



YEAR-END REPORT 2010

PERIOD JAN-DEC Group

- Revenue MSEK 6.8 (7.0)
- Gross profit MSEK 2.9 (3.1)
- Operating result MSEK -48.3 (-31.9)
- Operating result not including one-time costs amounted to MSEK -23.9 (-30.8)
- Result for the year: MSEK -46.0 (-32.9)
- Earnings per share* SEK -4.9 (-5.3) before and after dilution
- Equity ratio 76 percent (79)
- Cash and cash equivalents MSEK 1.4 (6.3)

Q4, OCT-DEC Group

- Revenue MSEK 0.5 (1.9)
- Gross profit 0.1 (0.7)
- Operating result MSEK -14.2 (-10.1)
- Operating result not including one-time costs amounted to MSEK -6.6 (-9.0)
- Result for the period MSEK -14.4 (-10.8)
- Earnings per share* SEK -1.3 (-1.5) before and after dilution

Average number of employees during the year was 13 (22), 13 (16) of whom in the Parent Company.

* Number of shares outstanding after reverse split. The reverse split was registered after the end of the year under review. Comparable periods have been recalculated.

Significant events during the fourth quarter

- Consolidated revenue amounted to MSEK 0.5 (1.9) for the fourth quarter and to MSEK 6.8 (7.0) for the entire financial year.
- In the fourth quarter Biosensor took further impairment charges against intangible assets relating to older product lines in the amount of MSEK 5.3. The Board of Directors has made a new assessment of earlier product lines after the launching of BIOSENS®300 and BIOSENS®600.
- The consolidated operating result contains one-time costs in a total amount of MSEK 7.6 (1.1) for the fourth quarter of 2010, which includes impairment charges of MSEK 5.3, costs for personnel reduction of MSEK 2.0 and legal costs. One-time costs for the entire year amounted to MSEK 24.4 (1.1). Net of these one-time costs the Group reports an operating result of MSEK -6.6 (-5.3) for the fourth quarter and an operating result for the full year of MSEK -23.8 (-30.8).
- The Company has received an order and a first part payment for three BIOSENS®600 systems to China. Subsequent to year-end Biosensor received additional orders from China.
- The rights issue, with a subscription period from 22 September to 6 October, was fully subscribed, with proceeds to the Company of about MSEK 16.6 less issuing costs. MSEK 6 was paid in as bridge financing in July.
- Biosensor's business strategy at the present time calls for a clear focus on sales and market-oriented activities. As a consequence of this orientation Biosensor plans to recruit a number of persons with competence to strengthen the sales and marketing department. This also means a redundancy of resources in other departments. Biosensor will therefore commence negotiations with union organisations to reduce the headcount by 5 persons.

Significant events after the period under review

- The Company has received an order for a BIOSENS®300 to Morocco through its French distributor, HTDS. The market segment is new for our distributor, HTDS.
- Biosensor has received an order for 20 BIOSENS®600 detection systems from China. Part payment for three units was received during the fourth quarter. The order comes via Biosensor's Chinese business partner Sinotechon. The Chinese narcotics police is the ultimate customer and delivery will take place on four occasions during the year.
- A final "Settlement Agreement" has been signed between Biosensor, the partially owned German subsidiary and involved parties. This agreement puts to an end all prior legal disputes and also includes execution of a licensing agreement giving both parties the right to use the technology developed by the German partially owned company. No fees or other compensation will be paid, except for any patent application and/or patent fees, which will be shared equally by the parties.
- Biosensor has obtained short-term bridge financing in the amount of MSEK 8 on market terms from the principal owners and external financiers. The Company intends to float a rights issue during the second quarter of 2011.
- The number of shares outstanding in Biosensor has increased due to prior new issues. In order to give Biosensor increased price stability and a more expedient number of shares outstanding, a reverse split 1:100 has been resolved. As of 28 January 2011 the registered number of shares outstanding is 12,449, 630. In conjunction with the reverse split the quotient value of the Biosensor shares was reduced from SEK 4.00 to SEK 0.80. The resolution was passed by an extra general meeting of shareholders held 13 January 2011.


