

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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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	36.257
	<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 Atvidaberg, 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.



Group Income Statement	Note	1 Jan 2001- 31 Dec 2001	19 Nov 1999- 31 Dec 2000
Operating income, etc Net sales	10		
Total income, etc.		0	<u>62</u> 62
Operating expenses Other selling expenses	2, 3		
Administrative expenses		-17.729 -29.996	-2.681
Research and development expenses		-29.996 -111.435	-14.308 -55.653
Other operating income		72	10
Total operating expenses		-159.088	$-72.6\overline{32}$
Operating income		-159.088	-72.570
Income from financial investments Other interest income and similar	4		
profit/loss items	4	2.265	0.4.4
Interest expenses		2.203 <u>-17</u>	.044
Total income from financial		_17	<u>-7</u>
investments		2.248	.037
Income after financial items		-156.840	-71.533
Tax on income for the year	5	-73	-68
Net loss for the year		<u>-156.913</u>	<u>-71.601</u>

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

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Liabilities and equity

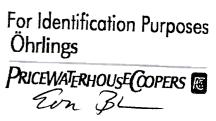
Equity	10		
Restricted equity			
Share capital		5.000	
Non-registered share capital		2.207	
Restricted reserves		138.006	1.384
		145.213	6.384
			<u> </u>
Non-restricted equity			
Profits brought forward		209.171	205.305
Net income for the year		<u>-156.913</u>	<u>-71.601</u>
T-4.1		<u>52.258</u>	133.704
Total equity		<u>197.471</u>	<u>140.088</u>
Provisions			
Provisions for taxation	11	<u>14</u>	<u>14</u>
Current liabilities			
Accounts payable – trade		24.622	5.553
Income tax liabilities		27.022	5.555
Other current liabilities		1.311	612
Accrued expenses and deferred income	12	14.537	4.428
Total current liabilities		$\frac{40.470}{40.470}$	10.647
Total liabilities and equity		<u>237.955</u>	<u>150.749</u>
Pledged assets		None	None
Contingent liabilities		None	None

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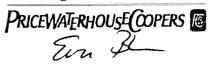
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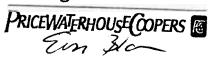
Group Cash Flow Statement	Note	1 Jan 2001- 31 Dec 2001	19 Nov 1999- 31 Dec 2000
Current business operations	1		
Operating income before financial items		-159.088	-72.570
Depreciation		19.846	15.493
		-139.242	-57.077
Interest received		1.416	790
Dividends received		695	255
Interest paid		-17	-7
Income tax paid		<u>-127</u>	<u>-</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>
Cash flow from operations		-113.016	-49.247
Investment activities			
Investments in intangible fixed assets		-	-82.812
Investments in tangible fixed assets		-25.338	-7.724
Decrease in current investments		<u>154</u>	-
Cash flow from investment activities		-25.184	-90.536
Financing activities			
New share issue		138.836	5.000
Shareholders' contribution received		75.460	205.340
Sale of options		-	1.349
Cash flow from financing activities		214.296	211.689
Cash flow for the year Liquid funds at the beginning of the		76.096	71.906
- 0 0		71.007	
year Liquid funds at year and		71.906	71.006
Liquid funds at year-end		<u>148.002</u>	<u>71.906</u>



Parent Company Income Statement	Note	1 Jan 2001- 31 Dec 2001	19 Nov 1999- 31 Dec 2000
	10		
Net sales		<u>-</u>	62
Gross income		<u>-</u>	<u>62</u> 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>	10
Operating income		-175.083	-72.570
Income from financial investments Income from participations in group			
companies			-150
Other interest income and similar	4	2.242	1 0 4 1
profit/loss items		2.243	1.041
Interest expenses Total income from financial		<u>-17</u>	<u>-7</u>
investments		2.226	004
investments		2.226	884
Income after financial items		-172.857	-71.686
Net income for the year		<u>-172.857</u>	<u>-71.686</u>



Parent Company's Balance Sheet	Note	31 Dec 2001	21 Day 2000
Assets	10	31 Dec 2001	31 Dec 2000
Fixed assets			
Intangible fixed assets 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 <u>12.301</u> <u>29.296</u>	2.315 5.098
Financial fixed assets Participations in group companies Total fixed assets Current assets	15	383 80.747	7.413 150 75.193
Current receivables Accounts receivable - trade Receivables from group companies Other current receivables Prepaid expenses and accrued income Current investments	9	6.836 2.431 9.267	14 1.200 2.184 <u>1.055</u> <u>4.453</u>
Other current investments			20.255
Cash and bank balances Total current assets Total assets		147.033 156.300 237.047	50.745 75.453 150.646



