

Probi AB (publ)

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Preliminary Annual Statement 2007

Continued strong growth, increased market share and a move towards profit

The Year

- Net turnover increased by 17% to 43.6 million SEK (37.2). The previous year's amount included a lump-sum payment of 8.7 million SEK. Growth was 53%, not including the lump-sum payment.
- Within Functional Food, net turnover increased by 6% to 35.7 million SEK (33.6). Growth was 44%, not including the lump-sum payment. Within Dietary Supplements, net turnover increased by 94% to 8.9 million SEK(4.6)
- Earnings per share for the year amounted to 2.62 million SEK (-0.52) and to 2.11 (0.03) for the fourth quarter.
- Cash flow from current operations improved to 17.8 million SEK (-3.1). Liquid assets at the end of the period amounted to 47.4 million SEK (34.4).
- Probi's probiotics are under launch in a total of fifteen countries, including USA, India and China.

The Fourth Quarter

- Net turnover was 13.0 million SEK (17.0). Not including the lump-sum payment, the net turnover increased by 57%, which is approximately 20% higher than previously reached.
- Within Functional Food, the net turnover was 11.1 million SEK (16.0). Growth was 55%, not including the lump-sum payment. Within Dietary Supplements, net turnover increased by 59% to 2.3 million SEK (1.6).
- Operating result increased to 1.2 million SEK (0.1).
- After tax earnings increased to 19.7 million SEK (0.3). The result includes a tax revenue of 18.1 million SEK which is due to a postponed income tax recoverable on a deductible deficiency.
- Earnings per share increased to 2.11 (0.03).
- Probi's partner, Institut Rosell, signed an agreement with Merck regarding dietary supplement sales in Chile.

After the Period's End

- In January, American NextFoods began a test launch of "fruit shots" under the brand name Verb Good Belly in the USA. According to plan, an extensive launch and market investment will be made this year.
- Record sales of ProViva in January.
- Probi initiated a new probiotic study to follow up previous positive clinical results that have shown, amongst other things, a general reduction of common cold symptoms.
- The University hospital in Maastricht has temporarily ceased a study with Probi's probiotics in order to retain further supporting information. The study will determine whether antibiotics are routinely required in preventive purposes.
- Results as well as cash flow from current activities will be positive in 2008.

Comments by CEO Michael Oredsson:

“Probi made significant progress in 2007 and started to show profit and positive cash flow. The continued great international interest amongst customers is proof that we have a strong offer. Products containing our probiotics are under launch in 15 countries around the world. Especially satisfying is the signed agreement with American NextFoods that has now test-launched fruit shots in the USA. I see great potential for new products based on Probi’s world-leading research. I am very optimistic about the opportunities to further strengthen our position within Function Food and Dietary Supplements in the coming years.”

Probi is a leading player in probiotic research and development. The company’s research is carried out using living microorganisms with scientifically proven health effects. The main research areas are: stomach and gastrointestinal tracts, immune defense, risk factors for cardiovascular diseases, stress, and recovery. Probi’s business concept is based on offering efficient and well-documented probiotic product concepts with comprehensive patent protection, which result in the possibility of considerably higher royalty levels than for the sector as a whole. Probi’s customers include leading companies in the functional foods, dietary supplements, and clinical nutrition marketing areas. Since the middle of the 1990s, the Company has had continuous income from commercialized products. The global market for probiotic products shows a favorable underlying growth. New insight into the advantages of probiotics, an increasingly greater health interest and authorities’ increasing documentation demands and regulations are the primary trends that support Probi. Probi’s shares are listed on the Nordic Exchange. For further information, visit www.probi.se.

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