

## OPERATING REVENUE EXCEEDED MSEK 100 WITH CONTINUED HEALTHY PROFITABILITY

### FOURTH QUARTER OF 2012

- **TOTAL OPERATING REVENUE** amounted to MSEK 26.3 (24.7).
- **NET SALES** amounted to MSEK 26.2 (24.6).
- **OPERATING PROFIT** totalled MSEK 2.6 (loss: 0.7).
- **PROFIT AFTER TAX** amounted to MSEK 2.1 (loss: 0.3).
- **PROFIT AFTER TAX PER SHARE** was SEK 0.24 (loss: 0.03).
- **CASH FLOW** amounted to MSEK 1.2 (neg: 0.7).

### FULL-YEAR 2012

- **TOTAL OPERATING REVENUE** amounted to MSEK 100.4 (95.0).
- **NET SALES** amounted to MSEK 99.6 (94.4).
- **OPERATING PROFIT** totalled MSEK 17.2 (17.8).
- **PROFIT AFTER TAX** amounted to MSEK 13.5 (14.2).
- **PROFIT AFTER TAX PER SHARE** was SEK 1.48 (1.54).
- **CASH FLOW** amounted to MSEK 11.1 (neg: 13.6).

### SIGNIFICANT EVENTS DURING THE FOURTH QUARTER:

- Probi signed a business development agreement with US-based probiotic specialist Viva 5.
- Probi and German company Symrise signed a research and development agreement pertaining to innovative probiotic products with documented health benefits.
- The clinical studies conducted by Probi during the year in immune and gastrointestinal health were completed without achieving the anticipated results.
- Probi's environmental management system was certified according to ISO 14001.
- The Board of Directors proposes a dividend totalling MSEK 6.8 (6.8), corresponding to SEK 0.75 (0.75) per share.

"Our total net sales for 2012 amounted to approximately MSEK 100, up 6%. Excluding ProViva, sales increased by 14% despite the prevailing economic climate. During the year, we signed a total of six new agreements. I would like to underscore the importance of the two agreements that were signed in December, the new venture in oral health with Symrise and the cooperation with Viva 5, which boosts our ability to grow in the important North American market. Our two major clinical studies in immune and gastrointestinal health that were completed in 2012 did not yield the anticipated results. However, our products – Probi Digestis<sup>®</sup> and Probi Defendum<sup>®</sup> – are based on strong data from a large number of previous clinical studies. Accordingly, they are still competitive on the international market and are purchased by consumers since their health is tangibly improved. We are now focusing on evaluating the studies and will launch new studies in 2013, which will form the basis for EFSA applications," says Michael Oredsson, CEO of Probi.

### FOR FURTHER INFORMATION, PLEASE CONTACT:

Michael Oredsson, CEO of Probi, tel: +46 (0)46-286 89 23 or +46 (0)707-18 89 30, e-mail: michael.oredsson@probi.se

This is the type of information that Probi AB is obligated to disclose in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 24 January 2013 at 8:45 a.m.

This is a translation of the Swedish version of the year-end report. When in doubt, the Swedish wording prevails.

### ABOUT PROBI

Probi is a leading player in probiotic research and development of effective and well-documented probiotics. The research areas are: the gastrointestinal tract, immune system, metabolic syndrome and stress and recovery. Probi's customers are leading companies in the Functional Food and Consumer Healthcare segments. Total income for 2012 was MSEK 100.4. Probi's share is listed on Nasdaq OMX Stockholm, Small Cap. Probi has approximately 5,000 shareholders. Read more on [www.probi.se](http://www.probi.se).



## ABOUT THE OPERATIONS

Net sales for 2012 rose MSEK 5.2, or 6%, to MSEK 99.6 (94.4). Consumer Healthcare, where deliveries of probiotic capsules to Pharmavite in the US increased, accounted for most of the growth. The sales growth generated higher gross profit than in the preceding year. During 2012, Probi also strengthened its organisation, resulting in higher personnel expenses, and operating profit amounted to MSEK 17.2 (17.8).

During 2012, Probi conducted two major clinical studies in immune and gastrointestinal health. The main objective was to supplement earlier studies and to form part of applications to EFSA (European Food Safety Authority) for health claims in the EU. The studies were concluded in the fourth quarter, without achieving the anticipated results. An evaluation of the studies has now entered its final phase. The extremely comprehensive material is estimated to be of future value to Probi in respect of the continued development of the product platforms Probi Digestis<sup>®</sup> och Probi Defendum<sup>®</sup> and has also added important know-how that will aid the design of new studies. Probi will continue its on-going clinical research programme in immune and gastrointestinal health, with the aim of launching additional studies in 2013, which will form the basis for the EFSA applications for health claims. During the first six months of 2013, studies will also be initiated with the aim of broadening the documentation of existing products to also include children.

