

MICROCHIP TECHNOLOGY INC
 Form 144
 November 21, 2013

UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

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FORM 144
 NOTICE OF PROPOSED SALE OF SECURITIES
 PURSUANT TO RULE 144 UNDER THE SECURITIES ACT OF 1933

ATTENTION: Transmit for filing 3 copies of this form concurrently with either placing an order with a broker to execute sale or executing a sale directly with a market maker.

1 (a) NAME OF ISSUER (Please type or print)	(b) IRS IDENT. NO.	(c) S.E.C. FILE NO	WORK LOCATION
MICROCHIP TECHNOLOGY INC	86-0629024	0-21184	
1 (d) ADDRESS STREET OF ISSUER	CITY	STATE	ZIP CODE (e) TELEPHONE NO
2355 West Chandler Blvd.	Chandler	AZ	85224 480-792-7200

2 (a) NAME OF PERSON FOR WHOSE ACCOUNT THE SECURITIES ARE TO BE SOLD	(b) RELATIONSHIP TO ISSUER	(c) ADDRESS STREET	CITY	STATE	ZIP CODE
Richard & Melody Simoncic Family Trust dtd 8/5/97	Officer	2355 West Chandler Blvd	Chandler	AZ	85224

INSTRUCTION: The person filing this notice should contact the issuer to obtain the I.R.S. Identification Number and the S.E.C. File Number.

3 (a)	(b)	SEC USE ONLY	(c)	(d)	(e)	(f)	(g)
Title of the			Number of Shares	Aggregate	Number of Shares	Approximate	Name of Each

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Class of Securities To Be Sold	Name and Address of Each Broker Through Whom the Securities are to be Offered or Each Market Maker who is Acquiring the Securities	Broker-Dealer File Number	or Other Units To Be Sold (See instr. 3(c))	Market Value (See instr. 3(d))	or Other Units Outstanding (See instr. 3(e))	Date of Sale (See instr. 3(f)) (MO. DAY YR.)	Securities Exchange (See instr. 3(g))
common	Deutsche Asset & Wealth Mgmt 2000 Avenue of the Stars Suite 910-N Los Angeles, CA 90067		2,637	112,810.86	198.4M	11/21/2013	OTC

INSTRUCTIONS:

1.
 - (a) Name of issuer
 - (b) Issuer's I.R.S. Identification Number
 - (c) Issuer's S.E.C. file number, if any
 - (d) Issuer's address, including zip code
 - (e) Issuer's telephone number, including area code
2.
 - (a) Name of person for whose account the securities are to be sold
 - (b) Such person's relationship to the issuer (e.g., officer, director, 10% stockholder, or member of immediate family of any of the foregoing)
 - (c) Such person's address, including zip code
3.
 - (a) Title of the class of securities to be sold
 - (b) Name and address of each broker through whom the securities are intended to be sold
 - (c) Number of shares or other units to be sold (if debt securities, give the aggregate face amount)
 - (d) Aggregate market value of the securities to be sold as of a specified date within 10 days prior to filing of this notice
 - (e) Number of shares or other units of the class outstanding, or if debt securities the face amount thereof outstanding, as shown by the most recent report or statement published by the issuer
 - (f) Approximate date on which the securities are to be sold
 - (g) Name of each securities exchange, if any, on which the securities are intended to be sold

Potential persons who are to respond to the collection of information contained in this form are SEC 1147 not required to respond unless the form displays a currently valid OMB control number. (08-07)

TABLE I — SECURITIES TO BE SOLD

Furnish the following information with respect to the acquisition of the securities to be sold and with respect to the payment of all or any part of the purchase price or other consideration therefor:

Title of the Class	Date you Acquired	Nature of Acquisition Transaction	Name of Person from Whom Acquired (If gift, also give date donor acquired)	Amount of Securities Acquired	Date of Payment	Nature of Payment
Common	11/15/2013	RSU	Microchip Technology Inc.	2,637	n/a	n/a

INSTRUCTIONS: If the securities were purchased and full payment therefor was not made in cash at the time of purchase, explain in the table or in a note thereto the nature of the consideration given. If the consideration consisted of any note or other obligation, or if payment was made in installments describe the arrangement and state when the note or other obligation was discharged in full or the last installment paid.

TABLE II — SECURITIES SOLD DURING THE PAST 3 MONTHS

Furnish the following information as to all securities of the issuer sold during the past 3 months by the person for whose account the securities are to be sold.

Name and Address of Seller	Title of Securities Sold	Date of Sale	Amount of Securities Sold	Gross Proceeds
Richard & Melody Simoncic Family Trust dtd 08/05/1997 2355 West Chandler Blvd Chandler, Arizona 85224	Microchip Technology Inc. (common)	11/4/2013	25,444	1,078,421.04
Richard & Melody Simoncic Family Trust dtd 08/05/1997 2355 West Chandler Blvd Chandler, Arizona 85224	Microchip Technology Inc. (common)	11/1/2013	556	23,860.96

EXPLANATION OF RESPONSES:

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REMARKS:

The shares covered by this Form 144 are being sold pursuant to a Rule 10b5-1 Sales Plan dated November 29, 2012, which is intended to comply with Rule 10b5-1.

INSTRUCTIONS:

See the definition of "person" in paragraph (a) of Rule 144. Information is to be given not only as to the person for whose account the securities are to be sold but also as to all other persons included in that definition. In addition, information shall be given as to sales by all persons whose sales are required by paragraph (e) of Rule 144 to be aggregated with sales for the account of the person filing this notice.

ATTENTION:

The person for whose account the securities to which this notice relates are to be sold hereby represents by signing this notice that he does not know any material adverse information in regard to the current and prospective operations of the Issuer of the securities to be sold which has not been publicly disclosed. If such person has adopted a written trading plan or given trading instructions to satisfy Rule 10b5-1 under the Exchange Act, by signing the form and indicating the date that the plan was adopted or the instruction given, that person makes such representation as of the plan adoption or instruction date.

November 21, 2013
DATE OF NOTICE

/s/ Richard Simoncic
(SIGNATURE)

November 29, 2012
DATE OF PLAN ADOPTION OR
GIVING OF INSTRUCTION, IF
RELYING ON RULE 10B5-1

The notice shall be signed by the person for whose account the securities are to be sold. At least one copy of the notice shall be manually signed. Any copies not manually signed shall bear typed or printed signatures.

November 21, 2013
DATE OF NOTICE

/s/ Melody Simoncic
(SIGNATURE)

November 29, 2012
DATE OF PLAN ADOPTION OR
GIVING OF INSTRUCTION, IF
RELYING ON RULE 10B5-1

The notice shall be signed by the person for whose account the securities are to be sold. At least one copy of the notice shall be manually signed. Any copies not manually signed shall bear typed or printed signatures.

ATTENTION: Intentional misstatements or omission of facts constitute Federal Criminal Violations (See 18 U.S.C. 1001)

SEC 1147 (02-08)

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e Japanese market. Such distributors act as intermediaries between the importer/specialist and the users of the analytical systems. The main end users in Asia-Pacific are universities and government research institutes, with the pharmaceutical and biotechnology industry being another important customer group. Outside the main markets, Amersham Biosciences market and distribute Biacore's products in a number of countries. During 2000 and 2001, Amersham Biosciences was 45% owned by Biacore's largest shareholder Pfizer (Pharmacia) (see also Note 2 of Notes to Financial Statements). Under Biacore's distributor agreements, Biacore generally supplies the distributor with centrally produced promotional material and assists in the training of the distributor's sales and technical staff. The sales and marketing of Biacore's products is otherwise conducted rather independently by the distributor. Biacore has three business units that develop the markets and co-ordinate Biacore's efforts towards three key market segments: - Pharmaceutical & Biotechnology. - Basic Life Science Research. - Food. There are other central functions that continuously develop the www.biacore.com website, which includes extensive customer service features, publish the BIAJournal, develop technical literature, etc. Some of these central marketing functions are highly integrated with the Technology Supply division, which mainly includes the Research and Development organization. New product launches, increased sales and an increase in direct representation in Biacore's major markets, including the build-up of the sales and marketing operation in Japan, has required a substantial build-up in the resources dedicated to sales and other marketing activities. Total marketing expenses increased from SEK 147.4 million in 2000 to SEK 199.8 million in 2002. This increase reflects an increase in the number of employees engaged in marketing activities from 95 at the end of 1999 to 143 at the end of 2002. SEASONALITY Historically, Biacore has had approximately 30 to 40% of annual sales in the fourth quarter of each year. Combined with high fixed costs and significant dependence on individual orders, the strong seasonality of sales has caused operating income to vary substantially between different quarters. PRODUCTS The first Biacore(r) instrument using SPR was launched in 1990. Since then, the technology has advanced considerably. These advances have broadened the application of SPR technology. There are now several Biacore(r) systems on the market, with the latest products approximately 100 times more sensitive than the first and with substantially increased throughput capacity. The systems generally consist of an SPR instrument and a PC. Most of the instruments consist of a microfluidic system, an optical detection unit and a sample handling unit. The PC controls the system functions, except for manual operations such as inserting the sensor chip into the instrument and pre-loading the samples. The measurements are analyzed using Biacore's own evaluation software. Other examples of features of the instruments include: - On-line reference subtraction. - Optimized wash routines which ensure that an efficient screening process can be developed. - Efficient recovery of material that has bound to the sensor surface during an analysis which enables samples to be recovered and used for analysis by mass spectrometry for sample identification purposes (the most common technique used for the identification and characterization of a specific target molecule). - GxP functions for efficient compliance with regulatory requirements. Biacore(r)S51 was launched in the third quarter of 2001. It is a high-performance and high-throughput system designed to reduce bottlenecks in drug discovery down-stream of high throughput screening (HTS). Biacore(r)C was also launched in the second half of 2001. It has been designed for concentration analysis with automatic report generation. Biacore(r)C is the first system developed for use in a regulatory environment. Biacore(r)3000 is Biacore's best-selling instrument and its top of the line general purpose system. Biacore(r)3000 is a high sensitivity, fully automated system for individual sample characterization and multi-sample analysis, and is mainly used upstream of HTS. The Procel(tm) system is based on new proprietary fluorescent cell-based assay technology, is used for secondary screening and quantitative pharmacology profiling of compounds using live cells, and had its full commercial launch in March 2003. Less expensive general purpose systems include Biacore(r)2000, Biacore(r)1000, Biacore(r)X and Biacore(r)J. Biacore(r)Q is optimized for food analysis. Other products include a number of different sensor chips, that have been designed for characterization of specific types of interactions, and other consumables such as reagents. The prices of Biacore(r) instruments range from approximately SEK 400 thousand to approximately SEK 5 million. In general, Biacore warrants its new systems against defects in design, materials and workmanship for one year. To date, the expense associated with warranty claims has been immaterial. Biacore also offers comprehensive after sales service contracts, which include both routine maintenance and emergency servicing. Contracts are designed to offer a flexible choice of service support, to suit both the system and the customer's requirements. To increase the size of the market and maximize utilization of its expertise, Biacore has offered and performed Research Consulting Services (RCS) since late 2001. BIACORE'S SPR TECHNOLOGY Biacore's SPR technology is able to add value, across a wide range of industries and applications, through its ability to provide answers in real time to important questions concerning the

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progress of biomolecular interactions. Biacore's SPR technology can be used to measure: Specificity - How specific is the binding between two molecules? Kinetics - How fast does the binding take place? Affinity - How strong is the binding? Concentration - How much of a given molecule is present and active? THE BASIS OF BIACORE'S SPR TECHNOLOGY SPR is a phenomenon based on the transfer of light energy (photons) to a group of electrons (a plasmon) on a metal surface. In Biacore's SPR technology, the target molecule is bound to the surface of a gold-coated sensor chip. Once a target molecule has been bound, solution from the test material is passed over the sensor chip. The chip surface interacts with light at a characteristic angle that depends on the molecular composition on the gold surface. Any binding to the target molecule can be detected in real-time. When molecules in the test solution bind to a target molecule at the sensor chip surface, the angle of reflected light increases. When they detach, the angle falls. These changes form the basis of the Biacore sensorgram, a continuous, real-time monitoring of the attachment and detachment of interacting molecules. ADVANTAGES OF BIACORE'S SPR TECHNOLOGY A fundamental advantage of Biacore's SPR technology is that unique biomolecular binding data can be generated without the need for researchers to label the molecules of interest. This reduces the time and workload needed to carry out assays. It also helps eliminate the risks of misleading results caused by the molecular changes that can result from sample labeling. Another important benefit of Biacore's SPR technology is its ability to monitor bio-molecular interactions continuously, thereby providing real-time kinetic information. This is a major benefit for investigating molecular binding events, which can often be quite transient, but yet significant. It is not possible to generate detailed real-time data using traditional 'end-point' analytical methods, which require large numbers of measurements at different time intervals to picture bio-molecular binding processes. Using Biacore's SPR technology, samples can often be analyzed without the need for purification. This again improves the data quality and reduces time to results. Because Biacore's technology does not make measurements through the use of light absorption, samples that are light sensitive, turbid or colored can also be analyzed. These benefits have led to Biacore's SPR technology being used in a broad range of areas. PROCEL(tm) - COMPLEMENTING SPR WITH CELL-BASED COMPOUND PROFILING In addition to progressing its SPR technology, in 2002 Biacore also launched a new fluorescence-based instrument, Procel(tm), which is dedicated to secondary screening and quantitative pharmacology profiling of compounds, using live cells. The system complements Biacore's SPR technology in delivering the high-content information needed to rapidly identify successful drug candidates. Procel(tm) is the first automated system dedicated to high-content profiling of compounds targeting G-protein coupled receptors and ion channels. Its complementary position alongside Biacore(r)S51 allows important decisions to be made earlier in the drug discovery process. HIGH INFORMATION CONTENT SPR Biacore continues to advance its SPR array technology. Developed partly in collaboration with Millennium Pharmaceuticals Inc., this is designed to focus on delivering the sensitivity, data quality and high information content, along with increased throughput, demanded by customers. The SPR array platform will build on Biacore's position in SPR and further develop its patented flow-based micro-fluidics capabilities that are central to providing the sensitivity and assay flexibility required for high-quality kinetic data and hence high information content. The system will have the throughput and capabilities required to simultaneously study targeted protein panels, providing a level of information on protein interactions that has not previously been available. In addition, the sensitivity and assay flexibility will enable small molecule characterization against panels of related targets, saving time and resources in drug discovery. R&D INFRASTRUCTURE AND EXPENDITURES Between 1993 and 1999, Biacore's R&D costs were rather constant and in the range of SEK 41 million to SEK 53 million per year. In 2000 and 2001, R&D expenses increased to SEK 73 million and SEK 105 million, respectively, largely as a result of the programs to develop new high-performance systems and SPR array technology. In 2002, R&D expenditures were almost unchanged at SEK 104 million. The extent of R&D efforts increased in 2002, but there was less engineering work undertaken or purchased relating to final design of new products. Furthermore, in 2002, SEK 5 million of R&D was capitalized in accordance with new Swedish accounting principles relating to product development expenses (see Notes 1 and 5 of Notes to Financial Statements). In general, variations from year to year have to a significant extent been due to the volume of services purchased from external consultants for generic engineering tasks. The SPR array technology program cost approximately SEK 15 million in 2000, SEK 30 million in 2001 and SEK 35 million in 2002. R&D expenses as a percentage of sales decreased from 55% in 1993 to 16% in 1999, then increased to 17% and 19% in 2000 and 2001, respectively, and fell to 17% in 2002. Biacore's long-term target is to maintain R&D expenses at a level corresponding to approximately 15% of sales. INTELLECTUAL PROPERTY Biacore actively seeks to protect its intellectual property by patenting innovative developments, and has approximately 50 patents pending or

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granted pertaining to most parts of its affinity biosensor technology, including: - The optical sensor system. - The sensor surface that enables selective molecular interactions. - The surface plasmon resonance (SPR) based measurement unit. - The optical component that is used to couple light from the measurement unit to the sensor surface. - The microfluidic system. - SPR array technology. Biacore has also been granted patents and filed applications for patents pertaining to various analytical procedures, and has an exclusive license to use certain patents and technical information regarding fiber-optic SPR detection. In 2001, Biacore acquired an exclusive license to Axiom Biotechnologies' proprietary fluorescent cell-based assay technology, with the exception of flow cytometry-based applications. "Biacore" is a registered trademark owned by Biacore, and Biacore is in possession of the web address www.biacore.com, the Biacore homepage. For a description of a legal proceeding brought by Biacore against Thermo BioAnalysis Corp. for patent infringement, please see Item 5A "Operating Results - Year Ended December 31, 2002 Compared with 2001 - Other Operating Income." See also Item 3D "Risk Factors - Patents and Proprietary Technologies" and "Item 3D "Risk Factors - Collaborations." MANUFACTURING AND SOURCES OF COMPONENTS, MATERIALS AND SUPPLIES Biacore generally manufactures technically advanced and patented components, including sensor chips, the optical measurement unit and key components in the instruments' liquid handling systems. Final assembly of the instruments and quality control are also conducted by Biacore. Through a network of subcontractors for other components, materials and supplies, Biacore's fixed production costs have been limited. The current Biacore production facilities are sufficient for current production volumes. However, to be able to cope with increases in production volumes and new products, Biacore is extending its storage and logistics facilities and may make further extensions in the medium term, see Item 4D "Property, Plant and Equipment." See also Item 3D "Risk Factors - Dependence on a Single Manufacturing Facility" and "Dependence on Certain Sources of Supply." QUALITY SYSTEMS In February 2003, Biacore's main research and development and production unit, Biacore AB, received certification according to the international quality standard ISO 9001:2000 of its development and manufacturing of analytical systems and consumables for use in the field of biotechnology. Quality assurance and regulatory factors are becoming increasingly important to Biacore's customers, and Biacore strongly emphasizes these issues. C. ORGANIZATIONAL STRUCTURE Biacore International AB is the parent company of the Biacore Group. Biacore believes that it is not a subsidiary of any other entity, that it has been considered to be an associated company to and therefore equity-accounted by Pharmacia, and that it may be considered to be an associated company to Pfizer and therefore equity-accounted by Pfizer. The following legal entities are included in Biacore: Company Incorporated in Ownership, % Biacore International AB Sweden Parent Biacore AB Sweden 100 Biacore Administration AB Sweden 100 Biacore International SA Switzerland 100 Biacore KK Japan 100 Biacore Holding Inc. United States 100 Biacore Inc. United States 100 XenoSense Ltd United Kingdom 84 (1) (1) Biacore has no formal ownership in XenoSense Ltd but would receive approximately 84% ownership upon conversion of convertible loans made by Biacore to XenoSense. Business is carried out under the legal name of each respective legal entity. D. PROPERTY, PLANT AND EQUIPMENT Biacore owns one property. It is located in Uppsala, Sweden and has an area of 35,347 square meters of freehold land. At December 31, 2002, the property included one main building for industrial and office use, two office buildings and two mobile office units. All five are attached and have a total usable area ("bruksarea") of approximately 9,500 square meters. The vast majority of Biacore's production and research and development activities are carried out on this property. It also houses the Swedish marketing and administrative functions. During 2002, the group headquarters was moved to the Swiss subsidiary Biacore International SA, which rents a combined office and light industrial area of approximately 1,500 square meters on a five-year lease in Neuchatel, Switzerland. The facility also includes a small office and light industrial building owned by Biacore but located on land included in that lease agreement. Biacore believes that the space owned and leased by it at December 31, 2002, while adequate for its activities during 2002, was too small for Biacore's anticipated near- or medium-term activities. However, during the second quarter of 2003, Biacore is completing an extension of its storage and logistics facility in Uppsala by approximately 1,200 square meters. There is also a slight shortage of office and other space for the marketing, administration and research and development functions, and in the medium-term the production facilities may need to be expanded. E.g., Biacore may make further extensions of its building complex in Uppsala in the near or medium term. The amount of future expenditure for ongoing and other decided property projects is not expected to be material to Biacore and is expected to be financed from existing liquid funds. Biacore leases a small number of other properties of limited size for use in its operations, and believes that the terms of its leases generally reflect market rates in their respective areas. See also Item 4A "History and Development of the Company - Principle

