

## CONTINUED GROWTH IN CONSUMER HEALTHCARE

### SECOND QUARTER OF 2013

- **Net sales** amounted to MSEK 26.5 (21.9).
  - **Operating profit** totalled MSEK 4.6 (2.2).
  - **Profit after tax** amounted to MSEK 3.8 (2.0).
  - **Profit after tax per share** was SEK 0.42 (0.22).
- Cash flow** was a negative MSEK 8.7 (neg: 2.6). Probi paid dividends of MSEK 6.8 (6.8).

### FIRST SIX MONTHS OF 2013

- **Net sales** amounted to MSEK 51.9 (52.5).
- **Operating profit** totalled MSEK 10.6 (10.6).
- **Profit after tax** amounted to MSEK 8.7 (8.4).
- **Profit after tax per share** was SEK 0.96 (0.92).
- **Cash flow** amounted to MSEK 0.0 (7.2). Probi paid dividends of MSEK 6.8 (6.8).

### SIGNIFICANT EVENTS DURING THE SECOND QUARTER:

- Probi signed an agreement with AlenMed Promotion SIA for the distribution of Probi Digestis® and Probi Defendum® in Belarus.
- Gun-Britt Fransson, VP R&D, was appointed interim CEO.

### SIGNIFICANT EVENTS AFTER THE CLOSE OF THE REPORTING PERIOD:

- Probi signed an agreement with Bio-Life for the distribution of Probi Digestis® in Malaysia.
- Probi signed an agreement with Botanic Pharma for the distribution of Probi Digestis® in Morocco.

### CEO'S COMMENTS:

"For some time, we have been increasing our resources in Consumer Healthcare and it is gratifying to now see the positive effects of these investments. Net sales in the business area rose 21% to slightly more than MSEK 30 under the first six months of the year. Growth was primarily driven by the positive performance in the North American market. During the summer, we also signed two new agreements in Asia and Eastern Europe, two markets that are prioritised for our continued growth. We view both Bio-Life and AlenMed as strategic partners for our future expansion in these regions.", says Gun-Britt Fransson, interim CEO of Probi.

### FOR FURTHER INFORMATION, PLEASE CONTACT:

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*The information is such that Probi AB is required to disclose in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 20 August 2013 at 8:45 a.m.*

This is a translation of the Swedish version of the interim 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 in the first six months of 2013 declined MSEK 0.6, or 1%, to MSEK 51.9 (52.5). Two contractual changes concerning NextFoods and Danone impact the year-on-year comparison. Adjusted for these changes totalling MSEK 5.7, net sales increased MSEK 5.1, from MSEK 46.8 to MSEK 51.9. The entire growth was attributable to Consumer Healthcare, which rose 21% compared with the first six months of 2012.

Net sales for the first half of 2012 included royalties of MSEK 3.8 from NextFoods according to the applicable agreement in order for this company to retain the rights to *Lactobacillus plantarum* 299v (DSM 9843) in the North American market. Under the new agreement signed with NextFoods in the first quarter of 2013, the minimum royalties will be replaced by an exit fee, which will be paid if NextFoods terminates the agreement prior to 2020.

As Probi previously announced, the calculation of royalties for ProViva sales in Sweden has been changed as of 2013 according to the agreements signed with Danone in 2010. The sales volume for ProViva during the first six months remained on a par with the year-earlier period. However, Probi's royalty revenue from ProViva for the first six months was MSEK 1.9 lower than it would have been with the royalty level that applied up to the end of 2012.

Probi has intensified business development in a number of markets in Asia and Eastern Europe, which is now starting to generate results. During the second quarter, Probi signed a distribution agreement with AlenMed Promotion SIA for the distribution of Probi Digestis<sup>®</sup> and Probi Defendum<sup>®</sup> in Belarus. After the end of the reporting period, Probi signed an agreement with Bio-Life for the distribution of Probi Digestis<sup>®</sup> in Malaysia. Discussions that are expected to lead to new, additional distribution solutions in Eastern Europe and Asia are under way.

