



YEAR-END REPORT 2005

- Biacore had its most successful quarter ever in the final three months of 2005. Sales increased by 23% to SEK 193.7 million (157.1). The American market continued its recovery with sales up 48% to SEK 75.9 million and European sales increased by 45% to SEK 73.9 million. After a very strong performance earlier in the year, sales in Asia-Pacific declined by 20% in the fourth quarter. Biacore's full-year 2005 sales rose by 15% to SEK 569.0 million (494.5). Excluding the effect of exchange rates, sales also grew by 15% in 2005.
- Operating income for the fourth quarter was SEK 59.9 million (18.8). After adjustment for non-recurring costs in 2004 and capitalization/amortization of development costs in 2004 and 2005, operating income increased by 55% compared with the fourth quarter 2004. Operating income for the full-year 2005 amounted to SEK 120.8 million (0.5). The operating margin was 21.2%.
- Net income for the fourth quarter amounted to SEK 49.4 million (24.4). Net income for 2005 in total was SEK 191.2 million (-0.5). This amount includes a one-off tax credit, booked in the second quarter, of SEK 96.7 million (SEK 9.91 per share) resulting from an internal asset transfer in conjunction with the move of the Company's Corporate Headquarters and operations to Sweden. Diluted earnings per share were SEK 5.06 (2.51) in the fourth quarter and SEK 19.60 (-0.05) for the full-year 2005.
- Biacore has considerably strengthened its product line during the course of 2005 with the introduction of Biacore[®]T100 and Biacore[®]A100 and by acquiring Flexchip from HTS BioSystems Inc. Biacore[®]T100 is already the Company's best-selling system in all major markets.
- The Board proposes an unchanged dividend of SEK 3.00 per share.
- The outlook for 2006 is for Biacore's sales to increase at approximately the same rate as in 2005 with modest growth in the first quarter. The operating margin for the first half of the year may decline as the Company further expands its sales and marketing infrastructure, yet it is expected to return to historic levels for the full-year 2006. As usual, the Company's performance will vary between the quarters.

	January – December			October – December		
	2005	2004	Change	2005	2004	Change
Sales, SEK million	569.0	494.5	15%	193.7	157.1	23%
Operating income, SEK million	120.8	0.5		59.9	18.8	
Operating margin, %	21.2	0.1		30.9	12.0	
Income after financial items, SEK million	119.6	5.4		58.9	21.0	
Net income (loss), SEK million	191.2	-0.5		49.4	24.4	
Income (loss) per share, SEK	19.60	-0.05		5.06	2.51	

Erik Walldén, President and CEO of Biacore, commenting on today's announcement said: "I am happy to report on a very successful 2005 for Biacore. The restructuring of the Company with enhanced emphasis on our commercial capabilities has yielded a very strong and robust recovery in the important American market as well as in Asia-Pacific. We also see continued good growth in Europe. Given our favorable business momentum based on our new state of the art product line, including the extremely successful Biacore[®]T100, and a realigned organization with a more appropriate cost base, I am confident that 2006 will be another good year for Biacore."

OPERATIONAL REVIEW JANUARY- DECEMBER 2005

Amounts stated in this report relate to the Biacore Group, unless otherwise indicated. Figures in parentheses refer to the corresponding period in 2004.

Sales

Biacore delivered record quarterly sales in the final three months of 2005. Sales rose by 23% to SEK 193.7 million (157.1) due to very strong performances in both the Americas and Europe. For the full-year 2005, overall sales increased by 15% to SEK 569.0 million (494.5). Excluding the effect of exchange rates, sales also grew by 15% in 2005.

The highlight of the final quarter was Biacore's much improved performance in the important American market. The 48% sales increase to SEK 75.9 million compared with the same period in 2004 was the result of Biacore's improved and expanded sales capabilities which boosted business with industrial customers. These industrial customers account for the majority of Biacore's U.S. sales. During the quarter, the Company achieved its first Biacore®A100 sale in the U.S. to a major pharmaceutical customer. Biacore®T100 also enjoyed a very positive reaction from both industrial and academic customers. For the full-year 2005, Biacore's American sales increased by 18% to SEK 217.2 million.

A further positive in the fourth quarter was a very strong pick-up in Europe, where sales increased by 45% to SEK 73.9 million. This strong performance was driven by sales in Germany, Switzerland and the Nordic region. As in the U.S., the market reaction to the new Biacore®T100 has been very positive with this new system making a very important contribution to sales in the final quarter of 2005. European sales for 2005 increased by 7% to SEK 198.6 million.