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Capital Expenditures and Divestitures." ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS A. OPERATING RESULTS GENERAL The following discussion should be read together with and is qualified in its entirety by reference to Item 3A "Selected Financial Data" and the financial statements of Biacore included in Item 17 herein. The financial data analyzed in this discussion has been prepared in accordance with Swedish GAAP, which differs in certain significant respects from U.S. GAAP. See Note 23 of Notes to Financial Statements for a description of significant differences between Swedish GAAP and U.S. GAAP applicable to Biacore. OVERVIEW There is potential for further significant advances in the life sciences and, as a result, for high demand for new and improved research tools. Products developed, manufactured and sold by Biacore have often been useful and sometimes essential in such life science research and development work. The rapid advances in genomics have increased the potential for research and development within proteomics and other areas. One of the most promising areas for increased demand for Biacore's technology is drug discovery applications mainly within the pharmaceutical and biotechnology industries. Biacore believes that its present and future SPR-based analytical systems can play an important role in this development. Biacore has developed the technology of SPR-based analytical systems, and the market for these systems has grown in response to Biacore's efforts in fostering awareness of the technology's capabilities and potential. Management expects that, in the medium and long term, the overall market for SPR-based systems will continue to expand through Biacore's efforts as well as through the activities of competitors that have already or may enter the market. Over time, increased competition is expected to reduce Biacore's share of the market, which since a number of years has been approximately 90%, measured by its share of references to SPR-based systems in scientific literature. Increased competition is expected to increase pressure on product margins over time. However, one of the key elements of Biacore's strategy is to invest in research and development in order to maintain the technological position of its products, which to date has allowed Biacore to maintain satisfying gross margins. Biacore has substantially increased its endeavours to develop technology for the application of SPR technology in the drug discovery sector. SPR array technology remains one of the primary research and development projects. The technology is based on further development of the principles of detection, immobilization and sample and reagent handling, and will make it possible to use a large number of measurement spots simultaneously. In July 2002, Biacore and BD Biosciences Pharmingen, one of the world's largest manufacturers of reagents, announced a research collaboration for the development of methods for quality control of antibodies and reagents, and development of applications of the SPR array technology. Extensively characterized antibodies and reagents are considered to be important to the development of the protein array market. This collaboration is complementary to Biacore's collaboration with Millennium Pharmaceuticals Inc. Biacore retains the right to commercialize technology-related developments arising from these collaborations. The SPR array project is currently on target. If the project can be completed as planned, the first instrument is expected to be launched in the year 2004. In November 2002, Biacore introduced Procel(tm), an analytical system that is based on proprietary fluorescent cell-based assay technology acquired in 2001 for USD 5 million (SEK 53.6 million). Procel(tm) is designed specifically for cell-based secondary screening and pharmacology profiling of potential new drug leads, and will complement Biacore's existing molecular-based systems. Sales activities started in 2003. In October 2001, Biacore and Bruker Daltonics entered into an agreement that aims to commercialize the combination of Biacore's SPR technology and Bruker Daltonics' mass spectrometry technology. The co-operation has produced results in the form of model analytical systems that combine SPR and mass spectrometry technology in a comprehensive platform for functional proteomics studies. Biacore's results of operations are also dependent on Biacore's ability to further penetrate the market within basic life science research, where major life science research laboratories make up the main customer group. In this market, which accounted for approximately 55% of its sales in 2002, Biacore has mainly sold to well-known life science laboratories, with proteomics, cancer research and neuroscience being important areas of application. Other applications that present significant opportunities for Biacore include quality control, process control and environmental analysis; with target customer groups in the food and beverage, pharmaceutical, biotechnology and chemical industries and government laboratories. Biacore's sales will also be affected by Biacore's ability to make further technological advances, expand its product range, introduce new applications and expand the customer base. In light of the further potential that Biacore believes its technology to possess, Biacore has continued to increase the resources devoted to marketing activities. Total marketing expenses increased from SEK 147.4 million in 2000 to SEK 199.8 million in 2002. This increase reflects an increase in the number of employees engaged in marketing activities from 95 at the end of 1999 to 143 at the end of 2002, including the build-up of the Biacore marketing operation in Japan. Biacore's

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revenues are generated primarily from sales of analytical systems. Revenues are also generated by sales of consumables, after sales services, spare parts, rental of analytical systems and research consulting services. Biacore's sales have typically shown a pattern of being unevenly distributed over the year, with the strongest sales during the fourth quarter of each year, principally due to its customers' typical budgeting and capital expenditure patterns. This pattern, together with the high proportion of fixed costs in Biacore, has caused operating income to be even more disproportionately distributed over the year. This pattern will probably continue, but the future extent of these variations is uncertain. During the year 2002, the legal and commercial structure of Biacore changed. The head office was moved to the subsidiary Biacore International SA, located in Neuchatel, Switzerland. Biacore International SA also acts as the commercial center of Biacore, and includes the Pharmaceutical and biotechnology business unit and certain production and logistics activities. Neuchatel is located in a regional development zone and the taxation of Biacore International SA is subject to certain conditions tied to the development of its operation in Neuchatel. Biacore believes that the new structure of the Group will have a favorable impact on its average tax rate. Uppsala remains the domicile of the Company and the Group's center for research and development and production. Other factors which affect sales and income include the timing of new product introductions by Biacore and other manufacturers of competing analytical systems, regulatory actions, government funding of research, the growth rate of the pharmaceutical and biotechnology industry and general economic trends. Biacore's business is also characterized by a number of other factors which make future sales and income difficult to predict. See Item 3D "Risk Factors." Biacore's sales fell by 25% in the first quarter of 2003 to SEK 106.5 million compared with SEK 141.3 million in the first quarter of 2002. Diluted earnings per share fell by 65% from SEK 2.17 in the first quarter of 2002 to SEK 0.77 in the first quarter of 2003. YEAR ENDED DECEMBER 31, 2002 COMPARED WITH 2001 The following table sets forth certain consolidated income statement data for Biacore expressed as a percentage of sales for the periods indicated: %

	2002	2001	2000
Sales	100.0	100.0	100.0
Cost of goods sold	-16.4	-18.4	-17.8
Marketing	-32.5	-34.7	-33.6
Administration	-11.1	-16.0	-13.9
Research and development	-17.0	-19.3	-16.6
Operating foreign currency gains and losses	-2.7	0.9	0.8
Other income	3.4	0.2	-
Other expenses	-0.1	-	-
Amortization of goodwill	-0.7	-0.9	-1.1
Operating income	22.9	11.8	17.8

The table below sets forth Biacore's sales by geographic area for the periods indicated: SEK thousands

	2002	2001	2000
Americas	270,524	44.0%	249,347
Europe	173,894	28.3%	151,004
Asia-Pacific	169,736	27.7%	143,366
Total sales	614,154	100.0%	543,717

Sales increased by 13.0% from SEK 543.7 million in 2001 to SEK 614.2 million in 2002. Excluding currency effects, sales increased by 14.0% (measured by applying currency exchange rates for 2001 to the 2002 revenues in local currencies). As in 1999, 2000 and 2001, Biacore(r)3000, launched in 1998, was Biacore's best-selling analytical system. In the Americas, sales increased by 8.5% from SEK 249.3 million in 2001 to SEK 270.5 million in 2002. Again, the Americas was Biacore's best-selling region, even though sales in the second half-year and to the pharmaceuticals industry was lower than expected. Sales in Europe increased by 15.2% from SEK 151.0 million in 2001 to SEK 173.9 million in 2002. Market conditions in Europe remained stable and increased efforts were focused on introducing Biacore's analytical systems in drug discovery applications. During the fourth quarter of 2002, Biacore completed an extensive restructuring of the sales and support organization in Europe. In Asia-Pacific, sales increased by 18.4% from SEK 143.4 million in 2001 to SEK 169.8 million in 2002, making Asia-Pacific the fastest-growing region within Biacore. The increase was equally strong in both Japan, the largest market within the Asia-Pacific region, and other countries. The increase in total sales was an effect of higher volumes and a change in product mix. The increase also reflected a 17% increase, from SEK 111.3 million in 2001 to SEK 129.9 million in 2002, in sales of consumables, after sales services and spare parts, each of which depends primarily on the installed base of Biacore instruments. Cost of Goods Sold Cost of goods sold remained relatively stable at SEK 100.9 million in 2002 compared with SEK 99.8 million in 2001. As a percentage of sales, these costs decreased from 18.4% in 2001 to 16.4% in 2002 after having increased in the prior year. Marketing Marketing expenses increased by 6% from SEK 188.7 million in 2001 to SEK 199.8 million in 2002, corresponding to 34.7% of sales in 2001 and 32.5% in 2002. Thus, marketing expenses increased at a lower rate than sales. Administration Administrative expenses decreased by 21% from SEK 86.7 million in 2001 (16.0% of sales) to SEK 68.3 million in 2002 (11.1% of sales), after having increased by 43% in 2001. During 2001, administrative expenses included a charge of SEK 13 million relating to pension to the former Chief Executive Officer. Research and Development After having increased by 38% in 2000 and 44% in 2001, research and development expenses decreased marginally from SEK 104.7 million in 2001 to SEK 104.4 million in 2002. In 2001, research and development

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expenses included significant expenses relating to the development of the Biacore(r)S51 and Biacore(r)C systems. As from 2002, product development expenses that fulfil certain criteria are capitalized and amortized over their estimated economic lives (See Notes 1 and 5 to the financial statements). Capitalization of product development has reduced research and development expenses by SEK 5.0 million in 2002. As a proportion of sales, research and development expenses decreased from 19.3% to 17.0%. Operating Foreign Currency Gains and Losses Net operating foreign currency gains and losses, which mainly relate to accounts receivable, decreased from SEK 4.5 million in 2001 to SEK -16.6 million in 2002. The amount mainly relates to the appreciation of the Swedish krona against the U.S. dollar and Japanese yen in 2002. Other Operating Income In 2002, the United States Court of Appeals for the Federal Circuit confirmed an earlier judgement relating to infringement by Thermo BioAnalysis Corp. on Biacore's U.S. patent No. 5,436,161. The SEK 19.6 million in damages awarded is included in Other income during 2002, which increased from SEK 0.7 million in 2001 to SEK 21.0 million in 2002. Amortization of Goodwill All goodwill relates to the acquisition by Biacore's Japanese subsidiary of Amersham Biosciences' Japanese sales operation for Biacore products. See also Note 5 of Notes to Financial Statements. For a description of the treatment of the contract with Amersham Biosciences according to United States generally accepted accounting principles, see Note 23 of Notes to Financial Statements. Operating Income For the reasons discussed above, Biacore's operating income increased by 119% from SEK 64.1 million in 2001 to SEK 140.6 million in 2002, representing an increase in operating margin from 11.8% in 2001 to 22.9% in 2002. Financial Items, net Financial items, net, decreased from income of SEK 13.8 million in 2001 to a loss of SEK 20.4 million in 2002. Interest income increased slightly from SEK 10.0 million in 2001 to SEK 10.2 million in 2002. Interest expenses increased from SEK 1.1 million in 2001 to SEK 1.8 million in 2002 due to a higher calculated interest on the pension liability administered by the Swedish Pension Registration Institute PRI. Net financial foreign currency gains and losses decreased from SEK 0.2 million in 2001 to SEK 0.0 million in 2002. Biacore's financial foreign currency gains and losses derive from temporary lending to, and temporary borrowing of surplus liquidity from, non-Swedish subsidiaries. As a result of a deteriorating business climate and financing situation for early-stage biotechnology companies, Biacore has made write-downs against its portfolio related to this sector. This has caused a charge to the financial net of SEK -28.7 million. Income Taxes Income taxes increased from SEK 27.6 million in 2001 to SEK 40.1 million in 2002. Biacore's effective tax rate decreased from 35% in 2001 to 33% in 2002. This still relatively high level of taxation resulted from losses on equity instruments only being deductible against gains on similar financial instruments according to legislation and regulations in effect on December 31, 2002. At December 31, 2002, Biacore had no realized or unrealized gain on any such instrument against which it could offset any loss. This effect was partly offset by a change in the geographical mix of income in subsidiaries, one factor being the establishment of the group headquarters and commercial center in Neuchatel, which is located in a regional development zone in Switzerland. Net Income Net income increased by 60.7% from SEK 50.3 million in 2001 to SEK 80.8 million in 2002, corresponding to an increase in basic earnings per share from SEK 5.16 in 2001 to SEK 8.28 in 2002 and an increase in diluted earnings per share from SEK 5.04 in 2001 to SEK 8.20 in 2002. YEAR ENDED DECEMBER 31, 2001 COMPARED WITH 2000 Sales Sales increased by 23.9% from SEK 438.8 million in 2000 to SEK 543.7 million in 2001. Excluding currency effects, sales increased by 15.6% (measured by applying currency exchange rates for 2000 to the 2001 revenues in local currencies). The favorable currency effect mainly resulted from appreciation of the average value of the United States dollar and to a lesser extent the British pound and the euro. In the Americas, sales increased by 30.0% from SEK 191.9 million in 2000 to SEK 249.3 million in 2001. The importance of this region to Biacore again increased as it accounted for 46% of sales in 2001. Both the Pharmaceutical and Biotechnology and Life Science business units performed well. Sales in Europe increased by 8.5% from SEK 139.1 million in 2000 to SEK 151.0 million in 2001. In Asia-Pacific, sales increased 33.0% from SEK 107.8 million in 2000 to SEK 143.4 million in 2001. Sales to the Japanese pharmaceuticals industry increased significantly and outside Japan sales almost doubled. The increase in total sales was an effect of higher volumes and currency effects. The increase also reflected a 24% increase, to SEK 111.3 million, in sales of consumables, after sales services and spare parts. Cost of Goods Sold Cost of goods sold increased from SEK 78.1 million in 2000 to SEK 99.8 million in 2001. As a percentage of sales, these costs increased from 17.8% in 2000 to 18.4% in 2001. The gross margin was thereby approximately unchanged at 82%. Marketing Marketing expenses increased from SEK 147.4 million in 2000 to SEK 188.7 million in 2001, corresponding to 33.6% of sales in 2000 and 34.7% in 2001. An increase in the number of sales and other marketing personnel in mainly the United States led to a 28% increase in marketing expenses, which is somewhat higher than the increase in sales. Administration Administrative expenses

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increased from SEK 60.8 million in 2000 (13.9% of sales) to SEK 86.7 million in 2001 (16.0% of sales), an increase of 43%. Approximately half of the increase was due to an expense of SEK 13 million for pension to the former Chief Executive Officer. Research and Development Research and development expenses increased by 44% from SEK 72.8 million in 2000 to SEK 104.7 million in 2001, mainly due to the SPR array and high performance system projects. As a proportion of sales, research and development expenses increased from 16.6% in 2000 to 19.3% in 2001. Operating Foreign Currency Gains and Losses Net operating foreign currency gains, which mainly relate to accounts receivable, increased from SEK 3.2 million in 2000 to SEK 4.5 million in 2001. Amortization of Goodwill All goodwill relates to the acquisition by Biacore's Japanese subsidiary of Amersham Biosciences' Japanese sales operation for Biacore products. Operating Income For the reasons discussed above, Biacore's operating income decreased from SEK 78.0 million in 2000 to SEK 64.1 million in 2001, representing a decrease in operating margin from 17.8% in 2000 to 11.8% for 2001. Financial Items, net Financial items, net, increased from income of SEK 8.7 million in 2000 to income of SEK 13.8 million in 2001. Net interest income increased from SEK 7.4 million in 2000 to SEK 8.9 million in 2001 due to a higher average net interest-bearing asset and better interest rates received. Net financial foreign currency gains and losses decreased from SEK 1.3 million in 2000 to SEK 0.2 million in 2001. Furthermore, in 2001, 1,000,000 shares in Axiom were sold at a gain of SEK 4.6 million. Income Taxes Income taxes were unchanged at SEK 27.6 million in 2001. Biacore's effective tax rate increased from 32% in 2000 to 35% in 2001. The increase was due to a sharp reduction of the loss in the Japanese subsidiary, where the applicable tax rate is approximately 42% and for which a part of the tax loss carry forward has been accounted for as a deferred tax asset, and higher non-deductible pension expenses as a result of the shortening of the accrual period for pension to the former Chief Executive Officer Lars-Goran Andren. Net Income Net income decreased by 15.0% from SEK 59.1 million in 2000 to SEK 50.3 million in 2001. Basic earnings per share fell from SEK 6.06 in 2000 to SEK 5.16 in 2001, and diluted earnings per share fell from from SEK 6.02 in 2000 to SEK 5.04 in 2001. INFLATION During the three year period ended December 31, 2002, inflation in Sweden amounted to approximately 2% per year. At the level indicated, inflation had limited impact on the Company's operations or financial condition. FOREIGN CURRENCY FLUCTUATIONS For a description of the effects of foreign currency fluctuations and hedging activities, see this Item 5A "Operating Results" above, Item 11 "Quantitative and Qualitative Disclosures About Market Risk" and Note 19 of Notes to Financial Statements. GOVERNMENTAL POLICIES AND FACTORS Biacore is affected by a large number of government policies and factors. Apart from large government funding of customers' purchases of products and services from Biacore (see Item 3D "Risk Factors - Funding of Customers"), Biacore believes that it is not subject to any other government policy or factor of which a description is required in this context. BUSINESS CYCLES AND GENERAL ECONOMY Biacore believes that it may be less affected by business cycles and the general economy than many other companies, that are often more dependent on limited geographical markets. However, capital goods, which make up the vast majority of Biacore's sales, are highly sensitive to the growth, financial position and competing other short or long-term priorities of their customers and customers' funding organizations. OFF-BALANCE SHEET ARRANGEMENTS At December 31, 2002, Biacore had contractual obligations involving SEK 37.9 million in operating lease payments and contingent liabilities of SEK 0.5 million (see Note 16 of Notes to Financial Statements). See also Item 11 "Quantitative and Qualitative Disclosures about Market Risk" and Note 23 of Notes to Financial Statements - Hedge on Social Security Costs of Stock Options. These off-balance sheet arrangements could have been financed by Biacore's liquid funds and are of limited importance to Biacore. IMPORTANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. See Note 1 of Notes to Financial Statements for a presentation of the most important of the Company's accounting policies. Those accounting policies and issues that Biacore believes involve the largest uncertainties in, and therefore also risks to, the presentation of the position and performance of the Company relate to research and development, impairment of intangible assets, incentive stock options and deferred tax assets. The allocation of research and development expenses between product development expenses to be capitalized and amortized, and product development expenses to be charged to income, involves highly judgmental issues such as estimated future sales and the certainty of such estimates. The same applies to already capitalized product development. If there is indication of an impairment of an intangible asset or a property, plant or equipment, then the recoverable cost of the asset is calculated. If the recoverable cost is less than the carrying amount of the asset,

