



Annual Report

GYROS AB

2001 01 01    2001   2-31



**Gyros Aktiebolag**  
**Corporate Identity Number 556579-4293**

## **Annual Report and Consolidated Accounts for the Financial Year 2001**

The Board of Directors and the Managing Director present the following Annual Report and Consolidated Accounts

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Unless otherwise stated, all amounts are in thousands of SEK.

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*Evu BL*

## **Administration Report**

### **Information regarding the operations**

This is the company's second financial year. Operations started in January 2000 when the patent rights, technology and research results were acquired from Amersham Biosciences AB. The company miniaturises and integrates laboratory analyses and analysis processes, in order that these can be carried out on a significantly smaller scale than is currently both customary and possible. The company's products, which are based on their own very strong and extensive portfolio of patents, will be comprised of complete, miniaturised analysis systems based on application-specific plastic compact discs. These discs can process hundreds of samples in parallel on a nanoliter scale. The company intends to commercialise its products within the life sciences and diagnostics fields and the first products are directed towards the proteomics sector. The customer base will consist initially of pharmaceutical companies, biotechnology companies and diagnostics companies.

### **Ownership structure**

The following owners have, as at 5th April 2002, more than 10% of the total number of shares and voting rights in the company: Investor Investments Novare Ltd, 21.9%, 6th AP Fonden, 21.9% and Amersham Biosciences AB, 13.8%.


### **Group structure**

The company is the Parent Company of a group including the wholly owned, Swedish, subsidiary G-Microlabs Finance AB, Reg. No. 556574-9172, and the wholly owned overseas subsidiaries, Gyros US Inc. and Gyros UK Ltd, Reg. No. 041 35557. Operations in the Swedish subsidiary consist of securities administration and activities associated with these operations. The overseas subsidiaries act as the Group's marketing companies.

### **Business operations during the financial year**

The company has primarily focused on development work, aiming to develop a general technology platform for which a number of application-specific compact discs will be produced, (see research and development). The company has also continued to place a large focus on recruiting qualified personnel for both development work and other areas. Access to qualified labour has continued to be good. For information regarding personnel, see Note 2.

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### **Significant events during the financial year**

The most significant event in the past year has been the achievement of all established goals, for both development work and for the company as a whole, at or below the proposed budget level. The company accomplished its second financing round during the year by raising 309 MSEK. This was the largest venture capital based financing ever executed in Sweden by a biotech company. This additional capital secures the financing for the company for the year 2003, under the condition that a number of intermediate goals are fulfilled, including the launching the platform, (see future development and principal events after the financial year's end).

During the year the company has enlarged its laboratory and office premises in Uppsala Science Park. Here there is also a cleanroom, which has been prepared for the manufacturing of compact discs. The company has also employed a production manager and production personnel for the manufacturing of compact discs.

In addition, market and sales organisations have been set up in order to begin to work in the market at an early stage and to prepare for the launching of the first product during the spring of 2002. This is important for the marketing and selling of product types which entail a long initial sales cycle.

### **Investments**

The Group's investments in machinery and equipment have been valued at SEK 25.338 million (SEK 7.724 million), which consist primarily of laboratory machinery, computers and furniture. Of these, parent company investments constitute SEK 25.141 million (SEK 7.724 million).

### **Research and development**

The Group's research and development operations are pursued in the parent company and concentrate on the development of complete miniaturised analysis systems, where the analyses take place on plastic compact discs. Development costs amounted to SEK 111.435 million (SEK 55.653 million) during the financial year, which represents 70% (77%) of total operating costs.

### **Result and financial position**

Information regarding the results of the Group's and parent company's operations, as well as their financial position at the end of the financial year, is found in the following Income Statements and Balance Sheets, with accompanying notes.

