

# PROBI AB INTERIM REPORT

## 1 January 2012 – 30 September 2012

## FULL-YEAR GROWTH DESPITE DECLINE FOR PROVIVA

### THIRD QUARTER OF 2012

- **NET SALES** amounted to MSEK 20.8 (21.9).
- **OPERATING PROFIT** totalled MSEK 4.0 (5.5).
- **PROFIT AFTER TAX** amounted to MSEK 2.9 (4.5).
- **PROFIT AFTER TAX PER SHARE** was SEK 0.32 (0.49).
- **CASH FLOW** amounted to MSEK 2.8 (neg: 1.8).

### ACCUMULATED 2012

- **NET SALES** amounted to MSEK 73.4 (69.8).
- **OPERATING PROFIT** totalled MSEK 14.6 (18.5).
- **PROFIT AFTER TAX** amounted to MSEK 11.4 (14.5).
- **PROFIT AFTER TAX PER SHARE** was SEK 1.25 (1.57).
- **CASH FLOW** amounted to MSEK 9.9 (neg: 14.3).

### SIGNIFICANT EVENTS DURING THE THIRD QUARTER:

- GfK Medic Scope reported a 50.5% market share for Probi Mage® and Probi Frisk® in the Swedish market for probiotic dietary supplements.
- German company Symrise became Probi's largest shareholder after acquiring 11.8% of the share capital.

"Our total net sales, excluding ProViva, to date this year have increased by slightly more than 14% despite the prevailing business climate. For the remainder of the year, we anticipate additional, slightly higher growth in this area. It is particularly gratifying to note that Probi Mage, slightly more than two years after its launch, is the product that has the highest sales value among non-prescription products for gastrointestinal health in the Swedish pharmacy market. In pace with a decline in the total market in Sweden for juices and fruit drinks, we have experienced a decrease in ProViva volumes compared with 2011 and this trend continued during the third quarter. We anticipate that income from ProViva during the remainder of the year will be at the same level as in the fourth quarter of 2011," 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 18 October 2012 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, as well as stress and recovery. Probi's customers are leading companies in the Functional Food and Consumer Healthcare segments. Total income for 2011 was MSEK 95.0. 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 during the reporting period, January-September 2012, rose MSEK 3.6, or 5%, to MSEK 73.4 (69.8). The increase was predominantly attributable to Consumer Healthcare and primarily driven by deliveries of probiotic capsules containing Lp299v to Pharmavite in the US.

Operating profit up until 30 September totalled MSEK 14.6 (18.5). The decrease was mainly due to increased personnel costs resulting from Probi strengthening its organisation during 2012.

To date this year, royalty revenue from ProViva has amounted to MSEK 32.1 (33.7). This decrease is in line with the total market decline for juices and fruit drinks in Sweden.

As of 2013, the royalty calculation for ProViva sales in Sweden will be changed to match the agreements signed with Danone in 2010. This entails that next year Probi's royalty revenue from ProViva in Sweden will be approximately 8% lower based on expected net sales in 2012. As of 2014, royalty revenue in Sweden will fall by an additional approximately 5% per year during the remaining contractual period until 2020, based on anticipated net sales in 2012. Should the sales value increase during the years ahead compared with 2012, the negative effect of the changed method of calculating royalties will be correspondingly reduced.

The protracted EFSA process has entailed that Danone's international launch has been delayed and, as a result, the royalty change in Sweden will not be offset by royalty revenue from new markets in the short term. During 2012, Probi plans to submit applications to EFSA aimed at receiving approval for health claims under Article 13.5.

During the third quarter, German company Symrise acquired shares in Probi corresponding to 11.8% of the share capital and 12.1% of the voting rights. Symrise, which has thus become Probi's largest shareholder, 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 firmly 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.