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a write-down to the recoverable amount is recorded. Biacore has goodwill relating to its Japanese sales operation and capitalized acquisition cost related to fluorescent cell-based assay technology. The estimated fair values of these assets have been regularly calculated by applying the discounted cash flow method to the forecasted future performance of these businesses. The last such calculations have indicated that the assets are not impaired. However, the analyses rely on forecasts of future sales and expenses which involve considerable uncertainty. At this early stage, Biacore has had no significant revenue from any product based on fluorescent cell-based assay technology. In Biacore's opinion, Swedish companies are currently not required to charge incentive stock options to income. Accordingly, Biacore has not charged incentive stock options to income. However, in the future, Biacore may charge incentive stock options to income as remuneration. The Japanese entity Biacore KK has made significant losses. At December 31, 2002, the accumulated tax loss carryforward was approximately SEK 40.0 million and it expires over the five-year period between 2003 and 2007. Based on a forecast of the future performance of Biacore KK, Biacore has calculated a deferred tax asset as required by generally accepted accounting principles and made a valuation allowance for the portion that is not expected to be utilized (see Note 4 of Notes to Financial Statements). The calculation of the valuation allowance relies on forecasts of future sales and expenses which involve considerable uncertainty. Several new accounting standards based on International Financial Reporting Standards from the International Accounting Standards Board have recently been adopted by the Swedish Financial Accounting Standards Council. Those new standards are not expected to have any material effect on Biacore's reported financial position or results of operations during 2003. The Swedish Financial Accounting Standards Council's statement No. 29 Employee Benefits is effective for financial years beginning January 1, 2004 or later. Biacore does not expect the impact of the adoption of this accounting standard to be material to its income statement or balance sheet, but will further assess its impact at a later date. See also Note 1 of Notes to Financial Statements. See Note 23 of Notes to Financial Statements regarding generally accepted accounting principles in the United States, including recently announced changes to United States accounting and disclosure requirements.

B. LIQUIDITY AND CAPITAL RESOURCES Biacore's balance of liquid funds was SEK 220.8 million at December 31, 2001 and SEK 351.6 million at December 31, 2002. Of liquid funds, SEK 90.9 million at December 31, 2001 and SEK 182.8 million at December 31, 2002 consisted of cash and cash equivalents as defined under U.S. GAAP. See Note 23 of Notes to Financial Statements for a further discussion of cash and cash equivalents according to U.S. GAAP. For a description of Biacore's liquid funds and related treasury policies, see Notes 12, 18 and 19 of Notes to Financial Statements. At December 31, 2002, Biacore had only SEK 4.3 million in financial debt, and no other interest-bearing debt or borrowing commitments from external sources. There is currently no significant seasonality in borrowing requirements. The current financial debt is related to regional development support received in Switzerland. Net cash provided by operating activities has been between SEK 18 million and SEK 164 million over the past three years, with variations mainly being due to the timing of sales and payments of sales and expenses around year-ends, and changes in income before write-downs. Transactions and balances with Pfizer (Pharmacia) are specified in Note 2 of Notes to Financial Statements. Net cash used in investing activities were SEK 64.3 million in 2000, SEK 65.3 million in 2001 and SEK 37.1 million in 2002. Investments in intangible assets amounted to SEK 0 million, SEK 57.5 million and SEK 7.0 million in 2000, 2001 and 2002, respectively. Of the amount in 2001, USD 5 million (SEK 53.6 million) related to the acquisition of a license from Axiom Biotechnologies Inc. ("Axiom") and the amount in 2002 mainly related to capitalized research and development (see Notes 1 and 5 of Notes to Financial Statements). There was no investment in property in 2000. In 2001, SEK 8.6 million was invested in further offices in Uppsala. In 2002, SEK 16.7 million was invested in buildings, mainly a storage and logistics unit in Uppsala. Purchases of machinery and equipment were SEK 14.2 million in 2000, SEK 31.4 million in 2001 and SEK 15.1 million in 2002. The increase in purchases of machinery and equipment in 2001 was due to Biacore's expansion and capital expenditure on buildings. In 2000, investments also included SEK 0.8 million in payments for the acquisition of the Japanese sales operation. In 2000, Biacore invested SEK 50.8 million in a number of technology ventures related to Biacore's business. These investments included SEK 36.7 million in shares in Axiom, a further SEK 10.2 million in shares in Bioreason Inc. and SEK 3.9 million in a convertible loan to XenoSense Ltd. In 2001, there was no purchase of long-term investments. USD 3 million was received in 2001 for the sale of 1,000,000 shares in Axiom to Axiom. The two transactions with Axiom in 2001 referred to in this subsection were negotiated simultaneously and the payments of USD 5 million to Axiom and USD 3 million from Axiom were netted. The acquisition and consolidation of XenoSense is described in Note 21 of Notes to Financial Statements, and led to SEK 1.6 million in higher liquid funds in the Biacore Group balance sheet in 2002.

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Due to the classification of marketable securities with more than 3 months until maturity at the day of acquisition as investing activities under U.S. GAAP, net cash used in investing activities was SEK 70.9 million lower in 2000, SEK 1.6 million higher in 2001 and SEK 33.9 million higher in 2002 under U.S. GAAP as compared with Swedish GAAP. See also Note 23 of Notes to Financial Statements. Net cash provided by (used in) financing activities was SEK -7.9 million in 2000, SEK 0.0 million in 2001 and SEK 4.2 million in 2002. The items relate to a temporary interest-bearing loan in a subsidiary and regional development support. Biacore has a tax loss carry-forward in Japan amounting to approximately SEK 40.0 million (see Note 4 of Notes to Financial Statements). There have not been, are not currently and are not within the foreseeable future expected to be any or only limited restrictions on the ability of subsidiaries to transfer funds to the parent company in the form of cash dividends, loans or advances. Biacore's use of financial instruments for hedging purposes is described in Item 11 "Quantitative and Qualitative Disclosures About Market Risk." At December 31, 2002, there was no material commitment for capital expenditure. The working capital of Biacore is sufficient for its present requirements. However, Biacore may make further significant investments, e.g. in connection with potential acquisitions in new market areas, the development and acquisition of complementary technology and intellectual property, expansion of facilities in Uppsala or elsewhere, and the development of its sales infrastructure both organically and through the acquisition of direct control over distribution in certain geographic markets. To the extent that its existing financial resources are deemed to be insufficient to meet Biacore's capital needs, Biacore intends to seek additional debt and/or equity financing to capitalize on these opportunities.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC Although Biacore has a number of research and development collaborations with other entities, virtually all research and development expenses relate to company-sponsored activities. Total research and development expenses for each of the years in the three-year period ending December 31, 2002 are stated in the Income Statement in the Financial Statements. In addition, SEK 5.0 million of research and development was recorded as capitalized product development in the balance sheet in 2002. For a description of Biacore's research and development activities, see Item 4B "Business Overview", Item 5A "Operating Results" and Notes 1 and 5 of Notes to Financial Statements. See also Item 3D "Risk Factors."

D. TREND INFORMATION See Item 5A "Operating Results", Item 5B "Liquidity and Capital Resources" and Note 22 of Notes to Financial Statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS Biacore currently has the following directors: Lars-Goran Andren. Born 1943, Non-Executive Chairman of the Board since January 2002. Executive Chairman and Chief Executive Officer between 2000 and 2001. Director, President and CEO between 1992 and 2000. Formerly Group Vice President, Corporate Development, at Kabi Pharmacia AB. Director of Medivir AB. M.Sc. Chem. Eng., Chalmers University of Technology, Gothenburg, Sweden. Donald R. Parfet. Born 1952. Deputy Chairman of the Board since 2000. Chairman of the Board between 1996 and 2000. Executive President Apjohn Group LLC. Director of Bronson Health Care Group, Kalamazoo College, MPI Research Inc., SenseGene Therapeutics Inc. and W.E. Upjohn Institute. Former Senior Vice President, Associated Businesses of Pharmacia. MBA, University of Michigan, United States. Gordon Edge. Born 1937. Director since 1993, Chairman and founder of the Generics Group AG, a U.K. listed technology consulting, business development and investment firm. Trustee, Treasurer and Council Member of the Royal Society of Arts and Sciences. Chairman of Cambridge University-MIT Advisory Board. Associate Professor at the University of Bath, United Kingdom. Advisory Board member of EPFL, Lausanne, and the Entrepreneurship Center, University of Pennsylvania. Director of Applied NanoSystems BV, ETech AG and Quantum Beam Ltd. D.Tech., M.I.E.E., C.Eng., CBE, Member of IVA. Tom Erixon. Born 1960. Director since 1999. Group Vice President of Corporate Business Development and IT at Sandvik AB. Director of Seco Tools AB. Between 1988 and 2001 active within the Boston Consulting Group and Managing Partner in Denmark between 1998 and 2001. Master of Laws, Lund University, Sweden and MBA from IESE, Barcelona, Spain. Ulf Jonsson. Born 1953. Chief Executive Officer since January 2002. Director and President since 2000. Executive Vice President and Chief Scientific Officer between 1998 and 2000. Former Head of Project Management and Marketing Director at Pharmacia Biotech. Ph.D. in Applied Physics and M.Sc. in Physics and Electronics at Linkoping University, Sweden. Magnus Lundberg. Born 1956. Director since 2002. Executive President of Pharmacia Diagnostics. Chairman of the Board of Allergon AB. Director of Aerocrine AB, Onyx Inc., Sweden Biotechnology Industry Organization and Uppsvenska Handelskammaren. Former Vice President of Chiron Corp. Active within the Pharmacia group between 1981 and 1996. M.Sc. in biochemistry and biology, Abo Akademi, Finland. Mats Pettersson. Born 1945. Director since 2000. Chief Executive Officer of Biovitrum from 2001. Director of Lundbeck A/S and Sweden Biotechnology Industry

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Organization. Former Senior Vice President, Mergers & Acquisitions of Pharmacia Corporation. Active within the Pharmacia Group between 1976 and 2001. MBA, Gothenburg School of Economics, Sweden. Marc Van Regenmortel. Born 1934. Director since 1995. Chairman of the International Committee on Taxonomy of Viruses. Director of Entomed Ltd., Kalmar Biotechnology and Pepsan Ltd. Emeritus director at the Biotechnology School of the University of Strasbourg, France. Former Secretary General of the International Union of Microbiological Societies. Ph.D., University of Cape Town, South Africa. Anna Hansson. Born 1964. Director (employee representative) since 2000. B.Sc. in Organic Chemistry, Uppsala University, Sweden. Employed since 1987. Markku Hamalainen. Born 1958. Director (employee representative) since 2000. Ph.D. in Chemometrics, Agricultural University of Sweden. Employed since 1993. Eva-Lotta Hedstrom. Born 1960. Deputy Director (employee representative) from May 2002. Hans Sjobom. Born 1968. Deputy Director (employee representative) since 2000. George Van der Veer. Born 1948. Deputy Director (employee representative) to May 2002. SENIOR MANAGEMENT The Executive Management Group of Biacore currently consists of: Ulf Jonsson, Born 1953. Chief Executive Officer since 2002 and President since 2000. See also Item 6A "Directors and Senior Management - Directors." Lars-Olov Forslund, born 1952. Executive Vice President and Chief Financial Officer since 1997. Former CFO at the Nordic steel group Fundia AB. MBA, Uppsala University, Sweden. Anders Svenberg. Born 1956. Executive Vice President and Head of Human Resources since 2000. Former Vice President of Human Resources at Pharmacia & Upjohn, Sweden. Master of Laws, Stockholm University, Sweden. B. COMPENSATION Non-executive board members do not receive stock options or other compensation, except for the board fee and normal remuneration to employee representatives. Senior management participate in stock option plans subject to limitations decided by shareholders' meetings and applied by the board of directors of Biacore. Non-executive board members, except for employee representatives, do not participate in any bonus plan. Senior management do participate in bonus plans. Bonuses are calculated as a proportion of base salaries and depend on group business performance and achievement of individual objectives. See also Note 20 of Notes to Financial Statements, where information on compensation reflects compensation accrued. C. BOARD PRACTICES Directors are elected for a period until the next Annual General Meeting of shareholders. Any Extra General Meeting of shareholders may, effective immediately, end the term of or elect new directors. Apart from notice periods and severance payments disclosed in Note 20 of Notes to Financial Statements, there are no terms of office for senior management. The period during which Directors and senior managers have served is disclosed in Item 6A "Directors and Senior Management." Employee representatives have normal termination and pension benefits. Among other directors, only two, the former Executive Chairman of the Board, and the current President and Chief Executive Officer, have service contracts with Biacore providing for benefits upon termination of employment, see Note 20 of Notes to Financial Statements. As permitted by Swedish and United States laws and regulations and the Company's agreement with the Nasdaq Stock Market, the Company has no audit committee as defined by United States laws and regulations. Similar duties are handled by the company's shareholders' meetings and Board of Directors. Biacore has had no compensation committee before 2003 (see Note 20 of Notes to Financial Statements). Corresponding functions were handled by the Shareholders' Meetings and the Board of Directors of Biacore. The current members of the compensation committee are Lars-Goran Andren, Gordon Edge and Tom Erixon. D. EMPLOYEES At year-end 2002, Biacore had 325 permanent employees, an increase of 37 people from 2001. The following table shows the number of employees at year-end broken down by main category of activity:

Function	2002	2001	2000
Production	41	37	27
Marketing	143	128	110
Management	32	30	22
Research and development	109	93	69
Number of employees at year end	325	288	228

The number of employees has continued to grow, notably in the research and development and marketing areas. The increase in the number of employees in research and development is partly related to the SPR array project. Biacore's marketing function has been expanded in all regions, notably in the United States. The sophistication of Biacore's products and the advanced research and development activities conducted place high demands on Biacore to recruit and retain highly educated and competent employees. Of the 325 Biacore employees at year-end 2002, 40 held a Ph.D. degree. A further 145 held a bachelor's or higher degree, and 68 had other forms of tertiary education. These highly skilled people are from a large number of disciplines, bringing to Biacore the broad base of knowledge that is needed to develop, produce and market Biacore(r) systems and other products and services. Biacore's research and development team encompasses people highly skilled in biology, chemistry, physics, mechanics, electronics and software programming. Biacore believes that its labor relations are good. See also Item 3D "Risk Factors - Key Personnel," Item 3D "Risk Factors - Ability to Attract and Retain Skilled Staff," Item 4B "Business Overview" and Note 20 of Notes to Financial Statements. E. SHARE OWNERSHIP The

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ownership of shares in Biacore at December 31, 2002 among the Directors of the Board and other members of senior management is presented in the table below. Name Function Shares (1) Options Lars-Goran Andren Chairman of the Board 2,281 47,000 Donald R. Parfet Deputy Chairman of the Board 24,500 - Gordon Edge Director - - Tom Erixon Director - - Ulf Jonsson Director, Chief Executive Officer and President 1,100 33,000 Magnus Lundberg Director from May 2002 - - Mats Pettersson Director 100 - Marc Van Regenmortel Director 400 - Anna Hansson Director (employee representative) - 1,500 Markku Hamalainen Director (employee representative) 281 3,000 Eva-Lotta Hedstrom Deputy Director from May 2002 (employee representative) - 500 Hans Sjobom Deputy Director (employee representative) 46 2,750 George Van der Veer Deputy Director to May 2002 (employee representative) N/a N/a Lars-Olov Forslund Executive Vice President and Chief Financial Officer - 20,000 Anders Svenberg Executive Vice President and Head of Human Resources - 20,000 (1) Each of these holdings represents less than 1% of the total number of shares. Certain other information on stock options granted to employees is presented in Note 20 of Notes to Financial Statements. ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS A.

MAJOR SHAREHOLDERS The following table sets forth, as at December 31, 2002, the total number of Ordinary Shares owned by each shareholder whose ownership of Ordinary Shares exceeds 5% of the ordinary shares issued and outstanding on such date. Title of class Identity of person or group Amount owned Percent of class Ordinary Shares Pharmacia AB (Pfizer) 4,000,000 41.0% Excluding changes in shareholdings in Biacore below the 5% level, and based mainly on statistics of shareholdings in Biacore at December 31, 1999, 2000, 2001 and 2002, Biacore knows of no significant change in the ownership of Biacore during the three-year period between 2000 and 2002 or after December 31, 2002, apart from the merger between Pfizer Inc. and Pharmacia Corporation (Parent company of Pharmacia AB) on April 16, 2003. All shares carry equal voting rights. According to records available or partly available to Biacore, at December 31, 2002, approximately 3% of the holders of Ordinary Shares, including the Ordinary Shares represented by American Depositary Shares, holding approximately 8% of the total number of Ordinary Shares, were registered in names with addresses in the United States. To the extent known to Biacore, no entity or natural person owns a majority of or controls Biacore. B. RELATED PARTY TRANSACTIONS See Item 3D "Risk Factors," 4B "Business Overview - Geographical Markets and Marketing Organization" and Notes 2 and 20 of Notes to Financial Statements. C. INTERESTS OF EXPERTS AND COUNSEL Not applicable. ITEM 8.