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### Proposed appropriation of profits

The board of directors and the managing director propose that profits be appropriated as follows:

To be brought forward	133.654
Shareholders' contribution received	75.460
Net loss for the year	<u>-172.857</u>
	<u>36.257</u>

be disposed as follows


carried forward	<u>36.257</u>
	<u>36.257</u>

The Group's non-restricted equity amounts to SEK 52.258 million. There is no proposed transfer to restricted reserves

### Future development and significant events following the end of the financial year

In January the first external researchers were given the opportunity to begin using the prototype analysis system, under their own management. The aim of this is for the company to receive important data from the users as regards the system's technical specifications. 25 March 2002 saw the launch of the company's first commercial product, Gyrolab MALDI, a complete system within the field of proteomics for sample processing prior to analysis with mass spectrometry. The company also adopted an options program for all employees, both within, as well as outside Sweden, see also Note 10. During the autumn the system will be presented in Europe and the USA at a number of science conferences within the field of life sciences. The intention is to start selling the system later in the year, primarily to pharmaceutical companies in Europe and the USA. The product is based on a complete miniaturised analysis system, comprised of an instrument platform, software and CD's. The instrument platform, which has been developed by the company, will be produced by Partnertech AB (publ), Corporate Identity Number 556251-3308, in Åtvidaberg, while the CD's will be produced entirely under the company's own management at a pilot plant at the company's head offices at Uppsala Science Park. For the year 2002 the company has a budget for total operating expenses of approximately MSEK 205. The level of investment for 2002 is estimated to be at the same level as during the previous financial year, approximately MSEK 25. The number of employees at year-end was approximately 100.

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<b>Group Income Statement</b>	<b>Note</b>	<b>1 Jan 2001- 31 Dec 2001</b>	<b>19 Nov 1999- 31 Dec 2000</b>
	10		
<b>Operating income, etc</b>			
Net sales		=	<u>62</u>
<b>Total income, etc.</b>		0	62
<b>Operating expenses</b>	2, 3		
Other selling expenses		-17.729	-2.681
Administrative expenses		-29.996	-14.308
Research and development expenses		-111.435	-55.653
Other operating income		<u>72</u>	<u>10</u>
<b>Total operating expenses</b>		-159.088	-72.632
<b>Operating income</b>		-159.088	-72.570
<b>Income from financial investments</b>			
Other interest income and similar profit/loss items	4	2.265	.044
Interest expenses		<u>-17</u>	<u>-7</u>
<b>Total income from financial investments</b>		2.248	.037
<b>Income after financial items</b>		-156.840	-71.533
Tax on income for the year	5	<u>-73</u>	<u>-68</u>
<b>Net loss for the year</b>		<u>-156.913</u>	<u>-71.601</u>


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<b>Consolidated Balance Sheet</b>	<b>Note</b>	<b>31 Dec 2001</b>	<b>31 Dec 2000</b>
	10		
<b>Assets</b>			
<b>Fixed assets</b>			
<u>Intangible fixed assets</u>			
Patent rights and other rights	6	<u>51.068</u>	<u>67.630</u>
<u>Tangible fixed assets</u>			
Machinery and other production facilities	7	16.995	2.315
Equipment	8	<u>12.472</u>	<u>5.098</u>
		<u>29.467</u>	<u>7.413</u>
<b>Total fixed assets</b>		<u>80.535</u>	<u>75.043</u>
<b>Current assets</b>			
<u>Current receivables</u>			
Accounts receivable – trade		-	14
Other current receivables		6.747	2.731
Prepaid expenses and accrued income	9	<u>2.671</u>	<u>1.055</u>
		<u>9.418</u>	<u>3.800</u>
<u>Current investments</u>			
Other current investments			<u>20.255</u>
<u>Cash and bank balances</u>		<u>148.002</u>	<u>51.651</u>
<b>Total current assets</b>		<u>157.420</u>	<u>75.706</u>
<b>Total assets</b>		<u>237.955</u>	<u>150.749</u>