Equity and liabilities

Equity	10	
Restricted equity Share capital		
Non-registered share capital	5.000	
Share premium reserve	2.207	
•	153.693	1.400
	<u>160.900</u>	<u>6.400</u>
Non-restricted equity		
Profit brought forward	209.114	205 240
Net loss for the year	<u>-172.857</u>	205.340 <u>-71.686</u>
Total equity	36.257	133.654
Current liabilities	<u>197.157</u>	140.054
Accounts payable – trade	_	
Liabilities to group companies	24.521	5.553
Other current liabilities	43	
Accrued expenses and 1 c. 11	1.264	612
Total current liabilities	14.002	4.427
Total equity and liabilities	<u>39.890</u>	10.592
- •	<u>237.047</u>	<u>150.646</u>
DI 1		
Pledged assets	None	
Contingent liabilities	3.01.0	
Contingent natinges	None	None

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Cash flow statement	Note	1 Jan 2001- 31 Dec 2001	19 Nov 1999- 31 Dec 2000
Current business operations			
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		<u>-17</u>	<u>-7</u>
		-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		10.330	<u>5.039</u>
Cash flow from operations		-128.707	-49.904
Investment activities			
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		154	500
Cash flow from investment activities		-25.220	-90.836
77			
Financing activities		4.7.4.7.0.0	
New share issue		154.500	5.000
Shareholders' contribution received		75.460	205.340
Sale of options		-	1.400
Cash flow from financing activities		229.960	211.740
Cash flow for the year		76.033	71.000
Liquid funds at the beginning of the			
year		71.000	
Liquid funds at year-end		<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.

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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:

Detent while the training	Number of years
Patent rights and other rights	5
Machinery and other production facilities	3-5
Equipment	3-5



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:		
Group		
Women of which England, 1 (0), USA, 1 (0)	22	7
Men of which England, 1 (0), USA, 1 (0) of which England, 1 (0), USA, 1(0)	40	18
Total for the group	<u>62</u>	<u>25</u>
Parent Company		
Women Men Total for the parent company	20 <u>38</u> <u>58</u>	7 <u>18</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.



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

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:

	200	01	2000		
	Board of directors and managing director	Other employe es	Board of directors and managing director	Other employe es	
Parent company					
Sweden	2.517	34.204	2.113	0.024	
Total for parent company	<u>2.517</u>	<u>34.204</u>	2.113 2.113	9.834 9.834	
Subsidiaries in Sweden	0	0	0	0	
Subsidiaries outside					
Sweden					
England	0	2.833	0	0	
U.S.A.	0	1.528	Ö	0	
Total for subsidiaries	<u>o</u>	4.361	0	<u>0</u>	
Group total	2.517	38.565	2.113	9.834	

No bonuses have been paid

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Note 3 Depreciation

Proceedings		
	31 Dec 2001	31 Dec 2000
Group		
Depreciation is included in operating		
expenses according to the Call of the control of the Call of the c		
expenses according to the following:		
Patent rights and other 11		
Patent rights and other rights	16.562	15.182
Machinery and other production facilities		15.102
	1.231	159
Equipment	2.053	152
	19.846	15.493
Domest C	231010	13.493
Parent Company		
Depreciation is included in operating		
expenses according to the following:		
Patent rights and other rights	16.562	15 100
Machinery and other production	10.302	15.182
facilities	1.231	4.50
Equipment		159
	<u>2.027</u> 19.820	<u>152</u>
	19.820	15.493
Note 4 Other interest incomes and similar gra		
Note 4 Other interest incomes and similar profit/loss	s items	
	1 Jan 2001-	10 N 1000
	31 Dec 2001	19 Nov 1999-
	<u> 31 Dec 2001</u>	31 Dec <u>2000</u>
Group		
Dividends	(05	
Interest income	695	255
Capital gain on sales	1.416	790
Total	154	
	<u>2.265</u>	
Parent Company		
——————————————————————————————————————		
Dividends		
Interest income	695	255
Capital gain on sales	1.394	787
Total	154	
	<u>2.243</u>	

Note 5 Tax on profit for the year

Group	1 Jan 2001- 31 Dec 2001	19 Nov 1999- 31 Dec 2000
Current tax for the year Deferred taxes, see specification below Total	-73 -73	-54 -14 -68
Specification of deferred tax Deferred tax expenses Temporary differences on taxable accelerated depreciation Total	ō	<u>-14</u> -14

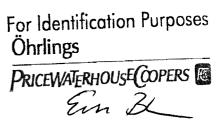
As per 31 December 2001 the parent company has a calculated accumulated taxable deficit amounting to MSEK 244.4. The company is of the opinion that this cannot, to any degree, be reported as deferred income tax recoverable as the company's products have still not been launched and there have, therefore,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

Note 6 Patent rights and other rights

	31 Dec 2001	31 Dec 2000
Group		
Opening acquisition value Changes during the year	82.812	
-Acquisitions Closing accumulated acquisition value	-	82.812
closing accumulated acquisition value	82.812	82.812
Opening depreciation Changes during the year	-15.182	
-Depreciation Closing accumulated depreciation	<u>-16.562</u>	<u>-15.182</u>
Closing residual value according to plan	<u>-31.744</u> 51.068	<u>-15.182</u> <u>67.630</u>
	<u> 21.000</u>	<u>07.030</u>

