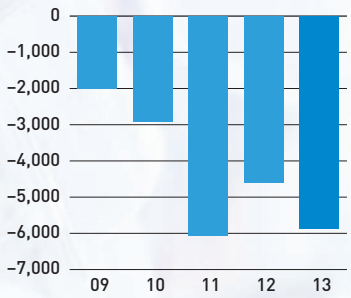
Net sales in continuing operations 2009–2013, 1,000 EUR



Average number of personnel in continuing operations 2009–2013



Profit / loss in continuing operations 2009–2013, 1,000 EUR



Biohit Group

	Jan–Dec/2013	Jan–Dec/2012
Net sales, MEUR	3.5	2.0
Operating profit/loss, MEUR	–5.9	–4.6
Profit / loss before taxes, MEUR	–5.9	–3.7
Profit/loss for the period MEUR	–5.9	–3.7
Average number of personnel	44	35
Number of personnel at end of period	47	35
Equity ratio, %	79.3	88.7
Earnings per share, EUR	–0.43	–0.27
Shareholders' equity per share, EUR	1.63	2.61
Average number of shares during the period	13,727,251	13,615,593
Number of shares at the period end	13,810,593	13,615,593

A YEAR OF POSITIVE DEVELOPMENT

During the past year, we took action on several fronts in order to grow our business. We invested in sales network building in several sectors, took efforts to improve care practices in a number of countries, and launched new products.

The key factor contributing to our net sales growth was exceptionally large deliveries of GastroPanel to China. The increase in GastroPanel production volumes and the launch of several new product development projects resulted in an increase in the number of personnel in Finnish head office.

Growing international distributor network

At the beginning of 2013, Biohit signed a distribution agreement with the Chinese GrandPharma Ltd regarding the marketing and distribution of Acetium in China. This agreement gave GrandPharma exclusive rights to use Biohit's intellectual property rights and know-how in the manufacture and distribution of Acetium capsules in China. In Finland, we tightened co-operation with Tamro Oyj in the distribution of the Acetium product line.

We strengthened our international diagnostics distribution network by signing agreements with several new partners, including Yumgiskor (Kazakhstan) and Medikal Sistemler (Turkey).

During the year, we entered entirely new territories by engaging in cooperation with a closed-loop system supplier, we signed a licensing agreement with analyser manufacturer Randox, giving Randox the worldwide licensing rights for GastroPanel.

At the year-end, we signed an agreement with Dynex Technologies Inc. on the distribution of Dynex analyzers. Dynex's automated ELISA (enzyme-linked immunosorbent assay) analyzers will be included in Biohit's product portfolio, improving the availability and usability of GastroPanel.

Business arrangements generating global growth

We carried out two major business arrangements. In April, Biohit and the Italian Euroclone S.p.A. agreed on a business acquisition in which Biohit acquired from Euroclone S.p.A. its subsidiary Euroclone Gastro S.r.l. Following the acquisition, Euroclone Gastro S.r.l. became Biohit Healthcare S.r.l., a subsidiary of Biohit, which supports Biohit's diagnostics distribution in Italy. Italian subsidiary will also support our distribution development in Germany and in the Mediterranean region.

'We strengthened our position in China'

We also strengthened our strategic position in China by signing a distributor agreement with Hefei Medicine to boost the sales and marketing of GastroPanel in China. Co-operation deepened in June when Biohit signed an agreement regarding the establishment of a joint venture in China.

Inland China is a great location for a joint venture in the diagnostics business as products for the local markets are manufactured there. Furthermore, the cost

PRESIDENT & CEO

Semi Korpela

levels are lower than in the major growth centres on the east coast. The markets in China, however, remain rather undeveloped, which is our main challenge In China.

We want to promote awareness of Group I carcinogen, acetaldehyde.

New products and indications

The new Acetium lozenge intended for smokers was launched for sale in pharmacies across Finland. Another new product launched was the celiac quick test which is made from from a fingertip blood sample. Our new celiac disease test is simple, quick and reliable.

Biohit acquired the rights to the UFT300 test, which is a rapid test for the diagnosis of *Helicobacter pylori* infection. With the agreement, the Italian developer, Advanced Biomedical Systems S.r.l. gave Biohit the patent and distribution rights for the test.

In the second half of the year, we published a significant number of various study protocols on our website and initiated a clinical trial on smoking cessation.

Our research and development efforts have focused on the development of new diagnostic products, making improvements to tests already on the market, and increasing the cost efficiency of products. Barretos Cancer Hospital (BCH) in Brazil will start a clinical study, which involves comparing Biohit's ColonView against another potential alternative for the colorectal cancer screening programme planned to be started in 2015.

High concentrations of acetaldehyde in foods

In 2013, we measured acetaldehyde concentrations in several foods. The results of our measurements revealed that concentrations were below the safety limit in only one Finnish yoghurt. Consumers should be able to decide how much acetaldehyde they consume and allow to accumulate in their body. However, the necessary information is missing from the ingredients listing on food products.

Ample business opportunities in the healthcare sector

As populations are aging, accurate and early diagnostics are in key role. Developing societies channel more and more resources to healthcare.

In 2013, we were in full swing. I would like to thank our employees and distributors for making this happen. I also want to thank consumers and investors for the feedback they have provided.

Semi Korpela

OUR STRATEGY – INNOVATING FOR HEALTH

Our vision is to be the world's leading bio-technology company in selected markets:

1. Gastrointestinal diagnostics

2. Acetaldehyde binding and eliminating products

Improving gastrointestinal tract diagnostics
In the gastrointestinal diagnostics area, we focus on GastroPanel examinations and targeted screenings. For further development of the GastroPanel test, we are seeking automation integration partners. In principle, the GastroPanel is sold as a full panel consisting of four tests. Essential part of the package is the GastroSoft, tool designed for the basic healthcare sector for GastroPanel test results analysis.

Our existing quick test portfolio complements the product range, focusing on the gastrointestinal tract and strengthening our position amongs our customer base. This product range also offers extensive opportunities for customizing our portfolio to meet the needs of our customers.

During the year 2013 began GastroPanel unification project.

Licensing cooperation to boost Acetium's market penetration
Our strategy for Acetium products is to focus on partnership and licensing arrangements. Potential licensing partners include pharmaceutical companies. This cooperation focuses on atrophic gastritis and anacidic stomachs, and the related significant exposure to acetaldehyde. We also aim to identify other potential fields of co-operation.

Improving efficiency in product development
To enhance the efficiency of our operations, we strive to further improve project management and leadership, and to focus resources on the most business-critical projects.

The scientific advisory board, which meets regularly, is a valuable part of Biohit's operating model. Feedback from distributors and customers is also an integral part of our renewal process.

JOINT VENTURE IN CHINA KICKS OFF

The official name of Biohit's joint venture in China, Biohit Biotech (Hefei) Co., was registered in November 2013. Biohit has a 40 per cent interest in the company and the remaining 60 per cent is held by the Chinese partner, Anhui Wisdom-Win Investment Co., Ltd. Located in the city of Hefei in Anhui province, the joint venture will manufacture and sell high quality GastroPanel tests in the Chinese market. The main reasons behind the establishment of the joint venture are the significant size of the Chinese market and the benefits of local production. In the first six months following the establishment of the partnership, which was initially in the form of a distributorship, the impact on GastroPanel's production volumes in Finland was considerable.

In November 2013 we received the official Certificate of Approval from the Chinese authorities. This certificate is required for joint ventures with foreign investment registered in China. The regulatory approvals for the start of production are pending and are expected to be finalized by the end of 2014.

GastroPanel has a decade of history in China

Biohit has been making determined efforts since 2006 to gain market for GastroPanel in China. The establishment of a joint venture was a strategic continuum to the preparatory work conducted by Biohit's subsidiary to pave the way for GastroPanel's market entry.

Approximately two-thirds of the population in China suffer from a *Helicobacter pylori* infection. Almost half of those infected develop atrophic gastritis and, as a result is a risk of gastric cancer, which is the second most common fatal cancer in China after lung cancer.

A Chinese medical journal published a consensus report* prepared by Chinese scientists, which recommended the use of GastroPanel tests for the diagnosis of dyspepsia, *Helicobacter pylori* infection and atrophic gastritis.

* Wei Chang Bing Xue, Chinese Journal of Gastroenterology (Vol. 11:2006)

PROMOTING HEALTH WITH NEW PRODUCTS AND INNOVATIONS

The objective of Biohit's product development is to make products available on the markets that can prevent serious diseases and enable early diagnosis of the risk of a serious disease. We focus on gastrointestinal diseases of major significance from society's perspective, and want to offer individuals an opportunity to protect themselves against diseases.

In autumn 2013, Biohit launched the Acetium® lozenge on the Finnish market. The lozenge is taken whilst smoking to remove acetaldehyde, which is the major carcinogen in cigarette smoke. The Acetium® lozenge prevents acetaldehyde absorption, thereby blocking the addictive effect of acetaldehyde. The Acetium® lozenge is also expected to protect from oropharyngeal cancers and to reduce the harmful effects of smoking on the general population.

Two quick tests launched

In autumn 2013, Biohit launched a quick test which allows the diagnosis of celiac disease, an allergy to the gluten found in rye, wheat and barley, in just ten minutes. The finger tip blood sample enables a quick and efficient first-line test to be performed on patients with non-specific stomach symptoms to determine if further tests and examinations are

OPERATIONS WITH A LONG-TERM STRATEGIC PLAN

Biohit's roots extend back to two companies, Labsystems and Eflab, established by Professor Osmo Suovaniemi in the 1970s. These companies developed the first single and multichannel high-accuracy pipettes with adjustable volumes as well as instruments based on vertical photometry. These inventions provided the foundations for high-accuracy liquid handling and enabled the development of several new analysis methods. From day one, the companies relied on high technology, the best expertise in the industry and an international approach.

Today, Biohit's mission is encapsulated in the company's slogan, 'Innovating for Health'. Biohit implements an aggressive innovation and patenting strategy that allows the company to react quickly to new customer needs and product ideas. Over the years, Biohit's development work has relied on Osmo Suovanniemi's strategy of creating new business and seeking new indications.

In 2013, the Acetium product range has been instrumental in raising awareness of carcinogenic acetaldehyde. The Acetium products developed and patented by Biohit are innovations based on Finnish research and cooperation with the scientific community. They are unique inventions for the inactivation of acetaldehyde, a Group I carcinogen.

→ **Read more: www.biohithealthcare.com/About us/History**

needed. The celiac quick test helps ruling out certain causes, and as a result, further testing and examinations will only be performed when necessary.

At the end of 2013, Biohit launched a new test for *Helicobacter pylori* performed on a stomach biopsy. The new test is one of the most sensitive tests on the market, with confirmed results available in five minutes. This allows medical personnel to make a decision on further treatment while the customer is still on the spot. This saves the customer from another visit, and the efficiency of the work of care personnel is increased.

The new *Helicobacter pylori* test is one of the most sensitive tests on the market, with results available within five minutes.

Major progress in product development

In 2013, Biohit continued its development on ColonView quick test, which traces fecal occult blood. This work took a major step forward with the introduction of automatic reader, which facilitates the interpretation of results and reduces unnecessary re-testing. A project to harmonise GastroPanel was also launched in 2013 with the objective of unifying the reaction conditions. After project completion, Biohit's unique stomach health test can be performed even more cost-efficiently.

Biohit's development work has focus on high product quality, which is based on Biohit's quality system and attentiveness to customer needs.

INVESTING MORE IN CLINICAL RESEARCH

Biohit Oyj recruited professor Kari Syrjänen as Chief Medical Director to expand the Group's own clinical research activities. He joined the company at the beginning of 2013. In 2013, the clinical research unit prepared ten new research protocols. Clinical studies will provide more evidence of the efficacy of Biohit's diagnostic tests in various clinical settings and population screenings.

In addition to studies focusing on the clinical use of diagnostic tests, Biohit's research unit designed a group of placebo-controlled double-blind studies. New studies will assess the efficacy of Biohit's Acetium products in entirely new clinical indications. The first of these to start was the clinical trial assessing the efficacy of Acetium lozenges in smoking cessation and reduction of nicotine dependence.

Biohit shares its new study protocols with the scientific community, with the objective of attracting global interes to Biohit's tests and therapeutic products.

→ Read more: www.biohithealthcare.com/scientific

HIGH QUALITY OF PRODUCTS IS A KEY PRIORITY

Biohit's products and services are safe, ethical and cost-efficient innovations. Product development, production and marketing are governed by strict quality regulations.

Biohit's quality plan extends to 2017. The short-term objective is to seek quality improvements by applying Lean Management methods in order to streamline production processes. In addition, we will continue to develop our quality indicators in line with the healthcare quality directive.

Our products are CE/IVD (In Vitro Diagnostics) registered and approved. All products and processes from production to marketing meet the quality standards prescribed by EU directives. Biohit has also been certified for compliance with the ISO 9001 and ISO14001 quality and environmental standards.

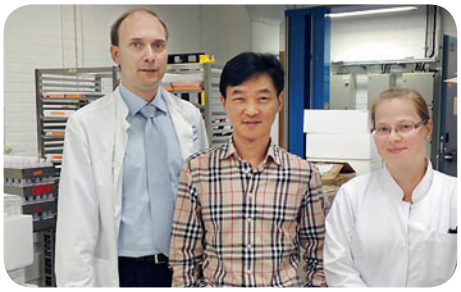
Feedback is taken into account in research and development

Feedback received from consumers and distributors is important for quality improvement. We make every effort to respond to all feedback quickly and thoroughly. Feedback is a valuable tool for product development, and it provides us with information on the need for corrective and preventive actions. Customer satisfaction surveys are another source of valuable information on the quality experienced by our stakeholders and our performance in terms of quality.

Packages from recycled materials

Biohit's operations comply with the producer's liability for waste disposal. Biohit is a member of the Environmental Register of Packaging PYR Ltd and Der Grüne Punkt, a packaging recycling and reuse programme. Environmental issues are taken into account across the entire product life cycle. We make every effort to reduce the amount of materials used in products and manufacturing, and use recycled packaging materials whenever possible. Environmental issues also affect our choice of subcontractors; we prioritize companies with certified quality and environmental systems.

Der Grune Punkt –
Duales System Deutshland GmbH



CEO Semi Korpela,
CEO Liu Feng (Hefei Medicine Co. Ltd.) and
Lab Technician Suvi Elomaa

STAKEHOLDERS CONSIDER BIOHIT A RELIABLE PARTNER

Biohit conducts annual surveys to find out how its various stakeholders perceive the common co-operation. At the turn of the year, we conducted a distributor and partner satisfaction survey, which provided us with anonymous feedback on our operations and performance. An identical survey was sent to two groups: contract customers in frequent contact with Biohit, and those buying Biohit products occasionally. Besides satisfaction with our operations, other areas covered by the survey were differentiation from competitors, appeal and reliability.

Comment from a laboratory customer: 'GastroPanel is an excellent product, users are satisfied and lab doctors like it'

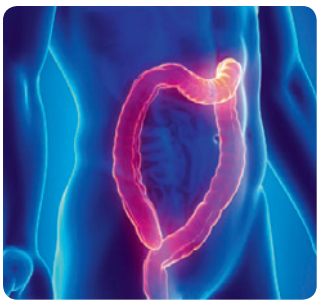
Active communication increases satisfaction

On the whole, Biohit is considered an innovative company and a reliable business partner. We received positive feedback from our laboratory customers on the usability of GastroPanel, for example. On average, partners working in close cooperation with us were more satisfied than occasional buyers.

'Customer feedback is a productive channel for operational improvement and for creating new ideas. In the feedback section of the survey, we were asked to provide a reference list of existing customers. We have taken immediate action to respond to this request and will provide our customers this support in the future,' says Anu Mickels, Sales and Marketing Director.

OUR INNOVATION GENERATES SAVINGS IN THE HEALTHCARE SECTOR

In 2013, we took steps to increase the visibility and recognition of the GastroPanel test developed by Biohit as the first-line diagnostic tool for patients with stomach complaints, and as the screening method for people at risk of developing gastric cancer.



The incidence of colorectal cancer is increasing in industrialised countries with the rise in general living standards.