FINANCIAL INFORMATION A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION See also the Financial Statements. EXPORTS Total export sales from Sweden in 2002 was SEK 423.3 million. See also Note 17 of Notes to Financial Statements. LEGAL OR ARBITRATION PROCEEDINGS For a description of a legal proceeding brought by Biacore against Thermo BioAnalysis Corp. for patent infringement, see Item 5A "Operating Results - Year Ended December 31, 2002 Compared with 2001 - Other Operating Income." Biacore is not a party to, and is not aware of, any significant current, pending or contemplated legal or arbitration proceeding involving any material claim against it. DIVIDENDS According to the Swedish Companies Act, dividends are decided by the General Meetings of shareholders, and Biacore has no predetermined policy on dividend distributions. Before 2003, Biacore International AB never declared or paid any dividend. For the financial year 2002, the Board of Directors of Biacore stated that "Reflecting Biacore's continued strong cash flow, the Board will recommend to the Annual General Meeting that the Company begins to pay dividends to its shareholders. For the financial year 2002 the Board will recommend a dividend payment of SEK 3.00 per share." The Annual General Meeting held on May 8, 2003 decided in accordance with the recommendation of the Board of Directors and the dividend was paid on May 16, 2003. B. SIGNIFICANT CHANGES See Note 22 of Notes to Financial Statements. ITEM 9. THE [OFFER AND] LISTING A. [OFFER AND] LISTING DETAILS The Ordinary Shares are listed for trading in the form of American Depositary Shares on Nasdaq National Market and in the form of Ordinary Shares on the Attract 40 section of the O-list of the Stockholm Stock Exchange. The principal trading market for the Ordinary Shares is the Stockholm Stock Exchange. Biacore shares were traded on 248 of the 250 trading days on the Stockholm Stock Exchange, and on 197 of 253 trading days on Nasdaq. The combined turnover rate was 156%, 46% and 41% for the years ending December 31, 2000, 2001 and 2002, respectively. Average volumes per trading day and trading market are presented in the following table. Average daily volume Year ended December 31 2002 2001 2000 Stockholm Stock Exchange 13,600 16,500 55,900 Nasdaq National Market 2,300 1,400 4,600 The following are yearly, quarterly and monthly high, low and last paid sales prices of the American Depositary Shares on Nasdaq and the Ordinary Shares on the Stockholm Stock Exchange. Nasdaq (USD) Stockholm Stock Exchange (SEK) High (1) Low (1) Period end High Low Period end 1998 11.75 5.25 10.50 91.0 40.0 85.0 1999 11.88 7.25 9.75 96.5 59.0 78.0 2000 45.34 9.00 45.34 460.0 71.0

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430.0 2001 43.00 19.00 32.00 435.0 191.0 340.0 2002 32.75 11.95 22.40 340.0 113.0 184.0 2001Q1 43.00 28.00 28.00 425.0 295.0 310.0 2001Q2 42.00 28.00 35.31 435.0 290.0 405.0 2001Q3 39.00 19.00 23.25 425.0 191.0 245.0 2001Q4 32.25 21.00 32.00 343.0 215.0 340.0 2002Q1 32.75 22.05 23.71 340.0 232.0 255.0 2002Q2 27.80 22.40 27.12 285.0 218.0 254.5 2002Q3 28.04 11.95 11.95 256.0 113.0 119.5 2002Q4 24.74 11.95 22.40 229.5 115.5 184.0 2003Q1 23.00 19.01 21.20 198.0 156.0 167.5 2002, Dec. 22.75 21.50 22.40 206.0 174.5 184.0 2003, Jan. 23.00 20.99 21.30 198.0 175.0 180.0 2003, Feb. 22.01 19.49 19.49 187.0 156.0 166.0 2003, Mar. 21.20 19.01 21.20 174.5 163.0 167.5 2003, Apr. 24.03 19.50 24.03 199.0 160.0 196.0 2003, May 24.92 19.65 22.69 200.0 142.0 180.0 (1) Based on the last share price paid each day. B. PLAN OF DISTRIBUTION Not applicable. C. MARKETS See Item 9A "[Offer and] Listing Details." D. SELLING SHAREHOLDERS Not applicable. E. DILUTION Not applicable. F. EXPENSES OF THE ISSUE Not applicable. ITEM 10. ADDITIONAL INFORMATION A. SHARE CAPITAL Not applicable. B. MEMORANDUM AND ARTICLES OF ASSOCIATION There are currently no limitations, either under the laws of Sweden or in the articles of association of Biacore, on the rights of non-residents to hold or vote Ordinary Shares. See also "Dividends and Dividend Policy" and "Description of Ordinary Shares" in Form F-1 dated November 6, 1996, as amended, and Appendix to Form 20-F for the financial year ended December 31, 1999. C. MATERIAL CONTRACTS During the two years immediately preceding filing of this document, Biacore has been a party to one contract which management believes is material and which has not been entered in the ordinary course of business or disclosed in Notes 20 or 22 of Notes to Financial Statements. That contract was dated March 14, 1997, was filed as an exhibit to Biacore's 1996 Form 20-F and concerns the acquisition of the Japanese sales operation from Pfizer (Pharmacia), see Note 5 of Notes to Financial Statements. The parties to the contract were Biacore AB, Biacore KK and Amersham Biosciences KK. D. EXCHANGE CONTROLS There are currently no Swedish foreign exchange control restrictions on the conduct of Biacore's operations or affecting the remittance of dividends on unrestricted shareholders' equity. E. TAXATION General The following is a summary of certain United States federal income and Swedish tax consequences of the ownership of Ordinary Shares or ADSs by an investor that holds such Ordinary Shares or ADSs as capital assets for tax purposes. This summary does not purport to address all material tax consequences of the ownership of Ordinary Shares or ADSs, and does not take into account the specific circumstances of particular investors (such as tax-exempt entities, certain insurance companies, dealers in securities or currencies, traders in securities that elect to mark to market, investors liable for alternative minimum tax, investors that actually or constructively own 10% or more of the voting stock of Biacore, investors that hold Ordinary Shares or ADSs as part of a straddle or a hedging or conversion transaction or investors whose functional currency is not the U.S. dollar), some of which may be subject to special rules. This summary is based on the tax laws of the United States (including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions) and the laws of Sweden all as currently in effect, as well as on the Convention between the United States and Sweden with respect to Taxes on Income (the "Income Tax Treaty") and the Convention between the United States and Sweden with respect to Taxes on Estate Inheritances and Gifts (the "Estate Tax Treaty"). These laws are subject to change, possibly on a retroactive basis. In addition, the summary is based in part upon the representations of the Depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms. For purposes of this discussion, a "U.S. Holder" is any beneficial owner of Ordinary Shares or ADSs that is (1) a citizen or resident of the United States, (2) a domestic corporation, (3) an estate the income of which is subject to United States federal income tax without regard to its source or (4) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. The discussion does not address any aspects of United States taxation other than federal income taxation or any aspects of Swedish taxation other than income tax, capital tax and gift and inheritance taxation. Prospective investors are urged to consult their tax advisors regarding the United States federal, state and local and Swedish and other tax consequences of owning and disposing of Ordinary Shares and ADSs. In particular, prospective investors are urged to consult with their tax advisors whether they are eligible for the benefits of the Income Tax Treaty and Estate Tax Treaty. In general, and taking into account the earlier assumptions, for United States federal income and Swedish tax purposes, holders of ADRs evidencing ADSs will be treated as the owners of the Ordinary Shares represented by those ADSs, and exchanges of Ordinary Shares for ADSs, and ADSs for Ordinary Shares, will not be subject to United States federal income or to Swedish tax. Taxation of Dividends Swedish Taxation In general, under Swedish tax law, dividends paid by a Swedish corporation such as Biacore to non-residents of Sweden are subject to Swedish

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withholding tax at a rate of 30%. Pursuant to the Income Tax Treaty, however, dividends paid by Biacore to a U.S. Holder will generally be subject to Swedish withholding tax at a reduced rate of 15%, provided that the U.S. Holder is not a resident of Sweden and does not have a permanent establishment or a fixed base in Sweden. U.S. Holders of ADSs or Ordinary Shares may be required to provide documentary evidence that such holder is entitled to the reduced 15% withholding tax rate under the Income Tax Treaty. The Depositary or the Custodian will, to the extent practicable, facilitate all administrative actions necessary to obtain the reduced 15% withholding tax rate at source or obtain refunds of Swedish withholding taxes for U.S. Holders of ADSs. The Securities Register Center (VPC) generally deducts withholding tax on dividends. If the Ordinary Shares are registered with a nominee, the nominee is under a duty to deduct the withholding tax. United States Federal Income Taxation Under the United States federal income tax laws, and subject to the passive foreign investment company ("PFIC") rules discussed below, the gross amount of any dividend paid to a U.S. Holder (before reduction for Swedish withholding taxes) by Biacore out of its current or accumulated earnings and profits (as determined for United States federal income tax purposes) is subject to United States federal income taxation. Dividends paid to a noncorporate U.S. Holder after December 31, 2002 and before January 1, 2009 that constitute qualified dividend income will be taxable to the holder at a maximum tax rate of 15% provided that the Ordinary Shares or ADSs are held for more than 60 days during the 120 day period beginning 60 days before the ex-dividend date and the holder meets other holding period requirements. Dividends paid with respect to the Ordinary Shares or ADSs will be qualified dividend income. The dividend is taxable to the U.S. Holder when it is actually or constructively received by the U.S. Holder, in the case of Ordinary Shares, or by the Depositary, in the case of ADSs. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution includible in income of a U.S. Holder will be the U.S. dollar value of the krona payments made, determined at the spot krona/U.S. dollar rate on the date such dividend distribution is includible in the income of the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible in income to the date such payment is converted into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. Such gain or loss generally will be income from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a return of capital to the extent of the U.S. Holder's basis in the Ordinary Shares or ADSs and thereafter as capital gain. Subject to certain limitations, the Swedish tax withheld in accordance with the Income Tax Treaty and paid over to Sweden will be creditable against the U.S. Holder's United States federal income tax liability. To the extent a refund of the tax withheld is available to a U.S. Holder under the laws of Sweden or under the Income Tax Treaty, the amount of tax withheld that is refundable will not be eligible for credit against the U.S. Holder's United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the maximum 15% tax rate. For foreign tax credit limitation purposes, the dividend will be income from sources without the United States, but generally will be "passive income" (or, in the case of certain holders, "financial services income") which is treated separately from other types of income for purposes of computing the foreign tax credit available to the U.S. Holder. In addition, special rules will apply in determining the foreign tax credit limitation with respect to dividends. Taxation of Capital Gains Swedish Taxation In general, under the Income Tax Treaty, a U.S. Holder will not be subject to Swedish tax on any gains derived from the sale or other disposition of ADSs or Ordinary Shares, provided that the U.S. Holder is not a resident of Sweden and does not have a permanent establishment or a fixed base in Sweden. Special rules may, however, apply to persons whom were residents of Sweden within the ten year period immediately preceding such sale or other disposition. United States Federal Income Taxation Subject to the PFIC rules discussed below, upon a sale or other disposition of Ordinary Shares or ADSs, a U.S. Holder will recognize gain or loss for United States federal income tax purposes in an amount equal to the difference between the U.S. dollar value of the amount realized and the U.S. Holder's tax basis (determined in U.S. dollars) in such Ordinary Shares or ADSs. Capital gain of a noncorporate U.S. Holder that is recognized on or after May 6, 2003 and before January 1, 2009 is generally taxed at a maximum rate of 15% where the property is held for more than one year. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. PFIC rules Biacore believes that Ordinary Shares and ADSs should not be treated as stock of a PFIC for United States federal income tax purposes, but this conclusion is a factual determination

made annually and thus may be subject to change. If Biacore were to be treated as a PFIC, unless a U.S. Holder elects to be taxed annually on a mark-to-market basis with respect to the Ordinary Shares or ADSs, gain realized on the sale or other disposition of Ordinary Shares or ADSs would in general not be treated as capital gain, and a U.S. Holder would be treated as if such holder had realized such gain and certain "excess distributions" ratably over the holder's holding period for the Ordinary Shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. In addition, dividends received from Biacore will not be eligible for the special tax rates applicable to qualified dividend income if Biacore is a PFIC either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income. Transfer and Capital Taxes Currently there are no Swedish transfer or similar taxes imposed on sales of shares. Sweden imposes an annual capital tax (net wealth tax) on individuals resident in Sweden. A U.S. Holder may be regarded as a tax resident of Sweden, and will in such case have to pay capital tax on his net wealth, including ADSs or Ordinary Shares. The Income Tax Treaty will in many cases exempt the U.S. Holder from the capital tax if the U.S. Holder is a resident of the United States in accordance with article 4 of the Income Tax Treaty. Swedish Gift and Inheritance Taxes A transfer of an Ordinary Share or an ADS by gift or by reason of the death of the owner may be subject to Swedish gift or inheritance tax, respectively, with the applicable progressive rates varying from 10% to 30% of the taxable amount (determined after certain deductions), depending on the relationship of the donee or beneficiary to the donor or decedent. Transfers of Ordinary Shares or ADSs would be subject to Swedish inheritance tax if (1) the decedent was resident in Sweden at the time of death, (2) the decedent had his habitual place of abode in Sweden at the time of death, (3) the decedent was a Swedish citizen or (4) if the decedent was married to a Swedish citizen and had emigrated from Sweden within 10 years prior to the death. Transfers of Ordinary Shares or ADSs would be subject to gift tax if (1) the donor is resident in Sweden when the gift is made, (2) the donor has his habitual place of abode in Sweden when the gift is made, (3) the donor is a Swedish citizen, (4) the donor is married to a Swedish citizen and had emigrated from Sweden within 10 years prior to when the gift is made, (5) the donee is a Swedish citizen or (6) either the donor or the donee is a Swedish legal entity. Under the Estate Tax Treaty, the transfer of an ADS or an Ordinary Share by an individual U.S. Holder, by gift or by reason of the death of such holder, will not be subject to Swedish gift or inheritance tax, provided that the U.S. Holder is not a resident of Sweden and the ADS or Ordinary Share does not form part of the business property of a permanent establishment in Sweden or pertain to a fixed base in Sweden used for the performance of independent personal services. In cases where such a transfer is subject to both Swedish inheritance or gift tax and U.S. estate or gift tax, an amount equal to the tax paid to Sweden will be credited against the U.S. tax. Responsibility for Withholding of Tax Biacore does not assume responsibility for withholding of tax. Swedish Regulations concerning withholding tax are generally applied by Swedish paying agents. F. DIVIDENDS AND PAYING AGENTS Not applicable. G. STATEMENTS BY EXPERTS Not applicable. H. DOCUMENTS ON DISPLAY Documents referred to on this Form 20-F may be inspected at Biacore's office at Rapskatan 7, Uppsala, Sweden. It is also possible to read and copy documents referred to in this annual report on Form 20-F that have been filed with the SEC at the SEC's public reference room located at 450 Fifth Street, NW, Washington, D.C. 20549, United States. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges. In addition, all of Biacore's filings and submissions filed or furnished to the SEC on or after November 4, 2002, are available on the SEC's website at www.sec.gov. I. SUBSIDIARY INFORMATION Not applicable. ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK A. FOREIGN CURRENCY RISK Approximately 97%, 99% and 97% of Biacore's sales in 2000, 2001 and 2002, respectively, were derived from customers located outside Sweden and were generally denominated in currencies other than the Swedish krona, including the U.S. dollar, the Japanese yen, the British pound and the euro. Selling operations are conducted through Biacore's own marketing branches in Europe, New Zealand and Australia; subsidiaries in the United States and Japan; and distributors in certain other countries. Production and research and development are mainly carried out in Sweden. Biacore International SA in Switzerland acts as Biacore's head office and commercial center. Because of the proportion of international activity, Biacore's income is exposed to exchange rate fluctuations. Risks of two kinds arise as a result: a transaction risk, that is, the risk that currency fluctuations will have a negative effect on the value of Biacore's cash flows in various currencies; and a translation risk, that is, the risk of adverse currency fluctuations in the translation of foreign operations and foreign assets and liabilities into Swedish kronor for Biacore's financial statements. Because of Biacore's operations in Sweden, Biacore has larger expenses than revenues denominated in Swedish kronor. Similarly,

Biacore has more foreign currency denominated assets than liabilities. As a result, depreciation of the Swedish krona would tend to improve Biacore's operating income margins while appreciation of the Swedish krona would have the opposite effect. The expense for purchases of production inputs from outside Sweden is small. See also Item 3A "Selected Financial Data - Exchange Rates." The primary market risk exposure of Biacore is the exchange of foreign sales revenues from the United States, Japan and the euro region to Swedish kronor. Biacore's net income is also subject to currency gains and losses on certain intercompany receivables and liabilities. Such currency exposure is mainly concentrated to its commercial center in Switzerland, and changes in the currency exchange rates between the Swiss franc and other currencies may materially affect Biacore's net income. It is not possible to hedge against all currency risks to which Biacore is exposed, and fluctuations between local currencies and the Swedish krona may have an adverse effect on Biacore's financial condition and results of operations. In the normal course of business, Biacore seeks to mitigate transaction risk by entering from time to time into forward exchange contracts through which Biacore, in exchange for Swedish kronor, sells forward the major foreign currencies forecast to be received by it in connection with sales outside of Sweden. Biacore has not historically hedged against currency translation risk and does not currently intend to do so in the future. The only derivative financial instruments Biacore uses are forward foreign exchange contracts, which are mainly used to hedge currency risk in sales. For a description of insurance contracts against social security costs on stock options accounted for as a derivative instrument under U.S. GAAP, see Notes 19 and 23 of Notes to Financial Statements. Biacore does not engage in or sell forward contracts for trading purposes. The following table specifies the forward foreign exchange contracts entered by Biacore. As of December 31 2002 2002 2002 2001 2001 2001 2000 2000 2000 000's Con- Con- Esti- Con- Con- Esti- Con- Con- Esti- tractual tractual tractual tractual mated tractual tractual mated amount, amount, fair amount, amount, fair amount, amount, fair local SEK value, local SEK value, local SEK value, currency SEK currency SEK currency SEK USD 11,579 112,383 9,134 5,766 61,474 -357 3,424 31,826 -493 JPY 521,000 40,914 2,130 721,000 61,914 2,588 644,000 58,435 4,437 Other N/a 18,373 82 N/a 14,048 -112 N/a 8,467 -353 Total N/a 171,670 11,346 N/a 137,436 2,119 N/a 98,728 3,591 Sweden is not among those countries whose currencies since January 1, 1999 make up the euro, the main currency of the European Union. ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES Not applicable. PART II ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES None. ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS None. ITEM 15. CONTROLS AND PROCEDURES Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-14(c) within 90 days of the filing date of this annual report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. In designing and evaluating our disclosure controls and procedures, our management, including the Chief Executive Officer and Chief Financial Officer, recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgement in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. There were no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of their most recent evaluation. ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT Not applicable. ITEM 16B. CODE OF ETHICS Not applicable. ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES Not applicable. ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES Not applicable. PART III ITEM 17. FINANCIAL STATEMENTS CONTENTS Report of Independent Accountants Consolidated Income Statements Consolidated Balance Sheets Consolidated Statements of Cash Flows Notes to Financial Statements REPORT OF INDEPENDENT ACCOUNTANTS To the Board of Directors and Shareholders of Biacore International AB: We have audited the accompanying consolidated balance sheets of Biacore International AB and Subsidiaries, collectively "Biacore," (as described in Note 1), as of December 31, 2002, 2001 and 2000, respectively, and the related consolidated income statements and statements of cash flows for each of the three years in the period ended December 31, 2002, all expressed in Swedish kronor. These financial statements are the responsibility of Biacore's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in