In Asia-Pacific, fourth quarter revenues declined by 20%. This market had shown a strong recovery during the first half-year 2005 as a result of the academic market in Japan getting back on track and industrial customers showing increasing interest in Biacore's systems. In the full-year 2005, Biacore's sales in Asia-Pacific increased by 23% to SEK 153.2 million with strong performance both in Japan and in other parts of the region.

Biacore is currently taking the initial steps to establish its own commercial operation in China from the current distributor. This hand-over is expected to take place during the second quarter 2006.

Consumables, service and spare parts accounted for 32% of total sales.

Sales were divided geographically as follows:

SEK million	January - December			October – December		
	2005	2004	Change	2005	2004	Change
Americas	217.2	183.5	18%	75.9	51.2	48%
Europe	198.6	186.4	7%	73.9	51.0	45%
Asia-Pacific	153.2	124.6	23%	43.9	54.9	-20%

Income

The gross margin for 2005 was 77% (76).

Total costs for marketing, administration and research and development in the fourth quarter amounted to SEK 91.1 million (102.2). After adjustment for non-recurring costs in 2004 and capitalization/amortization of R&D costs in 2004 and 2005, marketing, administration and R&D costs increased by 3% in the fourth quarter compared with the same period 2004. This was due to intense marketing activities and strengthening of the organization which led to an increase of marketing costs in comparable terms by 16% in the fourth quarter. Administration costs decreased by 6%.

R&D costs in the fourth quarter as reported in the income statement amounted to SEK 27.0 million (23.2). These amounts include SEK 3.7 million (0.8) in amortization of capitalized development

costs. In the fourth quarter only SEK 1.5 (11.5) was capitalized. Furthermore, costs in the fourth quarter 2004 include non-recurring costs of SEK 5.9 million. After adjustment for these items, R&D costs in the last quarter decreased by 12% compared with the same period 2004. This decline in R&D spending reflects the completion of the two important development projects, Biacore®A100 and Biacore®T100, as well as the outcome from the Strategic Business Review. The new R&D organization continues to be focused on the development of new products to support the Company's long-term growth ambitions.

After adjustment for non-recurring costs in 2004 and capitalization/amortization of development costs in 2004 and 2005, total expenses for marketing, administration and R&D for the full-year 2005 decreased by 9%. R&D costs decreased by 23%, administration costs by 7%, whereas marketing costs were flat.

Biacore's operating income in the fourth quarter was SEK 59.9 million (18.8). This resulted in an operating margin of 30.9% (12.0). Operating income for 2005 in total amounted to SEK 120.8 million (0.5). The operating margin was 21.2% (0.1).

Net financial items for the full-year 2005 include an exchange rate difference of SEK -1.7 million.

Net income in the fourth quarter amounted to SEK 49.4 million (24.4), giving earnings per share of SEK 5.06 (2.51). For 2005 in total, net income amounted to SEK 191.2 million (-0.5). This net income figure was boosted significantly by the financial impact of the relocation of Biacore's Corporate Headquarters to Uppsala which resulted in a deferred tax asset and deferred income tax credit of SEK 96.7 million (SEK 9.91 per share) which was recorded in the second quarter. Diluted earnings per share in 2005 were SEK 19.60 (-0.05).

Capital expenditures

During 2005, Biacore's capital expenditures totaled SEK 20.8 million (10.6).

Personnel

At the end of December 2005, Biacore had 284 (327) permanent employees.

NOMINATIONS COMMITTEE

Until the annual general meeting of shareholders in 2006, the nominations committee consists of Donald R Parfet, Chairman of the board; Inger Brattne, Pfizer, who chairs the committee; Anders Hallberg, Carnegie Funds and Mats Andersson, Skandia Life Insurance.

ACCOUNTING PRINCIPLES

This report has been prepared in accordance with IAS 34 Interim Financial Reporting.

As from January 1, 2005, the consolidated accounts of Biacore are prepared in accordance with International Financial Reporting Standards (IFRS) from the International Accounting Standards Board (IASB). Amounts for 2004 have been restated accordingly. The following tables summarize the effects of the adoption of IFRS on the income statement and shareholders' equity relating to shareholders of the parent company.