GastroPanel is a test for identifying healthy stomach. It has two primary indications: 1) First line diagnosis of patients with dyspeptic symptoms (upper abdominal discomfort) and 2) population screening to identify those at risk of gastric cancer. Used for both indications, the test helps reduce the number of unnecessary gastroscopies, which in turn saves healthcare resources.

GastroPanel can generate significant savings in overall healthcare costs, while the early diagnosis of precancerous lesions and early-stage gastric cancers can reduce human suffering. In addition to cost savings and early diagnosis, other benefits of the extensive use of the GastroPanel test include improved health and working capacity of the working population, which is very valuable from the public economy perspective.

Positive impact on healthcare

GastroPanel saves time and resources in healthcare processes. The test reduces unnecessary gastroscopies and offers a simple and quick method for examining the patient. The GastroPanel test is a blood test

'The benefits of GastroPanel have been validated in several pilot studies, for instance in Satakunta, Finland, and in Kazakhstan.'

that takes 15 minutes for one nurse to perform, while a gastroscopy, performed by three healthcare professionals, takes 45 minutes. Early diagnosis can prevent cancers that are difficult and expensive to treat, thereby creating major savings in overall healthcare costs. This is an excellent example of problem-solving in the healthcare sector by intro-

ducing methods that do not require additional resources but instead save them.

Screening of people at risk for developing gastric cancer promotes gender equality as the prevalence of cancer is almost the same in men and women. This allows men to be included in population-based screenings which have, until now, only been available to women (breast and cervical cancer screening). Action should be taken in the Finnish healthcare sector to start screening population at working age, ie. 50 years or over for gastric cancer.

'More than 100,000 patients have had a GastroPanel test'

Hundreds of Finnish people develop gastric cancer every year in Finland

Every year approximately 600–700 people are diagnosed with gastric cancer in Finland, which is more than the number of people killed in traffic. Gastric cancer is highly malignant with a five-year survival rate of 23–25 per cent. Early diagnosis can help prevent the onset of cancer. *Helicobacter pylori* is one of the known risk factors of gastric cancer. Approximately 10–20 per cent of Finnish people have this bacteria without knowing it, since it often causes no symptoms. *Helicobacter pylori* infection can be treated with antibiotics. Anacidic stomach is a condition caused by atrophic gastritis (atrophy of the gastric mucosa), which significantly increases the risk of gastric cancer. Approximately four per cent of Finnish population suffer from atrophic gastritis but prevalence increases dramatically with age, with more than eight per cent of people aged over 70 already suffering with it.

GastroPanel test can help diagnose both *Helicobacter pylori* infection and atrophic gastritis. The test shows whether the stomach is healthy and offers some indications of the cause of the symptoms. A simple blood test helps prevent unnecessary gastroscopies on healthy people and saves resources for those who actually need the examination.

MD, Ph.D.,FIAC Kari Syrjänen,
Chief Medical Director at Biohit Oyj

TESTING CAN PREVENT CANCER

Biohit's diagnostic tests focus on diseases of the gastrointestinal tract. Besides enabling the diagnosis of diseases, the tests feature another important component: prevention of diseases. This applies particularly to gastric and colorectal cancers. Biohit has tests that are ideally suited for the prevention of these cancers: GastroPanel and ColonView.

GastroPanel test measures four biological markers in serum, which specifically reflect the structure and function of the stomach. The levels of these markers reveal two major risk factors of gastric cancer: *Helicobacter pylori* infection (Hp) and atrophic gastritis (AG). The risk of a person with Hp but without AG of developing gastric cancer is 3-4 times higher, whereas the risk a person with the most severe form of AG is 90 times higher. Screening to detect the major risk factors of gastric cancer is the most effective prevention. Proper follow-up of risk groups can help prevent the onset of gastric cancer or enable diagnosis at an early stage when effective treatment is still available.

Another cancer that can be detected and prevented with screening is colorectal cancer. This cancer develops slowly and begins with precancerous adenomas or polyps, causing bleeding in the intestines. ColonView is highly reliable (sensitivity 99% and specificity 100%) in detecting two components of human blood in stool samples (hemoglobin, Hb, and hemoglobin/haptoglobin complex, Hb/Hp), enabling it to identify patients with potential precursors or an asymptomatic cancer that can be clinically diagnosed. Early treatment of the precursors can prevent the development of colorectal cancer, and similarly cancers diagnosed early can be effectively treated.

PREVENTION OF CANCER BEGINS WITH RISK IDENTIFICATION

In 2013, the Acetium product range has been instrumental in raising awareness of carcinogenic acetaldehyde. The Acetium products developed and patented by Biohit are innovations based on Finnish research and cooperation with the scientific community. They are unique inventions for the neutralisation of acetaldehyde, a Group I carcinogen.

In October 2009, the International Agency for Research on Cancer (IARC), an international cancer research unit operating under the auspices of the World Health Organization, classified acetaldehyde included in and generated endogenously from alcoholic beverages as a Group I human carcinogen. Acetaldehyde is in the same risk class as, for example, asbestos, formaldehyde and benzene. One common principle applies to all Group I carcinogens: every available means should be used to avoid exposure to these substances.

At the moment, a safety limit has only been imposed on acetaldehyde in cosmetic products (SCCS, 2012), which is a maximum of 5 mg per litre. Similar, consistent safety limits should be determined for alcoholic beverages and foods, as measurements indicate they may contain high concentrations of acetaldehyde.

Acetium capsule to protect the stomach

Approximately one million people a year are diagnosed with gastric cancer, which is the second most common cause of cancer-related deaths. Anacidic stomach and *Helicobacter pylori* infection are the most important risk factors for gastric cancer. In a normal, healthy stomach, hydrochloric acid can kill the acetaldehyde-producing yeasts and bacteria, but in an anacidic stomach, these microbes can survive and produce acetaldehyde from the ethanol contained in alcoholic beverages and foods. Sugar can also act as a source of acetaldehyde for these microbes.

HIGH CONCENTRATIONS OF ACETALDEHYDE IN FOODS

Biohit has carried out measurements of the acetaldehyde concentrations in a number of food categories including alcoholic beverages, yoghurts, soft drinks and soy sauces. High concentrations were abundantly present in the product categories of alcoholic beverages and yoghurts in particular; with the highest measured concentrations so far in Chinese rice liquor (15.400 µmol/l, 678 mg/l), Italian grappa brandy (8.600 µmol/l, 378 mg/l) and yoghurt of Finnish origin (427 µmol/l , 18.8 mg/l). By the end of 2013, we have analysed approximately 620 products classified as foodstuffs.

For the time being, we will refrain from publishing manufacturer or product specific details of high concentrations. Due to numerous enquiries by customers, however, we published a listing of a sample of food products and beverages found to contain as little as possible, or no acetaldehyde at all, as determined by Biohit. In this context, as safe as possible means that the product contains 0 or less than 10 micromoles per litre (0–0.44 mg/l) of acetaldehyde. For instance processed sour whole milk products (known in Finland as 'viili') are such foodstuffs.

A complete listing of safe products is available at www.biohithealthcare.com → Determination of acetaldehyde concentration in foodstuff

Acetium capsules contain L-cysteine, which is a natural amino acid. L-cysteine binds and inactivates the acetaldehyde formed in the stomach or dissolved into saliva. Biohit's patented Acetium capsule is different from other L-cysteine products available on the market in that it releases L-cysteine locally in the stomach and at a regulated rate. It is the only product on the market that can significantly reduce carcinogenic acetaldehyde exposure in the stomach.

Acetium lozenge for smokers

In 2012, approximately 150,000 people in Europe were diagnosed with oropharyngeal or esophageal cancer. Alcohol consumption and smoking are the primary causes in 75 per cent of these cases. The most important common denominator in the initiation of carcinogenesis is acetaldehyde, which, when dissolved into saliva, strongly affects the mucous membranes of the mouth, pharynx and esophagus.

The L-cysteine released from Acetium lozenges removes more than 90 per cent of the acetaldehyde dissolved into saliva during smoking. Similarly, L-cysteine removes acetaldehyde formed in the mouth during alcohol consumption or contained in alcoholic beverages as an additive.

At the end of 2013, Biohit launched a study in which the effectiveness of the Acetium® lozenge to reduce nicotine dependence and smoking cessation is assessed.

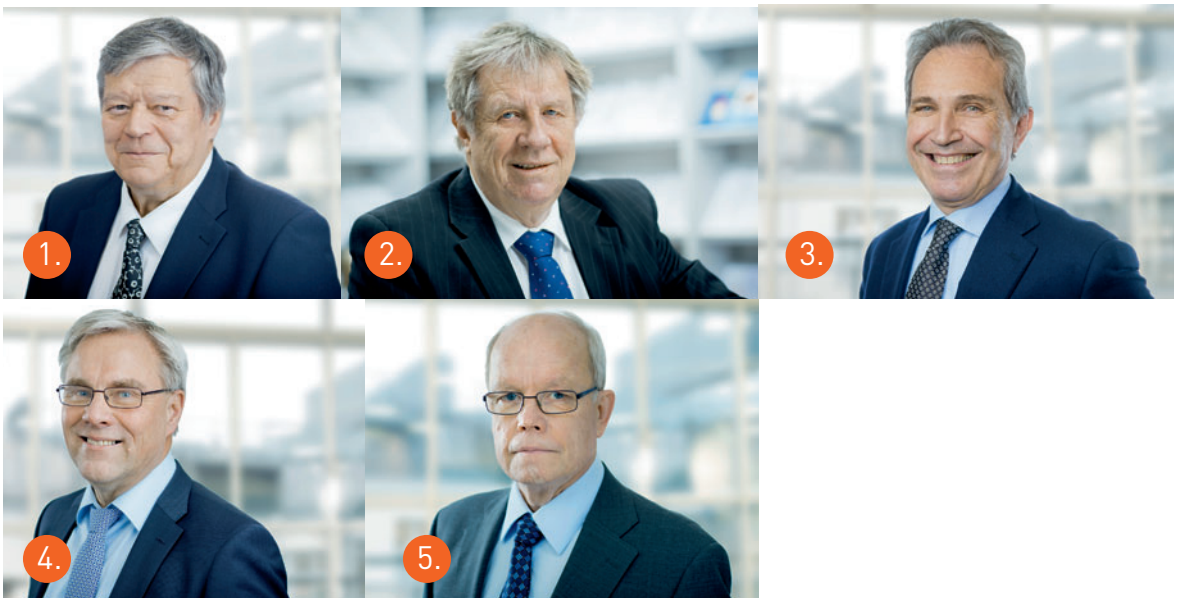
Potential new indications for Acetium products

Being a highly reactive compound, acetaldehyde may have other significant local effects in the upper gastrointestinal tract. It has been shown to release histamine in mast cells, which are found in large numbers in the mouth and the stomach. Histamine is known to trigger various allergic reactions (asthma, hay fever) and headache (migraine). By blocking the effect of acetaldehyde, Acetium may help preventing allergy and migraine symptoms. The ongoing and planned clinical studies may reveal completely new indications for Biohit's Acetium product range.

Sources: IARC, THE IARC monographs on the evaluation of carcinogenic risks to humans. Personal habits and indoor combustions volume 100 E (2012) → http://monographs.iarc.fr/ENG/Monographs/vol100E/mono100E.pdf

SCCS, Scientific Committee on Consumer Safety Opinion On Acetaldehyde → (http://ec.europa.eu/health/scientific_committees/cnsumer_safety/docs/sccs_o_104.pdf)

BOARD OF DIRECTORS



1. Osmo Suovaniemi, born in 1943
- MD, PhD, Professor
- Chairman of Biohit's Board of Directors
- Non-independent of major shareholders and of the company

2. Eero Lehti, born in 1944
- MSc (Soc.Sc.), Member of Parliament
- Member of Biohit Oyj's Board since 2009
- Independent of major shareholders and of the company

3. Franco Aiolfi, born 1947
- Degree in Pharmacy awarded by Urbino University
- Member of Biohit Oyj's Board since 2013
- Independent of major shareholders but non-independent of the company

4. Seppo Luode, born in 1952
- MSc (Industrial Management), MBA (Stanford University)
- Member of Biohit Oyj's Board since 2011
- Independent of major shareholders but non-independent of the company

5. Mikko Salaspuro, born in 1939
- MD, PhD, Professor
- Member of Biohit Oyj's Board since 2008
- Independent of major shareholders but non-independent of the company

MANAGEMENT TEAM

1. Semi Korpela, born in 1970
- MSc (Econ.)
- Chief Executive Officer
- With Biohit since 2011, and also CFO from 2003–2006.

2. Lea Paloheimo, born in 1951
- PhD (clinical biochemistry), Hospital Chemist, 'Quality and Leadership' programme at the Danish Technical Institute
- Business development and quality
- With Biohit Oyj since 2001

3. Anu Mickels, born in 1972
- MBA
- Sales and Marketing, Corporate Communications
- With Biohit Oyj since 2012

4. Panu Hendolin, born in 1971
- PhD (Molecular medicine)
- Research and development
- With Biohit since 2012 and 2007–2008

5. Jaana Mattila, born in 1966
- MSc (Econ.)
- Finance, HR, ICT, Operations
- With Biohit Oyj since 2013

6. Kari Syrjänen, born in 1948
- MD, PhD, FIAC
- Chief Medical Director
- With Biohit Oyj since 2013

Business units abroad:

Franco Aiolfi, Managing Director Biohit Healthcare S.r.l. (Italy)

Graham Johnson, Managing Director Biohit Healthcare Ltd. (United Kingdom)

INFORMATION FOR SHAREHOLDERS

Annual General Meeting

Biohit Oyj's Annual General Meeting will be held at Pörssitalo, Fabianinkatu 14 Helsinki, on 14th of April 2014, starting at 3:00 pm. Shareholder entered into the Company's list of shareholders wishing to attend the Annual General Meeting, shall notify the Company no later than 10 a.m. on 9th of April 2014 at which point the corresponding notification must have reached the Company.

Registration may be submitted:

- Online at: www.biohithealthcare.com/investors
- By telephone: +358 9 773 861 on weekdays between 9 a.m. and 3 p.m
- By letter: Biohit Oyj, Yhtiökokous, Laippatie 1, 00880 Helsinki, FINLAND.

Dividend Payout

The Board of Directors proposes that on the basis of the financial statements to be adopted for the financial period ended on 31st of December 2013, a dividend of EUR 0.72 per each A share and EUR 0,7234 for each B share be paid.

Shares

Total number of shares: 13,810,593

- Series A shares (20 votes/share): 2,975,500
- Series B shares (1 vote/share): 10,835,093

Biohit Oyj Series B shares are listed on NASDAQ OMX Helsinki in the Small cap group. The shares are traded under the code BIOBV. More detailed information on the Biohit Oyj share is presented in the Notes to the Financial Statements, and is also available on the company's website www.biohithealthcare.com/Investors.

Financial reporting

Published financial reports and other stock exchange releases can be read on Biohit's website: www.biohithealthcare.com/Investors. The website also contains an online form for ordering electronic copies, which will be e-mailed to you.

Financial calendar 2014

Thursday 8 May 2014
Interim report January–March 2014 (Q1)

Thursday 21 August 2014
Interim report January–June 2014 (Q2)

Thursday 23 October 2014
Interim report January–September 2014 (Q3)

Silent period

Biohit observes a silent period for three weeks prior to the publication of financial results. During this period, management and other personnel will not comment on the company's financial position or markets, nor will they meet with capital market or financial media representatives.

However, if an event that requires immediate publication does occur during the silent period, Biohit will publish the information without delay in accordance with disclosure regulations, and can also comment on the matter in question.