Probi is noting a continued positive trend in the expanding North American market. Pharmavite, which launched Probi's gut health capsules in 2012, reported a highly favourable sales trend. Probi's order backlog contains significant deliveries to this customer during the second half of 2013. During 2012, Probi signed a development agreement with the leading US-based probiotics specialist Viva 5, and has now received product orders within the framework of this partnership. The first customer, a leading player in the Health Food channel, will launch Probi's gut-health products in the North American market in the autumn of 2013. Further discussions with leading US companies are in progress.

Probi's protection for LP299V<sup>®</sup> will be strengthened now that the European Patent Office has given notice of its intention to approve Probi's European patent application concerning increased bacterial diversity, which was observed when *Lactobacillus Plantarum* 299v (DSM 9843) is given to individuals.

In May, Gun-Britt Fransson, VP R&D, was appointed interim CEO when Michael Oredsson announced he was to leave Probi after serving as CEO for six years. Gun-Britt Fransson took office as VP R&D in February 2012. She has held senior positions in the biotechnology and food industries for the past 20 years, most recently as CEO of Alligator Bioscience AB in Lund. Prior to that, she was R&D Director at Procordia Foods AB and Orkla Foods A.S.

Probi organised a two-day international partner conference in Lund in June. Most of Probi's existing partners and a number of potential customers attended the conference.

Probi's largest owner, Symrise in Germany, has further increased its shareholding in Probi. At the end of the reporting period, Symrise's shareholding amounted to 23.2% of the share capital, compared with 15.0% at the end of 2012.

## SALES AND COSTS

### Report period, January – June, 2013

Probi's net sales during the first six months of the year totalled MSEK 51.9 (52.5).



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Net sales in the Functional Food business area amounted to MSEK 22.1 (27.9). The comparative figure for the year-earlier period would have amounted to MSEK 22.2 had the contractual changes pertaining to Danone and NextFoods described above been excluded. Royalty revenue from ProViva amounted to MSEK 20.2 (22.2). The decline was partly offset by continuous royalty revenue from NextFoods and Heinz, Australia.

Net sales in the Consumer Healthcare business area rose MSEK 5.2, or 21%, to MSEK 29.8 (24.6). Most of the increase was attributable to deliveries of Probi's gut health capsules to Pharmavite, which reported a very positive sales trend in the North American market. Probi's revenue from Probi Mage<sup>®</sup> and Probi Frisk<sup>®</sup> in the Nordic market was in line with the year-earlier period. No extensive marketing activities were conducted for these products during the reporting period. A marketing campaign for Probi Mage<sup>®</sup> and Probi Frisk<sup>®</sup> will be implemented in Sweden during the second half of 2013.

Operating expenses declined MSEK 0.4 to MSEK 42.1 (42.5). Product costs rose due to increased deliveries of goods, while marketing costs for Probi Mage<sup>®</sup> and Probi Frisk<sup>®</sup> in partnership with Bringwell declined by a corresponding amount because most of the marketing activities for the year will be carried out during the second half of the year.

### Second quarter, April – June, 2013

Probi's net sales during the second quarter amounted to MSEK 26.5 (21.9). The overall increase was MSEK 4.6, or 21%.

Net sales in Functional Food fell from MSEK 11.4 to MSEK 10.1. A large portion of the decline was due to the change in remuneration level for ProViva. The sales volume for ProViva for the second quarter tracked the year-earlier period. Net sales in Consumer Healthcare increased MSEK 5.9 to MSEK 16.4 (10.5). Pharmavite accounted for the largest portion of this increase.

Operating expenses rose MSEK 2.3 compared with the year-earlier period to MSEK 22.4 (20.1). Deliveries of goods were higher than in the second quarter of 2012, which resulted in higher product costs. The effect of this increase was partly offset by marketing costs for Probi Mage<sup>®</sup> and Probi Frisk<sup>®</sup> being lower than in the year-earlier period.