## SALES AND COSTS

### January – September 2012 reporting period

During the reporting period, Probi's net sales amounted to MSEK 73.4 (69.8). The total increase was MSEK 3.6, or 5%. Net sales in the Functional Food business area amounted to MSEK 38.7 (38.3) and net sales in the Consumer Healthcare business area rose MSEK 3.1, or 10%, to MSEK 34.7 (31.6).

Royalty revenue from ProViva amounted to MSEK 32.1 (33.7). Year-on-year, the trend tracks the total market for juices and fruit drinks in supermarket sales, which have fallen slightly during 2012. During the second half of 2012, Danone is implementing an activity programme for ProViva, including new launches of both flavours and packaging sizes.

Growth in Consumer Healthcare is largely driven by deliveries of probiotic capsules based on Probi's bacteria Lp299v<sup>®</sup> to Pharmavite in the US. The agreement with Pharmavite was signed in the third quarter of 2011.

Operating expenses rose MSEK 7.5 to MSEK 59.4 (51.9). The increase was mainly due to higher personnel costs in connection with the strengthening of Probi's organisation. Material costs have also risen due to higher sales of goods. In addition, the marketing and media campaign in partnership with Bringwell has been at a slightly higher level than in the year-earlier period.

### Third quarter, July – September 2012

During the third quarter, Probi's net sales amounted to MSEK 20.8 (21.9). The total decrease was MSEK 1.1, or 5%.

Net sales in Functional Food declined MSEK 0.3. Royalty revenue from ProViva fell MSEK 0.8, which was partly offset by higher revenue from other customers. Consumer Healthcare declined MSEK 0.8, mainly due to a temporary dip in the delivery of goods to Bringwell over the summer period. Probi has noted signs that sales to Probi Mage and Probi Frisk consumers will remain favourable and that the dip in goods delivered is linked to storage issues for wholesalers and at supermarket level.

Operating expenses remained in line with the year-on-year period, amounting to MSEK 16.9 (16.8).

**Distribution of operating income:**

KSEK	Q3 2012	Q3 2011	Q1 – Q3 2012	Q1 – Q3 2011	Full-year 2011
Sales, goods	8,277	9,428	28,799	24,485	36,399
Royalty, licenses, etc.	12,566	12,504	44,590	45,334	57,980
<b>Net sales</b>	<b>20,843</b>	<b>21,932</b>	<b>73,389</b>	<b>69,819</b>	<b>94,379</b>
Other operating income	61	296	661	524	630
<b>Total operating income</b>	<b>20,904</b>	<b>22,228</b>	<b>74,050</b>	<b>70,343</b>	<b>95,009</b>

**Profit after tax**

Profit after tax for the reporting period amounted to 11.4 MSEK (14.5). Tax expenses totalled MSEK 4.0 (5.3).

**Earnings per share**

Earnings per share for the reporting period amounted to SEK 1.25 (1.57).

**Cash flow**

Total cash flow for the reporting period amounted to 9.9 MSEK (neg: 14.3) and cash and cash equivalents at the end of the reporting period amounted to MSEK 86.1 (75.5). During 2012, Probi has 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 reporting period rose MSEK 9.9 year-on-year to MSEK 21.6 (11.7). The positive change in cash flow from operating activities was largely attributable to a MSEK 5.3 decline in working capital, mainly resulting from accounts receivable being MSEK 6.9 lower than at the end of 2011. During the corresponding period in 2011, working capital rose MSEK 12.1.

**Investments**

During the reporting period, investments in intangible fixed assets amounted to MSEK 4.2 (4.5), of which patents accounted for MSEK 2.1 (1.2) and capitalised development costs for MSEK 2.1 (3.4). Investments in tangible fixed assets amounted to MSEK 0.7 (0.7).

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 34% (39) if the development costs 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. Probi decided to rename the business area as of 2012, since the new name better reflects the company's products and how they are perceived by consumers. The regulatory status of the products is either food or consumer healthcare products depending on the geographic market, and they are generally perceived as healthcare products by consumers.