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## Liabilities and equity

<b>Equity</b>	10		
<u>Restricted equity</u>			
Share capital		5.000	
Non-registered share capital		2.207	
Restricted reserves		<u>138.006</u>	<u>1.384</u>
		<u>145.213</u>	<u>6.384</u>
<u>Non-restricted equity</u>			
Profits brought forward		209.171	205.305
Net income for the year		<u>-156.913</u>	<u>-71.601</u>
		<u>52.258</u>	<u>133.704</u>
<b>Total equity</b>		<u>197.471</u>	<u>140.088</u>
<b>Provisions</b>			
Provisions for taxation	11	<u>14</u>	<u>14</u>
<b>Current liabilities</b>			
Accounts payable – trade		24.622	5.553
Income tax liabilities		-	54
Other current liabilities		1.311	612
Accrued expenses and deferred income	12	<u>14.537</u>	<u>4.428</u>
<b>Total current liabilities</b>		<u>40.470</u>	<u>10.647</u>
<b>Total liabilities and equity</b>		<u>237.955</u>	<u>150.749</u>
<b>Pledged assets</b>		None	None
<b>Contingent liabilities</b>		None	None




<b>Group Cash Flow Statement</b>	<b>Note</b>	<b>1 Jan 2001- 31 Dec 2001</b>	<b>19 Nov 1999- 31 Dec 2000</b>
<b>Current business operations</b>	<b>1</b>		
Operating income before financial items		-159.088	-72.570
Depreciation		19.846	15.493
		-139.242	-57.077
Interest received		1.416	790
Dividends received		695	255
Interest paid		-17	-7
Income tax paid		<u>-127</u>	-
		-137.275	-56.039
Increase/decrease accounts receivable – trade		14	-14
Increase other current receivables		-5.632	-3.786
Increase accounts payable - trade		19.069	5.553
Increase other current operating liabilities		<u>10.808</u>	<u>5.039</u>
<b>Cash flow from operations</b>		<b>-113.016</b>	<b>-49.247</b>
<b>Investment activities</b>			
Investments in intangible fixed assets		-	-82.812
Investments in tangible fixed assets		-25.338	-7.724
Decrease in current investments		<u>154</u>	-
<b>Cash flow from investment activities</b>		<b>-25.184</b>	<b>-90.536</b>
<b>Financing activities</b>			
New share issue		138.836	5.000
Shareholders' contribution received		75.460	205.340
Sale of options		-	1.349
<b>Cash flow from financing activities</b>		<b>214.296</b>	<b>211.689</b>
<b>Cash flow for the year</b>		<b>76.096</b>	<b>71.906</b>
<b>Liquid funds at the beginning of the year</b>		<b>71.906</b>	<b>-</b>
<b>Liquid funds at year-end</b>		<b><u>148.002</u></b>	<b><u>71.906</u></b>

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<b>Parent Company Income Statement</b>	<b>Note</b>	<b>1 Jan 2001- 31 Dec 2001</b>	<b>19 Nov 1999- 31 Dec 2000</b>
	10		
Net sales		=	<u>62</u>
<b>Gross income</b>		0	62
	3, 2		
Sales expenses	13	-18.062	-2.681
Administrative expenses	14	-45.658	-14.308
Research and development expenses		-111.435	-55.653
Other operating income		<u>72</u>	<u>10</u>
<b>Operating income</b>		-175.083	-72.570
<b>Income from financial investments</b>			
Income from participations in group companies			-150
Other interest income and similar profit/loss items	4	2.243	1.041
Interest expenses		<u>-17</u>	<u>-7</u>
<b>Total income from financial investments</b>		2.226	884
<b>Income after financial items</b>		-172.857	-71.686
<b>Net income for the year</b>		<u>-172.857</u>	<u>-71.686</u>