### Distribution of operating revenue:

KSEK	Q2 2013	Q2 2012	Q1 - Q2 2013	Q1 - Q2 2012	Full-year 2012
Goods	13,502	8,379	24,792	20,522	41,120
Royalty, licenses, etc.	13,019	13,531	27,123	32,024	58,442
<b>Net sales</b>	<b>26,521</b>	<b>21,910</b>	<b>51,915</b>	<b>52,546</b>	<b>99,562</b>
Other operating income	413	314	706	600	830
<b>Total operating revenue</b>	<b>26,934</b>	<b>22,224</b>	<b>52,621</b>	<b>53,146</b>	<b>100,392</b>

### Profit after tax

Profit after tax for the first six months amounted to MSEK 8.7 (8.4). Tax expense was MSEK 2.5 (3.0).

### Earnings per share

Earnings per share for the reporting period amounted to SEK 0.96 (0.92).

### Cash flow

Cash and cash equivalents are at the same level as year-end 2012 and amounted to MSEK 87.2 (83.4) at the end of the quarter. Compared with the first half of 2012, cash flow from operating activities during the first six months fell MSEK 4.7 to MSEK 13.0 (17.7). The decline was largely due to changes in working capital.

## Investments

During the first half of 2013, investments in intangible assets amounted to MSEK 6.1 (3.2), of which MSEK 1.1 (1.5) pertained to patents and MSEK 5.0 (1.7) to capitalised development expenditure. Investments in tangible fixed assets amounted to MSEK 0.1 (0.5).

Probi invests in prioritised research and development projects to ensure long-term growth. The R&D proportion of total expenses, excluding goods for sale and depreciation/amortisation, was 36% (31). This proportion would rise to 46% (34) had capitalised development expenditure for the year been included.

## SEGMENT INFORMATION

### General information

Probi's operations are organised into two business segments, with separate managers: Functional Food and Consumer Healthcare, formerly Dietary Supplements.

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

The Consumer Healthcare segment develops, markets and sells Probi probiotics in partnership with pharmaceutical companies and other companies specialised in probiotics and health and wellness products, under Probi's proprietary brand and those of its partners.

No business transactions are conducted between the two segments.

### Operating income per segment, Q2:

KSEK	Q2 2013			Q2 2012		
	FF	CHC	Total	FF	CHC	Total
Operating revenue	10,259	16,675	<b>26,934</b>	11,436	10,788	<b>22,224</b>
Operating expenses	-6,864	-15,515	<b>-22,379</b>	-8,212	-11,845	<b>-20,057</b>
<b>Operating profit/loss</b>	<b>3,395</b>	<b>1,160</b>	<b>4,555</b>	<b>3,224</b>	<b>-1,057</b>	<b>2,167</b>

KSEK	Q1 – Q2 2013			Q1 – Q2 2012			Full-year 2012		
	FF	CHC	Total	FF	CHC	Total	FF	CHC	Total
Operating revenue	22,330	30,291	<b>52,621</b>	27,998	25,148	<b>53,146</b>	50,573	49,819	<b>100,392</b>
Operating expenses	-13,222	-28,834	<b>-42,056</b>	-17,150	-25,354	<b>-42,504</b>	-31,496	-51,687	<b>-83,183</b>
<b>Operating profit/loss</b>	<b>9,108</b>	<b>1,457</b>	<b>10,565</b>	<b>10,848</b>	<b>-206</b>	<b>10,642</b>	<b>19,077</b>	<b>-1,868</b>	<b>17,209</b>

FF= Functional Food CHC= Consumer Healthcare

Probi's growth strategy includes increased investments to develop the Consumer Healthcare business area. These investments involve new distribution solutions and the establishment of proprietary brands. As part of this, new resources have been allocated to Consumer Healthcare in recent years, resulting in higher personnel costs. In addition, some existing resources were transferred, resulting in a corresponding decrease in operating costs in Functional Food. However, most of the cost increase in Consumer Healthcare compared with first six months of 2012 comprises product costs due to the increased volume of sales.