Summary Consolidated Income Statement

(SEK thousand)	Jan-Dec		Oct-Dec	
	2010	2009	2010	2009
Revenue	6,751	6,955	473	1,865
Cost of goods sold	-3,838	-3,871	-341	-1,184
Gross profit	2,913	3,084	132	681
Operating costs, not including impairment charges ¹⁾	-31,009	-33,878	-8,718	-9,686
Impairment charges ²⁾	-20,165	-1,129	-5,616	--1,129
Total operating costs	-51,173	-35,007	-14,334	-10,815
Operating result³⁾	-48,260	-31,923	-14,202	-10,134
Finance income/expense	-528	-1,153	-236	-435
Result after finance items	-48,789	-33,076	-14,438	-10,569
Taxes	2,759	166	41	-205
NET RESULT FOR THE PERIOD	-46,030	-32,910	-14,397	-10,774
Translation difference	-75	-8	-111	82
COMPREHENSIVE RESULT	-46,105	-32,918	-14,508	-10,692
Period's result attributable to:				
-Parent Company's equity holders	-43,373	-32,718	-14,320	-10,242
-Minority interest	-2,657	-192	-77	-532
Comprehensive result attributable to:				
- Parent Company's equity holders	-43,448	-32,726	-14,431	-10,160
- Minority interest	-2,657	-192	-77	-532
Key financial indicators:				
Earnings per share before and after dilution⁴⁾	-4.9	-5.3	-1.3	-1.5
Average number of shares outstanding (000's)⁴⁾	9,328	6,189	10,788	7,014
Gross margin	43%	44%	28%	37%
Operating margin	neg	neg	neg	neg
Revenue per employee	519	316	36	85
<small>1) Including one-time costs Jan-Dec 2010 SEK thousand -4,238 (0), of which Oct-Dec SEK thousand -1,966 (0).</small>				
<small>2) Non-recurring operating costs.</small>				
<small>3) Not included one-time costs, the consolidated operating result for 2010 amounts to SEK thousand -23,857 (-30,794), of which Oct-Dec SEK thousand -6,621 (-9,005).</small>				
<small>4) Number of shares outstanding recalculated after reverse split. The reverse split was registered after the end of the financial year. Comparable period have been recalculated.</small>				

Summary Consolidated Balance Sheet

(SEK thousand)	31-Dec 2010	31-Dec 2009
Intangible assets	35,266	58,344
Tangible non-current assets	1,816	1,744
Financial non-current assets	12	8
Inventories	4,049	3,913
Trade receivables	338	984
Other receivables	1,962	2,258
Cash and cash equivalents	1,383	6,289
Total assets	44,826	73,540
Total equity	33,909	57,755
Long-term liabilities	1,588	4,474
Current liabilities	9,329	11,311
Total equity and liabilities	44,826	73,540
Key financial indicators		
Number of shares outstanding (000's) ⁴⁾	12,448	8,392
Number of shares outstanding after dilution (000's) ⁴⁾	12,449	8,392
Equity ratio %	76%	79%



Change in Consolidated Equity

(SEK thousand)	Share capital	Capital increase not yet registered	Other contributed capital	Result brought forward	Restatement reserve	Total	Minority interest	Total
Opening equity 2009-01-01	44,453	5,532	252,989	-253,418	7	49,565	4,787	54,352
Registered non-cash issue	615	-5,532	4,917	-	-	-	-	-
Registered new issue 2009	30,309	-	6,011	-	-	36,320	-	36,320
Reduction of quotient value from 0.10 till 0.04	-41,808	-	-	41,808	-	-	-	-
Acquisition of minority interest positions	-	-	1,537	-	-	1,537	-1,537	-
Total comprehensive result for the period	-	-	-	-32,718	-8	-32,726	-192	-32,918
Closing equity 2009-12-31	33,569	-	265,454	-244,328	-1	54,696	3,058	57,754
Registered new issue 2010	16,221	-	6,039	-	-	22,260	-	22,260
Total comprehensive result for the period	-	-	-	-43,373	-75	-43,448	-2,657	-46,106
Closing equity 2010-12-31	49,790	-	271,493	-287,699	-76	33,508	401	33,909