During 2012, German company Symrise acquired shares in Probi corresponding to 16.0% of the share capital, and is now Probi's largest shareholder. In the fourth quarter, Symrise and Probi signed a research and development agreement to jointly develop innovative probiotic products with well-documented health benefits. The cooperation will initially focus on oral health. For Probi, this is a new research area that could generate additional long-term growth potential.

Symrise is a leading global supplier of fragrances, flavours, raw materials and functional products. The company has two business areas, *Flavor and Nutrition*, with a significant Consumer Healthcare division, and *Scent and Care*, and the operations focus on developing innovative solutions and products with global customers in new markets. In 2011, sales totalled approximately EUR 1.6 billion. Symrise has nearly 5,500 employees.

Probi's potential to grow in the important North American market was further strengthened in 2012 through the business development agreement signed in the fourth quarter with US-based probiotic specialist Viva 5. The agreement gives Viva 5 non-exclusive rights to market Probi Digestis<sup>®</sup> and Probi Defendum<sup>®</sup> to new distributors in Consumer Healthcare in North America.

During 2012, a brand strategy was implemented in order to strengthen Probi's graphic profile in various partnerships. A number of graphic templates have been developed where Probi Digestis<sup>®</sup> and Probi Defendum<sup>®</sup> have prominent placement on packaging, either in the form of co-branding or ingredient branding. Examples of this include the cooperation with Heinz and USV, as well as the upcoming launch with Vifor in Switzerland.

Probi updated its environmental management system in 2012, which is now certified according to ISO 14001:2004, with SP Technical Research Institute of Sweden as the certification body.

## SALES AND COSTS

### Full-year 2012

Probi's net sales during the year amounted to MSEK 99.6 (94.4). The total increase was MSEK 5.2 or 6%.

Net sales in the Functional Food business area amounted to MSEK 50.5 (49.4). Royalty revenue from ProViva amounted to MSEK 42.7 (44.3). The year-on-year trend tracks the total market for supermarket sales of juices and fruit drinks, which declined slightly during 2012. The decline was offset by higher revenue from NextFoods and Heinz.

Net sales in the Consumer Healthcare business area rose MSEK 4.1, or 9%, to MSEK 49.1 (45.0). Growth in Consumer Healthcare in 2012 was largely driven by deliveries of probiotic capsules based on Probi's *Lactobacillus plantarum* 299v (DSM 9843) bacteria to Pharmavite in the US. The agreement with Pharmavite was signed in the third quarter of 2011.

Operating expenses rose MSEK 6.0 to MSEK 83.2 (77.2). The increase was largely due to higher personnel costs resulting from the strengthening of Probi's organisation. In addition, the marketing and media campaign

in partnership with Bringwell was expanded compared to the preceding year and material costs increased due to the higher sales of goods.

#### Fourth quarter October – December 2012

Probi's net sales for the fourth quarter amounted to MSEK 26.2 (24.6). The total increase was MSEK 1.6, or 7%.

Royalty revenue from ProViva was at the same level as in the fourth quarter of 2011 and Functional Food increased MSEK 0.6, comprising royalty revenue from Heinz. Consumer Healthcare increased MSEK 1.1 to MSEK 14.5 (13.4) distributed among various customers.

Operating expenses declined MSEK 1.7 year-on-year to MSEK 23.7 (25.4). The comparative figure included MSEK 2.7 for the disposal of capitalised development expenditure. If this item is excluded, operating expenses during the fourth quarter increased MSEK 1.0 due to higher personnel expenses.

#### Distribution of operating income:

KSEK	Q4 2012	Q4 2011	Full-year 2012	Full-year 2011
Sales, goods	12,321	12,928	41,120	36,399
Royalty, licenses, etc.	13,852	11,632	58,442	57,980
<b>Net sales</b>	<b>26,173</b>	<b>24,560</b>	<b>99,562</b>	<b>94,379</b>
Other operating income	169	106	830	630
<b>Total operating income</b>	<b>26,342</b>	<b>24,666</b>	<b>100,392</b>	<b>95,009</b>

#### Profit after tax

Profit after tax for the year amounted to MSEK 13.5 (14.2). Tax expenses totalled MSEK 4.8 (5.3), of which current tax accounted for MSEK 3.7 (5.3) and deferred tax on appropriations for the remaining MSEK 1.1 (-).