**Operating income distributed by geographic market:**

KSEK	Q2 2013	Q2 2012	Q1 - Q2 2013	Q1 - Q2 2012	Full-year 2012
Sweden	14,503	15,595	31,221	33,744	64,749
Rest of Europe	3,059	3,430	5,746	4,830	11,347
North America	6,697	1,633	9,512	8,841	12,969
Rest of the world	2,675	1,566	6,142	5,731	11,327
<b>Total</b>	<b>26,934</b>	<b>22,224</b>	<b>52,621</b>	<b>53,146</b>	<b>100,392</b>

The decline in revenue in Sweden was primarily due to a decrease of MSEK 1.9 in royalty revenue from ProViva sales. The sales volume for ProViva remained at the same level as in the first half of 2012. The decrease was due to the contractual change concerning royalty calculation that became effective at year-end 2012. The increase in North America was mainly attributable to deliveries to Pharmavite, which reported a highly positive sales trend. Probi's order intake from Pharmavite exceeds the plan for the current year. Also, year-earlier revenue for North America included minimum royalties of MSEK 3.8 from NextFoods according to the agreement applicable then in order for the customer to retain the rights to *Lactobacillus plantarum* 299v (DSM 9843) in the North American market.

**Functional Food**

Since its launch in 1994, the ProViva range has been continuously developed with new flavours and product varieties. Danone/ProViva AB launched ProViva 50 in May to meet increased demand for products with lower sugar content. The new ProViva drinks do not contain any added sugar, only the natural sugars found in the fruits used. Stevia is used as a sweetener to maintain a pleasant flavour. ProViva 50 contains 50% less sugar compared with juice and fruit juice drinks and is available in the following flavours: Orange Mango, Raspberry Blackberry and Tropical.

**Consumer Healthcare**

Probi has strengthened resources for Consumer Healthcare over the past year, which has generated conditions for more intense business development primarily in the US and in selected markets in Asia and Eastern Europe. This is now starting to yield results in the form of both new agreements and renegotiations of existing agreements.

During the second quarter, Probi signed a distribution agreement with AlenMed Promotion SIA, Latvia, for the launch of Probi Digestis<sup>®</sup> and Probi Defendum<sup>®</sup> in Belarus. The launch, which is scheduled for the first quarter of 2014, is being managed by the company's representative office in Belarus. Probi Digestis<sup>®</sup> and Probi Defendum<sup>®</sup> will be registered and launched under the Probi brand. The agreement with AlenMed is of major strategic significance for Probi since the registration process used can be applied to a later expansion to further markets in the region.

The following agreements were signed or revised after the end of the reporting period.

An agreement with Bio-Life Marketing Sdn. Bhd was signed in July for the marketing and launch of Probi's *Lactobacillus Plantarum* 299v (Probi Digestis<sup>®</sup>) in Malaysia. The launch, through leading pharmacies across Malaysia, will take place in the second half of 2013 under the product name PROBI LP299V<sup>®</sup> with Bio-Life as an umbrella brand. PROBI LP299V<sup>®</sup> will be positioned against IBS (Irritable Bowel Syndrome). Bio-Life is an expansive healthcare company and has many years of experience of launching probiotic products. The company is a subsidiary of the Swiss DKSH Group, which is a leading global player focused on market expansion in Asia in a number of different product areas. This creates the conditions for expanding the launch of Probi's products to additional markets in Southeast Asia at a later stage.