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<b>Parent Company's Balance Sheet</b>		<b>Note</b>	<b>31 Dec 2001</b>	<b>31 Dec 2000</b>
<b>Assets</b>		10		
<b>Fixed assets</b>				
<u>Intangible fixed assets</u>				
Patent rights and other rights		6	51.068	67.630
<u>Tangible fixed assets</u>				
Machinery and other production facilities		7		
Equipment		8	16.995	2.315
			<u>12.301</u>	<u>5.098</u>
			<u>29.296</u>	<u>7.413</u>
<u>Financial fixed assets</u>				
Participations in group companies		15	383	150
<b>Total fixed assets</b>			<u>80.747</u>	<u>75.193</u>
<b>Current assets</b>				
<u>Current receivables</u>				
Accounts receivable - trade				14
Receivables from group companies			-	1.200
Other current receivables			6.836	2.184
Prepaid expenses and accrued income		9	<u>2.431</u>	<u>1.055</u>
			<u>9.267</u>	<u>4.453</u>
<u>Current investments</u>				
Other current investments				20.255
<u>Cash and bank balances</u>				
<b>Total current assets</b>			<u>147.033</u>	<u>50.745</u>
<b>Total assets</b>			<u>156.300</u>	<u>75.453</u>
			<u>237.047</u>	<u>150.646</u>

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## Equity and liabilities

### Equity

10

#### Restricted equity

Share capital

5.000

Non-registered share capital

2.207

Share premium reserve

153.693

1.400

160.900

6.400

#### Non-restricted equity

Profit brought forward

209.114

205.340

Net loss for the year

-172.857

-71.686

#### **Total equity**

36.257

133.654

#### **Current liabilities**

197.157

140.054

Accounts payable – trade

24.521

5.553

Liabilities to group companies

43

Other current liabilities

1.264

612

Accrued expenses and deferred income

14.062

4.427

#### **Total current liabilities**

39.890

10.592

#### **Total equity and liabilities**

237.047

150.646

#### **Pledged assets**

None

#### **Contingent liabilities**

None

None

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<b>Cash flow statement</b>	<b>Note</b>	<b>1 Jan 2001- 31 Dec 2001</b>	<b>19 Nov 1999- 31 Dec 2000</b>
<b>Current business operations</b>			
Operating income before financial items		-175.083	-72.570
Depreciation		19.820	15.493
		-155.263	-57.077
Interest received		1.394	787
Dividends received		695	255
Interest paid		-17	-7
		-153.191	-56.042
Increase/decrease accounts receivable – trade		14	-14
Other current receivables		-4.828	-4.440
Increase accounts payable - trade		18.968	5.553
Increase other current operating liabilities		<u>10.330</u>	<u>5.039</u>
<b>Cash flow from operations</b>		-128.707	-49.904
<b>Investment activities</b>			
Investments in intangible fixed assets		-	-82.812
Investments tangible fixed assets		-25.141	-7.724
Investments in subsidiaries	15	-233	-300
Decrease in current investments		<u>154</u>	-
<b>Cash flow from investment activities</b>		-25.220	-90.836
<b>Financing activities</b>			
New share issue		154.500	5.000
Shareholders' contribution received		75.460	205.340
Sale of options		-	1.400
<b>Cash flow from financing activities</b>		229.960	211.740
<b>Cash flow for the year</b>		76.033	71.000
<b>Liquid funds at the beginning of the year</b>		71.000	
<b>Liquid funds at year-end</b>		<u>147.033</u>	<u>71.000</u>

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## Notes

### Note 1 Accounting and valuation principles

The company's annual report has been prepared in accordance with the Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board .

As from the current financial year the Swedish Accounting Standards Board's new recommendations, regarding tangible fixed assets, RR 12, and income tax, RR9, have been applied. These changes in accounting principles have had no effect on income.

### Consolidated financial statements

The consolidated accounts include all subsidiaries in which ownership, directly or indirectly, comprises more than 50 per cent of the number of votes.

The consolidated accounts have been prepared on the basis of the acquisition method. This means that the equity of the subsidiaries at time of acquisition, determined as the difference between the fair value of the assets and liabilities, is eliminated in its entirety. Thus, only that portion of the equity of the subsidiaries generated after the acquisition is included in the group's equity.