#### Earnings per share

Earnings per share amounted to SEK 1.48 (1.54) for the year and to SEK 0.24 (loss: 0.03) for the fourth quarter.

#### Cash flow

Total cash flow for the year amounted to MSEK 11.1 (neg: 13.6) and cash and cash equivalents at the end of the year to MSEK 87.3 (76.2). During 2012, Probi paid dividends of MSEK 6.8 (9.2) to shareholders in accordance with a resolution passed at the Annual General Meeting in April 2012.

Cash flow from operating activities during the year rose MSEK 9.3 compared with 2011 to MSEK 24.2 (14.9). The positive change in cash flow from operating activities derived largely from a MSEK 3.8 decline in working capital, compared with the full-year 2011, when tied-up capital increased MSEK 12.8 primarily due to higher accounts receivable.

#### Investments

During the year, investments in intangible fixed assets amounted to MSEK 5.5 (6.7), of which patents accounted for MSEK 2.4 (1.9) and capitalisation of development costs for MSEK 3.1 (4.8). Investments in tangible fixed assets amounted to MSEK 1.1 (0.9).

Probi invests in prioritised research and development projects to secure long-term growth. The R&D proportion of total costs, excluding goods for sale and depreciation/amortisation, was 31% (33). This proportion would increase to 35% (39) if the development costs that were capitalised during the year were included.

## SEGMENT INFORMATION

### General information

Probi's business operations are organised into two business segments, each with its own operational manager: Functional Food and Consumer Healthcare, formerly Dietary Supplements.

The Functional Food segment focuses on developing food that provides beneficial health effects. This is achieved in partnership with leading food companies in order to commercialise and market products with high volume potential.

The Consumer Healthcare segment focuses on developing, marketing and selling Probi products in cooperation with pharmaceutical companies and other companies that specialise in probiotics and health and wellness products under Probi's proprietary brands or those of its partners.

There were no business transactions between the two segments.

### Operating profit per segment, Q4:

KSEK	Q4 2012			Q4 2011		
	FF	CHC	Total	FF	CHC	Total
Operating income	11,731	14,611	<b>26,342</b>	11,171	13,495	<b>24,666</b>
Operating expense	-7,799	-15,942	<b>-23,741</b>	-11,135	-14,224	<b>-25,359</b>
<b>Operating profit/loss</b>	<b>3,932</b>	<b>-1,331</b>	<b>2,601</b>	<b>36</b>	<b>-729</b>	<b>-693</b>

### Operating profit per segment, full-year:

KSEK	Full-year 2012			Full-year 2011		
	FF	CHC	Total	FF	CHC	Total
Operating income	50,573	49,819	<b>100,392</b>	49,694	45,315	<b>95,009</b>
Operating expense	-31,496	-51,687	<b>-83,183</b>	-35,376	-41,836	<b>-77,212</b>
<b>Operating profit/loss</b>	<b>19,077</b>	<b>-1,868</b>	<b>17,209</b>	<b>14,318</b>	<b>3,479</b>	<b>17,797</b>

FF= Functional Food CHC= Consumer Healthcare

For the past couple of years, Probi has been increasing its efforts to develop the Consumer Healthcare business area through such actions as new distributor solutions and the establishment of proprietary brands. Accordingly, additional new resources were added to Consumer Healthcare during the year and a certain transfer of existing internal resources was implemented. This resulted in higher personnel costs. Furthermore, the media investment in collaboration with Bringwell was higher than in the preceding year and material costs connected to sales of goods increased.

### Operating income distributed by geographic market:

KSEK	Q4 2012	Q4 2011	Full-year 2012	Full-year 2011
Nordic region	16,798	17,473	65,001	66,866
Rest of Europe	3,709	1,618	11,095	7,598
North America	2,457	2,183	12,969	7,304
Rest of the world	3,378	3,392	11,327	13,241
<b>Total</b>	<b>26,342</b>	<b>24,666</b>	<b>100,392</b>	<b>95,009</b>

The increase in revenue in the Rest of Europe during the full-year was primarily due to higher deliveries to Proton Systems, while revenue in North America rose through deliveries to Pharmavite.

### Functional Food

In April 2012, Probi signed an agreement with H.J. Heinz in Australia pertaining to the launch of the first probiotic juice in the Australian market. The product range is based on Probi Defendum<sup>®</sup>, Probi's product platform for the immune system, and is marketed under the *Golden Circle Healthy Life* brand. The launch proceeded as planned and the venture was intensified through TV advertisements during the autumn.