SUMMARY OF 2013 STOCK EXCHANGE RELEASES

9 January 2013	Biohit signs a licensing agreement with GrandPharma
22 January 2013	Correction to Kauppalehti article
29 January 2013	Biohit continues the clinical study, the purpose of which is to determine the capacity of company´s new BioAcetium product to treat *Helicobacter pylori* infection
11 February 2013	Biohit Oyj and Tamro Oyj agree to tighten cooperation concerning Acetium product portfolio
27 February 2013	Biohit Oyj Financial Statement Release 2012
28 February 2013	Notice of Biohit Oyj's Annual General Meeting
18 March 2013	Publication of Biohit Oyj Annual Report 2012
26 March 2013	Biohit Oyj to strengthen its Nordic diagnostic distribution
5 April 2013	Correction: Clarification related to the Notice of Annual General Meeting
8 April 2013	Decisions of the Annual General Meeting of Biohit Oyj
15 April 2013	Biohit Oyj buys an Italian diagnostics distributor with share issue and updates its profit guidance
18 April 2013	Biohit Oyj has implemented Euroclone acquisition, new company will start as an Italian subsidiary
19 April 2013	Kazakhstan's GastroPanel screening yields encouraging results
25 April 2013	Biohit Oyj Interim Report Q1–2013
16 May 2013	Biohit to strengthen its GastroPanel distribution in China – new partner Hefei Medicine
22 May 2013	Increase in share capital and listing of new B-shares resulting from Euroclone acquisition
20 June 2013	Biohit Oyj's Option Schemes I 2013 and II 2013
20 June 2013	Biohit to partner with IBL International in GastroPanel distribution
25 June 2013	Biohit to establish a joint venture in China – Biohit Biotech (Hefei) Co., Ltd.
8 August 2013	Biohit Oyj Interim Report Q2–2013
26 August 2013	Changes to Biohit Oyj's management
19 September 2013	GastroPanel screening results from Kazakhstan 2012–2013
9 October 2013	Biohit's financial reporting and Annual General Meeting in 2014
15 October 2013	Biohit Oyj's option schemes I 2013 and II 2013 –Terms update and management team option arrangement
24 October 2013	Biohit Oyj Interim Report Q3–2013
11 November 2013	Biohit's Chinese joint venture proceeding as planned
18 November 2013	Biohit acquires rights to H. pylori quick test – new superior test added to product range during Q4
20 November 2013	Increased number of Biohit shares entered into trade register
17 December 2013	Biohit Oyj's option scheme I 2013 – International sales management pption arrangement
23 December 2013	Restructuring of Biohit Acetium distribution in Canada

CORPORATE GOVERNANCE 2013

Biohit Oyj has prepared this Corporate Governance Statement on the basis of Section 54 of the Finnish Corporate Governance Code for listed companies issued by the Securities Market Association.

The Corporate Governance Statement has been issued separately from the Report of Biohit Oyj's Board of Directors. The Board of Directors reviewed the Statement in its meeting on 10 March 2014.

The Report of the Board of Directors, the Auditor's Report and the full Corporate Governance Statement are available at www.biohithealthcare.com/investors.

RULES OBSERVED BY BIOHIT

Biohit Oyj is a Finnish public limited company whose Series B share is quoted on NASDAQ OMX Helsinki in the Small cap/Healthcare group. The Biohit Group (hereinafter referred to as 'Biohit') comprises the parent company Biohit Oyj and its foreign subsidiaries, which primarily focus on sales and marketing for Biohit Oyj's products. Biohit is headquartered in Helsinki.

Biohit's administration complies with current legislation, standards and recommendations concerning public listed companies, the regulations of NASDAQ OMX Helsinki Oy, and Biohit Oyj's Articles of Association. Biohit Oyj follows the Finnish Corporate Governance Code ("corporate governance code") for listed companies that was approved by the Securities Market Association in June 2010 and came into force on 1 October 2010. The Corporate Governance Code is available at www.cgfinland.fi.

All members elected at the Annual General Meeting on 8 April 2013 were male. In this respect, Biohit deviates from recommendation 9 of the Corporate Governance Code, which states a Board of Directors should consist of male and female members. Biohit has been looking for an appropriate female candidate for the Board in order to comply with the recommendation regarding gender distribution. These efforts will continue, and it is the company's long-term objective to meet this recommendation of the Corporate Governance Code.

One of the Board members is independent of the company. Therefore the company deviates from Corporate Governance Code recommendations 14 and 15, according to which over half of the Board members should be independent of the company. The composition of the Board has paid more attention to the added value that the Board members can bring into the company's international business and research and development operations, rather than independence of the company.

BIOHIT'S ADMINISTRATIVE BODIES IN 2013

The highest decision-making power at Biohit is exercised by its shareholders at the Annual General Meeting. The company's Board of Directors supervises the administration and organisation of the company and the Group's earnings trend. The President & CEO is responsible for operative management, and is assisted by a Management Team.

Annual General Meeting

Biohit's Annual General Meeting was held on 8 April 2013 in Helsinki. 2,793,500 Series A shares and 4,857,577 Series B shares were represented at the meeting, corresponding to 56.19349% of all the company's shares and 86.56806% of the votes. Three of the seven Board members, one new candidate proposed for Board membership, and the chief auditor were in attendance.

Board of Directors

The Board of Directors, which comprises 5-7 members elected by the Annual General Meeting, is responsible for the administration and appropriate organisation of Biohit's business operations. The Board of Directors elects a chairman from amongst its members.

Board members' terms of office run from the date of their election by the AGM until the end of the next AGM.

The Board of Directors is responsible for Biohit's administration and the appropriate organisation of its business operations. The Board's areas of responsibility are laid down in the written rules of procedure approved by the Board. They are as follows:

- To develop shareholder value.
- To ensure the appropriate organisation of accounting and financial management.
- To adopt the parent company and consolidated financial statements and the Report of the Board of Directors for the financial year ended.
- To confirm the interim reports for each quarter at the end of March, June and September.
- To decide on Biohit's business plan, budget and investment plan.
- To decide on Biohit's financing and risk management policies.
- To approve management remuneration and incentive schemes.
- To appoint the President & CEO.
- To decide on Biohit's strategy, organisational structure, investments and other wide-reaching and significant issues.

The Board's decision-making is based on reports drawn up by operative management on the operational development of the Group and its business areas.

The Chairman is responsible for calling Board meetings and arranging Board activities. In general, the Board convenes once a month, that is, 10–12 times per year. The meeting schedule for the entire term is confirmed in advance. When necessary, Board meetings are held more frequently or by teleconference. The Board of Directors of Biohit Oyj convened 9 times in 2013 (12 times in 2012). The average participation rate was 92% (87%).

Members of the Board of Directors

The following were elected by the 2013 Annual General Meeting to serve as members of Biohit's Board of Directors in 2013:

Osmo Suovaniemi, born in 1943, MD, PhD, Professor
- A member of the Board since 1988 and Chairman since 2011
- Non-independent of major shareholders and of the company
- Founder of Biohit and its former President & CEO
- Attended Board meetings 9 times in 2013
- Direct shareholding: Series A shares 2,265,350, Series B shares 965,217. A majority shareholder in Interlab Oy, which owns 2,164,497 Series B shares.

Franco Aiolfi, born in 1947, Degree in Pharmacy awarded by Urbino University
- Member of the Board since 2013
- Independent of major shareholders but non-independent of the company
- Managing Director of Euroclone S.p.A. (previously Polyfin S.p.A.) and a majority shareholder through Arsfin Consult Srl. Euroclone SpA is the leading distributor of biotechnology application instruments in the Italian markets. Euroclone SpA owns 180,000 Series B shares.
- Attended Board meetings 5 times in 2013
- Direct shareholding: no Biohit shares

Eero Lehti, born in 1944, born 1944, MSc (Soc.Sc.)
- Member of the Board since 2009
- Independent of major shareholders and of the company
- Member of Parliament since 2007
- Founder of Taloustutkimus Oy and the Chairman of its Board
- Attended Board meetings 8 times in 2013
- Direct shareholding: Series B shares 2,000

Mikko Salaspuro, born in 1939, MD, Professor
- Member of the Board since 2008
- Independent of major shareholders but non-independent of the company
- Specialist in internal medicine, gastroenterologist, and Professor of Alcohol Diseases at the University of Helsinki
- Attended Board meetings 9 times in 2013
- Direct shareholding: Series B shares 10,000

Seppo Luode, born in 1952, MSc (Industrial Management), MBA (Stanford University)
- Member of the Board since 2011
- Independent of major shareholders but non-independent of the company
- Attended Board meetings 9 times in 2013
- Direct shareholding: no Biohit shares

Osmo Suovaniemi was Chairman of Biohit's Board of Directors during the reporting year.

Board Committees

The scope of Biohit's business operations does not require the appointment of an Audit Committee, and no other committees have been appointed to assist the Board.

President & CEO

The President & CEO is responsible for the day-to-day management of the company in accordance with the instructions and regulations given by the Board of Directors. The President & CEO of the parent company is elected by the Board and also acts as Group President. The President also ensures the appropriate organisation and legality of the company's accounting and financial management.

The terms of the President's employment are laid down in a written contract that is approved by the Board of Directors. The President cannot be elected Chairman of the Board. Semi Korpela, MSc (Econ.) was the President and CEO of Biohit during the financial year.

Semi Korpela, born in 1970, MSc (Econ.)

- With Biohit Oyj since 2011
- Previously held the position of CFO at Biohit Oyj in 2003–2006. Since then, Korpela has been CFO of the CPS Color Group.
- Direct shareholding: Series B shares 2,500

Group Management Team

The Group's Management Team's composition and areas of responsibility were as follows: Semi Korpela (President and CEO), Jaana Mattila (Finance, HR, ICT as of 26 August), Jussi Kolunen (Finance and HR until 20 August, ICT and Operations from 1 April to 20 August, Communications until 28 February), Lea Paloheimo (Business Development and Quality), Anu Mickels (Sales & Marketing, Corporate Communications as of 1 March), Panu Hendolin (Research and Development), Kari Syrjänen (Chief Medical Director as of 1 January 2013) and Tapani Tiusanen (Operations and ICT until 31 March 2013). The Management Team met 27 times in 2013.

Managing Directors of subsidiaries

The Managing Directors of the subsidiaries are responsible for the management of subsidiary operations and report to the President and CEO of the parent company. The subsidiaries are responsible for the sales and marketing of Biohit's products in their market areas. The Managing Directors of subsidiaries operate under the management and supervision of Biohit's President & CEO. In 2013, the Managing Directors of Biohit's subsidiaries were: Graham Johnson (UK), Franco Aiolfi (Italy) and Wilson (Wei Xiang) Feng (China).

Personal data and shareholdings of Biohit's Board of Directors and operative management are available at www.biohithealthcare.com/investors .

REMUNERATION IN 2013

Members of the Board of Directors

The Annual General Meeting approves the fees of Biohit Oyj's Board of Directors. A decision was made at the Annual General Meeting on 8 April 2013 to pay a monthly fee of EUR 1,600 to the Chairman of the Board and a monthly fee of EUR 1,500 to other Board members.

An employment contract was signed on 10 June 2010 with Professor Osmo Suovaniemi, a member of the Board, under which Suovaniemi is paid a monthly fee approved by the Board of Directors for his services as scientific advisor to the Board. In 2013, this fee was EUR 14,000 a month plus car and phone benefit.

President & CEO and other company management

The Board approves the President & CEO's remuneration and terms of employment. The salary paid to the company's President & CEO Semi Korpela in 2013 was EUR 10,000 a month plus phone benefit. As of 1 April 2013, his salary was EUR 14,000 a month.

The President approves the remuneration and terms of employment of Management Team members. Biohit's Board of Directors approves the principles of the incentive schemes for Management Team members and the President & CEO. Bonuses are determined on the basis of the net sales and earnings trends in each person's area of responsibility. The maximum bonus that can be received depends on each person's monthly salary and can total no more than two month's salary.

No bonus was approved for the President & CEO and Management Team members in 2013.

The President & CEO approves the salaries of subsidiaries' Managing Directors in accordance with the instructions provided by Biohit's Board of Directors. Profit-based incentives are dependent on sales and profitability trends for each unit's product segments.

In 2013, Biohit introduced an incentive system offering stock options to company management and employees. On the basis of this system, stock options were given to the Group's management and international sales management in 2013.

Pension plans

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

Remuneration and other benefits 2013

During the financial year that ended on 31 December 2013, remuneration paid to members of the parent company's Board totalled EUR 117,000 (127,000 in 2012), of which EUR 103,000 were actual remuneration of Board work and EUR 14,000 other remuneration to Franco Aiolfi. Remuneration paid to President and CEO Semi Korpela amounted to EUR 161,000 (EUR 130,000 in 2012). Osmo Suovaniemi was paid EUR 204,000 for his services as a member of the scientific advisory board (EUR 174,000 in 2012). The salaries and fees of the Group's Managing Directors totalled EUR 116,000 (EUR 110,000 in 2012). Salaries paid to other Management Team members totalled EUR 478,000 (EUR 451,000 in 2012).

MAIN CHARACTERISTICS OF THE INTERNAL CONTROL OF THE FINANCIAL REPORTING PROCESS AND RISK MANAGEMENT

Biohit's internal control is responsible for ensuring that the Group carries out its business operations within the framework of current regulations and legislation, and in accordance with the Board of Directors' instructions. Internal control seeks to ensure that the Group operates with maximum efficiency and that the objectives set in the strategy ratified by the Board of Directors are achieved at different levels of the organisation. Risk management is geared towards supporting the achievement of these objectives by anticipating and managing business-related risks.

Control environment

Biohit's business operations and administration aim to realise the company's values, of which the most important is to promote health and wellbeing through innovation. Biohit will now focus on its diagnostics business, in which the company conducts global operations in both manufacturing and sales and marketing.

Biohit's control environment is defined by the Board of Directors, which, as the highest administrative body, is responsible for organising internal control. The President & CEO is responsible for maintaining the efficiency of the control environment and the functionality of internal control. Biohit's financial department is responsible for the functionality of financial reporting as well as the interpretation and application of financial statement standards in line with the separately ratified instructions.

Risk assessment

In the assessment of risks related to financial reporting, Biohit's objective is to identify the major risks associated with the Group's business operations and 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 risk assessment and monitoring the implementation of risk management. The President & CEO works with the parent company's operative management and subsidiaries' managements to ensure that the Group's risk management is duly arranged. The parent company's operative management is responsible for identifying and managing the risks involved within each business area, while subsidiaries' managements are responsible for those in their own market areas.

Risk management is one of the areas covered by Biohit's internal control processes, which regularly monitor the risks associated with the company's business operations, identify any changes and, if necessary, take appropriate action to hedge against them. Risk management focuses on ensuring the continuity of business operations and preventing financial misconduct.

Control measures

Internal control measures are integrated into the Group's general business management and reporting process. Subsidiaries report on business and earnings trends and the most significant deviations to Group Management on a monthly and quarterly basis. The Group's Management Team 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.

Subsidiaries' Boards follow business developments and ensure that the parent company's approved instructions and guidelines are followed. As a rule, the Boards of Directors of the subsidiaries meet monthly. Subsidiary Board work is based on financial reports and the written monthly and annual reports drawn up by subsidiary management.

Biohit's steering and control is carried out in accordance with the management system described above. The company provides the 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 parent company's financial department retains central control of funding and administrative matters within the framework of the instructions provided by the Board of Directors and the President & CEO, and is also 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 Group's Management Team. The parent company's administration department controls and provides instructions on Group-level personnel policies and any agreements made within the Group.

Disclosure policy

Biohit aims to provide all of its stakeholders with information about the company's operations in a proactive, consistent and timely manner. The company seeks to take the special requirements and interests of all its stakeholders into account in its communications, in order to increase confidence in the company and thereby promote its business operations. Biohit's Board of Directors has ratified an information release policy with a view to ensuring the accuracy and reliability of any information released. The policy also specifies who is responsible for communications in different situations.

Biohit's financial department regularly provides information on processes related to financial administration reporting. This ensures the real-time availability of data, which is a prerequisite for efficient internal control. Financial administration guidelines and the company's information release policy aim to ensure the promptness and comprehensiveness of communications and the release of information required for internal control purposes.

Monitoring

The efficiency of internal controls on financial reporting is overseen by the Board of Directors, the President & CEO, Management Team members, and the Managing Directors of subsidiaries. Control focuses on following weekly and monthly financial reports and forecasts, and analysing any deviations from business plans. Monitoring is performed at all Board and Management Team meetings where reports are reviewed. It is supported by regular contact between Group Management and the company's auditor, and the analyses of any deviations, which occurs at least once a quarter.