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 probiotics in cooperation with healthcare 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 income per segment, Q3:**

KSEK	Q3 2012			Q3 2011		
	FF	CHC	Total	FF	CHC	Total
Operating income	10,844	10,060	<b>20,904</b>	11,268	10,960	<b>22,228</b>
Operating expense	-6,547	-10,391	<b>-16,938</b>	-7,138	-9,621	<b>-16,759</b>
<b>Operating profit/loss</b>	<b>4,297</b>	<b>-331</b>	<b>3,966</b>	<b>4,130</b>	<b>1,339</b>	<b>5,469</b>

**Operating income per segment, Q1-Q3:**

KSEK	Q1 – Q3 2012			Q1 - Q3 2011			Full-year 2011		
	FF	CHC	Total	FF	CHC	Total	FF	CHC	Total
Operating income	38,842	35,208	<b>74,050</b>	38,523	31,820	<b>70,343</b>	49,694	45,315	<b>95,009</b>
Operating expense	-23,697	-35,745	<b>-59,442</b>	-24,241	-27,612	<b>-51,853</b>	-35,376	-41,836	<b>-77,212</b>
<b>Operating profit/loss</b>	<b>15,145</b>	<b>-537</b>	<b>14,608</b>	<b>14,282</b>	<b>4,208</b>	<b>18,490</b>	<b>14,318</b>	<b>3,479</b>	<b>17,797</b>

FF= Functional Food CHC= Consumer Healthcare

Most of the year-on-year cost increase in the Consumer Healthcare business area resulted from higher personnel costs since new resources were injected into the business area and a certain transfer of existing internal resources was implemented. Material costs also increased in connection with higher sales of goods while the media campaign in collaboration with Bringwell remains at a slightly higher level than in the year-earlier period.

**Operating income distributed by geographic market:**

KSEK	Q3 2012	Q3 2011	Q1 – Q3 2012	Q1 – Q3 2011	Full-year 2011
Nordic region	14,282	16,877	48,203	49,393	66,866
Rest of Europe	2,733	2,173	7,386	5,980	7,598
North America	1,671	871	10,512	5,121	7,304
Rest of the world	2,218	2,307	7,949	9,849	13,241
<b>Total</b>	<b>20,904</b>	<b>22,228</b>	<b>74,050</b>	<b>70,343</b>	<b>95,009</b>

The third-quarter decrease in income in the Nordic region was due to the above-mentioned temporary dip in the delivery of goods to Bringwell during the summer period, and to lower royalty revenue from ProViva. Revenue increased for the rest of Europe due to deliveries to Proton Systems, which did not place any orders during 2011, while revenue increased in North America due to deliveries to Pharmavite.

**Functional Food**

The continued positive trend for NextFoods in the North American market demonstrates the high efficacy of products based on Probi's *Lp299v* bacterium. NextFoods' marketing has now been expanded with the "12-day challenge" concept, which leads to continuous communication with consumers and, to date, has resulted in a high degree of repurchases.

**Consumer Healthcare**

Probi Mage and Probi Frisk, which are sold in partnership with Bringwell, are further strengthening their position in the Swedish market for probiotic dietary supplements. In the July 2011-June 2012 period, the market share rose to 50.5%, a 5.3% percentage-point increase compared with full-year 2011. The total sales volume for Probi Mage to health food stores and pharmacies rose by just over 20% year-on-year during January-September. As a result, Probi Mage is now the product that has the highest sales value among non-prescription products for gastrointestinal health in the Swedish pharmacy market.

Deliveries to Pharmavite in the US during 2012, for which Probi signed agreements in the third quarter of 2011, are in line with initial expectations. Pharmavite's distribution increased and now comprises the major health food chains Walgreens and CVS. The growing North American market for dietary supplements is highly fragmented with a wide range of players and sales channels. Probi is now exploring additional initiatives to strengthen its presence in existing channels and create distribution where Probi's products are not currently sold.