Effects in the income statement	Previously reported	Effect of IFRS implementation	Correction relating to pensions	IFRS
<i>January-December 2004</i>				
Sales (SEK million)	495.8	-1.3	-	494.5
Operating income (loss) (SEK million)	-5.1	5.7	-0.1	0.5
Operating margin	-1.0%	1.1%	-	0.1%
Net income (loss) (SEK million)	-4.1	3.8	-0.2	-0.5
Earnings (loss) per share (SEK)	-0.42	0.39	-0.02	-0.05

Consolidated shareholders' equity, SEK million ¹	2003	2004
Previously reported	624.6	584.8
Goodwill	-6.9	-4.3
Financial instruments, hedge of social security costs on stock options	-7.0	-6.7
Forward exchange contracts	1.2	3.9
Property, plant and equipment	0.6	1.0
Other IFRS adjustments	0.2	-0.1
Restatement relating to pensions	-3.0	-3.2
IFRS excluding minority interest	609.7	575.4

¹ All changes are stated net of deferred taxes.

Goodwill related to the establishment of the Japanese marketing and sales organization in 1997. Under IFRS, these costs were accounted for as purchases of certain rights and services. The reclassification of goodwill and the ensuing elimination of amortization of goodwill is the individually most significant factor in the adjustment of income.

The financial instruments acquired to hedge against social security expenses on stock options do not qualify for hedge accounting under IFRS. Therefore, they are reported at fair value. In prior years, the acquisition costs were amortized according to the straight-line method over their useful lives.

Previously, Biacore reported realized gains and losses on forward exchange contracts designated to hedge sales in foreign currencies as sales. Unrealized gains and losses were not reported in the income statement or balance sheet. Under IFRS, Biacore's forward exchange contracts do not qualify for hedge accounting. Therefore, they are reported at market value. Changes in market values are reported as operating foreign currency gains and losses within other income and expenses. How forward exchange contracts are recorded is the only reason for adjustment of sales in the transition from prior principles to IFRS.

Under IFRS, Biacore applies depreciation of components for its property, plant and equipment. Thus, buildings are depreciated according to the useful life of the different components. In prior years, the cost of buildings was depreciated using the straight-line method over the useful life of each building.

According to IFRS, stock options issued to employees shall be valued at fair value on the date of issue and the amount, less any payment from the employee, shall be charged to income over the vesting period. The amount is recorded as an increase in restricted reserves and as an operating expense in the income statement. Under the transition rules, stock option programs issued after November 7, 2002 with a vesting date of January 1, 2005 or later are expensed. Under prior principles, employee stock options issued were not charged to income.

Under IFRS, the minority interest in equity is included in shareholders' equity instead of being stated as a separate type of equity between shareholders' equity and liabilities. In the income statement, the minority interest is no longer deducted before calculating net income. Instead, net income is split by the amounts relating to the equity holders of the parent company and the minority interest.

Further disclosure on the adoption of IFRS is presented in the annual reports for 2004 and 2005.

In one of the regular actuarial valuations of assets and corresponding liabilities in a pension trust, Biacore decided to increase asset coverage in respect of certain pension liabilities. In accordance with the principles for restatement of accounts, this error has been corrected. Income statements and balance sheets have been adjusted to what they would have been if the error had not occurred. Opening shareholders' equity as per January 1, 2004 has thereby been reduced by SEK 3.0 million.

QUARTERLY SALES VARIATIONS

Biacore's total sales during the period 2003-2005 were split between quarters as follows:

Quarter 1	20%	Quarter 3	23%
Quarter 2	24%	Quarter 4	33%

DIVIDEND

The Board has decided to recommend to the Annual General Meeting an unchanged dividend payment for the financial year 2005 of SEK 3.00 per share.

OUTLOOK FOR THE FULL-YEAR 2006

The outlook for 2006 is for Biacore's sales to increase at approximately the same rate as in 2005 with modest growth in the first quarter. The operating margin for the first half of the year may decline as the Company further expands its sales and marketing infrastructure, yet it is expected to return to historic levels for the full-year 2006. As usual, the Company's performance will vary between the quarters.

The Annual General Meeting will be held on Thursday, May 4, 2006 at 4.30 p.m. in Uppsala.

Uppsala, Sweden, February 23, 2006
 BIACORE INTERNATIONAL AB (publ)
 The Board of Directors

REVIEW REPORT

We have carried out a review of this year-end report in accordance with the recommendation issued by FAR (the Institute for the Accountancy Profession in Sweden). A review is significantly limited in comparison with an audit.