The audit frameworks for the Group's subsidiaries and key audit areas are jointly defined by the Group's financial management and the chief auditor. Biohit has not appointed a separately organised function for internal auditing purposes. The Group's financial management holds primary responsibility for the practical implementation of the internal audit.

The Group has all the internal control reporting systems required for financial management and monitoring business development. The reporting systems produce monthly financial data, so that financial management can ensure that the parent company's approved instructions on, for example, authorisations are being adhered to.

The Group's auditor and the auditors of each subsidiary evaluate the effectiveness of the internal control system both in connection with the external audit and through spot checks throughout the financial year.

AUDIT 2013

The auditor elected by the AGM is responsible for Biohit's statutory audit. According to the Articles of Association, the company needs to have one auditing body approved by the Central Chamber of Commerce. Biohit's auditor in 2013 was authorized public accountants Ernst & Young Oy, with Erkka Talvinko, Authorized Public Accountant, as chief auditor.

Auditors' fees

The Group's invoiced auditors' fees for the financial year 2013 totalled EUR 42,000 (EUR 46,000 in 2012). Authorized public accountants Ernst & Young Oy were also paid a total of EUR 33,000 (EUR 28,000 in 2012) for other services.

INSIDERS

Biohit applies the Guidelines for Insiders approved by NASDAQ OMX Helsinki Oy, as well as any relevant amendments.

Biohit's CEO is responsible for insider control. The Director ensures that insiders are aware of insider regulations and adhere to trading restrictions. Insiders are not allowed to trade Biohit Oyj securities for 21 days before the publication of the company's financial statement bulletin and interim reports. Insiders participating in projects are not allowed to sell or buy shares in Biohit before an announcement has been made of the continuation or discontinuation of a project.

Information on the shareholdings of Biohit's insiders and their trading activity is available on Biohit's website at www.biohithealthcare.com/investors.

FINANCIAL STATEMENTS 2013

REPORT OF THE BOARD OF DIRECTORS 2013

SUMMARY

- The company has one business segment, Diagnostics
- Net sales EUR 3.5 million (EUR 2.0 million 1–12/2012)
- Operating profit/loss EUR –5.9 million (EUR –4.6 million)
- Profit/loss before taxes EUR -5.9 million (EUR –3.7 million) includes non-recurring expenses of EUR 1.3 million arising from the stock option scheme, and other non-recurring items (EUR 0.1 million)
- Earnings per share EUR –0.43 (EUR –0.27)
- International operations accounted for 88% (84%) of total net sales

Biohit's business development efforts focus on winning new distributors and customers, primarily through global partnerships. Our primary objective is to create a strong and motivated global distributor network.

We will continue to invest in sales and marketing, building distribution channels, and enhancing cooperation with distributors. Our spearhead products are Acetium, GastroPanel and diagnostic quick tests marketed primarily in Europe and in Asia. During the year, we expanded our product range and completed two major business arrangements that strengthened our business in Europe and China.

Biohit's net sales in 2013 grew by 69 per cent on the previous year. Biohit's strong balance sheet provides a firm foundation for building new business and for fully tapping into the significant potential offered by the company's products. At the end of 2013, equity ratio stood at 79.3% (88.7%) and current assets amounted to EUR 15.7 million.

THE GROUP'S KEY FIGURES

	Jan–Dec/2013	Jan–Dec/2012
Net sales, MEUR	3.5	2.0
Operating profit/loss, MEUR	–5.9	–4.6
Profit / loss before taxes, MEUR	–5.9	–3.7
Profit/loss for the period MEUR	–5.9	–3.7
Average number of personnel	44	35
Number of personnel at year end	47	35
Equity ratio, %	79.3%	88.7%
Earnings per share, EUR	–0.43	–0.27
Shareholders' equity per share, EUR	1.63	2.61
Average number of shares during the period	13,727,251	13,615,593
Number of shares at year end	13,810,593	13,615,593

REPORTING

Biohit's product range consists of GastroPanel (Pepsinogen I, Pepsinogen II, Gastrin-17 and H. pylori), the acetaldehyde binding Acetium products, diagnostic quick tests and monoclonal antibodies. Due to the small proportion of the sales volume of other products such as liquid handling products, instruments and software, all business is reported under the Diagnostics segment.

NET SALES AND RESULT

Net sales grew by 69% from 2012. International operations continued to account for a large proportion of net sales at 88% (84%). Operating loss totalled EUR –5.9 million (EUR –4.6 million).

Group net sales

MEUR	2013	2012
Group net sales	3.5	2.0
Total	3.5	2.0

Consolidated operating result

MEUR	2013	2012
Consolidated operating result	–5.9	–4.6
Total	–5.9	–4.6

The impact of currency exchange rates

Exchange rate losses in 2013 amounted to EUR 0.0 million. Exchange rate gains in 2012 amounted to EUR 0.0 million.

BALANCE SHEET

On 31 December 2013, the balance sheet total was EUR 28.3 million (EUR 40.0 million) and the equity ratio was 79.3% (88.7%).

FINANCING

Biohit Oyj enjoys a strong financial position, which allows determined investments in an international distributor network as well as the development and commercialisation of new products.

At the end of the financial year, the company's financial assets totalled EUR 15.7 million. In addition, the company has long-term, held to maturity investments of EUR 1.0 million and receivables of EUR 6.8 million related to a business transaction completed in 2011 in an escrow account, which will be released on 31 March 2014 if no claims are made regarding the transaction.

RESEARCH AND DEVELOPMENT

R&D operations focused on improvements and further developments to existing innovations and products, and on their commercialisation. Biohit also employs external experts and subcontractors in its R&D operations. Development expenditure on the diagnostics business has not been capitalised. Research and development expenditure in 2013 amounted to EUR 1.1 million (EUR 1.0 million).

INVESTMENTS

Gross investments in 2013 totalled EUR 2.8 million (EUR 0.3 million). Major investments were acquisition of the Italian subsidiary and joint venture in China as well as acquisition of a new product, UFT300 quick test. Majority of investments did not strain the cash flow.

PERSONNEL

During the year, the average number of personnel employed by the Group was 44 (35 in 2012) of whom 34 (29) were employed by the parent company and 10 (6) by its subsidiaries. At the end of the year, the Group employed 47 (35) personnel, of whom 38 (29) were employed by the parent company and 9 (6) by the subsidiaries.

SHORT-TERM RISKS AND UNCERTAINTY FACTORS

Biohit's key risks have to do with the investments required for business growth. There are risks involved in the success of clinical trials, the selection and development of distribution channels, personnel recruitment, registration processes, product pricing, and the political decision-making affecting the progress of screening programmes. Significant short-term risks are associated with selection of new market areas, timing of expansion into selected markets, and product success in these markets.

The duration of the product registration process is different in each market area, and affects the company's business development. It is a big challenge to accurately assess the time it takes to complete all registrations in the main markets and to begin generating net sales.

When investing liquid assets, the objective is to gain a return on investment with a minimum risk of equity loss. The investment portfolio consists of deposits, money market investments and corporate loans. A fundamental aspect in portfolio management is sufficient diversification across different asset classes, investment instruments and counterparties. Biohit conducts its investment activities with at least two partners.

Thanks to its wide customer base, Biohit does not materially depend on any individual customers or individual project deliveries, with the exception of GastroPanel sales in China, which currently represent a major business for Biohit. Most of the company's business is conducted in euro, and the indirect effects of currency exchange rate fluctuations are considered minor.

OUTLOOK FOR 2014

Biohit and its new distributors and licence partners have several product registrations under way in a number of markets, which is affecting net sales development. The completion of product registrations currently under way also depends on factors outside Biohit. Negotiations are under way regarding launch of a major screening projects, but a number of political risks affect

progress of these projects.

Biohit's cost structure is characterised by determined investment in research to obtain more evidence on the efficacy of Biohit's diagnostic tests in various clinical settings and in population-based screenings. The efficacy of Acetium products in entirely new clinical indications will be assessed in various placebo-controlled double-blind studies. Steps will also be taken to standardise the GastroPanel test set. This means standardising reaction conditions and reactive solutions of the different tests included in the GastroPanel test set in order to make the panel easier to use and to reduce manufacturing costs. Investments will be made to increase production efficiency and competitiveness. These new, strategically significant projects will require additional investments in 2014.

We are strongly committed to taking any action necessary to build a profitable future for the company. We intend to grow and become profitable. Net sales growth is expected in 2014.

Further investments will be made to improve the company's long-term profit potential. The company will not provide an estimate of the time frame in which continuing operations are expected to turn a profit.

MAIN EVENTS IN THE REPORTING PERIOD

Biohit's net sales in 2013 grew by 69 per cent on the previous year, with China being the key market area. Operations focused on product commercialisation, building distribution channels and deepening cooperation with distributors, particularly in Asia and Europe. During the year, we expanded our product range and completed two major business arrangements that strengthened our business in Europe and China.

Decisive action was taken in several fronts in 2013. At the beginning of 2013, Biohit signed a distribution agreement with the Chinese GrandPharma Ltd regarding the marketing and distribution of Acetium in China. This agreement gave GrandPharma exclusive rights to use Biohit's intellectual property rights and know-how in the manufacture and distribution of Acetium capsules in China.

We also completed two major business arrangements, the first one in Europe. In April, Biohit and the Italian Euroclone S.p.A. agreed on an acquisition, as a result of which Euroclone Gastro S.r.l became Biohit's subsidiary, Biohit Healthcare S.r.l., which supports Biohit's diagnostics distribution in Italy. The Italian subsidiary will also support our distribution development in Germany and in the Mediterranean region. The other significant business arrangement strengthened Biohit's strategic position in China. The diagnostic distributor agreement signed with Hefei Medicine in April marked the beginning of a new partnership, which was further intensified in June when Biohit signed an agreement to set up a joint venture in China.

The establishment of the joint venture generated computational profit of approximately one million euro, which will be recognised as income after the new company has been issued a business licence and has been able to launch full-scale operations in the Chinese markets. While the business licence application process and operational launch are in progress, some of the profit will be recognised as income to cover Biohit's share of start-up costs. This recognition method is based on the prudence approach, since the company has not yet been issued an official business licence. Later in the year, the Chinese authorities granted Biohit Oyj and its Chinese partner an approval certificate, which is required for all joint ventures registered in China involving foreign investment. The joint venture was registered as Biohit Healthcare (Hefei) Co, Ltd. and it is located in the city of Hefei in the province of Anhui in Eastern China. Furthermore, a reimbursement decision was also issued to three tests included in Biohit's GastroPanel (PG-I, PG-II, gastrin-17) in the Anhui province. The regulatory approvals for the start of production are pending and are expected to be finalised by the end of 2014.

Another new product launched was the quick test that allows the diagnosis of celiac disease from a fingertip blood sample. Our new celiac disease test is simple, quick and reliable. Biohit strengthened its international diagnostic distribution network by signing agreements with the Kazakhstan-based Yumgiskor and the Turkish Medikal Sistemler. Other distribution agreements were also signed. In Finland, we tightened cooperation with Tamro Oyj in the distribution of the Acetium product line. The new Acetium lozenge intended for smokers was launched for sale in pharmacies across Finland in the second quarter.

In the final quarter, Biohit acquired the rights to the UFT300 test, which is an extremely quick test for the diagnosis of a Helicobacter pylori infection. We entered entirely new territories by engaging in cooperation with a closed-loop system supplier: in November, we signed a licensing agreement with analyser manufacturer Randox, giving Randox the worldwide licensing rights for GastroPanel developed by Biohit. At the year-end, we signed an agreement with Dynex Technologies Inc

on the distribution of Dynex processing systems. Dynex's automated ELISA processing system will be included in Biohit's product portfolio, improving the availability of GastroPanel. In the second half of the year, we published a significant number of various study protocols on our website and initiated a clinical trial on smoking cessation.

During the year, Biohit Laboratory Services Oy measured acetaldehyde content of several foods and beverages, including beers and yoghurts. Acetaldehyde is a chemical compound with an apple fragrance. Large amounts of acetaldehyde can be found in foods manufactured through fermentation, such as alcoholic beverages, vinegar and dairy products. The results of our measurements revealed that concentrations were below the agreed safety limit in only one yoghurt.

Biohit decided to suspend the clinical trial aiming at H. pylori eviction and to allocate resources to more promising research projects. Our product development efforts have focused on the development of new diagnostic products, making improvements to tests already on the market, and increasing the cost efficiency of products. A project to standardise GastroPanel was launched with the objective of standardising the reaction conditions and reactive solutions of the different tests included in the GastroPanel test set in order to make the panel easier to use and to reduce manufacturing costs. Investments will be made to improve the competitiveness of diagnostic production in Helsinki.

Biohit's strong balance sheet provides a firm foundation for building new business and for fully tapping into the significant potential offered by the company's products. At the end of 2013, equity ratio stood at 79.3% (88.7%) and current assets amounted to EUR 15.7 million.

Business operations	Jan–Dec/2013	Jan–Dec/2012
Net sales, MEUR	3.5	2.0
Change, %	+68.6%	–6.0%
Operating result, MEUR*	–5.9	–4.6
Change, %	–27.8%	+23%
Operating result, % of net sales	–170%	–224%

MAJOR EVENTS AFTER THE CLOSE OF THE PERIOD

Updating distributor agreements and entering new territories

Biohit Oyj has signed a distributor agreement with Avantis to improve the sale and marketing of GastroPanel. The agreement provides an exclusive right to GastroPanel distribution in Ukraine and Moldova. For the distribution of Acetium products, Biohit Oyj has signed agreements with the following: NovaMedLine (Belarus), Biofem (Ghana and Nigeria) and Medical Futures Inc., which started as an Acetium distributor in Canada in January. In Finland, Biohit and Tamro implemented a contractual amendment on the Acetium lozenge, which permitted the sale of the product in the Biohit Shop online store as of January 2014 in addition to sale in pharmacies. Biohit has strengthened its retail through the online store, which sells Acetium lozenges and GastroPanel gift vouchers.

Registration of Biohit's Acetium delayed in Mexico

The registration of Acetium capsule in Mexico has been delayed from the original schedule. The delay can be partly attributed to the Mexican official requirements being stricter than in the European Union, and the registration requirement which, following the extended distributor agreement with ProGalénika, now also applies to Acetium lozenges.

Two patents for Biohit for binding the acetaldehyde found in foods: the United States and Japan

Biohit Oyj has been granted a US patent (application US2010239663A1), which will expire on 21 May 2026. The patent comprises a composition and method for binding acetaldehyde present in the stomach. A Japanese patent (JP4691312B2) for the same method and preparation for binding acetaldehyde in the saliva, stomach and large intestine, is in effect until 29 October 2020. The patented invention comprises a composition including an acetaldehyde-binding substance.

Indian patent for prediction of gastric condition

Biohit Oyj has been granted an Indian patent (no. 258567), which is in effect until 4 March 2024. An anacidic stomach caused by atrophic gastritis is the best-known risk factor for gastric and esophageal cancer. The patented method enables detection of a normal gastric mucosa and antrum atrophic, corpus atrophic and non-atrophic gastritis.

Suspension of the research on the eviction of Helicobacter pylori

Biohit's clinical study on the ability of BioAcetium to help treat Helicobacter pylori infection did not produce clear-cut results. A decision has been made to suspend the BioAcetium study until further notice while Biohit prioritises other clinical studies. The most essential

reason for suspending the clinical study is the increased resistance of helicobacter strains to different therapies. The resistance to treatment of H. Pylori strains varies geographically, which means that the treatment results in one country are not directly applicable elsewhere.

ADMINISTRATION

Annual General Meeting

The Annual General Meeting (AGM) held on 8 April 2013 decided to pay a dividend of EUR 0.4964 for each series A share and EUR 0.4998 for each series B share for the 2012 financial year, to a total of EUR 6.8 million, and a capital repayment of EUR 0.237 for each series A and B share, to a total of EUR 3.2 million. The AGM also decided that the parent company's loss for the financial year be transferred to retained earnings/losses.

The AGM decided that the number of members of the Board of Directors would be five (5) and re-elected the following members to the Board until the end of the next AGM: Professor Osmo Suovaniemi, Professor Mikko Salaspuro, Eero Lehti, and Seppo Luode, MSc (Engineering), as well as President and CEO Franco Aiolfi as a new member.