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accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Biacore at December 31, 2002, 2001 and 2000, and the results of its operations and cash flows for each of the three years in the period ended December 31, 2002, (on the basis described in Note 1), in conformity with accounting principles generally accepted in Sweden. Accounting principles generally accepted in Sweden vary in certain significant respects from accounting principles generally accepted in the United States. Application of accounting principles generally accepted in the United States would have affected the determination of consolidated net income expressed in Swedish kronor for each of the three years in the period ended December 31, 2002 and the determination of consolidated shareholders' equity and consolidated financial position also expressed in Swedish kronor at December 31, 2002, 2001 and 2000 to the extent summarized in Note 23 to the consolidated financial statements. Stockholm, Sweden March 26, 2003 Goran Tidstrom Sten Hakansson Authorized Public Accountant Authorized Public Accountant PricewaterhouseCoopers AB PricewaterhouseCoopers AB

BIACORE CONSOLIDATED INCOME STATEMENTS (in thousands, except earnings per share) For the years ended December 31 2002 2001 2000 USD SEK SEK SEK Sales 70,633 614,154 543,717 438,820 Cost of goods sold -11,608 -100,930 -99,800 -78,096 Gross profit 59,025 513,224 443,917 360,724 Marketing -22,981 -199,817 -188,696 -147,383 Administration -7,852 -68,271 -86,739 -60,827 Research and development -12,003 -104,370 -104,667 -72,760 Operating foreign currency gains and losses -1,914 -16,644 4,539 3,167 Other operating income 2,413 20,982 742 9 Other operating expenses -1 -10 - - Amortization of goodwill -519 -4,515 -4,964 -4,956 Operating income 16,168 140,579 64,132 77,974 Gain on sale of long-term investments - - 4,605 - Write-downs of long-term investments -3,296 -28,655 - - Interest income 1,168 10,158 9,981 8,411 Interest expense -210 -1,833 -1,055 -1,054 Financial foreign currency gains and losses -2 -16 199 1,326 Other financial income and expenses - - -5 - Financial items, net -2,340 -20,346 13,725 8,683 Income after financial items 13,828 120,233 77,857 86,657 Income taxes -4,611 -40,096 -27,588 -27,536 Minority interest 71 623 - - Net income 9,288 80,760 50,269 59,121 Basic earnings per share 0.95 8.28 5.16 6.06 Diluted earnings per share 0.94 8.20 5.04 6.02 No. of shares, average, thousands 9,750 9,750 9,750 9,750 No. of shares, average, diluted, thousands 9,851 9,851 9,981 9,817 Solely for the convenience of the reader, the 2002 financial statements have been translated into United States Dollars (USD) using the December 31, 2002 Noon Buying Rate of the Federal Reserve Bank of New York of USD 1 = SEK 8.6950. Such translated amounts are unaudited. See accompanying notes to financial statements.

BIACORE CONSOLIDATED BALANCE SHEETS (in thousands) As of December 31 2002 2001 2000 USD SEK SEK SEK **ASSETS** Long-term assets Capitalized product development 583 5,070 - - Goodwill 1,977 17,190 23,589 28,969 Other intangible assets 7,197 62,581 60,717 3,814 Intangible assets 9,757 84,841 84,306 32,783 Buildings 9,113 79,240 59,662 53,025 Land and land improvements 714 6,208 6,246 6,314 Machinery and equipment 3,645 31,692 41,717 24,060 Property, plant and equipment 13,472 117,140 107,625 83,399 Long-term investments 911 7,920 40,470 68,025 Long-term receivables 3,183 27,672 28,681 22,800 Long-term financial assets 4,094 35,592 69,151 90,825 Total long-term assets 27,323 237,573 261,082 207,007 Current assets Inventories 4,998 43,460 29,449 23,152 Accounts receivable 17,974 156,280 179,096 125,507 Other receivables 4,891 42,529 40,499 20,350 Receivables 22,865 198,809 219,595 145,857 Marketable securities 31,448 273,443 184,838 196,688 Cash and bank 8,988 78,146 35,970 71,065 Liquid funds 40,436 351,589 220,808 267,753 Total current assets 68,299 593,858 469,852 436,762 Total assets 95,622 831,431 730,934 643,769 Solely for the convenience of the reader, the 2002 financial statements have been translated into United States Dollars (USD) using the December 31, 2002 Noon Buying Rate of the Federal Reserve Bank of New York of USD 1 = SEK 8.6950. Such translated amounts are unaudited. See accompanying notes to financial statements.

BIACORE CONSOLIDATED BALANCE SHEETS (in thousands) As of December 31 2002 2001 2000 USD SEK SEK SEK **SHAREHOLDERS' EQUITY AND LIABILITIES** Shareholders' equity Share capital 11,213 97,500 97,500 97,500 Restricted reserves 29,201 253,904 245,821 236,831 Restricted shareholders' equity 40,414 351,404 343,321 334,331 Unrestricted reserves 23,291 202,506 175,645 100,679 Net income 9,288 80,760 50,269 59,121 Unrestricted shareholders' equity 32,579 283,266 225,914 159,800 Total shareholders' equity 72,993 634,670 569,235 494,131 Minority interest 98 853 - - Provisions Provision for pensions 3,835 33,347 27,750 24,171

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Provision for long-term deferred taxes 5,571 48,436 34,799 28,113 Provision for short-term deferred taxes - - - 530
Other provisions 186 1,622 1,622 1,622 Total provisions 9,592 83,405 64,171 54,436 Long-term liabilities Long-term
liabilities to credit institutions, 1-5 years 378 3,291 - - Current liabilities Current liabilities to credit institutions 117
1,013 - - Accounts payable 3,004 26,122 26,796 30,431 Income taxes payable 146 1,270 1,865 5,440 Other liabilities
9,294 80,807 68,867 59,331 Total current liabilities 12,561 109,212 97,528 95,202 Total shareholders' equity and
liabilities 95,622 831,431 730,934 643,769 Pledged assets and contingent liabilities Pledged assets None None None
None Contingent liabilities 62 535 4,738 4,370 Solely for the convenience of the reader, the 2002 financial statements
have been translated into United States Dollars (USD) using the December 31, 2002 Noon Buying Rate of the Federal
Reserve Bank of New York of USD 1 = SEK 8.6950. Such translated amounts are unaudited. See accompanying notes
to financial statements. BIACORE CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands) For the
years ended December 31 2002 2002 2001 2000 USD SEK SEK SEK Cash flows from operating activities Net
income 9,288 80,760 50,269 59,121 Less: Depreciation and amortization 2,731 23,743 20,511 19,408 Less: Gain on
sale of long-term investments - - -4,605 - Less: Write-down of long-term investments 3,296 28,655 - - Less: Minority
interest -72 -623 - - Decrease (increase) in long-term deferred tax assets 193 1,680 -5,428 -6,640 Decrease (increase)
in other long-term receivables -77 -671 -453 -409 Decrease (increase) in inventories -1,678 -14,586 -4,478 -2,171
Decrease (increase) in accounts receivable 2,624 22,816 -53,589 -2,804 Decrease (increase) in income tax receivables
-356 -3,096 -496 13,861 Decrease (increase) in current deferred tax assets 155 1,350 -1,658 -265 Decrease (increase)
in other receivables -33 -284 165 -5,188 Increase (decrease) in provision for pensions 644 5,597 3,579 3,169 Increase
(decrease) in provision for long-term deferred taxes 1,568 13,637 6,686 6,071 Increase (decrease) in provision for
short-term deferred taxes - - -530 530 Increase (decrease) in other provisions - - - 122 Increase (decrease) in accounts
payable -78 -674 -3,635 9,751 Increase (decrease) in income taxes payable -68 -595 -3,575 -15,856 Increase
(decrease) in other liabilities 1,373 11,940 9,536 13,681 Other -688 -5,986 6,086 5,905 Net cash flow from operating
activities 18,822 163,663 18,385 98,286 Cash flows from investing activities Acquisition of businesses, net of
payments made and cash in entities acquired 183 1,594 - -764 Purchase of other intangible assets -799 -6,951 -57,511
-15 Purchase of property, plant and equipment -3,653 -31,764 -39,979 -14,236 Proceeds from sale of property, plant
and equipment - - - 1,543 Purchase of long-term investments - - - -50,811 Proceeds from sale of long-term
investments - - 32,160 - Net cash flow from investing activities -4,269 -37,121 -65,330 -64,283 Cash flows from
financing activities Long-term borrowing 459 3,990 - - Short-term borrowing 115 997 - - Repayment of loan -86 -748
- -7,928 Net cash flow from financing activities 488 4,239 - -7,928 Net increase (decrease) in liquid funds 15,041
130,781 -46,945 26,075 Liquid funds at beginning of year 25,395 220,808 267,753 241,678 Liquid funds at end of
year 40,436 351,589 220,808 267,753 Solely for the convenience of the reader, the 2002 financial statements have
been translated into United States Dollars (USD) using the December 31, 2002 Noon Buying Rate of the Federal
Reserve Bank of New York of USD 1 = SEK 8.6950. Such translated amounts are unaudited. See accompanying notes
to financial statements. NOTES TO FINANCIAL STATEMENTS Amounts in these Notes to Financial Statements
are in thousands of Swedish kronor, except per share and other data, unless stated otherwise. 1. ACCOUNTING
POLICIES Basis of Presentation References to "Biacore" or the "Group" in these notes to the financial statements
pertain to Biacore International AB and its subsidiaries in accordance with the description below, unless specifically
indicated otherwise. Biacore develops, manufactures and markets advanced scientific instruments that utilize optical
measurement based on the quantum physical phenomenon of surface plasmon resonance ("SPR") to measure
interactions between biomolecules in scientific research laboratories and in the pharmaceutical, diagnostics,
biotechnology, and food and beverage industries. The accompanying financial statements have been prepared in
accordance with accounting principles generally accepted in Sweden ("Swedish GAAP"). These accounting principles
differ in certain significant respects from accounting principles generally accepted in the United States ("U.S.
GAAP"). See Note 23 for a reconciliation of the principal differences between Swedish GAAP and U.S. GAAP
affecting Biacore's income and shareholders' equity. Consolidation Principles The consolidated financial statements
include the parent company Biacore International AB and all entities in which Biacore International AB, directly or
indirectly, holds more than 50% of the voting rights. All business combinations have been accounted for in
accordance with the purchase method. Companies acquired are included as from the date of acquisition. The effects of
all significant transactions between the consolidated entities have been eliminated. Changes in Accounting Principles
Apart from RR15 Intangible Assets, those new accounting standards from the Swedish Financial Accounting
Standards Council ("Redovisningsradet") which applied as from 2002 did not affect Biacore's income statement or

balance sheet. RR15 Intangible Assets has affected the financial statements. It requires that product development expenses that fulfil certain criteria, but not other research and development expenses, be stated as assets and amortized over their estimated economic life. Prior to 2002, such items were charged to expenses as they occurred. The recording of these items during 2002 is described in Note 5. RR15 is only applied prospectively. Thus, earnings during 2002 and thereafter is not charged with amortization of expenses from periods before January 1, 2002 which would have been stated as assets and amortized if RR15 had been applied in prior years. RR22 Presentation of Financial Statements, RR25 Segment Reporting and RR27 Financial Instruments: Disclosure and Presentation from the Swedish Financial Accounting Standards Council are effective for financial years beginning January 1, 2003 or later. Biacore does not expect the impact of the adoption of these accounting standards to be material to its financial statements. RR29 Employee Benefits is effective for financial years beginning January 1, 2004 or later. Biacore does not expect the impact of the adoption of this accounting standard to be material to its income statement or balance sheet, but will further assess its impact at a later date. Foreign Currency Translation Assets and liabilities of foreign entities are translated at year-end exchange rates to Swedish kronor. Income statements are translated at the average exchange rate for the period. Translation differences that arise are recorded directly in shareholders' equity. Receivables and liabilities denominated in foreign currencies are translated at year-end exchange rates. Unrealized exchange gains and losses are reported in the income statement. Exchange gains and losses on operating assets and liabilities are reported within operating income, while exchange gains and losses on financial assets and liabilities are reported within financial items, net. Research and Development Product development costs relating to projects which the Company can show it can technologically complete and profitably commercialize, and which fulfil certain other criteria listed by the Swedish Financial Accounting Standards Council, are stated as assets and are amortized in accordance with "Amortization and Depreciation" below. Other research and development costs are expensed as incurred. See also "Changes in Accounting Principles" in this Note 1 of Notes to Financial Statements. Other Intangible Assets, and Property, Plant and Equipment Other intangible assets, and property, plant and equipment, excluding land, are recorded at acquisition cost less accumulated amortization and depreciation. Land is recorded at acquisition cost. If there is indication of an impairment of an intangible asset or a property, plant or equipment, then the recoverable cost of the asset is calculated. If the recoverable cost is less than the carrying amount of the asset, a write-down to the recoverable amount is recorded. Long-Term Investments Shares in companies in which Biacore holds less than 20% of the voting rights, and other long-term investments, are carried at cost. The recorded values of long-term investments are written down when impairment in value is other than temporary. Inventories Inventories are accounted for in accordance with the first-in, first-out (FIFO) method. Raw materials and work in progress are valued at the lower of cost or replacement cost, while finished products are valued at the lower of cost or net sales value. Detailed inventory aging reports for all significant inventoried products are maintained and reviewed, and obsolescence is provided for. Liquid Funds Liquid funds include interest-bearing investments with high liquidity and low risk. Treasury bills and commercial paper are accounted for using the amortized cost method. Revenue Recognition Sales are recognized when no significant vendor obligation remains and collection of the resulting receivable is probable, which generally takes place at shipment or delivery as title transfers to the customer. Revenue from maintenance contracts is recognized ratably over the term of the contracts. Unrecognized revenue relating to maintenance contracts is recorded as deferred revenue, which is included in other liabilities in the balance sheet. Warranty Costs Biacore provides, by a current charge to the income statement, an amount it estimates will be needed to cover future warranty obligations for products sold during the year. The accrued liability for warranty costs is included in other provisions in the balance sheet. Employee Stock options At exercise of employee stock options, the exercise price of the options increases the liquid funds and shareholders' equity of the Company. The number of shares is also increased. Prior to exercise, the option plans are disclosed and earnings per share is adjusted to account for the estimated dilutive effect of employee stock options. Social security costs relating to employee stock options are charged to expenses over the option periods. Amortization and Depreciation Amortization and depreciation are calculated using the straight-line method. Such amounts are calculated based on acquisition cost using estimates of economic life. Capitalized product development is amortized over its individually estimated useful life, starting when the respective products are ready for first delivery. Goodwill is amortized over a maximum of 20 years. Goodwill arising from acquisition of sales organizations with established market positions is amortized over 5 to 12 years based on individual assessments. Licenses and patents are amortized over the shorter of their legal life and their individually estimated useful life. Permanent buildings are depreciated over 25 to 50 years, mobile office units 10 years, land

improvements 20 years, installations in buildings up to 20 years and other machinery and equipment over 3 to 10 years. Property, plant and equipment are depreciated from the date the assets are put into service. Foreign Exchange Contracts The only derivative financial instruments Biacore uses are forward foreign exchange contracts, which are mainly used to hedge currency risk in sales. See also Note 23 - Hedge on Social Security Costs of Stock Options. Both gains and losses from hedges of sales are reported in the same period as the corresponding sales. Thus, unrealized gains and losses on forward foreign exchange contracts entered into for purposes of hedging sales are not recognized until the underlying sales are recorded. At hedging of intercompany loans, the loan is reported at the secured value. Any premium is amortized over the period of the hedge and included in interest income. Biacore does not engage in or sell forward contracts for trading purposes. Income Taxes Income taxes include payable and deferred income taxes arising as a result of temporary differences between financial and tax reporting. Deferred income tax liabilities and assets are recorded at the enacted tax rates of the respective countries in accordance with the liability method. Deferred income tax liabilities and assets are offset only for entities within the same tax jurisdiction. A deferred income tax asset is recognized for temporary differences and tax loss carry forwards that are expected to result in deductible amounts in future years. A valuation allowance is recognized if it is more likely than not that some portion or all of the deferred income tax asset will not be realized. Use of Estimates The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

2. RELATED PARTY TRANSACTIONS As a result of its 41% ownership interest, Pfizer is considered to be a related party of Biacore. During 2000 and 2001, Amersham Biosciences is considered to have been a related party of Biacore, as it was at that time 45% owned by Pharmacia. On April 16, 2003, The Pharmacia and Pfizer groups merged. In these related party data, references to Pfizer before January 1, 2003 relate to the Pharmacia Group only. Transactions and balances with related parties are presented in the following table. For the years ended December 31 2002 2001 2000

Sales	15,159	9,548	5,648
Operating expenses	-2,918	-9,726	-7,952
Accounts receivable	5,669	4,538	1,031
Accounts payable	598	1,244	2,221
Net receivable from related parties	5,071	3,294	-1,190

Sales to related parties represent sales to Pfizer (Pharmacia) and, during 2000 and 2001, also to Amersham Biosciences under distributor agreements with Biacore for sales to third parties in Asia. Biacore believes that the pricing and other sales terms provided to related parties have been no less favorable to Biacore than could have been obtained from non-related parties. From Pfizer, Biacore purchases canteen services, employee health care and certain other services. From Amersham Biosciences, Biacore has purchased certain parts and chemicals. Management believes that the costs of these goods and services were reasonable and would not have differed significantly if they had been purchased from unrelated third parties, and that there are alternative suppliers for all of these goods and services. Accounts receivable from related parties represent sales to Pfizer and distribution companies within Amersham Biosciences. Accounts payable to related parties represent goods and services mentioned above purchased from Pfizer and Amersham Biosciences. Items in the consolidated statements of cash flows which relate to transactions with related parties are presented in the following table. For the years ended December 31 2002 2001 2000

Cash flows from operating activities	Decrease (increase) in accounts receivable	-1,131	-3,507	45,542
Increase (decrease) in accounts payable	-646	-977	-4,572	
Cash flows from investing activities	Acquisition of businesses, net of payments made and cash in entities acquired	-	-	-764

As of December 31, 2000 and 2001, Biacore owned approximately 15.8% and 4.5%, respectively, of the shares of Axiom Biotechnologies Inc. In 2001, Biacore acquired, for a consideration of USD 5 million (SEK 53.6 million), a license to certain fluorescent cell-based assay technology from Axiom Biotechnologies Inc. Concurrently, Biacore sold 1,000,000 shares in Axiom Biotechnologies Inc. to Axiom Biotechnologies Inc. for a consideration of USD 3 million. The two transactions were negotiated simultaneously and the net amount of USD 2 million was paid by Biacore to Axiom Biotechnologies in 2001.