In August, Probi signed an agreement with Botanic Pharma, Morocco, which will launch Probi's *Lactobacillus Plantarum* 299v (Probi Digestis<sup>®</sup>) in the first quarter of 2014. The market for gastrointestinal-health products in Morocco is growing and amounts to about MEUR 35. The launch will be targeted at general practitioners, gastroenterologists and consumers through pharmacies and health food retailers.



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In addition, the agreement that Probi signed with Sanum Polska, Poland, in 2008 have been renegotiated and extended. The revised agreement with Sanum Polska also includes broadening the range marketed in Poland.

### RESEARCH AND DEVELOPMENT

Probi's clinical research programme is proceeding according to plan. This includes the two clinical studies concerning the immune system and gastrointestinal health, which will serve as the supporting basis for applications concerning health claims and are to be scientifically examined by the EFSA, and will commence after the summer.

The European Patent Office announced that it intends to approve Probi's European patent application for bacterial diversity, which was observed when *Lactobacillus plantarum* 299v (DSM 9843) was administered to individuals. The patent protection will encompass a composition containing *Lactobacillus plantarum* 299v for use in the treatment or prophylactic treatment of low bacterial diversity, bacterial overgrowth in the small and large intestines, and translocation, where bacterial passes from the intestine through the intestinal wall and into other tissue. The patent strengthens Probi's protection for LP299V<sup>®</sup>. This field is of particular interest since it is now generally scientifically accepted that high bacterial diversity is positive for health, while low bacterial diversity is negative.

The article "Differential effect on cell-mediated immunity in human volunteers after intake of different lactobacilli" was published in May 2013 in *Clinical and Experimental Immunology* (2013 May;172(2):321-32). The article, which describes parts of the screening process that Probi employed to produce the combination of bacteria for Probi Defendum<sup>®</sup>, was one of the most downloaded articles from *Clinical and Experimental Immunology*, thus indicating widespread scientific interest.

### EMPLOYEES

At the end of the period, Probi had 25 (24) employees, 15 (15) women and ten (nine) men. The average number of employees was 24 (22).

### RELATED-PARTY TRANSACTIONS

During the reporting period, Board member Jan Nilsson invoiced fees, via Atherioco AB, of SEK 60,000 (60,000) pertaining to Probi's Scientific Advisory Board and Mats Board member Lidgard invoiced consulting fees of SEK 39,000 (0), via Lavindia AB, pertaining to legal issues during the reporting period. No additional significant related-party transactions occurred during 2013.

### EVENTS AFTER THE CLOSE OF THE REPORTING PERIOD

After the end of the reporting period, Probi signed agreements with Bio-Life, Malaysia, and Botanic Pharma, Morocco, for the distribution of Probi Digestis<sup>®</sup> in each country. The agreement with Sanum Polska was also revised. For further information, refer to the section on Consumer Healthcare on page 5.

### SIGNIFICANT RISKS AND UNCERTAINTIES

The risks and uncertainties to which Probi's operations are exposed are described on pages 31-32 of the 2012 Annual Report. At 30 June 2013, no significant changes are considered to have occurred to these risks or uncertainties.



## CALENDAR

Interim report Q3, 2013	22 October 2013
Year-end report, 2013	23 January 2014

## 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 2013, and the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), approved by the European Commission. This interim report was prepared in compliance with IAS 34 “Interim reporting” and the Swedish Annual Accounts Act.

The accounting policies that were applied when these consolidated financial statements were prepared were consistent for all presented periods, unless otherwise stated. The complete accounting policies can be found on pages 48-51 of the 2012 Annual Report.

The Parent Company's functional currency is the Swedish krona (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 with the exceptions and supplements stipulated in “RFR 2, Accounting for legal entities – January 2013”. The interim 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 interim report gives a fair and accurate view of the Parent Company's and the Group's operations, financial position and revenue, and describes the risks and uncertainties facing the Parent Company and the Group.

Lund, 20 August 2013.