The AGM appointed authorised public accountants Ernst & Young Oy as the company auditor, with Erkka Talvinko, Authorised Public Accountant, as chief auditor.

Biohit Oyj's Management Team

The members of Biohit's Management Team are: Semi Korpela, President and CEO, Jaana Mattila, CFO, Lea Paloheimo, Director of Business Development and Quality, Panu Hendolin, Head of Research and Development, Anu Mickels, Sales and Marketing Director, and Kari Syrjänen, Chief Medical Director.

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 10,835,093 series B shares, totalling 13,810,593 shares. Series A shares confer 20 votes per share and series B shares 1 vote per share. However, in the payment of dividends, a dividend two per cent higher than the nominal value is paid for Series B shares than is paid for Series A shares. 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 104.4 million (EUR 54.5 million on 31 December 2012).

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	Jan–Dec/2013	Jan–Dec/2012
High, EUR	9.10	4.13
Low, EUR	4.00	2.00
Average, EUR	6.59	2.70
Closing price, EUR	7.56	4.00
Total turnover, EUR	56,629,275	15,247,556
Total turnover, no. of shares	8,592,747	5,376,483

Shareholders

At the end of the review period on 31 December 2013, the company had 6,126 shareholders (4,734 on 31 December 2012). Private households held 77.6% (70.1%), companies 20.6% (27.8%) and public sector organisations 0.0% (1.5%). Foreign ownership or nominee registrations accounted for 1.7% (0.6%) of shares.

Further information on the shares, major shareholders and management shareholdings is available on the company's website at www.biohithealthcare.com/investors.

Proposal on dividends

The Board proposes to the General Annual Meeting that, for the accounting period ending on 31.12.2013, a dividend of EUR 0.72 is paid for each series A share and a dividend of EUR 0.7234 for each series B share. The dividend is paid to each shareholder who, at the date of the reconciliation of dividends, on 17 April 2014, is on the company's list of shareholders. The Board proposes the dividend to be paid on 28 April 2014.

Annual General Meeting

The Annual General Meeting, as such, will be held on Monday, 14 April 2014, starting at 15:00, in the Pörssisali hall of the Pörssitalo building, at Fabianinkatu 14, 00100 Helsinki.

All business operations are presented as one segment. Biohit Oyj has applied the same accounting principles in preparing this annual report as for its financial statements of 2012. The IFRS standards that came into effect in 2013 did not have a material impact on the accounting principles.

All the figures have been rounded up or down, which is why the sums of individual figures may deviate from the totals presented.

Helsinki, 10 March 2014

Biohit Oyj
Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1,000 €	Note	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Net sales	3	**3,452**	**2,048**
Acquisition and production expenses	6	–1,701	–1,320
Gross margin		**1,751**	**728**
Other operating income	5	44	76
Sales and marketing expenses	7	–2,369	–2,178
Administrative expenses	8	–4,223	–2,241
Research and development expenses	9	–1,063	–970
Operating profit		**–5,860**	**–4,586**
Financial income	13	164	1,238
Financial expenses	13	–224	–312
Financial income and expenses		–61	926
Profit before taxes		**–5,921**	**–3,659**
Income taxes	14	4	4
Profit/loss for the period		**–5,917**	**–3,656**
Other comprehensive income after taxes			
Comprehensive income to be recognised through profit or loss			
Available-for-sale financial assets		106	–
Translation differences		5	–
Total comprehensive income to be recognised through profit or loss		111	–
Total comprehensive income for the period		**–5,806**	**–3,656**
Distribution of profit for the period			
to equity holders of the parent company		–5,917	–3,656
Total		**–5,917**	**–3,656**
Distribution of comprehensive income			
to equity holders of the parent company		–5,806	–3,656
Total		**–5,806**	**–3,656**
Earnings per share calculated from earnings attributable to equity holders of the parent company			
Earnings per share, diluted and undiluted, EUR	15	–0.43	–0.27

CONSOLIDATED BALANCE SHEET

1,000 €	Note	31 Dec 2013	31 Dec 2012
ASSETS			
Non-current assets			
Intangible assets	16	1,732	224
Property, plant and equipment	17	506	431
Share in joint venture	18	997	–
Other non-current financial assets	19	1,002	7,819*
Deferred tax assets	20	4	2
Total non-current assets		**4,240**	**8,476**
Current assets			
Inventories	21	646	444
Trade and other receivables	19, 22	7,710	606
Other current financial assets	19, 23	15,239	30,233
Cash and cash equivalents	19, 23	467	248
Total current assets		**24,062**	**31,531**
Total assets		**28,302**	**40,007**

Other receivables include EUR 6.8 million in receivables from a business transaction completed in 2011; the funds are placed in a escrow account. Funds will be released from the escrow account on 31 March 2014, provided no claims concerning the transaction are made.

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	Note	31 Dec 2013	31 Dec 2012
Share capital	24	2,348	2,315
Fund for the investment of non-restricted equity	24	2,750	3,226
Translation differences		5	–
Retained earnings		17,347	29,951
Shareholders' equity attributable to parent company shareholders		**22,450**	**35,492**
Total shareholders' equity		**22,450**	**35,492**
Non-current liabilities			
Deferred tax liabilities	20, 29	209	–
Total non-current liabilities		209	**–**
Current liabilities			
Trade payables	19, 29	341	362
Current interest-bearing liabilities	19, 28	384	384
Tax liabilities	29	65	–
Other liabilities	19, 29	3,856	3,769
Deferred gain	18, 29	997	–
Total current liabilities		**5,644**	**4,515**
Total shareholders´equity and liabilities		**28,302**	**40,007**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1,000 €	Shareholders' equity attributable to parent company shareholders				
	Share capital	Translation differences	Fund for the investment of non-restricted equity	Retained earnings	Total shareholders' equity
Shareholders' equity on 1 Jan 2012	2,315	–	14,292	36,240	52,846
Change in the equity component of convertible bonds	–	–	-177	88	-89
Distribution of dividend	–	–	–	–2,721	–2,721
Capital repayment	–	–	–10,888	–	–10,888
Total comprehensive income for the period	–	–	–	–3,656	–3,656
Shareholders' equity on 31 Dec 2012	2,315	–	3,226	29,951	35,492

1,000 €	**Shareholders' equity attributable to parent company shareholders**				
	Share capital	Translation differences	Fund for the investment of non-restricted equity	Retained earnings	Total shareholders' equity
Shareholders' equity 1 January 2013	2,315	–	3,226	29,951	35,492
Distribution of dividend	–	–	–	–6,792	–6,792
Capital repayment	–	–	–3,225	–	–3,225
Direct share issue	31	–	1,096	–	1,127
Share based payments	–	–	1,610	–	1,610
Exercise of share options	3	–	42	–	45
Total comprehensive income for the period	–	5	–	–5,811	–5,806
Shareholders' equity on 31 Dec 2013	2,348	5	2,750	17,347	22,450

CONSOLIDATED CASH FLOW STATEMENT

1,000 €	Note	2013	2012
Cash flow from operating activities			
Profit for the period		–5,917	–3,656
Adjustments to profit for the period			
Non-cash transactions		1,612	–
Depreciation		207	90
Unrealised exchange rate gains and losses		–0	5
Financial income and expenses		61	–931
Income taxes		–0	–3
Total adjustments to profit for the period		1,880	–839
Change in working capital			
Increase (–) or decrease (+) in current non-interest-bearing trade receivables		–368	4,561
Increase (–) or decrease (+) in inventories		–202	–125
Increase (+) or decrease (–) in current non-interest-bearing liabilities		53	–4,667
Total change in working capital		–516	–231
Interest paid		–199	–767
Interest received		280	1,141
Realised exchange rate gains and losses		–26	–13
Income taxes paid		56	–4,525
Net cash flow from operating activities		**–4,443**	**–8,890**
Cash flow from investing activities			
Investments in tangible and intangible assets		–475	–281
Investments in funds and deposits		–	–20,234
Capital gains from investments in funds and deposits		15,108	–
Net cash flow from investing activities		**14,633**	**–20,515**
Cash flow from financing activities			
Rights issue		45	–
Dividend paid and other profit distribution		–10,017	–13,609
Payments of finance lease liabilities		–	–38
Proceeds from loans		–	–
Repayments of loans		–	–4,616
Net cash flow from financing activities		**–9,972**	**–18,263**
Change in cash and cash equivalents		**218**	**–47,668**
Cash and cash equivalents at the beginning of the period		248	47,915
Effect of exchange rates		0	1
Cash and cash equivalents at the end of the financial period	23	**467**	**248**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 COMPANY PROFILE

Biohit Oyj is a Finnish public company that manufactures diagnostics products and 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.biohithealthcare.com or from the parent company's headquarters, address Laippatie 1, Helsinki, Finland.

At its meeting on 26 February 2014, Biohit Oyj's Board of Directors approved the financial statements for publication. According to the Finnish Limited Liability Companies Act, shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting held after their publication. The Annual General Meeting can also decide to revise the financial statements.

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 and the SIC and IFRIC interpretations in effect as at 31 December 2013. 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.

Presentation

The consolidated income statement is presented as a single statement, showing the profit or loss from the Group's continuing operations first, followed by the profit or loss from discontinued operations shown on one line.

Principles of consolidation

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 most. The Group does not have any associated companies or minority shareholders.

Joint ventures
Joint ventures are companies in which the Group exercises joint control based on an agreement concluded with the other entity. The Group's interests in a joint venture are consolidated using the equity method. In accordance with the equity method, these interests are recognised at acquisition cost plus the post-acquisition changes in the Group's share of the company's net assets.

If the Group's share of the joint venture's losses exceeds its carrying amount, losses are not consolidated unless the Group has undertaken to answer for the joint venture's commitments.

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. Exchange rate differences arising from the translation of intra-Group trade receivables and payables are recorded under financial items, and the corresponding external items are accounted for as sales or purchases adjustment items. 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. Exchange rate differences in monetary items that are classed as net investments in foreign subsidiaries are entered under translation differences. 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 one business segment, Diagnostics.

Income recognition
The sale of goods and services is recognised as income when the significant risks and rewards related 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 areas. The estimated useful lives of assets are as follows:

Buildings	20–30 years
Machinery and equipment	3–10 years

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, with the exception of costs of debt associated with the acquisition cost of a capitalised investment, in which case financing costs based on the Group's average financing costs are capitalised in the acquisition cost. 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 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 or on a progressive basis. 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 intangible assets	5–10 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 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 leases, whichever is lower. Assets acquired under finance lease agreements are amortised over their useful life unless it is probable that the asset will not be redeemed after the end of the lease period. In such cases, amortisation is performed during the contract period. 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.

Share-based payments

The Group has incentive systems in which payments are made in equity instruments. The benefits granted through these arrangements are measured at fair value on grant date and recognised as expenses over the vesting period. The effect of these arrangements on profit or loss is recorded under employee benefit expenses.

Expenses determined on option grant date are based on the Group's estimate of the number of options expected to vest at the end of the vesting period. The Group updates its estimate of the final number of options on the closing day of each reporting period. Changes in the estimates are recognised through profit or loss. The Black-Scholes option pricing model is used to determine the fair value of option arrangements. Other market-based conditions, such as profitability and a specific performance growth target, are not taken into consideration when determining the fair value of the option; they affect the estimate of the final number of options.

When options are exercised, the proceeds from share subscriptions are recognised in accordance with the terms of the arrangement: nominal value under shareholders' equity and any excess under invested non-restricted equity fund.

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.

Taxes on the taxable income for the period and deferred 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 are 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, held-to-maturity financial assets 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 include financial asset items that have been acquired to be held for trading or which have been measured at fair value through profit or loss on initial recognition (use of the fair value alternative). Held-for-trading assets are investments in fixed-term deposits and business loans, and are included in current and non-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 financial items in the income statement on the period in which they were incurred.

Loans and other receivables are assets not included in 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 or 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 financial assets comprise assets not included in derivative assets, such as money market investments, which are either expressly classified in this group or that are not classified in any other group. Available-for-sale financial assets typically include investments which the company does not trade actively but which the company can divest if necessary. Investments classified in this group are measured at fair value and any change in value is recorded under shareholders' equity in comprehensive income items. Profit or loss from available-for-sale investments is recognised when the investment is divested or upon maturity. Any interest or dividend invome is recorded in the income statement under financial items.

Cash and cash equivalents comprise cash at bank and in hand and other liquid investments with a maturity of less than three 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 principles used for determining the fair values of financial assets and liabilities are presented in note 19 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. Exchange rate differences on intra-Group receivables and liabilities are booked 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, which is why the 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

Biohit will begin to apply new or amended IFRS standards and interpretations on their effective date or after they have been approved for application in the EU. Biohit has applied the following new or amended IFRS standards and interpretations in the preparation of these financial statements:

- IAS 1 'Presentation of Financial Statements' Amendment Presentation of Items of Other Comprehensive Income. The material change is the requirement to group items of other comprehensive income to reflect whether they may later be recognised through profit or loss if certain conditions are met. The amendment affected the Group's presentation of items of other comprehensive income.
- IFRS 1 Amendment: First-time adoption of the IFRS standards requires that the first-time adopter applies the amendments to IAS 20 with respect to Government loans with a below-market rate of interest to loans in effect or taken out on or after the date of transition to IFRSs. The standard had no impact on the consolidated financial statements.
- IFRS 7 Amendment: 'Financial instruments: Disclosures' and IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities. The amendment provided more detailed guidelines on the conditions under which financial assets and liabilities may be presented in net amounts in the balance sheet. The amendment did not have a material effect on the consolidated financial statements.
- Annual Improvements to IFRSs 2009-2011, May 2011, to be applied in financial periods commencing on or after 1 January 2013. The annual improvements process provides a streamlined process for implementing minor and non-urgent amendments to IFRSs once a year. The amendments affect five standards. The effects of the amendments vary, but they had no material efect on the consolidated financial statements.
- IFRS 13 'Fair Value Measurement'. The standard provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. Application of this standard will expand the notes

regarding fair value measurement. The amendment did not have a material effect on the consolidated financial statements 2013.

- IAS 19 'Employee Benefits'. The amendment eliminates the so-called corridor approach and requires immediate recognition of actuarial gains and losses in other comprehensive income in the period in which they incur. The amendment did not have a material effect on the consolidated financial statements 2013.
- IFRIC 20 'Stripping costs in the production phase of a surface mine'. The interpretation had no impact on the consolidated financial statements.

Biohit will begin to apply the following new or amended standards and interpretations in 2014 or in subsequent financial years:

- IFRS 9 'Financial Instruments'. The new standard will replace IAS 39 and will, as of its effective date, affect the classification, measurement and hedge accounting of financial assets and liabilities. The change will take effect on 1 January 2015 or in financial years commencing thereafter and it will not be applied retroactively, but notes regarding the effects will be required upon transition. In July, IASB proposed that the date of application be postponed until the publication date of the full IFRS 9 was announced.
- IFRS 10 'Consolidated Financial Statements' and IAS 27 'Separate Financial Statements' (Revised). The new IFRS 10 regarding consolidated financial statements replaces the sections concerning consolidated financial statements in the current IAS 27 'Consolidated and Separate Financial Statements' and the SIC 12 interpretation. In the future, only the requirements concerning separate financial statements set forth in the revised IAS 27 will be applied. IFRS 10 changes the definition of controlling interest and affects the consolidation of entities in the consolidated financial statements. The new standard requires a higher degree of management judgement on what constitutes controlling interest, as well as notes explaining the conclusions made. The Group estimates that theis amendment will not have amaterial effect on the consolidated financial statements. The effective date of the new IFRS 10 and the revised IAS 27 standards in the EU is in financial periods beginning on 1 January 2014 or thereafter, but they may be applied in financial periods beginning on 1 January 2013 or thereafter.for application in the EU IFRS 10 will be applied retroactively (modified).
- IFRS 11 'Joint Arrangements' and IAS 28 'Investments in Associates' (Revised). The new standard replaces IAS 31 'Interests in Joint Ventures' and the SIC 13 interpretation. According to the new standard, more attention should be paid to the actual nature of the arrangements instead of the legal structure, which affects the treatment of the arrangement in the consolidated financial statements. The effective date of the new IFRS 11 and the revised IAS 28 standards in the EU is in financial periods beginning on 1 January 2014 or thereafter, but they may be applied in financial periods beginning on 1 January 2013 or thereafter. IFRS 11 will be applied retroactively (modified).
- IFRS 12 'Disclosure of Interests in Other Entities'. The new standard requires a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. The new standard will expand the notes section regarding these entities. The effective date of the new standard in the EU is in financial periods beginning on 1 January 2014 or thereafter and it will be applied retroactively, but may be applied in financial periods beginning on 1 January 2013.
- IFRS 10, 11 and 12 'Transition Guidance'. The amendments provide additional guidance on the transitional provisions of IFRS 10 particularly with respect to how and when IFRS 10 must be applied retroactively. According to the amendment, the existence of controlling interest should be assessed at the time of transition instead of the beginning of the comparison period. In addition, the amendment further clarifies the transitional provisions applicable to the adoption of IFRS 11 and IFRS 12. The amendment must be applied in financial periods beginning on or after 1 January 2013. The standard has been approved for application in the EU as of April 2013, and its application is mandatory in financial periods beginning on or after 1 January 2014.
- Amendments: IFRS 10, IFRS 12, IAS 27 and IAS 28 regarding the consolidation of investment entities. An exemption applicable to investment entities was included in the standard. Entities that meet the criteria are not required to consolidate subsidiaries; instead they apply the provisions of IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement and measure subsidiaries at fair value through profit or loss. The standard is not expected to have any impact on the consolidated financial statements.