Nothing has come to our attention which would cause us to believe that the year-end report does not meet the requirements of the Annual Accounts Act and IAS 34.

Stockholm, February 23, 2006

PricewaterhouseCoopers AB
 Sten Håkansson
 Authorized Public Accountant

FINANCIAL INFORMATION

Biacore's Annual Report will be distributed to the shareholders in mid April. The Annual Report will also be available from that time on Biacore's website. During 2006, Biacore plans to release its interim reports as follows:

January – March	Thursday, May 4
January – June	Thursday, July 20
January – September	Wednesday, October 25

Biacore is a global supplier of analytical systems that significantly improve productivity in the value chain, from early research and discovery through to quality control, in the life science market. The Company's products generate without the use of labels unique real-time data about the interaction between proteins and other molecules in biological systems. These data give valuable insights into protein functionality and the role of proteins in normal and diseased states, as well as facilitating optimization of potential therapeutic agents such as drug candidates and vaccines.

Biacore's customers include world-renowned life science research centers, the world's leading pharmaceutical companies, a large number of companies in the emerging biotechnology sector and a growing number of food manufacturers.

Biacore has its own direct sales capability in the world's key markets, United States, Europe, Japan, Australia and a distribution network in Asia-Pacific.

The company was created in 1984, is based in Uppsala, Sweden, and is listed on the Stockholm Stock Exchange www.omxgroup.com/stockholmsborsen (SSE:BCOR).

This report contains certain forward-looking statements which, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Accordingly, investors and shareholders are urged not to place undue reliance on these statements.

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(SSE: BCOR; Reuters: BCOR.N)

SEK million	January-December			October-December		
	2005	2004	Change	2005	2004	Change
Sales	569.0	494.5	15%	193.7	157.1	23%
Cost of sales	-133.2	-118.9	12%	-42.5	-37.1	15%
Marketing	-166.2	-180.4	-8%	-50.0	-54.5	-8%
Administration	-53.2	-76.9	-31%	-14.1	-24.5	-42%
Research and development	-98.0	-115.6	-15%	-27.0	-23.2	16%
Other income and expenses	2.4	-2.2		-0.2	1.0	
Operating income	120.8	0.5		59.9	18.8	
Financial items, net	-1.2	4.9		-1.0	2.2	
Income after financial items	119.6	5.4		58.9	21.0	
Income taxes	71.6	-5.9		-9.5	3.4	
Net income (loss)	191.2	-0.5		49.4	24.4	
Attributable to:						
Equity holders of the parent company	191.3	-0.5		49.4	24.5	
Minority interest	-0.1	-		-	-0.1	
Basic earnings (loss) per share, SEK	19.62	-0.05		5.07	2.51	
Diluted earnings (loss) per share, SEK	19.60	-0.05		5.06	2.51	
No. of shares, average, diluted, thousands	9 763	9 750		9 767	9 750	

Shareholders' equity

December 31, 2003 according to annual report 2004		625.4			
Transition to IFRS		-11.9			
Restatement of provision for pensions		-3.0			
At beginning of period	576.2	610.5		694.9	557.9
Biacore Stock Option Plan 2003 & 2005	2.0	1.8		0.4	0.4
Market valuation of available-for-sale financial assets	0.1	-0.2		0.2	-0.1
Dividend	-29.3	-29.3		-	-
Acquisition of minority interest	-0.7	-		0.1	-
Net income (loss)	191.2	-0.5		49.4	24.4
Currency translation differences	10.8	-6.1		5.3	-6.4
At end of period	750.3	576.2		750.3	576.2

