



COLLECT **TRACE** ANALYSE

Biosensor has developed a unique technology for detection of trace substances based on biotechnological sensors. This technology simultaneously detects both explosives and narcotics at a molecular level. The technology is distinguished by its very high probability of detection, with low false alarm rates outside laboratory environments.

Biosensor's customers are found among police forces, security companies, border control, the armed forces, the criminal justice system and rehabilitation clinics on a world-wide basis.

Year-end Report 2007





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YEAR-END REPORT 2007

PERIOD JANUARY-DECEMBER 2007

Group*

- Revenue MSEK 3.6
- Gross profit MSEK 1.7
- Operating result MSEK -26.4
- Result before income tax MSEK -25.7
- Earnings per share SEK -0.06, non-diluted
- Earnings per share SEK -0.06, diluted
- Equity ratio 80 percent
- Cash and cash equivalent MSEK 31.3

Parent company

- Revenue MSEK 3.6 (MSEK 10.3)
- Gross profit MSEK 1.7 (MSEK 5.3)
- Operating result MSEK -25.8 (MSEK -26.6)
- Result before income tax MSEK -25.0 (MSEK -26.5)
- Earnings per share SEK -0.06 (SEK -0.07), non-diluted
- Earnings per share SEK -0.06 (SEK -0.07), diluted
- Equity ratio 84 percent (82 percent)
- Cash and cash equivalent MSEK 29.4 (MSEK 23.0)

FOURTH QUARTER, OCTOBER-DECEMBER 2007

Group*

- Revenue MSEK 0.5
- Gross profit MSEK 0.3
- Operating result MSEK -7.0
- Result before income tax MSEK -6.2
- Earnings per share SEK -0.01, non-diluted
- Earnings per share SEK -0.01, diluted

Parent company

- Revenue MSEK 0.5 (MSEK 2.2)
- Gross profit MSEK 0.3 (MSEK 1.0)
- Operating result MSEK -6.3 (MSEK -7.0)
- Result before income tax MSEK -5.6 (MSEK -6.8)
- Earnings per share SEK -0.01 (SEK -0.02), non-diluted
- Earnings per share SEK -0.01 (SEK -0.02), diluted

The average number of employees during the period was 20 in the group, of which 19 (20 employees) in the parent company.

* Subsidiary Biosensor GmbH was acquired 1 November 2007 and is consolidated as of 31 December 2007. Comparative data for prior years therefore do not exist since operations in Biosensor GmbH were established 1 November 2007.

SIGNIFICANT EVENTS

- Sales during the period were lower than during the corresponding period one year ago. The primary reason for this is the protracted testing performed by customers, causing delays in investment decisions, both in existing and new segments. The introduction of our new technology is met by a need for evaluation in most applications before procurement procedures can commence. It has also been necessary to get changes in legislation for Biosensor's equipment to be used directly on patients, a process which has also delayed purchasing decisions. During the second half of the year Biosensor started a large number of tests among different customer groups. Many of these tests continue into 2008.
- Biosensor has acquired a complementary new technology via a newly established subsidiary in Germany. This means that Biosensor takes over know-how and patents and over time development work that will lead to the next generation of detection systems. This take-over is partially financed by the recently completed new issues. (See below.)
- Two new issues were floated during the period. One rights issue was oversubscribed by more than 18 percent and a new issue was placed with those who were not allotted shares in the rights issue. The number of newly issued shares amounted to a total of 57.7 million class A shares, with a total increase of the share capital by SEK 5.8 million. The privately placed shares, 6.9 million class A shares, totalling SEK 0.7 million, were not registered until after the turn of the year, however. The total issue amount was SEK 40.4 million before issuing costs.
- Tests of the Company's detection equipment are currently being performed by potential customers in seven different countries, which is more than originally planned.
- Biosensor has received an order from the police authorities

in England. The order was preceded by extensive laboratory tests and the London City Police, with responsibility for the entire London region, has decided to continue with Biosensor's detection system in its evaluation process with live tests in the field.