In May 2012, as previously announced, Probi signed an agreement concerning the launch of Probi Digestis and Probi Defendum in the Swiss pharmacy market. The Swiss registration authority, BAG, is taking into account the new regulatory framework in the EU in its assessment of health-claim applications and has issued an initial positive statement concerning the health claims that are planned to be used in connection with the launch. Probi anticipates that the registration process will be completed during 2012.

The strengthened resources in Consumer Healthcare are now beginning to generate results, including higher activity in negotiation processes with new customers, as well as partnerships with existing customers. A number of product registration activities have also been initiated in preparation for future launches and partnerships in a number of key markets.

## **RESEARCH AND DEVELOPMENT**

The company's R&D projects involving gastrointestinal health and the immune system are progressing as planned and have entered the final phase. The results of the studies are expected to be available during November. As previously reported, the aim of both studies is to supplement previously produced clinical documentation and they are planned for inclusion in applications to the EFSA concerning health claims under Article 13.5.

## **EMPLOYEES**

At the end of the period, Probi had 24 employees (22), 15 women (13) and 9 men (9). The average number of employees was 23 (22).

## **RELATED-PARTY TRANSACTIONS**

During the reporting period, Board member Jan Nilsson, via Altherioco 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 30 September 2012, no significant changes are considered to have occurred to these risks or uncertainties.

## **CALENDAR**

Year-end report, 2012	24 January 2013
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 2012 Annual General Meeting will be held in Lund on Wednesday, 24 April 2013 at 3.00 p.m. The venue will be announced later.

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 2012. The proposals should be e-mailed to [sofie.forsman@probi.se](mailto:sofie.forsman@probi.se) or posted to "Annual General Meeting, Sofie Forsman, Probi AB, Ideon Gamma 1, SE-223 70 LUND".

## **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 interim 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 were 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 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 earnings, and describes the risks and uncertainties facing the Parent Company and the Group.

Lund, 18 October 2012

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 financial statements for Probi AB (publ) as of 30 September 2012 and the nine-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 interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim 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* issued by FAR SRS. 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 interim 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 September 2012, as well as its financial results and cash flow for the nine-month period that ended on this date.

Malmö, 18 October 2012

Deloitte AB

Per-Arne Pettersson

Authorised Public Accountant

## Probi AB (publ)

**Statement of comprehensive income, group and parent company**

Currency: KSEK	Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	Full-year 2011
<b>Operating revenue</b>					
Net sales	20,843	21,932	73,389	69,819	94,379
Other revenue	61	296	661	524	630
<b>Total operating revenue</b>	<b>20,904</b>	<b>22,228</b>	<b>74,050</b>	<b>70,343</b>	<b>95,009</b>
<b>Operating expenses</b>					
Cost of goods sold	-3,721	-4,179	-11,982	-9,952	-16,833
Employee benefit expenses	-5,410	-4,797	-18,769	-15,181	-21,174
Other external costs	-6,200	-6,211	-23,953	-22,063	-30,258
Depreciation and impairment of fixed assets	-1,607	-1,572	-4,738	-4,657	-8,947
<b>Total operating expenses</b>	<b>-16,938</b>	<b>-16,759</b>	<b>-59,442</b>	<b>-51,853</b>	<b>-77,212</b>
<b>Operating income</b>	<b>3,966</b>	<b>5,469</b>	<b>14,608</b>	<b>18,490</b>	<b>17,797</b>
Financial income	436	626	1,679	1,567	2,138
Financial expenses	-380	-1	-886	-271	-430
<b>Profit before tax</b>	<b>4,022</b>	<b>6,094</b>	<b>15,401</b>	<b>19,786</b>	<b>19,505</b>
Tax on profit	-1,073	-1,610	-4,043	-5,288	-5,312
<b>Net profit</b>	<b>2,949</b>	<b>4,484</b>	<b>11,358</b>	<b>14,498</b>	<b>14,193</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>2,949</b>	<b>4,484</b>	<b>11,358</b>	<b>14,498</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	9,115,300
No. of shares average	9,115,300	9,186,233	9,115,300	9,242,068	9,210,115
Earnings per share based on net income before and after dilution, SEK	0.32	0.49	1.25	1.57	1.54