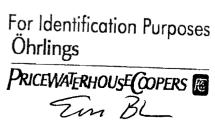
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Parent Company		
Opening acquisition value Changes during the year	82.812	
-Acquisitions Closing accumulated acquisition value	82.812	82.812 82.812
Opening depreciation Changes during the year	-15.182	
-Depreciation Closing accumulated depreciation Closing residual value according to plan	<u>-16.562</u> <u>-31.744</u> <u>51.068</u>	-15.182 -15.182 67.630
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 Closing accumulated depreciation	<u>-1.231</u> -1.390	<u>-159</u> -159
Closing residual value according to plan	16.995	<u>2.315</u>
Parent Company		
Opening acquisition value Changes during the year		
-Purchases Closing accumulated acquisition value	15.911 18.385	2.474 2.474
Opening depreciation	-159	2
Changes during the year -Depreciation	<u>-1.231</u>	<u>-159</u>
Closing accumulated depreciation Closing residual value according to plan	<u>-1.390</u> <u>16.995</u>	<u>-159</u> <u>2.315</u>



Note 8	Equipment
--------	-----------

	31 Dec 2001	31 Dec 2000
Group	<u>51 800 2001</u>	31 Dec 2000
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 Closing residual value according to plan	<u>-2.205</u> 12.472	<u>-152</u> 5.098
Parent Company		
Opening acquisition value Changes during the year	5.250	
-Purchases	9.230	5.250
Closing accumulated acquisition value	14.480	5.250
Opening depreciation		
Changes during the year -Depreciation	-2.027	<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		
	31 Dec 2001	31 Dec 2000
Group		
Prepaid rent	1.880	760
Other items Total	<u>791</u> 2.671	295 1.055
Parent Company		
Prepaid rent	1.880	760
Other items	<u>551</u>	<u>295</u>
Total	<u>2.431</u>	<u>1.055</u>



Note 10 Change in equity

Group	Number of shares	Share capital 1	Non- l registered i share capital	Restricted reserves	Non- restricted equity	equity
Equity 19 November 1999		0	0	0	0	0
Registered share capital 1999 New share issue	1.000	100			·	100
Sales of options	49.000	4.900				4.900
Shareholders' contribution received				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
Equity 31 December 2000 New share issue, 2.207.000 preference shares		5.000	0 2.207	1.384	133.704	
Shareholders' contribution received					75.460	75.460
Premium, new share issue				152.293		152.293
- Less new issue expenses Transfers between restricted and non-				-15.665		-15.665
restricted equity				-12	12	0
Provisions to statutory reserve				_		
Net income for the year				5	-5	0
 /					<u>-156.913</u>	156010
Equity 21 December 2001						<u>156.913</u>
Equity 31 December 2001		5.000	2.207	138.006	52.258	197.471



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					<u>-71.686</u>	<u>-71.686</u>
Equity 31 December 2000 New share issue, 2.207.000 preference shares		5.000	0 2.207	1.400	133.654	140.054 2.207
New share issue				152.293		152.293
Shareholders' contribution received					75.460	75.460
Net income for the year				_	<u>-172.857</u>	<u>-172.857</u>
Equity 31 December 2001		5.000	2.207	153.693	36.257	197.157

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

	31 Dec 2001	31 Dec 2000
Temporary liabilities for untaxed		
reserves	14 14	$\frac{14}{14}$

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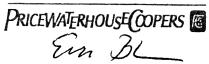
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Note 12 Accrued expenses and deferred income

	31 Dec 2001	31 Dec 2000
Group		
Accrued bonuses including social security contributions Accrued holiday pay Accrued social security contributions Other items Total	5.208 1.715 2.716 <u>4.898</u> 14.537	1.713 331 1.106 <u>1.278</u> 4.428
Parent Company		
Accrued bonuses including social security contributions Accrued holiday pay Accrued social security contributions Other items Total	5.208 1.715 2.716 4.423 14.062	1.713 331 1.106 <u>1.278</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.



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:

Öhrlings PricewaterhouseCoopers	AΒ
-audit assignment	

-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, %		Number of shares	Book value
		power		
G-Microlabs Finance AB	100	100	1.000	150
Gyros UK Ltd	100	100	15.000	222
Gyros US Inc	100	100	1.000	11
Total				383

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

Uppsala, 2002

Lars Spongberg Chairman of the Board

Staffan Josephson

Ron Long

Kjell Simonsson

Bengt Kasemo

Jan Sundqvist

Maris Hartmanis **Managing Director**

My audit report was submitted on 2002.

PricewaterhouseCoopers AB

Eva Blom

Authorised Public Accountant

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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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