- One additional important order was received during the period for delivery of two BIOSENS[®] systems for luggage control at the new airport terminals Paphos/Larnaca in Cyprus. The terminals are under completion and are deemed to be very modern in the area. Installation will take place during 2008 and this is the first order for Biosensor in this market segment.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- After the end of the period under review, Biosensor has received a first order from a drug rehabilitation clinic. A treatment clinic for drug addicts in Germany has chosen to start using Biosensor's drug detection technology. Also this order is in a new market segment.
- After the end of the period under review, the Swedish Riksdag decided on a law amendment which will gain legal force 1 April 2008, whereby, among other things, the criminal justice system will now be permitted to test for narcotics ingestion on inmates in the form of perspiration tests using a simple skin swipe. Biosensor's testing method will thus be approved for use at all Swedish correctional facilities.
- Biosensor has received positive results from American tests of systems for explosives detection by NAVSEA. Biosensor's products are thus now approved for purchase by the American military procurement structure.

SUMMARY FINANCIAL REPORTS

Group			Parent company				
INCOME STATEMENT, SUMMARY (Amounts in SEK thousand)	Jan-Dec 2007	Oct-Dec 2007	INCOME STATEMENT, SUMMARY (Amounts in SEK thousand)	Jan-Dec 2007	2006	Oct-Dec 2007	2006
Revenue	3 557	450	Revenue	3 557	10 364	450	2 226
Cost of sales	-1 830	-191	Cost of sales	-1 830	-5 093	-191	-1 187
Gross result	1 727	259	Gross result	1 727	5 271	259	1 039
Other operating expenses/income	-28 174	-7 270	Other operating expenses/income	-27 511	-31 901	-6 557	-8 065
Finance net	730	749	Finance net	753	153	722	273
Tax	82	82	Tax	-	-	-	-
NET RESULT FOR THE YEAR	-25 635	-6 180	NET RESULT FOR THE YEAR	-25 030	-26 477	-5 576	-6 753
Relating to:							
-Shareholders of the parent company	-25 635	-6 180					
-Minority interest	-	-					
Key financial indicators			Key financial indicators				
Result per share, after dilution	-0,06	-0,01	Result per share, after dilution	-0,06	-0,07	-0,01	-0,02
Gross margin	49%	58%	Gross margin	49%	51%	58%	47%
Operating margin	neg	neg	Operating margin	neg	neg	neg	neg
Revenue per employee	179	23	Revenue per employee	187	518	24	111

Group		31-dec 2007
BALANCE SHEET, SUMMARY (Amounts in SEK thousand)		
Immaterial non-current assets	49 584	
Material non-current assets	2 009	
Financial assets	49	
Inventories	3 422	
Current assets	3 353	
Cash	31 389	
Total assets	89 806	
Equity	72 251	
Liabilities	17 555	
Total equity and liabilities	89 806	
Key financial indicators		
Numbers of shares outstanding* (000's)	413 427	
Numbers of shares after dilution** (000's)	423 007	
Equity ratio %	80%	

* As of the date of reporting incl. new issue registered after year-end
** After redemption of option programme

Parent company		31-dec 2007	31-dec 2006
BALANCE SHEET, SUMMARY (Amounts in SEK thousand)			
Immaterial non-current assets	33 521	32 988	
Material non-current assets	1 361	1 466	
Financial assets	8 989	41	
Inventories	3 422	4 460	
Current assets	3 194	3 015	
Cash	29 415	23 045	
Total assets	79 902	65 015	
Equity	67 478	53 166	
Liabilities	12 424	11 849	
Total equity and liabilities	79 902	65 015	
Key financial indicators			
Numbers of shares outstanding* (000's)	413 427	353 281	
Numbers of shares after dilution** (000's)	423 007	355 747	
Equity ratio %	84%	82%	

* As of the date of reporting incl. new issue registered after year-end
** After redemption of option programme

* Subsidiary Biosensor GmbH was acquired 1 November 2007 and is consolidated as of 31 December 2007. Comparative data for prior years therefore do not exist since operations in Biosensor GmbH were started 1 November 2007.