NextFoods' continued positive trend in the North American market demonstrates the high efficacy of products based on Probi's *Lactobacillus plantarum* 299v (DSM 9843) bacteria. Probi's royalty revenue in 2012 from NextFoods' continuous sales rose 19% in local currency, compared with the preceding year.

Royalty revenue from ProViva in 2012 amounted to MSEK 42.7 (44.3). The decline tracked the total decline in the market for juices and fruit drinks in Sweden during the year. In 2013, Danone will continue to focus on developing the range, including new launches of flavours and packaging sizes.

As announced earlier, royalty calculations for ProViva sales in Sweden will change from 2013 in accordance with the agreements signed with Danone in 2010. This means that Probi's royalty revenue from ProViva in Sweden in 2013 will be approximately 8% lower, calculated on net sales for 2012. Should net sales of ProViva in Sweden in 2013 be higher than in 2012, the negative effect of the changed method of calculating royalties will be correspondingly reduced.

### Consumer Healthcare

At the end of 2012, Probi increased its potential to grow in the North American market through the business development agreement signed with the US-based probiotic specialist Viva 5. The North American market for probiotic dietary supplements, which is valued at approximately SEK 6.3 billion, is strongly fragmented, with a large number of sales channels. In order to fully capitalise on this potential, agreements are required with a number of different distributors, each with a strong market position in their individual sales channel.

The agreement provides Viva 5 with non-exclusive rights to market Probi Digestis<sup>®</sup> and Probi Defendum<sup>®</sup> to new distributors in North America. Viva 5 is a full-service partner in Consumer Healthcare, with extensive experience of brand building and product development. The customer base includes major international companies, as well as smaller local distributors. Probi and Viva 5 have initiated discussions with several US distributors and expect the first launches to be implemented in 2013.

Probi will continue its direct cooperation with existing customers in the US, primarily Pharmavite and Metagenics, and will also conduct independent business development in certain channels.

Deliveries in 2012 to Pharmavite in the US, with which Probi signed an agreement in the third quarter of 2011, were in line with initial expectations. During the year, Pharmavite's distribution increased and now also includes the major health-food chains Walgreens and CVS. Probi and Pharmavite are now discussing opportunities to expand their partnership.

In the first quarter of 2012, Probi signed an agreement with USV pertaining to sales of Probi Digestis<sup>®</sup> in India, a market deemed to have significant growth potential. The launch was implemented according to plan in the fourth quarter under the *Vibact IBS* brand and with distinct exposure of the Probi Digestis<sup>®</sup> ingredients brand.

In 2012, Probi Mage<sup>®</sup> and Probi Frisk<sup>®</sup>, which are sold in collaboration with Bringwell, further strengthened their positions in the Swedish market for probiotic dietary supplements. The total volume for sales of Probi Mage<sup>®</sup> to health-food stores and pharmacies in Sweden rose 24% year-on-year. This made Probi Mage<sup>®</sup> the product with the highest sales value among non-prescription gastrointestinal products in the Swedish pharmacy market in 2012.

For the July 2011 – June 2012 period, the total market share in Sweden for Probi's Mage<sup>®</sup> and Probi Frisk<sup>®</sup> rose to 50.5%, according to Gfk Medicscope, up 5.3 percentage points compared with full-year 2011.

The launch in South Africa, in collaboration with Camox Pharmaceuticals, with which Probi signed an agreement in 2010, has yet to generate revenue at the anticipated level. During the autumn, Probi developed a plan jointly with Camox to increase market penetration.

## RESEARCH AND DEVELOPMENT

During 2012, Probi focused largely on the regulatory challenges for probiotics and health claims in Europe, while developing a solid plan for future clinical studies.

As part of the effort to influence regulatory conditions for probiotics, Probi participated in Global Alliance for Probiotics (GAP), a non-commercial industrial organisation that focuses on finding solutions that will provide opportunities to make health claims for probiotics in the EU. Packaging and consumer communications for all products that contain Probi's bacterial strains and currently sold in the EU have been adapted to the new regulations that gained legal force on 14 December 2012.

As announced earlier, two major clinical studies were concluded during the fourth quarter, in immune and gastrointestinal health, without achieving the anticipated results. Probi will continue its on-going clinical research programme in immune and gastrointestinal health and the aim is to initiate further trials in 2013, which will form the basis for filing health-claim applications to the EFSA. Furthermore, trials to broaden the documentation for existing products to also include children will be initiated during 2013.