Since all subsidiaries are dormant, the income statements of the Group and the parent company are identical. Net profit and Total comprehensive income are attributable in their entirety to the Parent Company's shareholders. The company currently has no outstanding convertible loans or outstanding warrants, so no dilution effect can be recognised. During 2011, Probi bought back company shares. At the end of the period, Probi had 250,000 treasury shares, corresponding to 2.7% of the total number of shares, with a quotient value of SEK 5.00 per share.



**Probi AB (publ), Group**

<b><u>Consolidated statement of financial position</u></b>	<b>30 Sep. 2012</b>	<b>30 Sep. 2011</b>	<b>31 Dec. 2011</b>
<b>Assets</b>			
<b>Fixed assets</b>			
Capitalised development expenses	7,074	6,637	5,336
Patents and licenses	8,830	10,805	10,316
Goodwill	2,762	2,762	2,762
Equipment, tools and fixtures	<u>2,907</u>	<u>3,376</u>	<u>3,265</u>
Deferred tax assets	<b>21,573</b>	<b>23,580</b>	<b>21,679</b>
<b>Total fixed assets</b>			
<b>Current assets</b>	3,597	5,587	4,404
Inventories	21,421	22,438	27,145
Current receivables	<u>86,128</u>	<u>75,468</u>	<u>76,202</u>
Cash and cash equivalents	<u>111,146</u>	<u>103,493</u>	<u>107,751</u>
<b>Total current assets</b>	<b>132,719</b>	<b>127,073</b>	<b>129,430</b>
<b>Total assets</b>			
<b>Equity and liabilities</b>	120,670	116,454	116,149
Equity	<u>12,049</u>	<u>10,619</u>	<u>13,281</u>
<b>Current liabilities</b>	<b>132,719</b>	<b>127,073</b>	<b>129,430</b>

<b><u>Parent company statement of financial position</u></b>	<b>30 Sep. 2012</b>	<b>30 Sep. 2011</b>	<b>31 Dec. 2011</b>
<b>Assets</b>			
<b>Fixed assets</b>			
Capitalised development expenses	7,074	6,637	5,336
Patents and licenses	8,830	10,805	10,316
Equipment, tools and fixtures	2,907	3,376	3,265
Participation in Group companies	<u>4,031</u>	<u>4,031</u>	<u>4,031</u>
<b>Total fixed assets</b>	<b>22,842</b>	<b>24,849</b>	<b>22,948</b>
<b>Current assets</b>	3,597	5,587	4,404
Inventories	21,421	22,438	27,145
Current receivables	<u>86,128</u>	<u>75,468</u>	<u>76,202</u>
Cash and cash equivalents	<u>111,146</u>	<u>103,493</u>	<u>107,751</u>
<b>Total current assets</b>	<b>133,988</b>	<b>128,342</b>	<b>130,699</b>
<b>Total assets</b>			
<b>Equity and liabilities</b>	117,903	113,687	113,382
Equity	4,036	4,036	4,036
Current liabilities	<u>12,049</u>	<u>10,619</u>	<u>13,281</u>
<b>Total equity and liabilities</b>	<b>133,988</b>	<b>128,342</b>	<b>130,699</b>