Biohit estimates that the changes referred to above will not materially affect the Group's reporting.

3 SEGMENT REPORTING

Biohit has organized its operations into one business area. The Group's segment reporting reflects this structure.

4 ACQUISITIONS

Acquisition of a subsidiary

On 18 April 2013, Biohit acquired Euroclone Gastro S.r.l., a company specialising in gastrointestinal diagnostics, from the Italian Euroclone S.p.A. Following the acquisition, Euroclone Gastro S.r.l. became Biohit Oyj's fully-owned subsidiary, Biohit Healthcare S.r.l. This acquisition strengthens Biohit Oyj's diagnostics distribution in Italy.

The acquired company was established in March 2013 to enable the completion of this transaction. Previously, Euroclone S.p.A. was Biohit Oyj's diagnostics distributor in Italy. Euroclone S.p.A.'s gastrointestinal diagnostics unit recorded net sales of EUR 0.8 million in 2012 and its net result was slightly negative. The acquired company has assets and inventory worth of 0.1 million euros and the company has no debt. The acquired company employed 2 key employees from Euroclone S.r.l. In connection with the acquisition, Franco Aiolfi was appointed Managing Director of Biohit Healthcare S.r.l. One-off expenses associated with the acquisition were not significant.

For the total ownership of Euroclone Gastro S.r.l., Biohit Oyj issued 180,000 new Biohit B-shares.
At the share price quoted on 17 April 2013, the sale price amounted to EUR 1,126,800.00.

1,000 €	
Contribution given	
Fair value of the shares issued	1,127

The value of advisory, valuation and other similar services associated with the acquisition was not significant. The values of acquired assets and liabilities at the time of acquisition were as follows:

1,000 €	Fair value on acquisition date
Tangible and intangible assets	40
Customer contracts and the associated customer relationships	1,250
Inventories	38
Trade and other receivables	1
Cash and cash equivalents	3
Total assets	**1,333**
Deferred tax liabilities	206
Total liabilities	**206**
Net worth	**1,127**

Biohit Healthcare S.r.l. is consolidated since the acquisition date 18 April 2013.

5 OTHER OPERATING INCOME

1,000 €	**2013**	2012
Grants	33	13
Other	11	63
Total	44	76

6 ACQUISITION AND PRODUCTION EXPENSES

1,000 €	2013	2012
Materials, supplies and other direct expenses	–1,701	1,320
Total	–1,701	1,320

7 SALES AND MARKETING EXPENSES

1,000 €	2013	2012
Employee benefit expenses	880	739
Travel and other personnel-related expenses	189	170
Rent and maintenance expenses	55	62
Marketing and sales expenses	686	737
Other external services	136	465
Other operating expenses	422	5
Total	2,369	2,178

8 ADMINISTRATIVE EXPENSES

1,000 €	2013	2012
Employee benefit expenses	1,550	1,065
Travel and other personnel-related expenses	265	226
Rent and maintenance expenses	227	307
Other external services	429	298
Other operating expenses	1,576	256
Depreciation, machinery and equipment	175	90
Total	4,223	2,241

9 RESEARCH AND DEVELOPMENT EXPENDITURE

1,000 €	2013	2012
Employee benefit expenses	468	349
Travel and other personnel-related expenses	45	49
Rent and maintenance expenses	9	7
Other external services	456	512
Other operating expenses	53	53
Depreciation, intellectual property rights	32	–
Total	1,063	970

Information about management's employee benefits is presented in Note 31 Related party transactions.

10 NUMBER OF PERSONNEL

	2013	2012
Average number of salaried personnel	43	33
Average number of non-salaried personnel	1	2
Average number of personnel	44	35
Number of personnel at the end of the period	47	35

11 DEPRECIATION

1,000 €	2013	2012
Intangible assets	115	50
Machinery and equipment	92	40
Total	207	90

12 AUDITORS' FEES

1,000 €	2013	2012
Group's auditor's fees	42	46
Group's other fees	33	28
Total auditors' fees	76	74

13 FINANCIAL INCOME AND EXPENSES

1,000 €	2013	2012
Other financial income	164	1 238
Total financial income	164	1 238
Interest expenses on financial liabilities	–224	–312
Total financial expenses	–224	–312
Total financial income and expenses	-61	926

14 INCOME TAXES

Direct taxes

1,000 €	2013	2012
Taxes on taxable income for the period, tax rate 24.5%	0	–3
Taxes from previous period	1	4
Deferred taxes	4	3
Total direct taxes	4	4

Reconciliation of tax expenses in income statement

1,000 €	2013	2012
Profit before taxes	–5 921	–3 659
Taxes at the rate for the parent company	1 451	896
Effect of different tax rates of foreign subsidiaries	0	0
Unrecognised deferred tax assets from tax losses	–1 242	–902
Non-deductible expenses	–209	-6
Change in deferred taxes	4	4
Taxes in the income statement	4	4

15 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.

	2013	2012
Earnings for the period attributable to equity-holders of the parent company, EUR 1,000	–5,917	–3,656
Interest on the convertible bonds, EUR 1,000	–	23
Result for the period for the calculation of earnings per share adjusted with the dilution effect.	–5,917	–3,633
Average number of shares, undiluted	13,727,251	13,615,593
Impact of stock options	187,892	0
Average number of shares, diluted	13,915,143	13,615,593
Earnings per share, undiluted, EUR	–0.43	–0.27
Earnings per share, diluted, EUR	–0.43	–0.27

The dilutive effect is not taken into account because the Group's result for the period is negative and the dilutive effect would improve EPS.

16 INTANGIBLE ASSETS

2013 1,000 €	**Intellectual property rights**	**Goodwill**	**Other intangible assets**	**Total**
Acquisition cost 1 Jan 2013	540	2,638	702	3,880
Increases	1,600	–	10	1,610
Acquisition cost 31 Dec 2013	2,140	2,638	712	5,491
Accumulated depreciation and impairment 1 Jan 2013	–355	–2,638	–664	–3,656
Depreciation	–78	–	–23	–101
Accumulated depreciation and impairment 31 Dec 2013	–433	–2,638	–687	–3,758
Carrying amount 1 Jan 2013	185	–	39	224
Carrying amount 31 Dec 2013	1,707	–	25	1,732

2012 1,000 €	Intellectual property rights	Goodwill	Other intangible assets	Total
Acquisition cost 1 Jan 2012	540	2,638	748	3,926
Increases	–	–	30	30
Decreases	–	–	–76	–76
Acquisition cost 31 Dec 2012	540	2,638	702	3,880
Accumulated depreciation and impairment 1 Jan 2012	–321	–2,638	–656	–3,615
Accumulated depreciation on decreases	–	–	7	7
Depreciation	–34	–	–15	–50
Accumulated depreciation and impairment 31 Dec 2012	–355	–2,638	–664	–3,657
Carrying amount 1 Jan 2012	219	–	92	311
Carrying amount 31 Dec 2012	185	–	39	224

Intellectual property rights consist of patents.

17 TANGIBLE ASSETS

2013

1,000 €	**Buildings**	**Machinery and equipment**	**Total**
Acquisition cost 1 Jan 2013	147	906	1 051
Increases	–	217	217
Acquisition cost 31 Dec 2013	147	1 123	1 268
Accumulated depreciation and impairment 1 Jan 2013	–99	–522	–620
Accumulated depreciation from acquisition	–	–50	–50
Depreciation	–10	–82	–92
Accumulated depreciation and impairment 31 Dec 2013	–110	–654	–763
Carrying amount 1 Jan 2013	47	384	431
Carrying amount 31 Dec 2013	37	469	506

2012

1,000 €	Buildings	Machinery and equip-ment	Total
Acquisition cost 1 Jan 2012	96	600	696
Increases	51	339	389
Decreases	–	–33	–33
Acquisition cost 31 Dec 2012	147	906	1 051
Accumulated depreciation and impairment 1 Jan 2012	–91	–490	–581
Depreciation	–8	–32	–40
Accumulated depreciation and impairment 31 Dec 2012	–99	–522	–620
Carrying amount 1 Jan 2012	5	110	116
Carrying amount 31 Dec 2012	47	384	431

18 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

1,000 €	**2013**	2012
Carrying amount 1 Jan 2013	–	–
Acquisition of a joint venture	997	–
Share of results of joint venture	–	–
Carrying amount 31 Dec 2013	997	–

Information regarding the Group's associated companies and joint ventures and their combined assets, liabilities, net sales and profit/loss:

1,000 €	Domicile	Assets	Liabilities	Net sales	Profit (+) and loss (–) for the financial period	Share (%)
2013						
Biohit Biotech (Hefei) Co., Ltd	China, Anhui, Hefei	4,004	0	0	0	40 %
2012	–	–	–	–	–	–

The joint venture did not generate any expenses or income in 2013.

19 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

Balance sheet values of financial assets by category, 31 Dec 2013

1,000 €	Loans and other receivables	Available-for-sale financial assets	Held-to-maturity investments	Total carrying amount	Fair value	Fair value hierarchy
Non-current financial assets						
Other non-current financial assets	6	7*	1,000	1,013	1,013	2
Total	6	7	1,000	1,013	1,013	
Current financial assets						
Trade and other receivables	794	–	–	794	794	
Other current financial assets	6,883	15,239	–	22,122	22,122	2
Cash and cash equivalents	467	–	–	467	467	
Total	8,144	15,239	–	23,383	23,383	
Total financial assets	8,150	15,246	1,000	24,396	24,396	

Balance sheet values of financial assets by category, 31 Dec 2012

1,000 €	Loans and other receivables	Available-for-sale financial assets	Held-to-maturity investments	Total carrying amount	Fair value	Fair value hierarchy
Non-current financial assets						
Financial assets	6,812	7*	1,000	7,819	7,819	2
Total	6,812	7	1,000	7,819	7,819	
Current financial assets						
Trade and other receivables	606	–	–	606	606	
Other current financial assets	–	26,553	3,680	30,233	30,233	2
Cash and cash equivalents	248	–	–	248	248	
Total	854	–	3,680	31,088	31,088	
Total financial assets	7,666	7	4,680	38,907	38,907	

*) Available-for-sale financial assets totalling EUR 7 thousand (EUR 7 thousand) include unquoted investments, which have been presented at acquisition cost because their fair value is not reliably available.

Financial assets include EUR 6.8 million in receivables from a business transaction completed in 2011; the funds are placed in a escrow account.
Fair value hierarchy. Classification in accordance with IFRS 7, which came into force on 1 January 2009.
The carrying value of other receivables is equivalent to their fair value, because the discount effect is minimal when the maturity of liabilities is taken into account.

Financial liabilities by category

1,000 €	**Carrying amount 2013**	**Fair value 2013**	Carrying amount 2012	Fair value 2012
Current financial liabilities measured at amortised cost				
Other interest-bearing liabilities	384	384	384	384
Trade and other payables	5,262	5,262	4,131	4,131
Total	5,646	5,646	4,515	4,515
Total financial liabilities	5,646	5,646	4,515	4,515

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 the maturity of liabilities is taken into account.

20 DEFERRED TAXES

1,000 €	2013	2012
Deferred tax assets		
Internal margin on inventories	4	2
Total	4	2
Deferred tax liabilities		
Acquisitions, customer relationships	206	–
Tangible assets	2	–
Total	209	–

The Group has tax-deductible losses of EUR 7.9 million for 2012 and 2013, for which no deferred tax assets have been recognised.

Of the total losses, EUR 7.8 million was generated in Finland and EUR 0.1 million in the UK and Italy.

21 INVENTORIES

1,000 €	2013	2012
Materials and supplies	307	98
Work in progress	168	206
Completed products/goods	172	140
Total inventories	646	444

22 TRADE AND OTHER RECEIVABLES

Non-current receivables

1,000 €	2013	2012
Held-to-maturity investments	1,000	1,000
Long-term interest-bearing receivables	6	6,819
Total	1,006	7,819

Current receivables

1,000 €	2013	2012
Trade receivables	512	305
Prepayments and accrued income	7,163	184
Other receivables	2	117
Total	7,677	606

Prepayments and accrued income include EUR 6.8 million in receivables from a business transaction completed in 2011; the funds will be released from the escrow account on 31 March 2014, provided no claims concerning the transaction are made.

A breakdown of trade receivables by age is presented in Note 30.

23 CASH AND CASH EQUIVALENTS

1,000 €	2013	2012
Cash and cash equivalents	467	248
Available-for-sale financial assets	15,239	30,233
Total	15,706	30,482
Cash and cash equivalents in the cash flow statement	467	248

24 NOTES CONCERNING SHAREHOLDERS' EQUITY

Biohit Oyj's share capital is EUR 2,347,801 and the number of shares is 13,810,593, of which 2,975,500 (2,975,500) are Series A shares and 10,835,093 (10,640,093) Series B shares. The Series B shares are quoted on the stock exchange.

Both series have a nominal share value of EUR 0.17. Series A and Series B shares differ to the extent that each Series A share confers on its subscriber the right to twenty (20) votes at General Meetings and each Series B share confers the right to one (1) vote. However, in the payment of dividends, a dividend two per cent higher than the nominal value is paid for Series B shares than is paid for Series A shares.

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

The share capital is fully paid-in.

The 180,000 new shares issued in connection with the acquisition of Biohit Healthcare S.r.l. involve a transfer limitation, which fully prohibits the transfer of shares for a period of 12 months from the share subscription. In subsequent years, the limitation will be removed for a lot comprising 60,000 shares per year.

Description of shareholders' equity funds:

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

Invested unrestricted equity fund includes other equity investments and payments for share subscriptions insofar as it is decided not to enter said amounts in the share capital.

25 SHARE-BASED PAYMENTS

Terms and conditions of the share-based incentive schemes

Biohit Oyj introduced a share-based incentive system offering stock options to company management and employees. In addition, the company offered options to two private persons as one-off compensation for the alteration of old contractual terms. In accordance with the option scheme, the options are granted without any monetary compensation, but a subscription price has been determined for the shares.

The key terms and conditions of the incentive scheme, such as vesting conditions, are shown in the table below.

Option Scheme	I 2013 Classes A, B, C, D, E	II 2013
Nature of the arrangement	Stock options	Stock options
Grant date	19 June 2013	19 June 2013
Number of instruments granted	500,000	420,000
Subscription price	EUR 3.00	EUR 3.00
Share price on grant date	EUR 5.36–7.35	EUR 5.36
Validity (in years)	6	2
Exercise	Shares	Shares

The stock options will lapse if they are not exercised in the specified time frame. In Option Scheme I 2013, the employee entitled to the incentive will lose the entitlement if the employee leaves the company prior to vesting. In Option Scheme II 2013, the incentives have been earned in full prior to 31 December 2013.