3. INTEREST EXPENSE For the years ended December 31 2002 2001 2000

Interest expense on provision for pensions	-1,585	-828	-854
Other interest expenses	-248	-227	-200
Interest expense	-1,833	-1,055	-1,054

4. INCOME TAXES Income after financial items was distributed geographically as follows. For the years ended December 31 2002 2001 2000

Sweden	108,282	66,743	81,350
United States	-622	13,730	17,655
Rest of world	12,573	-2,616	-12,348
Total income after financial items	120,233	77,857	86,657

Income taxes were distributed geographically as presented in the following table. For the years ended December 31 2002 2001 2000

Payable income taxes	Sweden	-26,104	-21,344	-19,527
United States	3,840	-5,662	-6,924	
Rest of world	-2,513	-1,594	-1,486	
Total payable income taxes	-24,777	-28,600	-27,937	
Deferred income taxes	Sweden	-12,751	-824	-4,775
United States				

REMARKS:

-3,733 1,547 581 Rest of world 1,165 289 4,595 Total deferred income taxes -15,319 1,012 401 Total income taxes -40,096 -27,588 -27,536 The principal reasons for the difference between the statutory income tax rate in Sweden and the effective tax rate in relation to income after financial items are set forth in the following table. % For the years ended December 31 2002 2001 2000 Statutory income tax rate 28 28 28 Differences for foreign tax rates -4 4 1 Loss for which no deferred tax asset is recorded - - 1 Taxes related to prior years 1 -2 - Capital losses 7 - - Other nondeductible costs 1 5 3 Deductibility of expenses not previously deductible - - -1 Effective income tax rate 33 35 32

Deferred income taxes reflect the impact of temporary differences between the basis of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The tax effects of temporary differences that give rise to deferred tax assets and liabilities are presented in the following table. As of December 31 2002 2001 2000

	2002	2001	2000
Deferred tax assets	10,851	14,380	11,329
Intercompany profits	16,802	20,081	19,122
Tax loss carryforwards	8,023	-	-
Long-term investments	5,340	4,736	1,620
Other	41,016	39,197	32,071
Total deferred tax assets, gross	31,477	34,507	27,421
Valuation allowance	-9,539	-4,690	-4,602
Netting of deferred tax assets and liabilities	33,728	29,218	25,582
Total deferred tax assets	24,436	34,799	28,691
Deferred tax liabilities	14,708	5,581	2,579
Tax allocation reserve	48,436	34,799	28,691
Other	48,436	34,799	28,643
Total deferred tax liabilities, gross	16,959	292	1,222
Net deferred tax liabilities	16,959	292	1,222

The deferred tax asset from tax loss carryforwards mainly relates to tax loss carryforwards of approximately 39,995 in Japan, of which approximately 7,220 expire in 2003, approximately 15,490 in 2004, approximately 10,620 in 2005, approximately 3,691 in 2006 and approximately 2,974 in 2007. An improved financial performance in Japan, caused by, among other factors, declining amortization of goodwill in the Japanese legal entity, is expected to lead to utilization of almost all of the Japanese tax loss carryforward. The valuation allowance against deferred tax assets mainly relates to deferred taxes on the write-down of long-term investments. The following table summarizes the activity which has been recorded through the valuation allowance accounts. Valuation allowance

	2002	2001	2000
Balance at beginning of period	-4,690	-4,602	-4,006
Changes in tax loss carryforwards not expected to be utilized	2,930	-52	-1,070
Write-downs of long-term investments	-8,023	-	-
Changes in tax rates	244	-36	-38
Currency translation differences	-9,539	-4,690	-4,602
Balance at end of period	-9,539	-4,690	-4,602

No deferred tax liability has been recorded for temporary differences relating to investments in subsidiaries and branch offices as Biacore can control the timing of realization of such temporary differences and it is probable that such realization will not take place within the foreseeable future. The total amount of such temporary differences is approximately 188,904.

5. INTANGIBLE ASSETS

	2002	2001	2000
Capitalized product development	4,994	4,994	4,994
Acquisition	76	76	76
Accumulated Total value amortization	5,070	5,070	5,070
December 31, 2000	-	-	-
December 31, 2001	5,070	5,070	5,070
December 31, 2002	5,070	5,070	5,070

See also Note 1 Changes in Accounting Principles and Amortization and Depreciation.

	2002	2001	2000
Goodwill Acquisition	4,994	4,994	4,994
Accumulated Total value amortization	57,289	28,320	28,969
December 31, 2000	-	-	-
December 31, 2001	57,289	28,320	28,969
December 31, 2002	57,289	28,320	28,969

Amortization -4,964 -4,964 Currency translation differences -1,309 893 -416

	2002	2001	2000
December 31, 2000	55,980	32,391	23,589
December 31, 2001	55,980	32,391	23,589
December 31, 2002	50,991	33,801	17,190

Goodwill relates to the acquisition made during the three-year period between 1997 and 1999 by Biacore's Japanese subsidiary of Amersham Biosciences' Japanese sales operation for Biacore products. It is amortized over the ten-year period between 1997 and 2006. As the goodwill is denominated in Japanese yen, the value in Swedish currency fluctuates with the exchange rate between the Japanese yen and the Swedish krona.

	2002	2001	2000
Other intangible assets Acquisition	6,048	6,048	6,048
Accumulated Total value amortization	-2,234	3,814	57,511
December 31, 2000	-	-	-
December 31, 2001	-2,234	3,814	57,511
December 31, 2002	-2,234	3,814	57,511

Amortization -600 -600 Currency translation differences -11 3 -8

	2002	2001	2000
December 31, 2000	63,548	2,831	60,717
December 31, 2001	63,548	2,831	60,717
December 31, 2002	67,325	4,744	62,581

Amortization -1,955 -1,955 Currency translation differences -19 10 -9

Other intangible assets mainly relate to a license acquired from Axiom Biotechnologies in 2001 for USD 5 million which will be amortized over the shorter of its legal life and its estimated useful life starting in 2003. Patents acquired, which are amortized over 10 years, are also included in other intangible assets.

6. PROPERTY, PLANT AND EQUIPMENT

	2002	2001	2000
Buildings Acquisition	8,604	8,604	8,604
Accumulated Total value depreciation	69,059	9,397	59,662
December 31, 2000	-	-	-
December 31, 2001	69,059	9,397	59,662
December 31, 2002	69,059	9,397	59,662

Capital expenditure 16,688 - 16,688 Reclassification 7,232 -829 6,403 Depreciation -3,580 -3,580 Currency translation differences 92 -25 67

	2002	2001	2000
December 31, 2000	93,071	13,831	79,240
December 31, 2001	93,071	13,831	79,240
December 31, 2002	93,071	13,831	79,240

Land and land improvements Acquisition

	2002	2001	2000
Accumulated Total value depreciation	7,059	745	6,314
December 31, 2000	-	-	-
December 31, 2001	7,059	745	6,314
December 31, 2002	7,059	745	6,314

Depreciation -68 -68

	2002	2001	2000
December 31, 2000	7,059	813	6,246
December 31, 2001	7,059	813	6,246
December 31, 2002	7,059	813	6,246

Depreciation -38 -38

	2002	2001	2000
December 31, 2000	7,059	813	6,246
December 31, 2001	7,059	813	6,246
December 31, 2002	7,059	813	6,246

Machinery and equipment

Acquisition Accumulated Total value depreciation December 31, 2000 86,619 -62,559 24,060 Capital expenditure 31,375 - 31,375 Reclassification -8,026 6,207 -1,819 Depreciation - -12,912 -12,912 Currency translation differences 1,739 -726 1,013 December 31, 2001 111,707 -69,990 41,717 Capital expenditure 15,076 - 15,076 Reclassification -12,851 5,152 -7,699 Depreciation - -13,655 -13,655 Currency translation differences -4,016 269 -3,747 December 31, 2002 109,916 -78,224 31,692 The tax value of real estate in Sweden as of December 31, 2002 was 32,710, of which buildings accounted for 24,910. 7. LONG-TERM INVESTMENTS Name Number of Owner- Acquisition Write-Book Market shares ship, % value downs value value Bioreason, Inc. 755,189 12.1 17,640 -17,640 - N/a Diffchamb AB 261,816 6.9 9,750 -2,681 7,069 7,069 Sequenom, Inc. 53,538 0.1 971 -120 851 851 Total long-term investments 28,361 -20,441 7,920 Long-term investments Acquisition value Write-downs Book value December 31, 2000 68,025 - 68,025 Divestments -27,555 - -27,555 December 31, 2001 40,470 - 40,470 Acquisitions 971 - 971 Write-downs - -28,655 -28,655 Divestments -9,185 8,214 -971 Reclassification -3,895 - -3,895 December 31, 2002 28,361 -20,441 7,920 8. LONG-TERM RECEIVABLES As of December 31 2002 2001 2000 Long-term deferred tax assets 24,076 25,756 20,328 Other long-term receivables 3,596 2,925 2,472 Total long-term receivables 27,672 28,681 22,800 Long-term Other Total deferred long-term tax assets receivables December 31, 2000 20,328 2,472 22,800 Additions 6,143 754 6,897 Deductions -430 -245 -675 Currency translation differences -285 -56 -341 December 31, 2001 25,756 2,925 28,681 Additions 4,644 1,010 5,654 Deductions -1,186 -81 -1,267 Reclassification -3,186 - -3,186 Currency translation differences -1,952 -258 -2,210 December 31, 2002 24,076 3,596 27,672 9. INVENTORIES As of December 31 2002 2001 2000 Raw materials 18,675 4,496 8,230 Work-in-progress 2,991 10,596 1,311 Finished products 19,565 15,137 14,299 Advances to suppliers 3,260 - - Allowance for obsolescence -1,031 -780 -688 Total inventories 43,460 29,449 23,152 Allowance for obsolescence For the years ended December 31 2002 2001 2000 Balance at beginning of period -780 -688 -595 Charged to allowance and expense -315 -2,479 -586 Write-offs and other adjustments 46 2,399 503 Currency translation differences 18 -12 -10 Balance at end of period -1,031 -780 -688 10. ACCOUNTS RECEIVABLE Accounts receivable are presented net of allowances for doubtful accounts. The following table summarizes the activity which has been recorded through the allowance for doubtful accounts. Allowance for doubtful accounts For the years ended December 31 2002 2001 2000 Balance at beginning of period -1,010 -1,768 -1,335 Charged to allowance and expense -700 -11 -487 Recovery - 728 - Write-offs 719 187 160 Currency translation differences 169 -146 -106 Balance at end of period -822 -1,010 -1,768 11. OTHER RECEIVABLES As of December 31 2002 2001 2000 Income tax receivables 4,484 1,388 892 Current deferred tax assets 7,401 8,751 7,093 Prepaid expenses 21,526 21,875 2,218 Other receivables 9,118 8,485 10,147 Total other receivables 42,529 40,499 20,350 At December 31, 2002, prepaid expenses included 15,204 in prepaid insurance premiums relating to social security charges on incentive stock options. 12. MARKETABLE SECURITIES As of December 31 2002 2001 2000 Industry commercial paper 130,913 104,151 104,694 Mortgage commercial paper 107,495 66,681 69,535 Bank deposits 35,035 14,006 - Mortgage bond, short-term - - 22,459 Total marketable securities 273,443 184,838 196,688 All marketable securities relate to borrowers with K-1 credit rating, the best credit rating given by Nordisk Rating for commercial paper, or with corresponding credit rating. All marketable securities as of December 31, 2002 are denominated in SEK and mature during the first six months of the year 2003. At December 31, 2002, the average interest rate was approximately 4%. 13. SHAREHOLDERS' EQUITY The following table summarizes the changes in shareholders' equity for the periods presented. Shareholders' equity For the years ended December 31 2002 2001 2000 Balance at beginning of period 569,235 494,131 429,140 Stock options issued - 18,160 - Currency translation differences -15,325 6,675 5,870 Net income 80,760 50,269 59,121 Balance at end of period 634,670 569,235 494,131 As of December 31, 2000, 2001 and 2002, 9,750,000 shares in Biacore International AB with a nominal value of SEK 10 per share were issued and outstanding. As of December 31, 2002, a further 760,000 shares, which are part of the option program described in Note 20 and of which 696,575 were outstanding at December 31, 2002, were authorized, making a total of 10,510,000 shares authorized. In order to reduce uncertainty regarding the amount of social security taxes to be paid by Biacore relating to incentive stock options issued, 103,000 of the incentive stock options described in Note 20 have been issued to an investment bank. The consideration for these stock options consists of an entitlement to receive compensation from the investment bank for certain such social security taxes and the estimated fair value of this entitlement is charged to income over the terms of the respective stock options. In accordance with the Swedish Companies Act, the distribution of dividends is limited to the lesser of unrestricted shareholders' equity included in either the Biacore Group's or Biacore International AB's balance sheet after proposed transfers to restricted reserves. As a result of Swedish principles for calculating restricted

and unrestricted reserves, Swedish generally accepted accounting principles state that redistribution between restricted and unrestricted reserves should generally not be specified.

14. PROVISION FOR PENSIONS As of December 31

	2002	2001	2000
FPG/PRI pensions	26,747	23,562	21,209
Other plans	6,600	4,188	2,962
Total provision for pensions	33,347	27,750	24,171

Biacore's pension commitments in Sweden are primarily administered through the FPG/PRI system. Accrued pensions are discounted to present value, accrued for and guaranteed by FPG. PRI (Pension Registration Institute) is an organization that administers pensions in Sweden. Biacore participates in a defined benefit pension plan (non-contributory for employees) which covers essentially all employees in its Swedish operation. The FPG/PRI plan forms part of a Swedish secured multiemployer pension plan which is centrally administered. The level of benefits and actuarial assumptions are established jointly for PRI plans, and cannot unilaterally be changed by Biacore. A prerequisite for joining the FPG/PRI system is that a company reports the actuarially calculated pension obligations as a liability in its balance sheet. FPG is an insurance company which guarantees the pensions to the beneficiaries. FPG in turn requires a guarantee. Biacore guarantees to FPG its own FPG/PRI pension obligations. Certain of Biacore's businesses outside Sweden also have retirement plans. Benefits provided under defined benefit pension plans are primarily based on years of service and employee compensation. For international businesses with defined benefit pension plans, Biacore determines the value of accumulated plan benefits and records pension expense in accordance with local requirements. In Germany and Japan, the pension liabilities are generally not funded, but are instead reported within the provision for pensions. Biacore has no significant defined benefit plan in the United States. Annual pension costs for unfunded defined benefit pension plans, including the interest portion, amounted to approximately 3,166, 3,505 and 5,961 for the years ended December 31, 2000, 2001 and 2002, respectively. Interest expense on the Swedish pension liability (FPG/PRI) amounted to 854, 828 and 1,585 for the years ended December 31, 2000, 2001 and 2002, respectively, and is included in interest expense. The Swedish life insurance company Alecta, formerly SPP, has paid a part of a surplus in its pension assets over its pension liabilities to its corporate customers, and announced that such customers may use another part to cover new pension commitments. The amounts relating to Biacore are small.

15. OTHER LIABILITIES As of December 31

	2002	2001	2000
Deferred revenue and customer advances	35,951	23,709	21,543
Payroll taxes and social security costs	12,212	16,078	14,614
Accrued vacation	9,191	7,845	6,301
Other compensation to employees	10,483	9,396	8,736
V.A.T. payable	1,019	2,316	3,727
Other	11,951	9,523	4,410
Total other liabilities	80,807	68,867	59,331

16. COMMITMENTS AND CONTINGENCIES The contingent liability amounting to 535 at December 31, 2002, relates to the maximum liability resulting from the limited mutual secondary liability among FPG's customers for FPG's pension guarantees (see also Note 14). Biacore leases certain office facilities and equipment under various noncancelable operating lease agreements. Expenses for rented and leased assets, including real estate, amounted to 7,033, 9,494 and 12,358 for 2000, 2001 and 2002, respectively. Future lease commitments and rentals under noncancelable leases as of December 31, 2002, are as follows.

	2003	2004	2005	2006	2007	2008 and beyond	Total
Operating leases	12,061	9,732	5,447	4,569	4,470	1,589	37,868

17. GEOGRAPHIC INFORMATION Biacore operates predominantly in a single industry; development, manufacturing and marketing of bio-analytical instrumentation. It is a multinational operation. The Swedish operation includes the parent company legal entity, most research and development, most manufacturing and certain marketing and administrative functions. Biacore's corporate headquarters and commercial center, along with certain manufacturing activities, are located in Switzerland. In the United States and Japan, Biacore has sales subsidiaries. The businesses in France, Germany, the Netherlands, the United Kingdom, Australia and New Zealand are sales branches.

	Year ended December 31, 2002	Year ended December 31, 2001	Year ended December 31, 2000
Germany	31,504	35,439	35,303
Japan	144,223	122,067	96,396
Sweden	18,352	8,018	11,471
United Kingdom	48,902	44,046	39,118
United States	253,422	231,251	174,972
Other	8,011	8,023	6,039
Total	614,154	543,717	438,820

(1) Sales are attributed to countries based on location of customer. (2) Total long-term assets, less long-term investments and long-term deferred tax assets.