Probi has previously conducted a large number of clinical studies based on the bacterial strains included in Probi Digestis<sup>®</sup> and Probi Defendum<sup>®</sup>. *Lactobacillus plantarum* 299v (DSM 9843), (Probi Digestis<sup>®</sup>), the probiotic bacteria in Probi's gastrointestinal products, is one of the most well-documented bacterial strains that is commercially available. Three earlier studies comprising a total of more than 300 human subjects with Irritable Bowel Syndrome (IBS) showed excellent results for Probi Digestis<sup>®</sup>, including indications for stomach pains, bloating and bowel-movement frequency. These and other positive effects of Probi Digestis<sup>®</sup> on gastrointestinal health have been documented in some additional 20 clinical studies.

Probi has also showed very good results in clinical studies on the immune system. Results from two studies, involving more than 500 human subjects, showed that the combination of the two strains that are included in Probi's immune product Probi Defendum<sup>®</sup> – *Lactobacillus plantarum* HEAL9 (DSM 15312) and *Lactobacillus paracasei* 8700:2 (DSM 13434) – significantly reduced cold symptoms, shortened cold episodes and also reduced the risk of catching a cold.

During the year, Probi also conducted formulation work, where the effects of moisture and temperature on probiotics were studied in order to develop products with better stability and longer shelf-life for climate zones characterised by hot and damp weather. The formulation work also included improving stability and shelf-life for probiotics, combined with other components.

During 2012, Probi's Indian IBS study from 2009 was published in the *World Journal of Gastroenterology*. The study, which included 214 IBS patients, showed that both the intensity and frequency of the most important Irritable Bowel Syndrome symptoms were reduced significantly following intake of *Lactobacillus plantarum* 299v (DSM 9843).

During the year, two other articles that included Probi's probiotics strains were published. Both studies showed effects on the immune system. The article "Green tea powder and *Lactobacillus plantarum* affect gut microbiota, lipid metabolism and inflammation in high-fat fed C57BL/6J mice," written by Ulrika Axling, Crister Olsson, Jie Xu, Céline Fernandez, Sara Larsson, Kristoffer Ström, Siv Ahrné, Cecilia Holm, Göran Molin and Karin Berger Axling et al, was published in *Nutrition & Metabolism* 2012, 9:105.

The article "Differential effect on cell-mediated immunity in human volunteers after intake of different lactobacilli," written by Carola Rask, Ingegerd Adlerberth, Irini Ahrén, Anna Berggren and Agnes Wold, was published at the end of the year in *Clinical and Experimental Immunology* (online).

## EMPLOYEES

At year-end, Probi had 24 (21) employees, 15 (13) women and 9 (8) men. The average number of employees was 23 (20).

## RELATED-PARTY TRANSACTIONS

During the reporting period, Jan Nilsson, Board member, via Atherioco AB, invoiced fees of SEK 60,000 (60,000) pertaining to Probi's Scientific Advisory Board.

No additional significant related-party transactions occurred during 2012.

## **SIGNIFICANT RISKS AND UNCERTAINTIES**

The risks and uncertainties to which Probi's operations are exposed are described on pages 18-19 of the 2011 Annual Report. At 31 December 2012, no significant changes are considered to have occurred to these risks or uncertainties.

## **PROPOSAL FOR APPROPRIATION OF PROFIT**

The Board of Directors proposes to the 2013 Annual General Meeting that the company, in accordance with applicable dividend policy, pay a dividend for 2012 totalling MSEK 6.8 (6.8), comprising SEK 0.75 (0.75) per share.

## **CALENDAR**

Interim report Q1, 2013	24 April 2013
Annual General Meeting 2012	24 April 2013
Interim report Q2, 2013	20 August 2013
Interim report Q3, 2013	22 October 2013
Year-end report, 2013	23 January 2014

## **ANNUAL GENERAL MEETING**

The Annual General Meeting for 2012 will be held in Lund on Wednesday 24 April 2013 at 3:00 p.m. at Elite Hotel, Ideon Gateway, Scheelevägen 27, Lund.

Shareholders who wish to have matters considered at the Annual General Meeting must submit proposals to the Chairman of the Board no later than Friday 8 March 2013. The proposals should be e-mailed to [sofie.forsman@probi.se](mailto:sofie.forsman@probi.se) or posted to "Annual General Meeting, Probi AB, Sofie Forsman, Ideon Gamma 1, 223 70 LUND".

The 2012 Annual Report is scheduled to be published on the company's website [www.probi.se](http://www.probi.se) on 29 March 2013.