If the acquisition value of the shares on consolidation exceeds the value of the net assets of the subsidiary in the acquisition analysis, the difference is reported as groupwise goodwill. If, however, the acquisition value of the shares on consolidation falls below the value of the net assets of the subsidiary in the acquisition analysis, the amount of the difference is reported less the amount of the acquired company's non-monetary assets. Should the entire difference not be eliminated by means of this reduction of non-monetary assets, the remaining amount is reported as negative consolidated goodwill under other conditions. Provisions are reversed on the basis of the expected earnings trend.

The companies established during the year are included in the consolidated accounts with an amount referring to the period following acquisition.

The company is of the opinion that all subsidiaries are non-independent companies, which is the reason that the company has applied the monetary method for the translation of the annual accounts for foreign subsidiaries. This implies that the monetary assets and liabilities of the foreign subsidiaries are calculated at closing day rate of exchange. Non-monetary assets and liabilities are calculated according to the exchange rate at the time of acquisition. Items included in the income statement with regards to non-monetary assets and liabilities are calculated at the exchange rate at the time of acquisition. Other income items are calculated at the average exchange rate for the year. Exchange rate differences arising from the calculation of monetary items are reported in the income statement.

Inter-company profits are eliminated in their entirety, that is, without taking minority participations into consideration.

### Income tax

Recorded income taxes include tax to be paid or received during the financial year in question, adjustments concerning the previous year's tax, changes in deferred tax and participations in associated companies' tax.

Valuation of all the tax liabilities/debts occurs at nominal amounts and is calculated according to fiscal regulations and tax rates which are determined or announced and which, in all likelihood, will be adopted.

The amounts for items reported in the income statement include the tax effects of such items. The amounts for items recorded directly against equity include the tax efforts of such items.

Deferred tax is calculated according to the balance sheet method for all temporary differences arising between the reported values and the fiscal values of assets and liabilities. Deferred income tax recoverables regarding a loss carried forward or other future tax deductions are recorded to the extent that it is probable that they will be settled against a surplus in future tax assessments.

### Receivables

Receivables are recorded in the amounts that, after individual assessment, are expected to be received.

### Foreign currencies

Receivables and payables in foreign currencies are valued according to the closing rate of exchange. In the case of currency hedging measures, eg. forward cover, forward rates are used. Gains and losses of receivables and liabilities relating to operations are reported at net value with other operating income or other operating expenses.

### Fixed assets

Tangible and intangible fixed assets are depreciated systematically over their estimated useful lives. In those instances in which the assets' depreciable amount is determined, the assets' residual value is taken into consideration. Straight-line depreciation is used for all categories of assets. The following depreciation periods are applied:

	<u>Number of years</u>
Patent rights and other rights	5
Machinery and other production facilities	3-5
Equipment	3-5

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## Research and development work

In January 2001 the company acquired patent rights, technology and research results from Amersham Biosciences AB. These costs have been capitalised as Patent rights and other rights. The company's additional expenses for research and development work will be continuously written-off as and when they arise.

## Cash flow statement

The cash flow statement has been prepared according to the indirect method. The reported cash flow includes only those transactions resulting in inward or outward payments.

In addition to cash and bank balances, liquid assets include those current financial investments which entail only insignificant risk of value fluctuations and which are traded on an open market at a known amount or which have a remaining tenor of less than three months from the time of acquisition.


## Note 2 Average number of employees, payroll costs, other remuneration and social security contributions

	1 Jan 2001- 31 Dec 2001	19 Nov 1999- 31 Dec 2000
Average number of employees:		
<u>Group</u>		
Women	22	7
<i>of which England, 1 (0), USA, 1 (0)</i>		
Men	40	18
<i>of which England, 1 (0), USA, 1(0)</i>		
Total for the group	<u>62</u>	<u>25</u>
<u>Parent Company</u>		
Women	20	7
Men	<u>38</u>	<u>18</u>
Total for the parent company	<u>58</u>	<u>25</u>

## Severance pay

An agreement has been made with the managing director regarding salary and other benefits totalling 18 monthly salaries in case of notice of termination from the company. For other personnel and senior management the customary amount totalling 6 monthly salaries applies.