Consolidated Statement of Cash Flow

(SEK thousand)	Jan-Dec 2010	Jan-Dec 2009
Cash flow from operating activities	-19,400	-26,114
Cash flow from investment activities	-5,392	-9,050
Cash flow from financing activities	19,887	34,558
Cash flow for the period	-4,905	-606
Cash and cash equivalents at beginning of period	6,289	6,895
Cash and cash equivalents at end of period	1,383	6,289

Parent Company Income Statement

(SEK thousand)	Jan-Dec		Oct-Dec	
	2010	2009	2010	2009
Revenue	6,751	5,882	473	1,210
Cost of goods sold	-3,838	-3,189	-341	-886
Gross result	2,913	2,693	132	324
Operating expenses	-41,214	-34,550	-14,370	-13,966
Operating result⁵⁾	-38,301	-31,857	-14,238	-13,642
Finance income/expense ⁶⁾	-9,926	-1,210	10	-816
NET RESULT FOR THE PERIOD⁷⁾	-48,227	-33,067	-14,228	-14,458

- 5) Not including one-time costs, the Parent Company reports an operating result for Jan-Dec 2010 of SEK thousand -23,093 (-30,728), of which Oct-Dec SEK thousand -6,963 (-12,513).
- 6) Writedown of shares in subsidiary included in the amount of SEK thousand 9,360 (0) for the period Jan-Dec 2010, of which SEK thousand 0 (0) Oct-Dec 2010.
- 7) Not including one-time costs and writedown of shares in subsidiary the Parent Company reports a result for the period Jan-Dec 2010 of SEK thousand -23,659 (-31,938), of which Oct-Dec SEK thousand -6,953. (-13,329).

Parent Company Summary Balance Sheet

(SEK thousand)	31 Dec 2010	31 Dec 2009
Non-current assets	33,397	56,845
Current assets	7,678	11,784
Total assets	41,075	68,629
Equity	32,297	58,265
Current liabilities	8,778	10,364
Total equity and liabilities	41,075	68,629



Change in Equity – Parent Company

(SEK thousand)	Share capital	Capital increase not yet registered	Legal Reserve	Premium reserve	Result brought forward	Total
Opening equity 2009-01-01	44,453	5,532	176,017	76,974	-247,965	55,011
Registered non-cash issue	615	-5,532	-	4,917	-	-
Registered new issue 2009	30,309	-	-	6,011	-	36,320
Reduction of quotient value from 0.10 to 0.04	-41,808	-	-	-	41,808	-
Comprehensive result for the period	-	-	-	-	-33,067	-33,067
Closing equity 2009-12-31	33,569	-	176,017	87,902	-239,224	58,264
Registered new issue 2010	16,221	-	-	6,039	-	22,260
Total comprehensive result for the period	-	-	-	-	-48,227	-48,227
Closing equity 2010-12-31	49,790	-	176,017	93,941	-287,451	32,297

Parent Company Statement of Cash Flow

(SEK thousand)	Jan-Dec 2010	Jan-Dec 2009
Cash flow from operating activities	-18,446	-22,819
Cash flow from investment activities	-5,258	-12,409
Cash flow from financing activities	20,311	34,558
Cash flow for the period	-3,393	-670
Cash and cash equivalents at beginning of period	4,746	5,416
Cash and cash equivalents at end of period	1,353	4,746

Closely Related Parties and Shareholdings (Refers to number of shares held before reverse split 1:100)