Outstanding options

Changes in outstanding options during the financial period and weighted average exercise prices:

Number of options	**2013**	2012
At the beginning of period	0	0
New options granted	920,000	0
Lost options	0	0
Exercised options	15,000	0
Lapsed options	0	0
At the end of period	905,000	0
Exercisable options at the end of the period	905,000	0
Exercise price as a weighted average per share, EUR	3.00	–

The weighted average price of the parent company share in 2013 was EUR 6.59 (EUR 2.70 in 2012). Some of the options were exercised during the final quarter. The proceeds from share subscriptions are recognised as follows: nominal value under shareholders' equity and any excess under invested non-restricted equity fund.

The exercise price range for options outstanding at the end of the period and the weighted average of the remaining validity are shown below.

	Exercise price fluctuation margin (EUR)	Weighted average of the validity period (years)	Number of stock options
2013	3.0	3.7	905,000
2012	–	–	–

Determination of fair value

The Group uses the Black-Scholes model to determine fair value for the option scheme. The expected volatility is determined on the basis of the historical price performance of the parent company share, taking into account the remaining validity of the options. The fair value of shares in the option schemes is based on the quoted share price.

Assumptions used in the determination of fair value in financial year 2013

Option Scheme	I 2013	II 2013
Expected volatility	70%–88%	70%
Expected average of option validity on grant date (years)	6	2
Risk-free interest %	0.59%–1.12%	0.39%
Expected dividends (dividend income)	deducted from subscription value	deducted from subscription value
Fair value of the instrument on grant date (EUR)	5.36–7.35	5.36

Amounts recognised as expenses are shown in Note 8. Administrative expenses.

26 PENSION OBLIGATIONS

The Group has no defined benefit plans.

27 PROVISIONS

The Group has no guarantee provisions.

28 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities, balance sheet values

1,000 €	2013	2012
Long-term interest-bearing liabilities		
The company has no long-term interest-bearing liabilities		
Current interest-bearing debt		
Loans from financial institutions, current portion	384	384
Total	384	384
Total interest-bearing liabilities	384	384

Fair values for financial liabilities are presented in Note 19.

Covenants related to non-current loans

The company has no non-current loans.

Subordinated loans

The company has no subordinated loans.

Finance lease liabilities

The company has no finance lease liabilities.

29 TRADE AND OTHER PAYABLES

Non-current non-interest-bearing liabilities

1,000 €	2013	2012
Deferred tax liabilities	209	–
Total	209	–

Current non-interest-bearing liabilities

1, 000 €	2013	2012
Trade payables	341	362
Deferred tax liabilities	65	–
Accrued liabilities and prepaid income	3, 856	3, 769
Profit not recognised	997	–
Total	5, 259	4, 131
Total non-interest-bearing liabilities	5, 468	4, 131

Accrued liabilities and pre-paid income include amortised employee benefit, leasing and interest expenses, and provisions for any liabilities associated with the business transaction in 2011, and profits from the establishment of a joint venture which, in accordance with the principle of prudence, have not been recognised as income since the actual business operations are still in the launch stage.

30 MANAGEMENT OF FINANCIAL RISKS

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

Exchange rate risk

International business operations involve exchange rate risks. In comparable currencies, the net sales of Biohit do not significantly differ from the reported values. The overall impact of the exchange rates on the company's profitability during the financial year was not significant. The company primarily conducts its sales in euros, and it has made no currency hedging arrangements.

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

2013

1,000 €	USD	GBP
Non-current liabilities	–	–
Open position	–	–
Current assets		
Trade and other receivables	–	43
Current liabilities		
Non-interest-bearing liabilities	–27	–
Open position	–27	43
Net position	–27	43

2012

1,000 €	USD	GBP
Non-current liabilities	–	–
Open position	–	–
Current assets		
Trade and other receivables	3	44
Current liabilities		
Non-interest-bearing liabilities	–	1
Open position	3	43
Net position	3	43

The net position includes cash and cash equivalents in foreign currencies, as well as receivables and payables to both Group and non-Group companies, converted into euros at the exchange rate for the closing date.

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.

Liquidity risk

The objective of the liquidity risk management is to ensure group financing in all circumstances. The Group's liquid assets on the closing day were EUR 15.7 million (EUR 30.5 million). When investing liquid assets, the objective is to gain a return on investment with a minimum risk of equity loss. The investment portfolio consists of deposits, money market investments and corporate loans. Sufficient diversification between different asset classes, investment instruments and counterparties is essential.

Biohit conducts its investment activities with at least two partners.

The Group's equity ratio was 79.3% (88.7%)

Financial liability maturity analysis 2013

1,000 €	‹ 1 year	1–5 years	› 5 years	Total
Trade payables and other non-interest-bearing liabilities	341	–	–	341
Repayments on loans from financial institutions	384	–	–	384
Interest expenses on loans from financial institutions	4	–	–	4
Total	730	–	–	730

Commodity risk

The company does not use derivatives to protect the commodity risk, because due the nature of its business, the company is not vulnerable to commodity risks.

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.

Trade receivables totalled EUR 0.5 million (EUR 0.3 million) on 31 December 2013. Trade receivables did not include any substantial receivables from a single customer. Maximum credit risk exposure is the carrying value of accounts receivable.

Breakdown of trade receivables by age

2013 1,000 €	**2013**	**Impairment loss**	**Net 2013**	2012	Impairment loss	Net 2012
Not yet falling due	274	–	274	210	–	210
Under 60 days due	187	–	187	60	–	60
61–120 days due	41	–	41	22	–	22
121–360 days due	4	–	4	17	–5	12
Over 360 days due	27	–21	7	54	–54	–
Total	533	–21	512	363	–59	304

In 2013, EUR 30 thousand worth of credit losses were recorded, but at the same time previously recorded credit losses in the amount of EUR 40 thousand were reversed. In 2012, credit losses amounted to EUR 15 thousand.

Equity structure management

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

1,000 €	**2013**	2012
Total shareholders' equity	22,450	35,492
Balance sheet total	28,302	40,007
Advances received	0	0
Equity ratio	79.3%	88.7%

31 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 related 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 Management Team, and the president & CEO.

Salaries and other current employee benefits

1,000 €	**2013**	2012
Parent company		
Management Teams	477	451
President & CEO	161	130
Members of the Scientific Advisory Board	204	193

Based on a decision by the Board of Directors, Osmo Suovaniemi has been employed by the company as a member of the Scientific Advisory Board EUR 204 thousand (EUR 193 thousand). In excess of the board membership fee other compensation of EUR 14 thousand has been paid to Franco Aiolfi.

1,000 €	2013	2012
Subsidiaries		
Managing directors	116	110

Fees paid to Board members

1,000 €	2013	2012
Parent company		
Osmo Suovaniemi	19	19
Franco Aiolfi	26	–
Kalle Kettunen	6	18
Petteri Kilpinen	6	18
Eero Lehti	18	18
Seppo Luode	18	18
Saila Miettinen-Lähde	6	18
Mikko Salaspuro	18	18
Parent company, total	117	127

Share-based payments

1,000 €	2013	2012
Parent company		
Management Teams	110	–
President & CEO	194	–
Members of the Scientific Advisory Board	1,304	–

On 31 December 2013, Board members and the President and CEO owned a total of 2,376,950 Series A shares and 3,433,149 Series B shares. These shares represent 42.1 % of all company shares and 72.5% of all the votes to which the shares entitle. Chairman of the Board, Osmo Suovaniemi, is a majority shareholder in Interlab Oy, which owns 2,164,497 Series B shares. Board member Franco Aiolfi is a majority shareholder in Euroclone S.p.A. through Arsfin Consult S.r.l. Euroclone S.p.A. owns 180,000 Series B shares.

At the end of 2013, the Group's President and CEO owned 200,000 stock options (2012: no stock options) and members of the Group's management team owned a total of 60,000 stock options (2012: no stock options). Each option entitles its holder to subscribe for one share, which means the total number of shares available for subscription based on the options is 260,000, representing 1.85% of all shares and 0.37% of all votes. The terms and conditions of the stock options held by the President and CEO and members of the management team are the same as those for other holders of stock options. The share-based payment granted to the President and CEO was measured at fair value on grant date and will be expensed on a straight-line basis over the vesting period 19 June 2013–31 May 2019.

Pensions paid by the company in 2013 to Board members amounted to EUR 6 thousand to the President and CEO EUR 30 thousand, and to the Management Team EUR 68 thousand in 2013. The Group has no pension schemes that would materially differ from the statutory arrangements.

Other operating expenses

1,000 €	2013	2012
Consulting, administrative and logistics fees		
Companies controlled by Board members	211	154
Total	211	154

Parent company and subsidiaries

Parent company Biohit Oyj, Finland	Group's holding
Biohit Healthcare Ltd, UK	100%
Biohit Healthcare S.r.l., Italy	100%
Biohit Healthcare Consulting (Shanghai) Co., China, LTD, company dissolution process is in progress	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 2013 or 2012.

Share in the joint venture

Biohit Healthcare (Hefei) Co. Ltd	40 %

32 COLLATERALS AND CONTINGENT LIABILITIES

1,000 €	2013	2012
Collaterals given for the parent company		
Guarantees	3	3
Other liabilities		
Leasing commitments:		
Due for payment in one year	82	48
Due for payment after 1 year but not later than 5 years	59	53
Due for payment in more than 5 years	–	–
Total	141	101
Other rental commitments:		
Due for payment in one year	207	153
Due for payment after 1 year but not later than 5 years	271	292
Due for payment in more than 5 years	7	–
Total	485	445
Total other liabilities	626	546
Total collaterals and contingent liabilities	629	549

KEY RATIOS

KEY FINANCIAL RATIOS

	IFRS 2009	IFRS 2010	IFRS 2011	IFRS 2012	**IFRS 2013**
Net sales	35,366	40,044	39,922	2,048	3,452
Change in net sales, %	0.8%	13.2%	–0.3%	–94.9%	68.6%
Operating profit/loss	1,190	507	44,262	–4,586	–5,860
% of net sales	3.4%	1.3%	110.9%	–223.9%	–169.8%
Profit/loss before extraordinary items and taxes	669	388	43,789	–3,659	–5,921
% of net sales	1.9%	1.0%	109.7%	–178.7%	–171.5%
Profit/loss before taxes	669	388	43,789	–3,659	–5,921
% of net sales	1.9%	1.0%	109.7%	–178.7%	–171.5%
Return on equity, %	3.1%	0.5%	114.5%	–8.3%	–20.4%
Return on investment, ROI, %	5.8%	4.2%	69.8%	–11.8%	–24.3%
Equity ratio, %	46.8%	44.5%	74.0%	88.7%	79.3%
Investments in fixed assets	2,439	2,569	4,069	281	2,617
% of net sales	6.9%	6.4%	10.2%	13.7%	75.8%
R&D expenditure	2,409	2,542	2,213	970	1,063
% of net sales	6.8%	6.3%	5.5%	47.4%	30.8%
Balance sheet total	27,399	29,383	71,472	40,007	28,302
Personnel, continuing operations	33	37	36	35	44
Average number of personnel	370	412	422	35	44

KEY RATIOS PER SHARE

	IFRS 2009	IFRS 2010	IFRS 2011	IFRS 2012	**IFRS 2013**
Earnings per share, undiluted, EUR	0,03*	0,00*	2.86	–0.27	–0.43
Equity attributable to the equity holders of the parent company, EUR	0.99	1.01	3.88	2.61	1.63
Price/earnings ratio, (P/E)	50	525	1.0	0.0	0.0
Dividend per share	–	–	0.2	0.50	0.72
Capital repayment per share	–	–	0.8	0.24	–
Dividend per earnings, %	–	–	34.97	n/a	n/a
Effective dividend yield, %	–	–	34.13	18.42	9.57
B share price development, EUR					
– average price	1.55	3.42	2.30	2.70	6.59
– lowest price	1.27	1.50	1.74	2.00	4.00
– highest price	1.90	4.91	3.96	4.13	9.10
–price at 31 December	1.50	2.10	2.93	4.00	7.56
Market capitalisation, EUR 1,000 (assuming the market capitalisation value for series A shares is the same as for series B shares)	19,406	27,169	39,894	54,462	104,408
Turnover of Series B shares, 1,000 shares	1,996	9,415	3,003	5,376	8,593
–% of total number of shares	20.0%	94.5%	30.1%	50.5%	79.3%
Average number of shares, adjusted for share issues	12,937,627	12,937,627	13,163,616	13,615,593	13,727,251
–accounting for the dilutive effect of options and bonds	13,837,627	13,837,627	14,063,616	13,615,593	13,915,143
Total number of shares at the closing date, adjusted for share issues	12,937,627	12,937,627	13,615,593	13,615,593	13,810,593
–accounting for the dilutive effect of options and bonds	13,837,627	13,837,627	14,515,593	13,615,593	14,223,768

The company has options with a dilutive effect. Since the company recorded a loss, the dilutive effect is not presented.

SHARES AND SHAREHOLDERS

AVERAGE SHARE PRICE

SHAREHOLDING BY SHAREHOLDER GROUP, 31 DEC 2013

Series A shares	Number of shareholders pcs	%	Number of shares pcs	%
1. Companies	1	0.1	24,990	0.8
2. Households	9	99.9	2,950,510	99.2
Shares on waiting list			0	0.0
Total Series A shares	10	100.0	2,975,500	100.0

Series B shares	Number of shareholders pcs	%	Number of shares pcs	%
1. Companies	188	3.1	2,812,860	26.0
2. Financial and insurance institutions	10	0.2	8,820	0.1
3. Public sector organisations	0	0.0	0	0.0
4. Non-profit organisations	3	0.0	1,421	0.0
5. Households	5,900	96.3	7,769,223	71.7
6. Foreign ownership	25	0.4	237,177	2.2
Shares on joint book-entry account			5,592	0.1
Total Series B shares	6,126	100.0	10,835,093	100.0
Total Series A and B shares	6,126		13,810,593	

Series A shares	Number of shareholders pcs	%	Number of shares pcs	%
1–1 000	0	0.0	0	0.0
1 001–10 000	3	30.0	25 000	0.8
10 001–100 000	3	30.0	156 990	5.3
Yli 100 001	4	40.0	2 793 510	93.9
Total Series A shares	10	100.0	2 975 500	100.0

Series B shares	Number of shareholders pcs	%	Number of shares pcs	%
1–1 000	5,271	86.0	1,565,394	14.4
1 001–10 000	760	12.4	2,127,856	19.6
10 001–100 000	85	1.4	1,964,167	18.1
Yli 100 001	10	0.2	5,172,084	47.7
Shares on joint book-entry account	0	–	5,592	0.1
Total Series B shares	6,126	100.0	10,835,093	100.0
Total Series A and B shares	6,126		13,810,593	

LARGEST REGISTERED SHAREHOLDERS, 31 DEC 2013

The 10 largest shareholders by number of shares	Series A shares	Series B shares	Shares Total	%
Suovaniemi Osmo	2,265,350	965,217	3,230,567	23.4
Interlab Oy	–	2,164,497	2,164,497	15.7
Suovaniemi Ville	208,280	371,300	579,580	4.2
Suovaniemi Joel	208,280	333,000	541,280	3.9
Suovaniemi Oili	111,600	288,935	400,535	2.9
Härkönen Matti	57,200	267,965	325,165	2.4
Suovaniemi Vesa	74,800	187,819	262,619	1.9
Oy Etra Invest Ab	–	250,000	250,000	1.8
Adlercreutz Carl Herman	7,500	150,000	157,500	1.1
Oy Tech Know Ltd	24,990	70,000	94,990	0.7

The 10 largest shareholders by number of votes	Series A shares	Series B shares	Total votes	%
Suovaniemi Osmo	2,265,350	965,217	46,272,217	65.8
Suovaniemi Ville	208,280	371,300	4,536,900	6.5
Suovaniemi Joel	208,280	333,000	4,498,600	6.4
Suovaniemi Oili	111,600	288,935	2,520,935	3.6
Interlab Oy	–	2,164,497	2,164,497	3.1
Suovaniemi Vesa	74,800	187,819	1,683,819	2.4
Härkönen Matti	57,200	267,965	1,411,965	2.0
Oy Tech Know Ltd	24,990	70,000	569,800	0.8
Adlercreutz Carl Herman	7,500	150,000	300,000	0.4
Luostarinen Reijo	10,000	79,160	279,160	0.4

Management shareholding 31 December 2013

On 31 December 2013, Board members and the President and CEO owned a total of 2,376,950 Series A shares and 3,433,149 Series B shares. These shares represent 42.1% of all company shares and 72.5% of all the votes to which the shares entitle. Chairman of the Board, Osmo Suovaniemi, is a majority shareholder in Interlab Oy, which owns 2,164,497 Series B shares. Board member Franco Aiolfi is a majority shareholder in Euroclone S.p.A. through Arsfin Consult S.r.l. Euroclone SpA owns 180,000 Series B shares.