Per Lundin  
*Chairman of the Board*

Benedicte Fossum  
*Board member*

Mats Lidgard  
*Board member*

Declan MacFadden  
*Board member*

Jan Nilsson  
*Board member*

Eva Redhe Ridderstad  
*Board member*

Gun-Britt Fransson  
*Interim 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 interim report for Probi AB (publ) as of 30 June 2013 and the six-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 June 2013, as well as its financial results and cash flow for the six-month period that ended on this date.

Malmö, 20 August 2013.

Deloitte AB

Per-Arne Pettersson

Authorised Public Accountant



Probi AB Interim report 1 January 2013 – 30 June 2013

**Statement of comprehensive income (Group)**

	Q2 2013	Q2 2012	Q1 - Q2 2013	Q1 - Q2 2012	Full-year 2012
Currency: KSEK					
<b>Operating revenue</b>					
Net sales	26,521	21,910	51,915	52,546	99,562
Other revenue	413	314	706	600	830
<b>Total operating revenue</b>	<b>26,934</b>	<b>22,224</b>	<b>52,621</b>	<b>53,146</b>	<b>100,392</b>
<b>Operating expenses</b>					
Cost of goods sold	-6,490	-2,649	-12,312	-8,261	-18,477
Employee benefit expenses	-7,629	-6,912	-14,233	-13,359	-25,659
Other external costs	-6,957	-8,912	-13,198	-17,753	-32,696
Depreciation and impairment of fixed assets	-1,303	-1,584	-2,313	-3,131	-6,351
<b>Total operating expenses</b>	<b>-22,379</b>	<b>-20,057</b>	<b>-42,056</b>	<b>-42,504</b>	<b>-83,183</b>
<b>Operating profit</b>	<b>4,555</b>	<b>2,167</b>	<b>10,565</b>	<b>10,642</b>	<b>17,209</b>
Financial income	416	711	791	1,243	2,000
Financial expenses	-44	-286	-107	-506	-887
<b>Profit before tax</b>	<b>4,927</b>	<b>2,592</b>	<b>11,249</b>	<b>11,379</b>	<b>18,322</b>
Tax for the period	-1,098	-618	-2,515	-2,970	-4,817
<b>Profit for the period</b>	<b>3,829</b>	<b>1,974</b>	<b>8,734</b>	<b>8,409</b>	<b>13,505</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>3,829</b>	<b>1,974</b>	<b>8,734</b>	<b>8,409</b>	<b>13,505</b>
Number of shares at end of reporting period	9,115,300	9,115,300	9,115,300	9,115,300	9,115,300
Average no. of shares	9,115,300	9,115,300	9,115,300	9,115,300	9,115,300
Earnings per share before and after dilution, SEK	0.42	0.22	0.96	0.92	1.48

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)**

	Q2 2013	Q2 2012	Q1 - Q2 2013	Q1 - Q2 2012	Full-year 2012
Currency: KSEK					
<b>Operating revenue</b>					
Net sales	26,521	21,910	51,915	52,546	99,562
Other revenue	413	314	706	600	830
<b>Total operating revenue</b>	<b>26,934</b>	<b>22,224</b>	<b>52,621</b>	<b>53,146</b>	<b>100,392</b>
<b>Operating expenses</b>					
Cost of goods sold	-6,490	-2,649	-12,312	-8,261	-18,477
Employee benefit expenses	-7,629	-6,912	-14,233	-13,359	-25,659
Other external costs	-6,957	-8,912	-13,198	-17,753	-32,696
Depreciation and impairment of fixed assets	-1,303	-1,584	-2,313	-3,131	-6,351
<b>Total operating expenses</b>	<b>-22,379</b>	<b>-20,057</b>	<b>-42,056</b>	<b>-42,504</b>	<b>-83,183</b>
<b>Operating profit</b>	<b>4,555</b>	<b>2,167</b>	<b>10,565</b>	<b>10,642</b>	<b>17,209</b>
Financial income	416	711	791	1,243	2,000
Financial expenses	-44	-286	-107	-506	-887
<b>Profit after financial items</b>	<b>4,927</b>	<b>2,592</b>	<b>11,249</b>	<b>11,379</b>	<b>18,322</b>
Appropriations	-	-	-	-	-5,193
<b>Profit before tax</b>	<b>4,927</b>	<b>2,592</b>	<b>11,249</b>	<b>11,379</b>	<b>13,129</b>
Tax for the period	-1,098	-618	-2,515	-2,970	-3,675
<b>Profit for the period</b>	<b>3,829</b>	<b>1,974</b>	<b>8,734</b>	<b>8,409</b>	<b>9,454</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>3,829</b>	<b>1,974</b>	<b>8,734</b>	<b>8,409</b>	<b>9,454</b>