18. CONCENTRATIONS OF RISK Items in the balance sheet that potentially subject Biacore to concentration of credit risk, consist primarily of cash and bank, marketable securities and accounts receivable. In accordance with its treasury policy, Biacore places its cash and bank with high credit quality institutions in order to limit the degree of credit exposure, see Note 12 of Notes to Financial Statements. Treasury activities are controlled based on the treasury policy and an authorization manual approved by the Board. The policy does not limit treasury activities to any stated currency, although at December 31, 2002, all marketable securities were denominated in SEK. Concentrations of credit risk with respect to accounts

REMARKS:

receivable are limited, due to the large number of customers comprising Biacore's customer base and their dispersion across many different geographic areas. In 2000, 2001 and 2002, no single customer accounted for 10% or more of Biacore's revenues. Approximately 55% of Biacore's products in 2000, 2001 and 2002 were sold to academic or government research laboratories, private research foundations and other institutions, the funding of which may depend on grants from government agencies. Research funding by governments is subject to significant political risk, and government budgets for research funding may be subject to general political trends, calling for reduced governmental expenditures. Any reduction in governmental funding for research or any deferral of the availability of such funding may materially affect the ability of Biacore's prospective customers to acquire Biacore's products. Although Biacore has operated largely on a stand-alone basis in recent years, certain members of management were previously associated with Pfizer (or its predecessors). Approximately 97%, 99% and 97% of Biacore's sales in 2000, 2001 and 2002, respectively, were derived from customers located outside Sweden and were generally denominated in currencies other than the Swedish krona, including the U.S. dollar, Japanese yen, British pound and the euro. Production is mainly carried out in Sweden. Biacore has larger expenses than revenues denominated in Swedish kronor, and more foreign currency denominated assets than liabilities. Depreciation of the Swedish krona would tend to improve Biacore's operating income margins while appreciation of the Swedish krona would have the opposite effect. The primary market risk exposure of Biacore is the exchange of foreign sales revenues from the United States, Japan and the euro region to Swedish kronor. It is not possible to hedge against all currency risks to which Biacore is exposed, and fluctuations between local currencies and the Swedish krona may have an adverse effect on Biacore's financial condition and results of operations. In the normal course of business, Biacore seeks to mitigate transaction risk by entering from time to time into forward exchange contracts through which Biacore, in exchange for Swedish kronor, sells forward the major foreign currencies forecast to be received by it in connection with sales outside of Sweden. Biacore has not historically hedged against currency translation risk (the translation of financial statements of foreign subsidiaries and branches into Swedish kronor) and does not currently intend to do so in the future. For a specification of forward foreign exchange contracts entered, see Note 19. Sweden is not among those countries whose currencies since January 1, 1999 make up the euro currency.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following information is presented in accordance with SFAS No. 107, "Disclosures about Fair Value of Financial Instruments." This accounting standard requires disclosure about estimated fair values of financial instruments. As of December 31 2002 2001 2000

	Carrying value	Estimated fair value	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Long-term investments	7,920	7,920	40,470	39,622	68,025	65,868
Marketable securities	273,443	273,443	184,838	184,838	196,688	196,688
Liabilities to credit institutions	4,304	4,304	-	-	-	-
Derivative financial instruments held or issued for purposes other than trading:						
Forward foreign exchange contracts	777	11,346	297	2,119	2,831	3,591
Hedge contract relating to social security costs	15,204	5,145	17,656	17,656	-	-

For certain financial instruments, including accounts receivable, cash and bank, accounts payable and other current assets and liabilities, the carrying amounts approximate fair value because of their short maturity, low general interest rate levels and moderate interest rate fluctuations. The fair value of marketable securities is based on quoted market prices. The fair value of long-term investments is based on the quoted market value where available (Diffchamb and Sequenom). Other long-term investments, which relate to equity instruments in a privately held company, are included in estimated fair values at its book value of 0. Management believes that the fair value of long-term investments is difficult to estimate but that the book values of non-listed long-term investments approximate their fair value. The methods and assumptions used to estimate the fair value of forward foreign exchange contracts is the amount that Biacore would receive or pay to terminate the contracts, based upon estimates obtained from external counterparties. The fair value of the hedge contract against social security costs on stock options is calculated using the Black & Scholes option pricing model. The following table summarizes the contractual amounts and fair values of forward foreign exchange contracts entered for purposes other than trading and outstanding at December 31, 2000, 2001 and 2002 (contractual amounts are translated to Swedish kronor using forward rates). As of December 31 2002 2002 2002 2001 2001 2001 2000 2000 2000 000's Con- Con- Esti- Con- Con- Esti- Con- Con- Esti- tractual tractual mated tractual tractual mated amount, amount, fair amount, amount, fair amount, amount, fair local SEK value, local SEK value, local SEK value, currency SEK currency SEK currency SEK USD 11,579 112,383 9,134 5,766 61,474 -357 3,424 31,826 -493 JPY 521,000 40,914 2,130 721,000 61,914 2,588 644,000 58,435 4,437 Other N/a 18,373 82 N/a 14,048 -112 N/a 8,467 -353 Total N/a 171,670 11,346 N/a 137,436 2,119 N/a 98,728 3,591 All forward exchange contracts outstanding at December 31, 2002 expire during the year 2003.

20. PERSONNEL For the

years ended December 31 2002 2001 2000 Wages, salaries and other remuneration Boards of Directors, Presidents and Executive Vice Presidents (1)(2) 16,727 18,927 14,882 Other employees 158,362 137,010 97,837 Pensions and other social security costs (3)(4) 59,016 61,509 47,127 Total 234,105 217,446 159,846 (1) Of which 3,276, 5,335 and 2,562 related to bonuses for the years 2000, 2001 and 2002, respectively. (2) The amounts relate to officers in all group companies. (3) Of which 14,156, 30,477 and 23,723 related to total pension expenses in 2000, 2001 and 2002, respectively. (4) Of which 7,764, 19,354 and 8,550 related to pension expenses for Boards of Directors, Presidents and Executive Vice Presidents in 2000, 2001 and 2002, respectively. For the years ended December 31 2002 2001 2000

Australia Average number of employees 2 2 2 Of whom, women - - 1 Wages, salaries and other remuneration 1,571 789 729 France Average number of employees 7 6 8 Of whom, women 2 2 2 Wages, salaries and other remuneration 3,467 3,915 3,833 Germany Average number of employees 13 12 11 Of whom, women 6 4 4 Wages, salaries and other remuneration 9,388 7,226 5,607 Japan Average number of employees 27 24 23 Of whom, women 11 7 7 Wages, salaries and other remuneration 21,508 17,320 15,616 Of which to Board of Directors, President and Executive Vice Presidents 3,664 3,955 3,827 Of which bonuses 876 1,047 1,048 Netherlands Average number of employees 3 4 2 Of whom, women 1 2 1 Wages, salaries and other remuneration 1,771 1,598 983 New Zealand Average number of employees 1 1 1 Of whom, women - - - Wages, salaries and other remuneration 2,326 1,323 813 Sweden Average number of employees 184 165 126 Of whom, women 67 60 40 Wages, salaries and other remuneration 68,874 67,454 49,983 Of which to Boards of Directors, President and Executive Vice Presidents 2,401 5,967 5,446 Of which bonuses -128 1,122 480 Switzerland Average number of employees 10 3 1 Of whom, women 2 1 - Wages, salaries and other remuneration 13,404 8,173 2,823 Of which to Board of Directors, President and Executive Vice Presidents 8,435 5,821 2,823 Of which bonuses 1,814 2,254 1,086 United Kingdom Average number of employees 20 12 10 Of whom, women 8 6 5 Wages, salaries and other remuneration 13,559 11,571 7,129 United States Average number of employees 52 40 28 Of whom, women 23 15 11 Wages, salaries and other remuneration 39,221 36,568 25,203 Of which to Boards of Directors, President and Executive Vice Presidents 2,227 3,184 2,786 Of which bonuses - 912 662 Total Average number of employees 319 269 212 Of whom, women 120 97 71 Wages, salaries and other remuneration 175,089 155,937 112,719 Of which to Boards of Directors, Presidents and Executive Vice Presidents 16,727 18,927 14,882 Of which bonuses 2,562 5,335 3,276

Biacore aims to provide employment terms and conditions that are competitive within its industry. Compensation and benefits aim to reward accountability, impact on business operations, professional qualifications, experience, performance and achievement of financial and other business objectives. Employment terms and conditions are also affected by regulations, customs and other local factors. Bonuses within Biacore are calculated based on the achievement of pre-set financial and other business-related objectives of the Company or parts thereof. The Annual General Meeting of Shareholders decides the remuneration of the Board of Directors. There is no extra compensation for committee duties. Employee Representatives do not receive Board fees. The Board of Directors decides the compensation, benefits and other terms of employment of the President of the Company. The Chairman of the Board and the President have jointly decided the compensation, benefits and other terms of employment of the Executive Vice Presidents. Effective during 2003, the Board of Directors has decided to establish a compensation committee. Its purpose will be to prepare items to be decided by the Board of Directors relating to compensation and benefits to executive management. Remuneration of the Executive Vice Presidents will be decided by the Board of Directors. The total remuneration to members of the Biacore Group's Boards of Directors (other than management) amounted to 1,442, of which 1,392 related to Biacore International AB. Lars-Goran Andren, Chairman of the Board, received 350 as board fee. He also received a bonus of 1,508 and certain other benefits amounting to 74, in relation to his performance as Chief Executive Officer and Executive Chairman of Biacore in 2001. In January 2002, Lars-Goran Andren retired from executive duties under his defined benefit early retirement agreement. Ulf Jonsson, President and from January 2002 also Chief Executive Officer, received a total of 3,131 in salary and other benefits. The President was also awarded a bonus amounting to 563 in the form of a special pension supplement. The bonus is based on the achievement of financial and strategic objectives. The president also received a non-recurring remuneration of 846 in relation to the relocation of the Company's headquarters to Switzerland. The retirement benefits of the president were up to the end of February 2002 based on a defined benefit plan with a retirement age of 60 years. With full pension accrual he would have been entitled to a pension corresponding to 50% of his salary. As from March 2002, he is entitled to retirement benefits under a defined contribution plan calculated on his base salary. In 2002, the Company's contribution was 1,262. The contribution is set to correspond to a pension of 50% of his salary assuming service until the age of 60 years. The retirement age is 60

years. Biacore may terminate the employment of the President on 6 months' prior notice with severance pay equal to 24 months salary and bonus. In case of a major change in the ownership of Biacore, where more than half of the shares are acquired by one party, the President is entitled to severance benefits covering 24 or 30 months. The President is obligated to give 6 months prior notice of his resignation. Upon voluntary resignation, the President is not entitled to any severance benefit. Biacore's two Executive Vice Presidents received aggregate salaries and other benefits of 4,211. Bonuses during 2002 amounted to 523. These were based on the achievement of financial and individual objectives. The Executive Vice Presidents also received an aggregate non-recurring remuneration of 1,547 in relation to the relocation of the Company's headquarters to Switzerland. As from March 2002, the Executive Vice Presidents are entitled to retirement benefits under a defined contribution plan. In 2002, the Company's contribution was 1,209. The contribution is set to correspond to a pension of 50% of salaries assuming service until the age of 60 years. The retirement age is 60 years. For Executive Vice Presidents, Biacore's prior notice for terminating employment is 6 months, with severance pay equal to 18 months salary and bonus. In case of a major change in the ownership of Biacore, where more than half of the shares are acquired by one party, the Executive Vice Presidents are entitled to severance benefits covering 18 months. Executive Vice Presidents are obligated to give 6 months prior notice of their resignation. Upon voluntary resignation, they are not entitled to any severance benefit. The pensions of the Chairman of the Board, the President and certain other senior managers are secured through a pension trust. As a result of depreciation of the market values of assets in the pension trust, Biacore has contributed SEK 3.2 million during 2002. To attract and retain competent and motivated employees, Biacore has established stock-related incentive plans. The main terms of these plans are summarized in the following table. All stock options and plan participation have been issued free of charge to the employee except for requirements regarding employment with Biacore. The exercise price of the stock options granted in May 1998 is equal to 125% of the stock market price at the date of issue. For all other stock option plans, the exercise price is equal to the stock market price at the date of issue.

Date	Expiry	Type	Group	Source	Vest-	Exer-	Related	Of	Of	of date	of covered	of	ing	cise	No.	which	which	grant	plan																																																																																																																																																																																																																																																																																																																																																																																																																																
Dec. 31, 2001	Dec. 31, 2002	Stock	Manage-	Pfizer	Immedi-	75 to 119,500	- -	1997	2001	option	ment	ately	144	May	Dec.	Stock	Manage-	Pfizer	Immedi-																																																																																																																																																																																																																																																																																																																																																																																																																																
88 to 117,000	2,000	5,000	1998	2007	option	ment	ately	105	July	Dec.	Stock	Manage-	Pfizer	Immedi-	70	110,000	15,000	19,000	1999	2009	option	ment	ately	June	Dec.	Stock	All	N/a	1 year	N/a	500	- -	1998	2000	appreci-	em-	per																																																																																																																																																																																																																																																																																																																																																																																																														
ation	ployees	em-	rights	(3)	ployee	(2)	(3)	Aug.	Dec.	Stock	All	Biacore	3 years	273	380,000	350,725	366,100	2000	2010	option	em-	ployees	May	May	Stock	Skilled	Biacore	3 years	363	300,000	282,600	289,850	2001	2006	option	em-	(4)	ployees	May	May	Stock	Em-	Biacore	3 years	244	80,000	63,250	-	2002	2007	option	ployees	in the	United	States	and	newly	employed	(1)	All	options	relate	to	call	options.	(2)	The	amount	was	limited	to	50%	of	the	starting	price	of	the	Biacore	share.	(3)	Management	was	excluded	from	this	program.	(4)	37,300	issued	of	which	24,000	outstanding	options	expire	in	May	2011	and	the	remaining	options	in	May	2006.	At	the	Annual	General	Meeting	of	shareholders	held	on	May	7,	2002,	it	was	decided	to	initiate	a	new	stock	option	program,	the	last	plan	in	the	table	above.	Biacore	International	AB	has,	to	its	wholly	owned	subsidiary	Biacore	Administration	AB,	issued	one	subordinated	note	for	the	amount	of	SEK	1,000	with	80,000	attached	warrants	for	subscription	to	new	shares	in	Biacore	International	AB.	Biacore	Administration	AB	has	issued	corresponding	options	to	employer	companies	within	Biacore,	which	in	turn	have	issued	options	to	employees	free	of	charge.	The	plan	is	mainly	directed	to	employees	in	the	United	States	and	newly	employed	personnel.	The	allotment	to	each	employee	is	allowed	to	vary	between	500	and	2,000.	The	exercise	price	is	SEK	244	and	corresponds	to	the	stock	market	price	at	the	time	of	issuance.	The	employee	stock	options	expire	in	May	2007	and	vest	to	each	employee	over	a	period	starting	one	year	and	ending	three	years	after	issuance	of	the	options.	All	reductions	in	the	number	of	outstanding	stock	options	granted	by	Biacore	are	due	to	resignations	which	have	caused	the	stock	options	of	those	employees	to	lapse.	For	stock	options	to	Biacore	shares	granted	by	Pfizer	(Pharmacia),	the	reductions	are	due	to	disposals	by	the	employees.	In	May	2002,	65,750	stock	options	were	granted,	of	which	2,500	have	lapsed	due	to	resignations.	In	total,	there	are	287,712	(74,925)	stock	options	outstanding	which	have	vested	with	employees.	The	following	table	shows	a	breakdown	of	the	total	number	of	stock	options	for	ordinary	shares	in	Biacore	granted	to	senior	management	during	the	three-year	period	from	2000	to	2002.	No	stock	option	was	granted	so	senior	management	in	2002.	Issued	to	Year	Number	Expiration	date	Exercise	price	(SEK)	Chairman	of	the	Board	2000	25,000	Dec.	15,	2010	273.00	2001	22,000	May	31,	2011	363.00	President	2000	15,000	Dec.	15,	2010	273.00	2001	18,000	May	31,	2006	363.00	Others	2000	20,000	Dec.	15,	2010	273.00	2001	20,000	May	31,	2006	363.00	21.

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does hold convertible loans acquired in 2000 and 2002 which, since the first quarter of 2002, upon a future conversion, would give Biacore an ownership of 84%. There are also agreements which give Biacore significant influence over XenoSense. As from January 1, 2002, XenoSense is therefore consolidated as a subsidiary to Biacore. Its activities, earnings, assets and liabilities are very limited compared with Biacore as a whole. Acquisition of XenoSense For the years ended December 31 2002 2001 2000 Fair value of assets acquired, excluding cash - - - Liabilities assumed and incurred - - - Total cash paid for net assets acquired 4,048 - 3,895 Cash acquired 9,537 - - Minority interest 1,594 - - Cash paid for interest and income taxes was as follows: For the years ended December 31 2002 2001 2000 Interest 248 227 180 Income taxes 29,135 32,871 30,086 Audit expenses amount to 1,656 (1,071) and the expense for other services supplied by the auditors has been 1,529 (811), 3,185 (1,882) in total. All expenses relate to PricewaterhouseCoopers, except for 145 (159) in audit expenses which relate to Sojiro Takagaki. 22.