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	2001		2000	
	Salaries and other remunerations	Social security contributions (of which pension costs)	Salaries and other remunerations	Social security contributions (of which pension costs)
Parent company	32.360	17.747 (5.209)	11.947	6.170 (2.163)
Subsidiaries	4.361	373 (0)	0	0 (0)
<b>Group</b>	<b>36.721</b>	<b>18.120 (5.209)</b>	<b>11.947</b>	<b>6.170 (2.163)</b>

Of the parent company's pension costs, a total of TSEK 608 (TSEK 575) refers to the group's board of directors and managing director. The equivalent amount for the group is TSEK 608 (TSEK 575).

Salaries and other remunerations divided by country and by board members, etc and employees:

	2001		2000	
	Board of directors and managing director	Other employee es	Board of directors and managing director	Other employee es
<b>Parent company</b>				
Sweden	2.517	34.204	2.113	9.834
<b>Total for parent company</b>	<b><u>2.517</u></b>	<b><u>34.204</u></b>	<b><u>2.113</u></b>	<b><u>9.834</u></b>
<b>Subsidiaries in Sweden</b>	0	0	0	0
<b>Subsidiaries outside Sweden</b>				
England	0	2.833	0	0
U.S.A.	0	1.528	0	0
<b>Total for subsidiaries</b>	<b><u>0</u></b>	<b><u>4.361</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>Group total</b>	<b>2.517</b>	<b>38.565</b>	<b>2.113</b>	<b>9.834</b>

No bonuses have been paid

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### Note 3 Depreciation

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Group</u>		
Depreciation is included in operating expenses according to the following:		
Patent rights and other rights	16.562	15.182
Machinery and other production facilities	1.231	159
Equipment	<u>2.053</u>	<u>152</u>
	19.846	15.493
<u>Parent Company</u>		
Depreciation is included in operating expenses according to the following:		
Patent rights and other rights	16.562	15.182
Machinery and other production facilities	1.231	159
Equipment	<u>2.027</u>	<u>152</u>
	19.820	15.493

### Note 4 Other interest incomes and similar profit/loss items

	<u>1 Jan 2001- 31 Dec 2001</u>	<u>19 Nov 1999- 31 Dec 2000</u>
<u>Group</u>		
Dividends	695	255
Interest income	1.416	790
Capital gain on sales	154	
Total	<u>2.265</u>	
<u>Parent Company</u>		
Dividends	695	255
Interest income	1.394	787
Capital gain on sales	154	
Total	<u>2.243</u>	

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**Note 5 Tax on profit for the year**

	<u>1 Jan 2001- 31 Dec 2001</u>	<u>19 Nov 1999- 31 Dec 2000</u>
<u>Group</u>		
Current tax for the year	-73	-54
Deferred taxes, see specification below	=	<u>-14</u>
Total	-73	-68

**Specification of deferred tax**

*Deferred tax expenses*

Temporary differences on taxable  
accelerated depreciation

Total	=	<u>-14</u>
	0	-14

As per 31 December 2001 the parent company has a calculated accumulated taxable deficit amounting to MSEK 244.4. The company is of the opinion that this cannot, to any degree, be reported as deferred income tax recoverable as the company's products have still not been launched and there have, therefore, been no sales.

**Note 6 Patent rights and other rights**

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Group</u>		
Opening acquisition value	82.812	
Changes during the year		
-Acquisitions	-	82.812
Closing accumulated acquisition value	82.812	82.812
Opening depreciation	-15.182	
Changes during the year		
-Depreciation	<u>-16.562</u>	<u>-15.182</u>
Closing accumulated depreciation	<u>-31.744</u>	<u>-15.182</u>
Closing residual value according to plan	<u>51.068</u>	<u>67.630</u>

Parent Company

Opening acquisition value	82.812	
Changes during the year		
-Acquisitions	-	82.812
Closing accumulated acquisition value	82.812	82.812
Opening depreciation	-15.182	
Changes during the year		
-Depreciation	-16.562	-15.182
Closing accumulated depreciation	-31.744	-15.182
Closing residual value according to plan	<u>51.068</u>	<u>67.630</u>