<b><u>Consolidated statement of financial position (Group)</u></b>	<b>30 Jun. 2013</b>	<b>30 Jun. 2012</b>	<b>31 Dec. 2012</b>
<b>Assets</b>			
<b>Fixed assets</b>			
Capitalised development expenses	11,958	6,750	7,969
Patents and licenses	8,278	9,482	7,888
Goodwill	2,762	2,762	2,762
Equipment, tools and fixtures	<u>2,519</u>	<u>3,095</u>	<u>3,021</u>
<b>Total fixed assets</b>	<b>25,517</b>	<b>22,089</b>	<b>21,640</b>
<b>Current liabilities</b>			
Inventories	4,234	3,493	2,466
Current receivables	23,517	21,695	25,337
Cash and cash equivalents	<u>87,249</u>	<u>83,365</u>	<u>87,285</u>
<b>Total current assets</b>	<b>115,000</b>	<b>108,553</b>	<b>115,088</b>
<b>Total assets</b>	<b>140,517</b>	<b>130,642</b>	<b>136,728</b>
<b>Equity and liabilities</b>			
Equity	124,714	117,721	122,816
Deferred tax	1,142	-	1,142
Current liabilities	<u>14,661</u>	<u>12,921</u>	<u>12,770</u>
<b>Total equity and liabilities</b>	<b>140,517</b>	<b>130,642</b>	<b>136,728</b>

<b><u>Balance sheet (Parent Company)</u></b>	<b>30 Jun. 2013</b>	<b>30 Jun. 2012</b>	<b>31 Dec. 2012</b>
<b>Assets</b>			
<b>Fixed assets</b>			
Capitalised development expenses	11,958	6,750	7,969
Patents and licenses	8,278	9,482	7,888
Equipment, tools and fixtures	2,519	3,095	3,021
Participations in Group companies	<u>4,031</u>	<u>4,031</u>	<u>4,031</u>
<b>Total fixed assets</b>	<b>26,786</b>	<b>23,358</b>	<b>22,909</b>
<b>Current assets</b>			
Inventories	4,234	3,493	2,466
Current receivables	23,517	21,695	25,337
Cash and cash equivalents	<u>87,249</u>	<u>83,365</u>	<u>87,285</u>
<b>Total current assets</b>	<b>115,000</b>	<b>108,553</b>	<b>115,088</b>
<b>Total assets</b>	<b>141,786</b>	<b>131,911</b>	<b>137,997</b>
<b>Equity and liabilities</b>			
Equity	117,896	114,954	115,998
Untaxed reserves	5,193	-	5,193
Long-term liabilities	4,036	4,036	4,036
Current liabilities	<u>14,661</u>	<u>12,921</u>	<u>12,770</u>
<b>Total equity and liabilities</b>	<b>141,786</b>	<b>131,911</b>	<b>137,997</b>