FORMULAS FOR THE KEY RATIOS

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

PARENT COMPANY INCOME STATEMENT (FAS)

1,000 €	Note	**Jan 01– Dec 31, 2013**	Jan 01– Dec 31, 2012
Net sales	2	**2,146**	**1,534**
Increase/decrease in inventories of finished goods and in work in progress		–9	175
Other operating income	3	80	79
Materials and services	4	–922	-586
Personnel expenses	5	–2,344	–2,142
Depreciation, amortisation and impairment	6	-172	–86
Other operating expenses	7	–2,925	–3,523
Operating profit/loss		**-4,147**	**–4,549**
Financial income and expenses	8	–206	1,099
Profit/loss before appropriations and taxes		**–4,353**	**–3,450**
Income taxes		0	4
Profit/loss for the period		**–4,353**	**–3,447**

PARENT COMPANY BALANCE SHEET (FAS)

1,000 €	Note	31 Dec 2013	31 Dec 2012
ASSETS			
Non-current assets			
Intangible assets	9	526	271
Tangible assets	10	419	370
Investments			
Participations in Group companies	11	234	314
Other investments	11	7	7
Total non-current assets		**1,186**	**962**
Current assets			
Inventories	12	585	422
Non-current receivables	13	1,560	8,022
Current receivables	13	7,445	575
Marketable securities	14	15,214	30,234
Cash at bank and in hand	15	172	147
Total current assets		**24,976**	**39,400**
TOTAL ASSETS		**26,162**	**40,363**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity			
Share capital	16	2,348	2,315
Fair value hierarchy	16	113	–
Fund for the investment of non-restricted equity	16	44	3,226
Accumulated profit/loss from previous years	16	23,235	33,474
Profit/loss for the period	16	–4,353	–3,447
Total shareholders' equity		**21,386**	**35,568**
Liabilities			
Non-current liabilities	19	301	301
Current liabilities	20	4,475	4,494
Total liabilities		**4,776**	**4,795**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**26,162**	**40,363**

PARENT COMPANY CASH FLOW STATEMENT

1,000 €	**2013**	2012
Cash flow from operating activities:		
Profit/loss before extraordinary items	–4,353	–3,451
Adjustments:		
Depreciation according to plan	332	86
Unrealised exchange rate gains and losses	–0	5
Financial income and expenses	47	–1,104
Change in working capital:		
Increase (–) or decrease (+) in current non-interest-bearing trade receivables	–175	4,492
Increase (–) or decrease (+) in inventories	–162	–115
Increase (+) or decrease (–) in current non-interest-bearing liabilities	–52	–4,264
Realised exchange rate gains and losses	–22	1
Interest and other financial items paid	–198	–845
Interest received from operating activities	287	1,144
Direct taxes paid	0	–4,524
Cash flow from operating activities	**–4,297**	**–8,575**
Cash flow from investing activities:		
Investments in tangible and intangible assets	–486	–418
Investments in other investments	–	–20,233
Capital gains from investments in funds and deposits	15,133	–
Subsidiary shares acquired	–3	–113
Loans granted	–560	–
Repayments of loan receivables	210	–
Cash flow from investing activities	**14,294**	**–20,764**
Cash flow from financing activities:		
Rights issue	45	–
Increase of long-term loans	–	69
Repayments of long-term loans	–	–4,686
Dividend paid and capital repayment	–10,017	–13,609
Cash flow from financing activities	**–9,972**	**–18,226**
Increase (+) or decrease (–) in cash and cash equivalents	25	–47,565
Cash and cash equivalents at the beginning of the period	147	47,712
Cash and cash equivalents at the end of the financial period	172	147

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1 ACCOUNTING POLICY

When preparing financial statements in accordance with generally accepted accounting principles, the company's management must make estimates and assumptions. Actual results may differ from these estimates.

The parent company's 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 the marketable securities included in current assets, which have been measured at fair value.

Measurement of property, plant and equipment
Fixed assets are recorded in the balance sheet at historical cost, exclusive of grants received and depreciation. Depreciation is calculated on a straight-line basis over the service life of the assets.

Depreciation periods (years) according to plan are:

Intellectual property 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 according to the FIFO principle at acquisition cost, or at the lower of the replacement cost and the probable sale price. Acquisition cost of inventories includes an appropriate proportion of production overheads in addition to the direct costs.

Measurement of marketable securities
Marketable securities included in current assets are measured at fair value in accordance with section 5.2a of the Finnish Accounting Act. 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 gains and losses due to changes in fair value are recorded under fair value fund in the balance sheet and under financial income and expenses in the income statement in the period in which they materialised.

Research and development expenditure
Research and development expenditure are recorded as expenses at the point when they occurred.

Revenue recognition
Net sales are calculated as gross sales less indirect sales taxes and discounts.

Maintenance and repairs
Costs for maintenance and repairs are recorded as expenses when incurred. The renovation costs of leased premises have been capitalised under 'Other capitalised expenditure' and amortised 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 charged to the income statement for the period in which they are earned.

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 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 balance sheet date. Translation differences are recognised through profit or loss.

2 NET SALES BY BUSINESS AREA

1,000 €	2013	2012
Diagnostics	2,146	1,534
Total	2,146	1,534

NET SALES BY GEOGRAPHICAL AREA

1,000 €	2013	2012
Finland	276	325
Other Europe	688	634
North and South America	129	114
Asia	628	106
Other countries	424	356
Total	2,146	1,534

3 OTHER OPERATING INCOME

1, 000 €	2013	2012
From Group companies	39	3
Other	41	76
Total	80	79

4 MATERIALS AND SERVICES

1,000 €	2013	2012
Purchases during the year	1,094	525
Change in inventories	–171	59
Total materials and supplies	922	584
External services	–	2
Total materials and services	922	586

5 PERSONNEL EXPENSES AND THE NUMBER OF PERSONNEL

1,000 €	2013	2012
Salaries and wages	2,007	1,854
Pension expenses	280	240
Other personnel expenses	56	49
Total personnel expenses	2,344	2,142

Average number of employees in the parent company during the year	2013	2012
Salaried employees	33	27
Non-salaried employees	1	2
Average number of personnel	34	29
Number of personnel at the end of the period	38	29

6 DEPRECIATION

1,000 €	2013	2012
Intangible assets	95	58
Machinery and equipment	77	28
Total	172	86

7 OTHER OPERATING EXPENSES

1,000 €	2013	2012
Travel and other personnel-related expenses	407	404
Rent and maintenance expenses	240	374
Marketing and sales expenses	591	917
Other external services	811	1,082
Impairment of trade receivables	–11	15
Other operating expenses	888	732
Total	2,925	3,523

8 FINANCIAL INCOME AND EXPENSES

1,000 €	2013	2012
Other interest and financial income		
From Group companies	6	8
From others	165	1,237
Other interest and financial income	172	1,245
Total financial income	172	1,245
Interest and other financial expenses		
Impairment of fixed asset investments	–160	–
To Group companies	–5	–12
To others	–213	–135
Total financial expenses	–378	–147
Total financial income and expenses	–206	1,099
Financial income and expenses include exchange gains/ losses (net)	–14	24

The items presented as components of operating profit include exchange rate losses/gains (net) of EUR –8 thousand (EUR –4 thousand)

9 INTANGIBLE ASSETS

2013 1,000 €	Intellectual property rights	Goodwill	Other capitalised expenditure	Total
Acquisition cost at beginning of year	539	6,558	849	7,947
Increases	350	–	–	350
Acquisition cost at end of year	889	6,558	849	8,297
Accumulated depreciation and impairment at beginning of year	–355	–6,558	–762	–7,676
Depreciation and impairment during the year	–65	–	–30	–95
Accumulated depreciation at end of year	–420	–6,558	–792	–7,771
Carrying amount at beginning of year	184	–	88	271
Carrying amount at end of year	469	–	57	526

2012 1,000 €	Intellectual property rights	Goodwill	Other capitalised expenditure	Total
Acquisition cost at beginning of year	539	6,558	770	7,867
Increases	–	–	81	81
Acquisition cost at end of year	539	6,558	849	7,948
Accumulated depreciation and impairment at beginning of year	–320	–6,558	–739	–7,618
Depreciation and impairment during the year	–34	–	–23	–58
Accumulated depreciation at end of year	–355	–6,558	–762	–7,676
Carrying amount at beginning of year	219	–	29	248
Carrying amount at end of year	184	–	88	271

10 TANGIBLE ASSETS

2013 1,000 €	Machinery and equipment	Total
Acquisition cost at beginning of year	889	889
Increases	125	125
Acquisition cost at end of year	1,014	1,014
Accumulated depreciation and impairment at beginning of year	–519	–519
Depreciation for the year	–77	–77
Accumulated depreciation at end of year	–596	–596
Carrying amount at beginning of year	370	370
Carrying amount at end of year	419	419

2012 1,000 €	Machinery and equipment	Total
Acquisition cost at beginning of year	546	546
Increases	343	343
Acquisition cost at end of year	889	889
Accumulated depreciation and impairment at beginning of year	–491	–491
Depreciation for the year	–28	–28
Accumulated depreciation at end of year	–519	–519
Carrying amount at beginning of year	56	56
Carrying amount at end of year	370	370

11 INVESTMENTS

1,000 €	Group companies	Other	Total
Shares 2013			
Carrying amount at beginning of year	314	7	320
Increases	33	–	33
Decreases	–113	–	–113
Carrying amount at end of year	234	7	241

1,000 €	Group companies	Other	Total
Shares 2012			
Carrying amount at beginning of year	201	7	208
Increases	113	–	113
Carrying amount at end of year	314	7	320

12 INVENTORIES

1,000 €	2013	2012
Materials and supplies	306	98
Work in progress	168	206
Completed products/goods	111	118
Total inventories	585	422

13 RECEIVABLES

1,000 €	2013	2012
Non-current receivables		
Receivables from Group companies		
Subordinated loan receivables	230	–
Loan receivables	330	210
Receivables from others		
Held to maturity financial assets	1,000	1,000
Prepayments and accrued income	–	6,812
Total non-current receivables	1,560	8,022
Current receivables		
Receivables from Group companies		
Trade receivables	146	41
Other receivables	37	52
Prepayments and accrued income	4	5
Receivables from others		
Trade receivables	93	190
Other receivables	291	113
Prepayments and accrued income	6,874	173
Total current receivables	7,445	575

14 MARKETABLE SECURITIES

1,000 €	2013	2012
Investments in funds	15,214	30,234

Investments in funds include investments in time deposit accounts, corporate bonds, money market investments and bonds.

15 CASH AND CASH EQUIVALENTS

1,000 €	**2013**	2012
Cash at bank and in hand	172	147

16 SHAREHOLDERS' EQUITY

1,000 €	**2013**	2012
Share capital at 1 Jan	2,315	2,315
Increase in share capital through rights issue	33	–
Share capital at 31 Dec	2,348	2,315
Fair value fund at 1 Jan	–	–
Increases	113	–
Fair value fund at 31 Dec	113	–
Invested non-restricted equity fund at 1 Jan	3,226	14,114
Increase in share capital	42	–
Capital repayment to shareholders	–3,225	–10,888
Invested non-restricted equity fund at 31 Dec	44	3,226
Accumulated profit/loss from previous years 1 Jan	30,027	36,195
Dividend paid to shareholders	–6,792	–2,721
Accumulated profit/loss from previous years 31 Dec	23,235	33,474
Reported profit / loss for the year	–4,353	–3,447
Total shareholders' equity	21,386	35,568

Shares and voting rights
Biohit's shares are divided into Series A and B shares. The series differ to the extent that each Series A share confers twenty (20) votes at General Meetings and Series B shares confer one (1) vote. However, in the payment of dividends, a dividend two 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	2013 pcs	2013 EUR	2013 % of shares	2013 % of votes	2012 pcs	2012 EUR
Series A shares (20 votes/share)	2,975,500	505,835	21.5	84,6	2,975,500	505,835
Series B shares (1 vote/share)	10,835,093	1,841,966	78.5	15,4	10,640,093	1,808,816
Total	13,810,593	2,347,801	100.0	100,0	13,615,593	2,314,651

The minimum share capital of the company is EUR 1,063,101.29 and the maximum share capital of the company is EUR 4,252,405.16. Within this limit range, the share capital can be increased or decreased without changing the Articles of Association.

The company does not own its own shares. Based on a resolution of the AGM held on 13 April 2011, the Board of the company is authorised to decide on the issue of shares and to issue the special rights referred to in Chapter 10, Section 1 of the Limited Liability Companies Act so that the maximum number of new Series B shares to be issued pursuant to the special rights is 2,000,000, which corresponds to approximately 20% of the company's Series B shares. In 2013, Biohit completed an acquisition in which the sale price was paid by issuing 180,000 new Series B shares to Euroclone S.p.A. in a directed issue. During the year, the company launched a share-based incentive system offering stock options to company management and employees, and offered options to two private persons as one-off compensation for the alteration of old contractual terms.

17 PROVISIONS

The company has no provisions.

18 DEFERRED TAX LIABILITIES AND ASSETS

The company has no deferred tax assets.

19 NON-CURRENT LIABILITIES

1,000 €	2013	2012
Loans from Group companies	301	301
Total	301	301

20 CURRENT LIABILITIES

1,000 €	2013	2012
Loans from financial institutions, current portion	384	384
Advances received	–	–
Trade payables	307	340
Accrued liabilities and prepaid income	3,671	3,673
Other liabilities	67	55
Liabilities to Group companies		
Accrued liabilities and prepaid income	46	41
Total current liabilities	4,475	4,494

Accrued liabilities and pre-paid income include provisions in the amount of EUR 3,257 thousand (EUR 3,257 thousand) for any liabilities associated with the business transaction in 2011, and wage and salary accruals totalling EUR 270 thousand (EUR 233 thousand).

21 COLLATERAL, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

1,000 €	2013	2012
Liabilities for which mortgages have been pledged as collateral		
Company has not issued securities		
Leasing commitments		
Due for payment in the following financial year	46	41
Due for payment at a later date	21	45
Total	67	86
Leasing commitments		
Due for payment in the following financial year	165	146
Due for payment at a later date	165	292
Total	330	439

Leasing commitments and rents mainly consist of fixed-term leasing and rental agreements in effect for more than one year.

1,000 €	2013	2012
Contingent liabilities on behalf of Group companies		
The company has no contingent liabilities on behalf of Group companies.		
Other contingent liabilities	**2013**	2012
Guarantees	3	3

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.72 per A share and a dividend of EUR 0.7234 per B share be paid for the financial year. The loss for the period is transferred to retained earnings.

Helsinki, 10 March, 2014

Osmo Suovaniemi
Chairman of the Board

Mikko Salaspuro
Member of the Board

Eero Lehti
Member of the Board

Seppo Luode
Member of the Board

Franco Aiolfi
Member of the Board

Semi Korpela
President & CEO

Auditor's note

We have today issued an auditor's report on the audit performed.

Helsinki, 10 March, 2014

Ernst & Young Oy
Authorized Public Accounting Firm

Erkka Talvinko
Authorized Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Biohit Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Biohit Oyj for the financial period 1.1.–31.12.2013. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, March 10, 2014

Ernst & Young Oy
Authorized Public Accountant Firm

Erkka Talvinko
Authorized Public Accountant

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