Probi's environmental efforts include reducing the printed version of the annual report. We hope that our shareholders will contribute to this by electing to read and/or download the annual report from our website instead of ordering a printed version. Further information about this will be sent to shareholders.

## **ACCOUNTING AND MEASUREMENT POLICIES**

### **The Group**

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary accounting regulations for Groups – January 2012, and the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission. This year-end report has been prepared in accordance with IAS 34 "Interim Reporting" and the Swedish Annual Accounts Act.

The accounting policies that were applied when these consolidated financial statements were prepared are consistent for all presented periods, unless otherwise stated. The complete accounting policies can be found on pages 54-57 of the 2011 Annual Report.

The functional currency of the Parent Company is SEK, which is also the reporting currency for both the Parent Company and the Group. All amounts stated have been rounded off to the nearest thousand SEK, unless otherwise stated.

Amounts and figures in parentheses pertain to comparative figures for the year-earlier period. Amounts are stated in Swedish kronor (SEK), thousands of Swedish kronor (KSEK) or millions of Swedish kronor (MSEK) according to that which is stated.

### **Parent Company**

The Parent Company applies the same accounting policies as the Group, with the exceptions and supplements stipulated in RFR 2 Accounting for legal entities – January 2012. The year-end report complies with the Swedish Annual Accounts Act.

### **ASSURANCE BY THE BOARD OF DIRECTORS**

The Board of Directors and the CEO provide their assurance that this year-end report gives a fair and accurate view of the Parent Company's and the Group's operations, financial position and earnings, and describes the risks and uncertainties facing the Parent Company and the Group.

Lund, 24 January 2013

Per Lundin  
*Chairman of the Board*

Benedicte Fossum  
*Board member*

Mats Lidgard  
*Board member*

Jan Nilsson  
*Board member*

Eva Redhe Ridderstad  
*Board member*

Michael Oredsson  
*CEO*



Auditor's review report, prepared in accordance with IAS 34

To the Board of Directors of Probi AB (publ), Corp. Reg. No. 556417-7540

#### Introduction

We have conducted a review of the year-end report (interim report) for Probi AB (publ) as of 31 December 2012 and the 12-month period that ended on this date. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this financial information in accordance with IAS 34. Our responsibility is to express an opinion on this financial information based on our review.

#### Focus and scope of the review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and significantly less scope than an audit in accordance with International Standards on Auditing, ISA, and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that would have been identified if an audit had been conducted. Accordingly, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

#### Opinion

Based on our review, nothing has come to our attention that causes us to believe that the financial information has not, in all material respects, been prepared in accordance with IAS 34 and provide a fair view of the company's financial position on 30 December 2012, as well as its financial results and cash flow for the 12-month period that ended on this date.

Malmö, 24 January 2013

Deloitte AB

Per-Arne Pettersson

Authorised Public Accountant

**Statement of comprehensive income (Group)**

	Q4 2012	Q4 2011	Full-year 2012	Full-year 2011
Currency: KSEK				
<b>Operating revenue</b>				
Net sales	26,173	24,560	99,562	94,379
Other revenue	<u>169</u>	<u>106</u>	<u>830</u>	<u>630</u>
<b>Total operating revenue</b>	<b>26,342</b>	<b>24,666</b>	<b>100,392</b>	<b>95,009</b>
<b>Operating expenses</b>				
Cost of goods sold	-6,495	-6,881	-18,477	-16,833
Employee benefit expenses	-6,890	-5,993	-25,659	-21,174
Other external costs	-8,743	-8,195	-32,696	-30,258
Depreciation and impairment of fixed assets	<u>-1,613</u>	<u>-4,290</u>	<u>-6,351</u>	<u>-8,947</u>
<b>Total operating expenses</b>	<b>-23,741</b>	<b>-25,359</b>	<b>-83,183</b>	<b>-77,212</b>
<b>Operating profit/loss</b>	<b>2,601</b>	<b>-693</b>	<b>17,209</b>	<b>17,797</b>
Financial income	321	571	2,000	2,138
Financial expenses	<u>-1</u>	<u>-159</u>	<u>-887</u>	<u>-430</u>
<b>Profit/loss before tax</b>	<b>2,921</b>	<b>-281</b>	<b>18,322</b>	<b>19,505</b>
Tax for the period	<u>-774</u>	<u>-24</u>	<u>-4,817</u>	<u>-5,312</u>
<b>Profit/loss for the period</b>	<b>2,147</b>	<b>-305</b>	<b>13,505</b>	<b>14,193</b>
Other comprehensive income	=	=	=	=
<b>Total comprehensive income/loss for the period</b>	<b>2,147</b>	<b>-305</b>	<b>13,505</b>	<b>14,193</b>
Number of shares at end of reporting period	9,115,300	9,115,300	9,115,300	9,115,300
Average number of shares	9,115,300	9,115,300	9,115,300	9,210,115
Earnings per share before and after dilution, SEK	0.24	-0.03	1.48	1.54

Net profit and total comprehensive income are attributable in their entirety to the Parent Company's shareholders. Since the company has no outstanding convertible loans or outstanding warrants, no dilution effect arises.