Closely Related Parties	2010-12-31		2009-12-31	
	Class A shares	Class C shares	Class A shares*)	Class C shares
Lars Burström	-	-	-	-
Kristina Elfström	444,180	-	444,180	-
Kristina Elfström (closely related)	5,000	-	5,000	-
Leif Engström	3,717,414	532,500	2,459,320	532,500
Pär M. Ericson	59,994	-	40,332	-
Pär M. Ericson (closely related)	169,873,509	5,069,400	131,174,280	5,069,400
Ulf Ericsson	**	**	74,900	-
Ulf Ericsson (closely related)	**	**	3,544,156	266,250
Hans-Åke Gustafsson	-	-	-	-
Bengt Hagander	41,064	-	28,807	-
Bengt Hagander (closely related)	169,873,509	5,069,400	131,174,280	5,069,400
Erik Lissner (closely related)	954,544	-	-	-
Olof Lundberg	**	**	-	-
Svante Lundbrink	-	-	-	-
Per Månsson	811,335	-	680,408	-
Tomas Wängberg	-	-	-	-
Max Zigliara	-	-	-	-
Jonas Akesson	410,400	-	376,200	-
Thomas Strömberg	-	-	-	-

After the end of the period MN Corporation Ltd has reduced its holding in Biosensor Applications Sweden AB (publ) by 18,000,000*** class A shares. After the transaction MN Corporation Ltd holds 107,039,262*** class A shares and 3,514,500*** class C shares, equivalent to 8.88 (10.33) percent of the share capital and the votes in Biosensor.

*) Including BTU shares converted to class A shares during January 2010.

**) No longer closely related.

***) Refers to shareholding before reverse split 1:100.



Accounting policies

The year-end report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. The Parent Company applies the Swedish Annual Accounts Act and RFR 2 Accounting for legal entities. For the Parent Company there have been changes in RFR 2 that have affected the form of presentation for the income statement. Since the Company lacks items for comprehensive result, such are not reported in the income statement. The same accounting policies and calculation methods have been used in preparing the year-end report as for the most recent Annual Report.

This year-end report has not been reviewed by the Company's auditors.

Significant risks and uncertainty factors

The year-end report has been prepared with an assumption that a rights issue will be floated during the second quarter of 2011, for which bridge financing of MSEK 8.0 is in place from, among other, principal owners and external financiers.

Biosensor will continue to manage the development of existing products and to develop new product lines. Biosensor is also planning to continue the development of hand-held equipment. In the opinion of the Board of Directors additional financing may be needed to complete the development of the hand-held equipment.

Biosensor's valuation of the intangible assets is made based on assumptions that financing will be obtained according to plan. If Biosensor fails to attract sufficient capital via future new issues, Biosensor will have to reconsider future development, marketing and selling efforts. Biosensor may also be forced to make further cutbacks in order to manage the need for liquidity during the next twelve months. The Board of Directors will then seek alternative financing opportunities. In the event those efforts were to fail to attract additional working capital, a sale of part or all of the business in obtaining additional working capital, the sale of parts or all of the business in one form or another may become necessary. Risks and factors of uncertainty were described in the Board of Directors Report of the most recent Annual Report and in Note 1 Accounting policies, as well as in Note 30 Presumption of continuing operations.

Annual General Meeting and dividend

The Annual General Meeting will be held 18 May 2011. Information about 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. At that time it will also be possible the report by e-mail to info@biosensor.se. The Board of Directors proposes no dividend for 2010.

Future reporting schedule

Interim Report for the first quarter, 16 May 2011; Interim Report for the second quarter, August 2011; Interim Report for the third quarter November 2011; Year-end Report in February 2012.

Submission of Year-end Report

Solna, 22 February 2011

Board of Directors

For additional information, contact: Erik Lissner, President +46 8 706 75 00.

Biosensor Applications® is a Swedish company listed on AktieTorget. The head office is located in Solna, a suburb of Stockholm. The Company has developed a method for detection of narcotics and explosives. This technology is based on super-sensitive biotechnological sensors that are able to detect and analyse these substances simultaneously, even at a molecular level. The technology is accurate, with low false alarm rates, even 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.

Biosensor Applications Sweden AB (publ)

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