SUBSEQUENT EVENTS Biacore's sales fell by 25% in the first quarter of 2003 to SEK 106.5 million compared with SEK 141.3 million in the first quarter of 2002. Diluted earnings per share fell by 65% from SEK 2.17 in the first quarter of 2002 to SEK 0.77 in the first quarter of 2003. (Unaudited). On May 8, 2003, the Annual General Meeting of Shareholders adopted the recommendation of the Board of Directors that Biacore pay a dividend of SEK 3.00 per share for 2002. The dividend was paid on May 16, 2003. (Unaudited). The May 8, 2003 Annual General Meeting of Shareholders also approved an employee stock option plan covering a maximum of 100,000 new shares with an exercise price of SEK 178 per share, the stock market price at the time of grant of the stock options. The stock options expire in May 2008. Except for employees of Biacore, none of these stock options may be granted to Directors of the Board of Directors of Biacore. A maximum of 10,000 stock options may be granted to the Chief Executive Officer / President of Biacore, 5,000 per person to others in senior management, 2,000 to other key employees and 500 to other employees. The Board will decide on the allotment in each individual case. No allotment is guaranteed. The stock options will be distributed free of charge to the employee, except for certain conditions regarding employment. (Unaudited). 23. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN THE UNITED STATES (U.S. GAAP) The financial statements have been prepared in accordance with Swedish GAAP. These accounting principles differ in certain respects from U.S. GAAP. Following is a summary of the adjustments from Swedish GAAP to U.S. GAAP that affect Biacore's net income and comprehensive income for the years ended December 31, 2000, 2001 and 2002, and total shareholders' equity and accumulated other comprehensive income as of December 31, 2000, 2001 and 2002, respectively, together with a discussion of the principal differences between Swedish and U.S. GAAP that are significant to Biacore's financial statements. For the years ended December 31 2002 2002 2001 2000 USD (1) SEK SEK SEK (unaudited) Net income in accordance with Swedish GAAP 9,288 80,760 50,269 59,121 Adjustments: Capitalized product development -583 -5,070 - - Contract with Amersham Biosciences 519 4,515 4,964 4,956 Revenue recognition - - - 13,712 Foreign exchange contracts 1,006 8,747 1,062 4,087 Pensions 84 734 526 -383 Social security costs on stock options, accrued expense -227 -1,974 -16 1,990 Social security costs on stock options, insurance claim 227 1,974 -1,974 - Social security costs on stock options, insurance contract -1,157 -10,059 - - Definition of subsidiary 192 1,666 -1,666 - Deferred taxes on U.S. GAAP adjustments -764 -6,649 -1,903 -8,459 Net income in accordance with U.S. GAAP 8,585 74,644 51,262 75,024 Other comprehensive income Long-term investments, unrealized gains (losses) 97 848 1,309 -785 Currency translation differences -1,654 -14,383 6,883 5,867 Other comprehensive income, before tax -1,557 -13,535 8,192 5,082 Income tax expense related to long-term investments -27 -237 -367 220 Other comprehensive income -1,584 -13,772 7,825 5,302 Comprehensive income in accordance with U.S. GAAP 7,001 60,872 59,087 80,326 Basic earnings per share in accordance with U.S. GAAP 0.88 7.66 5.26 7.69 Diluted earnings per share in accordance with U.S. GAAP 0.88 7.66 5.23 7.67 Weighted average No. of shares, U.S. GAAP, diluted (thousands) 9,750 9,750 9,805 9,780 (1) Solely for the convenience of the reader, 2002 financial information has been translated to USD thousands (USD as regards per share data) using the December 31, 2002 Noon Buying Rate of USD 1 = SEK 8.6950. As of December 31 2002 2002 2001 2000 USD (1) SEK SEK SEK (unaudited) Shareholders' equity in accordance with Swedish GAAP 72,993 634,670 569,235 494,131 Adjustments Capitalized product development -583 -5,070 - - Contract with Amersham Biosciences -1,977 -17,190 -23,589 -28,969 Long-term investments - - -848 -2,157 Foreign exchange contracts 1,216 10,569 1,822 760 Pensions -30 -259 -993 -1,519 Social security costs on stock options, accrued expense - - 1,974 1,990 Social security costs on stock options, insurance claim - - -1,974 - Social security costs on stock options, insurance contract -1,157 -10,059 - - Definition of subsidiary - - -1,666 - Deferred taxes on U.S. GAAP adjustments 510 4,438 12,266 14,744 Shareholders' equity in accordance with U.S. GAAP 70,972 617,099 556,227 478,980 Accumulated other comprehensive income

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Long-term investments, unrealized gains (losses) - -848 -2,157 Currency translation differences 1,731 15,050 29,433 22,550 Accumulated other comprehensive income, before tax 1,731 15,050 28,585 20,393 Income tax expense related to long-term investments - - 237 604 Accumulated other comprehensive income in accordance with U.S. GAAP 1,731 15,050 28,822 20,997 (1) Solely for the convenience of the reader, 2002 financial information has been translated to USD thousands (USD as regards per share data) using the December 31, 2002 Noon Buying Rate of USD 1 = SEK 8.6950. Comprehensive Income SFAS No. 130, "Reporting Comprehensive Income," establishes standards for the reporting and presentation of comprehensive income and its components. Comprehensive income generally encompasses all changes in shareholders' equity from transactions and events from nonowner sources. Capitalized Product Development As from 2002 and in accordance with Swedish GAAP, certain product development expenses are capitalized and amortized over their individually estimated useful lives, starting when the respective products are ready for first delivery, see Notes 1 and 5. Under U.S. GAAP, all research and development expenses are charged to earnings as incurred. Contract with Amersham Biosciences Under Swedish GAAP, a contract with Amersham Biosciences has been accounted for as the acquisition of a business which resulted in the recognition of goodwill. This goodwill is being amortized over a period of ten years starting January 1, 1997. Under U.S. GAAP, the contract with Amersham Biosciences has been accounted for as purchase of services rendered during a three-year period starting January 1, 1997. Accordingly, the costs of the services purchased have been charged to income as marketing expenses in the period the services were rendered. Revenue Recognition Under Swedish GAAP, sales are recognized when no significant vendor obligation remains and collection of the resulting receivable is probable. Under U.S. GAAP, Biacore adopted the American Institute of Certified Public Accountants' Statement of Position ("SOP") 97-2 "Software Revenue Recognition" during the year ended December 31, 1998. When a software arrangement includes more than one element, SOP 97-2 requires that revenue be allocated to all elements based on fair value. If the fair value of all elements is not available, deferral of all revenue is required. Certain of Biacore's sales arrangements include additional services, for which fair value has not objectively been established. Under U.S. GAAP, Biacore therefore defers recognition of the revenue on such arrangements until the additional services are provided to the customers. At December 31, 2000, 2001 and 2002, there were no such unperformed services. Long-term Investments In accordance with Swedish GAAP, long-term investments are carried at cost less write-downs recorded when impairment in value is other than temporary. According to U.S. GAAP, these equity securities qualify as "available for sale" and are carried at fair value. The unrealized gains and losses, net of deferred taxes, are classified as a separate component of shareholders' equity until realized. Foreign Exchange Contracts SFAS 133 "Accounting for Derivative Instruments and Hedging Activities" establishes accounting and reporting standards for derivative instruments and hedging activities. In general, SFAS 133 requires that companies recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair value. Biacore uses derivative instruments to manage the risk of fluctuations in foreign currencies. The Company adopted SFAS 133 for U.S. reporting purposes on January 1, 2001. Under both Swedish GAAP and U.S. GAAP, unrealized gains and losses are recorded on forward contracts from the date such contracts are entered. To the extent such contracts qualify as cash flow hedges of forecasted transactions, unrealized gains and losses are deferred until the transaction being hedged is recorded. The criteria applied under U.S. GAAP for determining which transactions qualify as cash flow hedges are different from those applied under Swedish GAAP and have not been fulfilled as regards the forward contracts entered into by Biacore to hedge cash flow from forecasted sales. Accordingly, under U.S. GAAP, unrealized gains and losses on such forward foreign exchange contracts are included in net income. Pensions Under Swedish GAAP, Biacore provides for its pension obligations based on actuarial calculations. Under U.S. GAAP, the determination of pension costs and obligations is also based on actuarial assumptions, but the methods and assumptions are different under SFAS No. 87, "Employers' Accounting for Pensions." Some of the pension plans are unfunded. However, provisions for pensions are recorded. A summary of the funded status of Biacore's significant defined benefit pension plans in accordance with SFAS No. 87 and SFAS No. 132 "Employers' Disclosures about Pensions and Other Postretirement Benefits" follows. As of December 31 2002 2001 2000 Accumulated vested benefit obligations 24,554 21,456 19,426 Projected benefit obligation 30,535 24,947 21,776 Plan assets at fair value - - - Projected benefit obligation in excess of plan assets 30,535 24,947 21,776 Unrecognized prior service cost 4,811 3,232 3,372 Unrecognized actuarial gain (loss) -8,241 -3,516 -2,304 Unrecognized transition obligation -99 -108 -116 Liability for FPG/PRI pensions 27,006 24,555 22,728 Liability for other plans 6,600 4,188 2,962 Total liability 33,606 28,743 25,690 The changes in the projected benefit obligation in accordance with U.S. GAAP have been caused by the following factors. For the years ended December

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31 2002 2001 2000 Projected benefit obligation at beginning of the year 24,947 21,776 20,408 Service cost 1,138 752 1,166 Interest cost 1,372 1,198 1,123 Plan amendment -1,720 - - Actuarial losses (gains) 4,798 1,221 -921 Benefits paid - - - Projected benefit obligation at end of year 30,535 24,947 21,776 Pension cost calculated in accordance with U.S. GAAP includes the following. For the years ended December 31 2002 2001 2000 Service cost benefits earned during the year 1,138 752 1,166 Interest cost on projected benefit obligation 1,372 1,198 1,123 Amortization of unrecognized prior service cost -141 -140 -141 Amortization of actuarial loss 73 9 41 Amortization of remaining transition obligation 9 8 8 Net pension cost for FPG/PRI pensions 2,451 1,827 2,197 Net pension cost for other defined benefit plans 2,776 1,152 1,352 Total pension cost for defined benefit plans 5,227 2,979 3,549 Assumptions used for the defined benefit plans were: % For the years ended December 31 2002 2001 2000 Weighted average discount rate 5.50 5.50 5.50 Rates of increase in compensation levels 3.25 3.25 3.00 Inflation rate 2.00 2.00 2.00 Biacore has not yet paid any significant contribution regarding these defined benefit plans. Social Security Costs on Stock Options In accordance with Swedish GAAP, Biacore accrues for social security costs payable on future exercise of stock options and amortizes prepaid insurance premiums against social security expenses over the terms of the respective stock options. According to U.S. GAAP, social security costs payable on future exercise of stock options are recorded when the event that triggers the measurement and payment of the tax to the taxing authority occurs. In Swedish GAAP for the year 2000, Biacore accrued for social security costs payable on future exercise of stock options, expenses which in accordance with the above were not recorded according to U.S. GAAP. In 2001, Biacore purchased an insurance policy against such social security costs. Hedge on Social Security Costs of Stock Options In order to reduce uncertainty regarding the amount of social security taxes to be paid by Biacore relating to incentive stock options issued, 103,000 of the incentive stock options described in Note 20 have been issued to an investment bank. The consideration for these stock options consists of an entitlement to receive compensation from the investment bank for certain such social security taxes and the estimated fair value of this entitlement is charged to income over the terms of the respective stock options. Under U.S. GAAP, in accordance with Emerging Issues Task Force No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock," the payment for the insurance instrument is considered a derivative asset. The notional amount and fair value of the derivative asset at December 31, 2002 were 500 and 5,145, respectively. Reimbursement received from the investment bank for social security taxes reduces the value of the derivative asset. The fair value of the derivative asset is evaluated at the end of each year and the unrealized gains/losses are recorded in the income statement. Definition of Subsidiary In accordance with Swedish GAAP, the consolidated financial statements include entities in which Biacore International AB, directly or indirectly, holds more than 50% of the voting rights. According to U.S. GAAP, entities shall generally be consolidated based upon the criteria of control. In 2000, Biacore lent GBP 275 thousand to XenoSense Ltd. In 2002, a further GBP 275 thousand was lent. These loans can be converted to shares in XenoSense. After such conversion, Biacore would own approximately 84% of XenoSense. Through an agreement, Biacore also has certain possibilities to influence XenoSense. Accordingly, under U.S. GAAP, XenoSense is consolidated as a subsidiary to Biacore already in 2001. Marketable Securities Marketable securities consist of industry and mortgage commercial paper, short-term bank deposits and short-term mortgage bonds. Under Swedish GAAP, interest on these securities is recognized ratably from acquisition until maturity or sale. Under U.S. GAAP, these assets qualify as "available for sale" and should be carried at fair value. Unrealized gains and losses, net of deferred taxes, should be classified as a separate component of shareholders' equity until realized. Deferred Taxes Deferred taxes are calculated on the U.S. GAAP adjustments described above in accordance with SFAS No. 109, "Accounting for Income Taxes," where appropriate. Deferred taxes are also adjusted for a difference between Swedish and U.S. GAAP relating to intercompany profits. Under Swedish GAAP, deferred taxes from elimination of intercompany profits are calculated using the enacted tax rate of the purchaser. Under U.S. GAAP, the deferred tax is calculated using the tax rate of the seller. Diluted Earnings Per Share The basic methodology for calculating diluted earnings per share ("EPS") under U.S. GAAP is consistent with Swedish GAAP. The diluted EPS calculation assumes that proceeds from a hypothetical exercise of options and warrants are used to re-purchase shares. The incremental shares, calculated as the difference between the number of shares assumed issued and the number of shares assumed purchased, are included in the denominator of the diluted EPS computation. The number of shares assumed purchased is determined by dividing the assumed proceeds from exercise by the average market price during the period. However, there is a difference in application. Swedish GAAP requires that the assumed proceeds be discounted. Under U.S. GAAP, the assumed proceeds are not discounted. Classifications Interest expense associated with the

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Swedish pension liability that is included in interest expense under Swedish GAAP in the amounts of 854, 828 and 1,585 for the years ended December 31, 2000, 2001 and 2002, respectively, would be included in operating expenses under U.S. GAAP. The accompanying statements of cash flows are prepared in a format consistent with SFAS No. 95 "Statement of Cash Flows," except for the presentation of marketable securities as liquid funds. Under SFAS No. 95, cash and cash equivalents presented should generally only include items with original maturities of three months or less. Under Swedish GAAP, marketable securities which would not meet the definition of cash and cash equivalents in accordance with SFAS No. 95, have been presented with cash and bank as liquid funds in the statements of cash flows. As a result, changes in the portion of liquid funds not meeting the U.S. GAAP definition of cash and cash equivalents would be classified as investing activities under SFAS No. 95. These differences between Swedish and U.S. GAAP are indicated in the following table. For the years ended December 31 2002 2001 2000 Balance sheets Swedish GAAP Marketable securities 273,443 184,838 196,688 Cash and bank 78,146 35,970 71,065 Liquid funds 351,589 220,808 267,753 U.S. GAAP Investments in marketable securities 168,802 129,941 121,999 Cash and cash equivalents 182,787 90,867 145,754 Liquid funds 351,589 220,808 267,753 Statements of cash flows Net increase (decrease) in liquid funds (Swedish GAAP) 130,781 -46,945 26,075 Adjustments Cash flows from operating activities Deduction of interest on marketable securities -4,955 -6,347 -5,798 Cash flows from investing activities Purchase of marketable securities -335,897 -414,440 -367,468 Sales and maturities of marketable securities 301,991 412,845 438,356 Net increase (decrease) in cash and cash equivalents (U.S. GAAP) 91,920 -54,887 91,165 Effect of Recent Pronouncements In June 2001, the U.S. Financial Accounting Standards Board issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It is effective for financial statements issued for financial years beginning after June 15, 2002. Biacore is adopting this accounting standard as from its financial year 2003. Management does not expect the impact of the adoption of SFAS No. 143 to be material to Biacore's financial statements. In June 2002, the U.S. Financial Accounting Standards Board issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 changes the time of recognition and measurement principle for costs associated with exit or disposal activities to the time a liability is incurred instead of an entity's commitment to a plan and to measurement based on the fair values of liabilities. It is effective for exit or disposal activities initiated after December 31, 2002. Biacore is adopting this accounting standard as from January 1, 2003. Management does not expect the impact of the adoption of SFAS No. 146 to be material to Biacore's financial statements. In November 2002, the FASB issued FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires a liability to be recognized at the time a company issues a guarantee for the fair value of the obligations assumed under certain guarantee agreements. The provisions for initial recognition and measurement of guarantee agreements are effective on a prospective basis for guarantees that are issued or modified after December 31, 2002. Management does not expect the impact of the adoption of FIN 45 to be material to Biacore's financial statements. In December 2002, the U.S. Financial Accounting Standards Board issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." SFAS No. 148 changes the transition rules which apply in case companies start to recognize grants of incentive stock options as remuneration to be charged to expenses in the income statement. It is effective for financial years ending after December 15, 2002 and interim periods beginning after December 15, 2002, but does not require that incentive stock options be charged to expenses. Biacore is adopting this accounting standard as from the applicable dates. The adoption of SFAS No. 148 has not been and is not expected to be material to Biacore's financial statements. However, if incentive stock options would be stated as expenses in the income statement, then such a change of accounting principles could be material to Biacore's financial statements, mainly by reducing net income and earnings per share and increasing other shareholders' equity. In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities - an interpretation of ARB No. 51." FIN 46 addresses consolidation by business enterprises of variable interest entities (previously often referred to as special-purpose entities, SPEs). It requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. Variable interest entities that effectively disperse risks will not be consolidated unless a single party holds an interest or combination of interests that effectively recombines risks that were previously dispersed. The primary beneficiary of a variable interest entity is the party that absorbs a majority of the entity's expected losses, receives a majority of its expected residual returns, or both, as a result of holding variable interests, which are the ownership, contractual, or

other pecuniary interests in an entity. The ability to make decisions is not a variable interest, but it is an indication that the decision maker should carefully consider whether it holds sufficient variable interests to be the primary beneficiary. An enterprise with a variable interest in a variable interest entity must consider variable interests of related parties and de facto agents as its own in determining whether it is the primary beneficiary of the entity. FIN 46 applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. Management does not expect the impact of the adoption of FIN 46 to be material to Biacore's financial statements.

Item 18. FINANCIAL STATEMENTS See Item 17. Item 19. EXHIBITS Document Reference

1. Articles of Association of Exhibit to Form 20-F for the Biacore International Aktiebolag (1) year ended December 31, 1999 4a. Biacore Stock Option Plan 2000 (1) Form S-8 filed during 2000 4b. Biacore Stock Option Plan 2001 (1) Form S-8 filed during 2001 4c. Biacore Stock Option Plan 2002 (1) Form S-8 filed during 2002 6. Earnings Per Share 8. Subsidiaries See Item 4C herein 10. Consent of Auditors (1) These documents are incorporated by reference to documents previously filed with the SEC.

SIGNATURES The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf. Date June 16, 2003 Biacore International AB (publ) /s/ Ulf Jonsson Name Ulf Jonsson Title President and Chief Executive Officer CERTIFICATIONS I, Ulf Jonsson, certify that: 1. I have reviewed this annual report on Form 20-F of Biacore International AB (publ); 2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; 3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report; 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have: a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared; b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; 5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function): a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and 6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. Date June 16, 2003 /s/ Ulf Jonsson Name Ulf Jonsson Title President and Chief Executive Officer I, Lars-Olov Forslund, certify that: 1. I have reviewed this annual report on Form 20-F of Biacore International AB (publ); 2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; 3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report; 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have: a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared; b. evaluated the

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effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; 5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function): a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and 6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. Date June 16, 2003 /s/ Lars-Olov Forslund Name Lars-Olov Forslund Title Executive Vice President and Chief Financial Officer