**Note 7 Machinery and other production facilities**

31 Dec 2001      31 Dec 2000


Group

Opening acquisition value		
Changes during the year		
-Purchases	15.911	2.474
Closing accumulated acquisition value	18.385	2.474
Opening depreciation		
Changes during the year		
-Depreciation	-1.231	-159
Closing accumulated depreciation	-1.390	-159
Closing residual value according to plan	<u>16.995</u>	<u>2.315</u>

Parent Company

Opening acquisition value		
Changes during the year		
-Purchases	15.911	2.474
Closing accumulated acquisition value	18.385	2.474
Opening depreciation	-159	
Changes during the year		
-Depreciation	-1.231	-159
Closing accumulated depreciation	-1.390	-159
Closing residual value according to plan	<u>16.995</u>	<u>2.315</u>

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**Note 8 Equipment**

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Group</u>		
Opening acquisition value	5.250	
Changes during the year		
-Purchases	9.427	5.250
Closing accumulated acquisition value	14.677	5.250
Opening depreciation		
Changes during the year		
-Depreciation	<u>-2.053</u>	<u>-152</u>
Closing accumulated depreciation	<u>-2.205</u>	<u>-152</u>
Closing residual value according to plan	<u>12.472</u>	<u>5.098</u>
<u>Parent Company</u>		
Opening acquisition value	5.250	
Changes during the year		
-Purchases	9.230	5.250
Closing accumulated acquisition value	14.480	5.250
Opening depreciation		
Changes during the year		
-Depreciation	<u>-2.027</u>	<u>-152</u>
Closing accumulated depreciation	<u>-2.179</u>	<u>-152</u>
Closing residual value according to plan	<u>12.301</u>	<u>5.098</u>

**Note 9 Prepaid expenses and accrued income**

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Group</u>		
Prepaid rent	1.880	760
Other items	<u>791</u>	<u>295</u>
Total	<u>2.671</u>	<u>1.055</u>
<u>Parent Company</u>		
Prepaid rent	1.880	760
Other items	<u>551</u>	<u>295</u>
Total	<u>2.431</u>	<u>1.055</u>

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**Note 10 Change in equity**

Group	Number of shares	Share capital	Non-Registered share capital	Restricted reserves	Non- restricted equity	Total equity
Equity 19 November 1999		0	0	0	0	0
Registered share capital 1999	1.000	100				100
New share issue	49.000	4.900				4.900
Sales of options				1.640		1.640
Shareholders' contribution received				-291	205.340	205.049
Transfers between restricted and non- restricted equity				35	-35	0
Net income for the year					-71.601	-71.601
<b>Equity 31 December 2000</b>		<b>5.000</b>	<b>0</b>	<b>1.384</b>	<b>133.704</b>	<b>140.088</b>
New share issue, 2.207.000 preference shares			2.207			2.207
Shareholders' contribution received					75.460	75.460
Premium, new share issue				152.293		152.293
- Less new issue expenses				-15.665		-15.665
Transfers between restricted and non- restricted equity				-12	12	0
Provisions to statutory reserve				5	-5	0
Net income for the year					-156.913	-
						<u>156.913</u>
<b>Equity 31 December 2001</b>		<b>5.000</b>	<b>2.207</b>	<b>138.006</b>	<b>52.258</b>	<b>197.471</b>

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**Note 10 Change in equity cont.**