During 2011, Probi bought back company shares and at the end of the reporting period owned 250,000 treasury shares, corresponding to 2.7% of the total number of shares, with a quotient value of SEK 5.00 per share.

**Income statement (Parent Company)**

	Q4 2012	Q4 2011	Full-year 2012	Full-year 2011
Currency: KSEK				
<b>Operating revenue</b>				
Net sales	26,173	24,560	99,562	94,379
Other revenue	<u>169</u>	<u>106</u>	<u>830</u>	<u>630</u>
<b>Total operating revenue</b>	<b>26,342</b>	<b>24,666</b>	<b>100,392</b>	<b>95,009</b>
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Employee benefit expenses	-6,890	-5,993	-25,659	-21,174
Other external costs	-8,743	-8,195	-32,696	-30,258
Depreciation and impairment of fixed assets	<u>-1,613</u>	<u>-4,290</u>	<u>-6,351</u>	<u>-8,947</u>
<b>Total operating expenses</b>	<b>-23,741</b>	<b>-25,359</b>	<b>-83,183</b>	<b>-77,212</b>
<b>Operating profit/loss</b>	<b>2,601</b>	<b>-693</b>	<b>17,209</b>	<b>17,797</b>
Financial income	321	571	2,000	2,138
Financial expenses	<u>-1</u>	<u>-159</u>	<u>-887</u>	<u>-430</u>
<b>Profit/loss after financial items</b>	<b>2,921</b>	<b>-281</b>	<b>18,322</b>	<b>19,505</b>
Appropriations	<u>-5,193</u>	=	<u>-5,193</u>	=
<b>Profit/loss before tax</b>	<b>-2,272</b>	<b>-281</b>	<b>13,129</b>	<b>19,505</b>
Tax for the period	<u>368</u>	<u>-24</u>	<u>-3,675</u>	<u>-5,312</u>
<b>Profit/loss for the period</b>	<b>-1,904</b>	<b>-305</b>	<b>9,454</b>	<b>14,193</b>
Other comprehensive income	=	=	=	=
<b>Total comprehensive income/loss for the period</b>	<b>-1,904</b>	<b>-305</b>	<b>9,454</b>	<b>14,193</b>

<b><u>Consolidated statement of financial position (Group)</u></b>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
<b>Assets</b>		
<b>Fixed assets</b>		
Capitalised development expenses	7,969	5,336
Patents and licenses	7,888	10,316
Goodwill	2,762	2,762
Equipment, tools and fixtures	<u>3,021</u>	<u>3,265</u>
<b>Total fixed assets</b>	<b>21,640</b>	<b>21,679</b>
<b>Current assets</b>		
Inventories	2,466	4,404
Current receivables	25,337	27,145
Cash and cash equivalents	<u>87,285</u>	<u>76,202</u>
<b>Total current assets</b>	<b><u>115,088</u></b>	<b><u>107,751</u></b>
<b>Total assets</b>	<b>136,728</b>	<b>129,430</b>
<b>Equity and liabilities</b>		
Equity	122,816	116,149
Deferred tax	1,142	-
Current liabilities	<u>12,770</u>	<u>13,281</u>
<b>Total equity and liabilities</b>	<b>136,728</b>	<b>129,430</b>

<b><u>Balance sheet (Parent Company)</u></b>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>
<b>Assets</b>		
<b>Fixed assets</b>		
Capitalised development expenses	7,969	5,336
Patents and licenses	7,888	10,316
Equipment, tools and fixtures	3,021	3,265
Participations in Group companies	<u>4,031</u>	<u>4,031</u>
<b>Total fixed assets</b>	<b>22,909</b>	<b>22,948</b>
<b>Current assets</b>		
Inventories	2,466	4,404
Current receivables	25,337	27,145
Cash and cash equivalents	<u>87,285</u>	<u>76,202</u>
<b>Total current assets</b>	<b><u>115,088</u></b>	<b><u>107,751</u></b>
<b>Total assets</b>	<b>137,997</b>	<b>130,699</b>
<b>Equity and liabilities</b>		
Equity	115,998	113,382
Untaxed reserves	5,193	-
Long-term liabilities	4,036	4,036
Current liabilities	<u>12,770</u>	<u>13,281</u>
<b>Total equity and liabilities</b>	<b>137,997</b>	<b>130,699</b>