Quarterly Income Statements

SEK million	Oct.-Dec.	July-Sept.	April-June	Jan.-Mar.	Oct.-Dec.	July-Sept.	April-June	Jan.-Mar.
	2005	2005	2005	2005	2004	2004	2004	2004
Sales	193.7	126.2	133.1	116.0	157.1	134.1	107.9	95.4
Cost of sales	-42.5	-25.5	-35.9	-29.3	-37.1	-29.0	-28.5	-24.3
Marketing	-50.0	-40.4	-34.9	-40.9	-54.5	-42.9	-45.0	-38.0
Administration	-14.1	-9.7	-15.2	-14.2	-24.5	-24.5	-15.2	-12.7
Research and development	-27.0	-25.0	-27.4	-18.6	-23.2	-56.8	-16.8	-18.8
Other income and expenses	-0.2	-2.0	3.7	0.9	1.0	0.4	-0.6	-3.0
Operating income (loss)	59.9	23.6	23.4	13.9	18.8	-18.7	1.8	-1.4
Financial items, net	-1.0	-0.2	-1.0	1.0	2.2	0.5	0.7	1.5
Income (loss) after financial items	58.9	23.4	22.4	14.9	21.0	-18.2	2.5	0.1
Income taxes	-9.5	-6.9	90.9	-2.9	3.4	-6.3	-1.9	-1.1
Net income (loss)	49.4	16.5	113.3	12.0	24.4	-24.5	0.6	-1.0
Attributable to:								
Equity holders of the parent company	49.4	16.5	113.3	12.1	24.5	-24.7	0.5	-0.8
Minority interest	-	-	-	-0.1	-0.1	0.2	0.1	-0.2
Basic earnings (loss) per share, SEK	5.07	1.69	11.62	1.24	2.51	-2.53	0.05	-0.08
Diluted earnings (loss) per share, SEK	5.06	1.69	11.61	1.24	2.51	-2.53	0.05	-0.08
No. of shares, average, diluted, thousands	9 767	9 781	9 759	9 751	9 750	9 750	9 750	9 772

Sales by region

SEK million	Jan.-Dec.	Jan.-Dec.	Oct.-Dec.	July-Sept.	April-June	Jan.-Mar.	Oct.-Dec.	July-Sept.	April-June	Jan.-Mar.
	2005	2004	2005	2005	2005	2005	2004	2004	2004	2004
Americas	217.2	183.5	75.9	54.6	45.9	40.8	51.2	45.2	39.7	47.4
Europe	198.6	186.4	73.9	45.1	47.8	31.8	51.0	52.4	47.9	35.1
Asia-Pacific	153.2	124.6	43.9	26.5	39.4	43.4	54.9	36.5	20.3	12.9
	569.0	494.5	193.7	126.2	133.1	116.0	157.1	134.1	107.9	95.4

Biacore Consolidated Balance Sheets

SEK million	December 31	
	2005	2004
Intangible assets	63.9	64.3
Property, plant and equipment	111.0	106.0
Long-term investments	0.3	0.5
Other long-term financial assets	127.0	38.3
Other current assets	268.2	221.5
Short-term investments ¹	251.7	157.4
Cash and cash equivalents	157.9	206.5
Total assets	980.0	794.5
Shareholders' equity ²	750.3	576.2
Long-term liabilities	81.7	87.6
Short-term liabilities	148.0	130.7
Total shareholders' equity and liabilities	980.0	794.5

Financial structure

Operating capital	308.9	258.3
Long-term investments	0.3	0.5
Net interest-bearing assets	352.6	311.7
Net payable and deferred income tax asset	88.5	5.7
Shareholders' equity ²	750.3	576.2

Biacore Consolidated Statements of Cash Flows

SEK million	January-December	
	2005	2004
Net income (loss)	191.2	-0.5
Less: Depreciation and amortization	51.0	32.3
Less: Write-downs, reversal of write-downs, gains and losses	-15.7	35.6
Change in working capital	-121.8	46.4
Other	9.1	-10.3
Cash flows from operating activities	113.8	103.5
Acquisition of minority interest	-2.1	-
Purchase of intangible assets	-16.4	-56.9
Purchase of property, plant and equipment	-20.8	-10.6
Sales of property, plant & equipment	0.1	1.3
Purchase of short-term investments ¹	-542.4	-366.9
Sales and maturities of short-term investments ¹	450.7	410.0
Cash flows from investing activities	-130.9	-23.1
Repayment of loans	-2.2	-0.9
Dividend	-29.3	-29.3
Cash flows from financing activities	-31.5	-30.2
Net change in cash and cash equivalents	-48.6	50.2

Key figures

Operating margin	21.2%	0.1%
Return on operating capital	42.6%	0.2%
Return on equity	28.9%	-0.1%
Equity ratio	77%	73%
Shareholders' equity per share, diluted, SEK	76.86	59.02
No. of shares, thousands	9,750	9,750
No. of shares, end of period, diluted, thousands	9,762	9,750
No. of shares, average, diluted, thousands	9,763	9,750

¹ All short-term investments are interest-bearing.² Of which the minority interest was 0.0 and 0.8, respectively.