**Probi AB (publ), the Group**

Currency: KSEK

**Changes in shareholder's equity**

	Share capital	Other contributions received	Result brought forward	Total equity
<b>Reporting period, 1 Jan. 2011 – 30 Sep. 2011</b>				
Opening balance 1 Jan. 2011	46,827	92,607	-16,449	122,985
Total comprehensive income			14,498	14,498
Dividends for 2010		-9,215		-9,215
Repurchase treasury shares		-11,814		-11,814
<b>Equity 30 Sep. 2011</b>	<b>46,827</b>	<b>71,578</b>	<b>-1,951</b>	<b>116,454</b>
<b>Reporting period, 1 Jan. 2012 – 30 Sep. 2012</b>				
Opening balance 1 Jan. 2012	46,827	71,578	-2,256	116,149
Total comprehensive income			11,358	11,358
Dividends for 2011		-6,837		-6,837
<b>Equity 30 Sep. 2012</b>	<b>46,827</b>	<b>64,741</b>	<b>9,102</b>	<b>120,670</b>

**Statement of cash flows**

	Q1-Q3 2012	Q1-Q3 2011	Full-year 2011
<b>Operating activities</b>			
Profit before tax	15,401	19,786	19,505
Depreciation/amortisation	4,738	4,657	8,947
Capital gains/losses from disposal of tangible fixed assets	-40	-35	-35
Income tax paid	<u>-3,996</u>	<u>-545</u>	<u>-732</u>
<b>Cash flow from operating activities before changes in working capital</b>	<b>16,103</b>	<b>23,863</b>	<b>27,685</b>
Change in inventories	807	-3,324	-2,141
Change in operating receivables	5,724	-7,261	-11,968
Change in operating liabilities	<u>-1,279</u>	<u>-1,544</u>	<u>1,280</u>
<b>Cash flow from operating activities</b>	<b>21,355</b>	<b>11,734</b>	<b>14,856</b>
<b>Investing activities</b>			
Acquisition of intangible fixed assets	-4,161	-4,518	-6,713
Acquisition of tangible fixed assets	-698	-724	-917
Disposal of tangible fixed assets	<u>267</u>	<u>242</u>	<u>242</u>
<b>Cash flow from investing activities</b>	<b>-4,592</b>	<b>-5,000</b>	<b>-7,388</b>
<b>Financing activities</b>			
Repurchase treasury shares	-	-11,813	-11,813
Dividends to shareholder	<u>-6,837</u>	<u>-9,215</u>	<u>-9,215</u>
<b>Cash flow from financing activities</b>	<b>-6,837</b>	<b>-21,028</b>	<b>-21,028</b>
<b>Change in cash and cash equivalents</b>	<b>9,926</b>	<b>-14,294</b>	<b>-13,560</b>
Cash and cash equivalents at the beginning of the year	76,202	89,762	89,762
Cash and cash equivalents at the end of the period	86,128	77,226	76,202
<b>Interest paid and received</b>			
Interest received	2	3	1,652
Interest paid	-	-1	-1

**Probi AB (publ), the Group**

Currency: KSEK

<b>Key ratios</b>	<b>Def.</b>	<b>30 Sep. 2012</b>	<b>30 Sep. 2011</b>	<b>31 Dec. 2011</b>
Growth, %	1	5.1	19.3	17.4
R&D expenses as part of operating income, %		18	18	18
Average no. of employees		23	20	20
Assets		132,719	127,073	129,430
Working capital	2	99,097	92,874	94,470
<b>Financial data</b>				
Liquid ratio, %	3	893	922	778
Equity ratio, %	4	90.9	91.6	89.7
Debt/equity ratio, %	5	0.0	0.0	0.0
Equity per share, SEK		13.24	12.78	12.74
Cash flow per share, SEK		1.09	-1.57	-1.49
Share price, SEK		49.80	54.00	52.50
Market cap		453,942	492,226	491,678
<b>Profitability, %</b>				
Return on total assets	6	12.1	15.0	14.7
Return on equity	7	13.0	16.5	16.3
Operating margin	8	19.9	26.5	18.9
Net margin	9	21.0	28.3	20.7

**Definitions of key ratios**

1. Change in net sales (goods, royalty, licenses etc.)
2. Total current assets minus 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