Currency: KSEK

**Changes in equity (Group)**

	Share capital	Other contributions received	Result brought forward	Total equity
<b>Reporting period, 1 Jan. 2011 – 31 Dec. 2011</b>				
Opening balance, 1 Jan. 2011	46,827	92,607	-16,449	122,985
Total comprehensive income for the period			14,193	14,193
Dividends for 2010		-9,215		-9,215
Repurchase of treasury shares		-11,814		-11,814
<b>Equity, 31 Dec. 2011</b>	<b>46,827</b>	<b>71,578</b>	<b>-2,256</b>	<b>116,149</b>
<b>Reporting period, 1 Jan. 2012 – 31 Dec. 2012</b>				
Opening balance, 1 Jan. 2012	46,827	71,578	-2,256	116,149
Total comprehensive income for the period			13,505	13,505
Dividends for 2011		-6,838		-6,838
<b>Equity, 31 Dec. 2012</b>	<b>46,827</b>	<b>64,740</b>	<b>11,249</b>	<b>122,816</b>

**Statement of cash flows**

	Full-year 2012	Full-year 2011
<b>Operating activities</b>		
Profit before tax	18,322	19,505
Depreciation/amortisation	6,351	8,947
Capital gains/losses from disposal of tangible fixed assets	-31	-35
Income tax paid	<u>-4,264</u>	<u>-732</u>
<b>Cash flow from operating activities before changes in working capital</b>	<b>20,378</b>	<b>27,685</b>
Change in inventories	1,938	-2,141
Change in operating receivables	1,808	-11,968
Change in operating liabilities	<u>77</u>	<u>1,280</u>
<b>Cash flow from operating activities</b>	<b>24,201</b>	<b>14,856</b>
<b>Investment activities</b>		
Acquisition of intangible fixed assets	-5,446	-6,713
Acquisition of tangible fixed assets	-1,102	-917
Disposal of tangible fixed assets	<u>267</u>	<u>242</u>
<b>Cash flow from investing activities</b>	<b>-6,281</b>	<b>-7,388</b>
<b>Financing activities</b>		
Repurchase of treasury shares	-	-11,813
Dividends to shareholders	<u>-6,837</u>	<u>-9,215</u>
<b>Cash flow from financing activities</b>	<b>-6,837</b>	<b>-21,028</b>
<b>Change in cash and cash equivalents</b>	<b>11,083</b>	<b>-13,560</b>
Cash and cash equivalents at the beginning of the period	76,202	89,762
Cash and cash equivalents at the end of the period	87,285	76,202
<b>Interest paid and received</b>		
Interest received	1,615	1,652
Interest paid	-	-1

Currency: KSEK

<b>Key ratios</b>	<b>Def.</b>	<b>31 Dec. 2012</b>	<b>31 Dec. 2011</b>	<b>31 Dec. 2010</b>
Growth, %	1	5.5	17.4	22.8
R&D expenses as part of operating income, %		18	18	19
Average number of employees		23	20	21
Assets		136,728	129,430	135,117
Working capital	2	103,011	94,470	95,070
Financial data				
Liquid ratio, %	3	933	778	865
Equity ratio, %	4	89.8	89.7	91.0
Debt/equity ratio, %	5	0.0	0.0	0.0
Equity per share, SEK		13.47	12.74	13.13
Cash flow per share, SEK		1.22	-1.49	1.93
Share price, SEK		44.40	52.50	48.70
Market cap		404,719	491,678	456,090
Profitability, %				
Return on total assets	6	14.1	14.7	14.5
Return on equity	7	15.3	16.3	15.8
Operating margin	8	17.3	18.9	22.5
Net margin	9	18.4	20.7	23.3

#### Definitions of key ratios

1. Change in net sales (goods, royalty, licenses, etc.)
2. Total current assets less current liabilities
3. Total current assets excluding inventories as a percentage of current liabilities
4. Equity as a percentage of balance sheet total
5. Interest-bearing liabilities as a percentage of equity
6. Operating income and interest income as a percentage of average total assets
7. Profit before tax as a percentage of average equity
8. Operating income as a percentage of net sales
9. Profit before tax as a percentage of net sales