# Probi AB Interim report 1 January 2013 – 30 June 2013

Currency: KSEK

## Changes in equity (Group)

	Share capital	Other contributions received	Result brought forward	Total equity
<b>Reporting period, 1 Jan. 2012 – 30 Jun. 2012</b>				
Opening balance, 1 Jan. 2012	46,827	71,578	-2,256	116,149
Total comprehensive income for the period			8,409	8,409
Dividends for 2011		-6,837		-6,837
<b>Equity, 30 Jun. 2012</b>	<b>46,827</b>	<b>64,741</b>	<b>6,153</b>	<b>117,721</b>
<b>Reporting period, 1 Jan. 2013 – 30 Jun. 2013</b>				
Opening balance, 1 Jan. 2013	46,827	64,740	11,249	122,816
Total comprehensive income for the period			8,734	8,734
Dividends for 2012		-6,836		-6,836
<b>Equity, 30 Jun. 2013</b>	<b>46,827</b>	<b>57,904</b>	<b>19,983</b>	<b>124,714</b>

## Statement of cash flows

	Q1 – Q2 2013	Q1 – Q2 2012	Full-year 2012
<b>Operating activities</b>			
Profit before tax	11,249	11,379	18,322
Depreciation/amortisation	2,313	3,131	6,351
Capital gains/losses from disposal of tangible fixed assets	-	-34	-31
Income tax paid	<u>-2,334</u>	<u>-2,297</u>	<u>-4,264</u>
<b>Cash flow from operating activities before changes in working capital</b>	<b><u>11,228</u></b>	<b><u>12,179</u></b>	<b><u>20,378</u></b>
Change in inventories	-1,768	911	1,938
Change in operating receivables	1,820	5,450	1,808
Change in operating liabilities	<u>1,711</u>	<u>-872</u>	<u>77</u>
<b>Cash flow from operating activities</b>	<b><u>12,991</u></b>	<b><u>17,668</u></b>	<b><u>24,201</u></b>
<b>Investing activities</b>			
Acquisition of intangible fixed assets	-6,137	-3,157	-5,446
Acquisition of tangible fixed assets	-53	-511	-1,102
Divestment of tangible fixed assets	-	-	<u>267</u>
<b>Cash flow from investing activities</b>	<b><u>-6,190</u></b>	<b><u>-3,668</u></b>	<b><u>-6,281</u></b>
<b>Financing activities</b>			
Dividend to shareholders	<u>-6,837</u>	<u>-6,837</u>	<u>-6,837</u>
<b>Cash flow from financing activities</b>	<b><u>-6,837</u></b>	<b><u>-6,837</u></b>	<b><u>-6,837</u></b>
<b>Change in cash and cash equivalents</b>	<b>-36</b>	<b>7,163</b>	<b>11,083</b>
Cash and cash equivalents at the beginning of the year	87,285	76,202	76,202
Cash and cash equivalents at the end of the period	87,249	83,365	87,285
<b>Interest paid and received</b>			
Interest received	31	2	1,615
Interest paid	-	-	-

## Probi AB Interim report 1 January 2013 – 30 June 2013

Currency: KSEK

<b>Key ratios</b>	<b>Def.</b>	<b>30 Jun. 2013</b>	<b>30 Jun. 2012</b>	<b>31 Dec. 2012</b>
Growth, %	1	-1.2	9.7	5.5
R&D expenses as part of operating income, %		19	18	18
Average no. of employees		24	22	23
Assets		140,517	130,642	136,728
Working capital	2	100,339	95,632	103,011
Financial data				
Liquid ratio, %	3	756	813	933
Equity ratio, %	4	88.8	90.1	89.8
Debt/equity ratio, %	5	0.0	0.0	0.0
Equity per share, SEK		13.68	12.91	13.47
Cash flow per share, SEK		0.00	0.79	1.22
Share price, SEK		40.50	58.00	44.40
Market cap		369,170	528,687	404,719
Profitability, %				
Return on total assets	6	8.1	8.8	14.1
Return on equity	7	9.1	9.7	15.3
Operating margin	8	20.4	20.3	17.3
Net margin	9	21.7	21.7	18.4

### 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