Parent Company	Number of shares	Share capital	Non- registered share capital	Share prem- ium reserve	Non- restricted equity	Total equity
Equity 13 November 1999		0	0	0	0	0
Registered share capital 1999	1.000	100				100
New share issue	49.000	4.900				4.900
Sale of options				1.400		1.400
Shareholders' contribution received					205.340	205.340
Net income for the year		—		—	-71.686	-71.686
<b>Equity 31 December 2000</b>		<b>5.000</b>	<b>0</b>	<b>1.400</b>	<b>133.654</b>	<b>140.054</b>
New share issue, 2.207.000 preference shares			2.207			2.207
New share issue				152.293		152.293
Shareholders' contribution received					75.460	75.460
Net income for the year		—	—	—	-172.857	-172.857
<b>Equity 31 December 2001</b>		<b>5.000</b>	<b>2.207</b>	<b>153.693</b>	<b>36.257</b>	<b>197.157</b>

The nominal value amounts to SEK 1 after the share split, which was registered on 8 November 2001. The number of shares after the share split amounts to 5,000,000.


Those shares newly issued during 2001 were registered with the Swedish Patent and Registration Office in January 2002. The total number of shares amounts to 7,207,000, distributed as 5,000,000 A shares and 2,207,000 preference shares.

In addition to these shares, options were issued to the executive management and other personnel. When converted to shares, the options issued are equivalent to a total of 158,500 A shares. Additional options were issued in March 2002, equivalent to a total of 985,857 A shares.

**Note 11 Provisions for taxation**

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
Temporary liabilities for untaxed reserves	<u>14</u> 14	<u>14</u> 14

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**Note 12 Accrued expenses and deferred income**

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
<u>Group</u>		
Accrued bonuses including social security contributions	5.208	1.713
Accrued holiday pay	1.715	331
Accrued social security contributions	2.716	1.106
Other items	<u>4.898</u>	<u>1.278</u>
Total	14.537	4.428


Parent Company

Accrued bonuses including social security contributions	5.208	1.713
Accrued holiday pay	1.715	331
Accrued social security contributions	2.716	1.106
Other items	<u>4.423</u>	<u>1.278</u>
Total	<u>14.062</u>	<u>4.428</u>

**Note 13 Purchases and sales between group companies**

Of the parent company's sales expenses, 44% (0%) refers to commission payments to subsidiaries.

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**Note 14 Fees and remunerations to auditors**

1 Jan 2001- 19 Nov 1999-  
31 Dec 2001 31 Dec 2000

Group//Parent Company

Administrative expenses include  
auditors' fees according to the following:

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-audit assignment	255	104
-other assignments	<u>56</u>	<u>107</u>
	<u>311</u>	<u>211</u>


**Note 15 Participations in subsidiary companies**

Corporate Identity Number Registered office

G-Microlabs Finance AB	556574-9172	Uppsala
Gyros UK Ltd	04135557	London
Gyros US Inc		Delaware

	Share of equity, %	Share of voting power	Number of shares	Book value
G-Microlabs Finance AB	100	100	1.000	150
Gyros UK Ltd	100	100	15.000	222
Gyros US Inc	<u>100</u>	<u>100</u>	<u>1.000</u>	<u>11</u>
Total				<u>383</u>

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	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
Opening acquisition value	300	
Changes during the year		
-Acquisition of shares	233	300
Closing accumulated acquisition value	<u>533</u>	<u>300</u>
Opening write-downs	-150	
Changes during the year		
-Write-downs	-	-150
Closing accumulated write-downs	<u>-150</u>	<u>-150</u>
Closing book value	<u>383</u>	<u>150</u>

Uppsala, 2002

Lars Spongberg  
Chairman of the Board

Staffan Josephson

Bengt Kasemo

Ron Long

Kjell Simonsson

Jan Sundqvist


Maris Hartmanis  
Managing Director

My audit report was submitted on 2002.

PricewaterhouseCoopers AB

Eva Blom  
Authorised Public Accountant

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*Eva Blom*

## Audit report

(translation)

To the general meeting of the shareholders of

## Gyros Aktiebolag

Corporate identity number 556579-4293

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Gyros Aktiebolag for the year 2001. These accounts and the administration of the company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.


We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the loss for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Uppsala 15 April 2002

PricewaterhouseCoopers AB

Eva Blom  
Auktoriserad revisor  
(Authorized Public Accountant)

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*Eva Bl*



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