ACQUISITION OF SUBSIDIARY

During the period Biosensor acquired a complementary new technology via a newly established company in Germany. On 1 November 2007, 51 percent of the shares and votes in Biosensor GmbH were acquired. Biosensor Applications AB will gradually take over ownership, know-how and patents in the subsidiary. The cost of the acquisition amounted to MSEK 5.6, which will be paid in the form of 6.1 million class A shares in the Parent Company not later than 28 February 2009. The remaining 49 percent will be acquired on an ongoing basis over the next three years and will be paid for in a corresponding manner in the form of newly issued class A shares. The Parent Company will finance the development of the new technology in part through the newly completed new issues.

ACCOUNTING POLICIES

The year-end report has been prepared in accordance with IAS 34 and RR31. The accounting policies for the Parent Company are unchanged from year-end 2006. In addition, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The year-end report has not been examined by the Company's auditors.

ANNUAL GENERAL MEETING AND DIVIDEND

The Annual General Meeting will be held 14 May 2008. Information on location will be provided in connection with the notice for the Annual General Meeting. The Annual Report will be available at the Company's website www.biosensor.se not later than two weeks before the Annual General Meeting and can also be requested from the Company by e-mail to info@biosensor.se. The Board of Directors proposes no dividend for year 2007.

GENERAL

Biosensor Applications® is a Swedish company located in Solna, a suburb of Stockholm. The Company is listed on AktieTorget. Biosensor offers a unique technology for detection of trace substances based on biotechnological sensors. This technology simultaneously detects both explosives and narcotics at a molecular level with a very low false alarm rate. Biosensor's customers are found among police forces, security companies, border control, the armed forces, the criminal justice system and rehabilitation clinics on a world-wide basis.

Reporting schedule: Interim Report one, 7 May 2008, Interim Report two, in August 2008, Interim Report three, in November 2008, Year-end Report, in February 2009.

Solna, 27 February 2008

Board of Directors

For further information, contact: Bengt Hagander, President +46 8 706 75 00.



STATEMENT OF CASH FLOW AND LIST OF INSIDERS

CASH FLOW STATEMENT (Amounts in SEK thousands)	Group *	Parent company	
	Jan-Dec 2007	Jan-Dec 2007	Jan-Dec 2006
CURRENT OPERATIONS			
Result after financial items	-25 717	-25 030	-26 477
Adjustment not included in cash flow	4 803	4 524	6 010
Cash flow from operations before changes in working capital	-20 914	-20 506	-20 467
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories	1 038	1 038	-1 792
Increase (-)/decrease (+) in short-term receivables	-338	-154	1 434
Increase (+)/decrease (-) in current liabilities	-561	-880	-2 404
CASH FLOW FROM CURRENT OPERATIONS	-20 775	-20 502	-23 229
INVESTMENT OPERATIONS			
Acquisition of subsidiary	-165	-5 572	-
Acquisition of tangible fixed assets	-1 097	-435	-1 270
Acquisition of financial non-current assets	-8	-3 376	-23
Capitalized development costs	-5 499	-4 836	-2 777
CASH FLOW FROM INVESTMENT OPERATIONS	-6 769	-14 219	-4 070
FINANCING OPERATIONS			
Loan, raising	-	5 203	-
New share issue	39 342	39 342	42 803
Loan, repayment	-3 454	-3 454	-
CASH FLOW FROM FINANCING OPERATIONS	35 888	41 091	42 803
CASH FLOW FOR THE YEAR	8 344	6 370	15 504
LIQUID FUNDS AT BEGINNING OF YEAR	23 045	23 045	7 541
LIQUID FUNDS AT YEAR-END	31 389	29 415	23 045

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INSIDERS AND THEIR SHAREHOLDING AS AT 31 DECEMBER 2007

	Serie A-share	Serie A-share
Pär M Ericson (closely related)	88 089 023	5 069 400
Ulf Ericsson (closely related)	1 926 241	266 250
Ulf Ericsson	37 142	-
Olof Lundberg	-	-
Leif Engström	2 009 900	532 500
Bengt Hagander (closely related)	88 089 023	5 069 400
Bengt Hagander	5 000	-
Magnus Björkqvist	-	-
Kristina Elfström (closely related)	5 000	-
Kristina Elfström	429 180	-
Jonas Åkesson	282 800	-
Per Månsson	462 800	-
Kerstin Sundberg	-	-
Lars Burström	-	-
Sabine Bois	-	-
Markus Perpeet	-	-

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