Aerocrine

Solna, February 24, 2012

Year-end Report 2011

Record sales in fourth quarter totalling 29.1 MSEK. Continued increase of covered lives in the US.

January – December 2011

- Global Net sales grew by 10% to SEK 93.5m (84.7). Adjusted for currency fluctuations, net sales rose by 18%
- The worldwide number of NIOX MINO® repeat tests sold increased by a total of 20% and for clinical use in the US by 138%
- The loss after tax amounted to SEK 138.7m (85.8), corresponding to a loss per share before dilution of SEK 1.4 (1.2). The increased loss was primarily driven by investments in the US, the cost of the Long Term Incentive plans and expenses related to the appointment of the new CEO.

October – December 2011

- Net sales grew by 35% to SEK 29.1m (21.6). Adjusted for currency fluctuations, sales grew by 39%
- The worldwide number of NIOX MINO® repeat tests sold grew by a total of 36%, and for clinical use in the US by 107%
- The loss after tax amounted to SEK 50.7m (23.4), corresponding to a loss per share before dilution of SEK 0.5 (0.2)
- Aerocrine's FeNO technology is standard practice in NHANES data by the CDC, Center of Disease Control, to define airway inflammation in US population.
- An EGM was held on November 16th where it was decided to implement a new incentive program as well as electing Thomas Eklund as a new member of the board.

Significant events after the period

- The revised reimbursement strategy continued to show positive momentum with a continued increase of covered lives by public and private payers in the US as several payers changed their policies and are now reimbursing doctors for using FeNO.
- NIOX MINO received market clearance in both South Korea and Taiwan.

AEROCRINE IN BRIEF

	October - December		Full year	
SEKm	2011	2010	2011	2010
Net sales	29.1	21,6	93.5	84.7
Gross profit/loss	20.7	12.7	64.2	57.5
Gross margin %	71%	59 %	69 %	68%
Operating profit/loss	-49.2	-21.1	-132.8	-85.0
Net profit after tax	-50.7	-23.4	-138.7	-85.8
Cash flow, current operations	-31,3	-16,6	-96,5	-74.0
Total cash flow	-31.8	71,8	-102.8	230.3

Comment by the CEO

"As the ATS guidelines begin to take hold, we are implementing several major initiatives to capitalize on this important event. First we have doubled the sales force in the US from eight (8) to sixteen (16). These reps have been positioned strategically based on data determining where asthma is present and treated. We also have added a contract reimbursement field force that will specifically call on regional and local insurance offices to share our information in an effort to convince private and public insurers to reimburse physicians for the use of the NIOX MINO. We have also created a Health Economic Model where payers can clearly see the economic as well as clinical benefits associated with the use of the MINO. This model has also been adapted for use in Europe. We have added additional field resources and management in the EU to take advantage of sales opportunities and optimize our existing distributor relationships. We are cautiously optimistic regarding increasing sales as we must first convert the payers from either negative policies to positive ones or convince them of the value of beginning to cover the test, all of which takes time. We are pleased to see these latest results, but our company is now focused on the sustainability and growth of our commercial operations. We want to continue this trend and are putting the necessary investments in place to accomplish that objective. We remain encouraged by our main shareholders support of increased investment to take advantage of the recent momentum but are keenly aware of the need to show profitability in a reasonable timeframe. The Company has seen dramatic changes from being an interesting scientific method sold primarily to research facilities and high level specialists to a patient-focused company that sells high value products to a larger scope of doctors in many geographies. We ended the year with 84 people, up from around 60 at the beginning of 2011, which shows growth in human capital and our focus on building a strong company for the future"," says Aerocrine's CEO, Scott Myers.

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This is information that Aerocrine AB (publ) is required to publish in accordance with the Swedish Securities Markets Act and/or the Swedish Financial Trading Act. This information was submitted for publication on February 24, 2012, at 8.00 a.m.

Aerocrine

Solna, February 24, 2012

Aerocrine's operations in brief
Aerocrine AB (publ) is a medical technology group dedicated to improving the treatment and testing for patients with inflammatory respiratory diseases. Aerocrine also has a design, prototyping and production relationship with Panasonic Healthcare (PHC) for the next generation physician monitor as well as the creation of a consumer model should the market opportunity arise. Aerocrine maintains commercialization rights worldwide for its products. The Parent Company Aerocrine AB, is located in Solna outside Stockholm, Sweden. Sales company affiliates are located in New Providence, outside New York in the US, Bad Homburg, outside Frankfurt in Germany and outside London in the UK. In other countries, Aerocrine sells its products through distribution partners. The company was founded in 1997 and has 84 employees as of December 30, 2011. Since 15 June 2007, Aerocrine has been listed on the Nasdaq OMX Nordic list for small cap companies with the ticker AERO.

Aerocrine's objectives are

- to build a successful international business through sales and distribution of its products in all major markets around the world while retaining and developing the company's position as market leader in the testing of exhaled NO as an indicator of inflammation,
- to provide easy to use, cost-effective, high quality devices for both clinical and home use, and
- to provide a fair return on investment to its shareholders.

Aerocrine's vision
Aerocrine will dramatically improve the quality of life, care and treatment of people living with inflammatory respiratory diseases such as asthma in a health care economics perspective attractive setting.

Aerocrine's business model
Unlike many medical technology companies, Aerocrine's business model builds on an innovative medical device that utilizes a consumables business model, i.e. a sale per test model, whereby most of the company's revenues are generated by the continuing use of its product. The customer initially acquires a NIOX MINO® device at relatively low cost along with a sensor containing a specified number of tests. Once these tests have been used up, the customer orders new sensors and tests as needed. This means that Aerocrine has the ability to maintain an ongoing business relationship with its customers and generates repeat revenues.

NIOX MINO and NO reveal inadequate adherence to medication

Dr. Paul Ehrlich is a pulmonary and allergy specialist at Asthma & Allergy Associates of Murray Hill, New York, in the US. Dr. Ehrlich uses NIOX MINO daily in his practice to be able to monitor the condition of his patients more easily. One of the greatest issues in the treatment of asthma is patients' poor compliance to follow their treatment regimen and Dr. Ehrlich describes below a case where NIOX MINO and NO testing helped him correctly identify the cause of a patient's asthma problems.

A teenager whose asthma had previously been kept under control using inhaled steroids arrived at the clinic with symptoms of asthma, including coughing, wheezing and difficulty breathing. Although Dr. Ehrlich interviewed the patient, no new circumstances came to light that could explain the change in his condition. Dr. Ehrlich asked whether the patient was actually taking his medicine as prescribed and the patient assured the doctor that he did.

Dr Ehrlich tested the boy's NO levels using NIOX MINO, which indicated clearly elevated levels. Backed by the results, the doctor once again enquired whether the patient was actually taking his medication. Dr Ehrlich pointed out that the test results indicated current inflammation and that the objective NIOX MINO results were accurate. The patient then admitted that he had not been taking his medicine.

In Dr Ehrlich's view, being able to obtain an objective test value using NIOX MINO is a great aid in convincing patients that they must take their medicines as prescribed to avoid asthma symptoms.

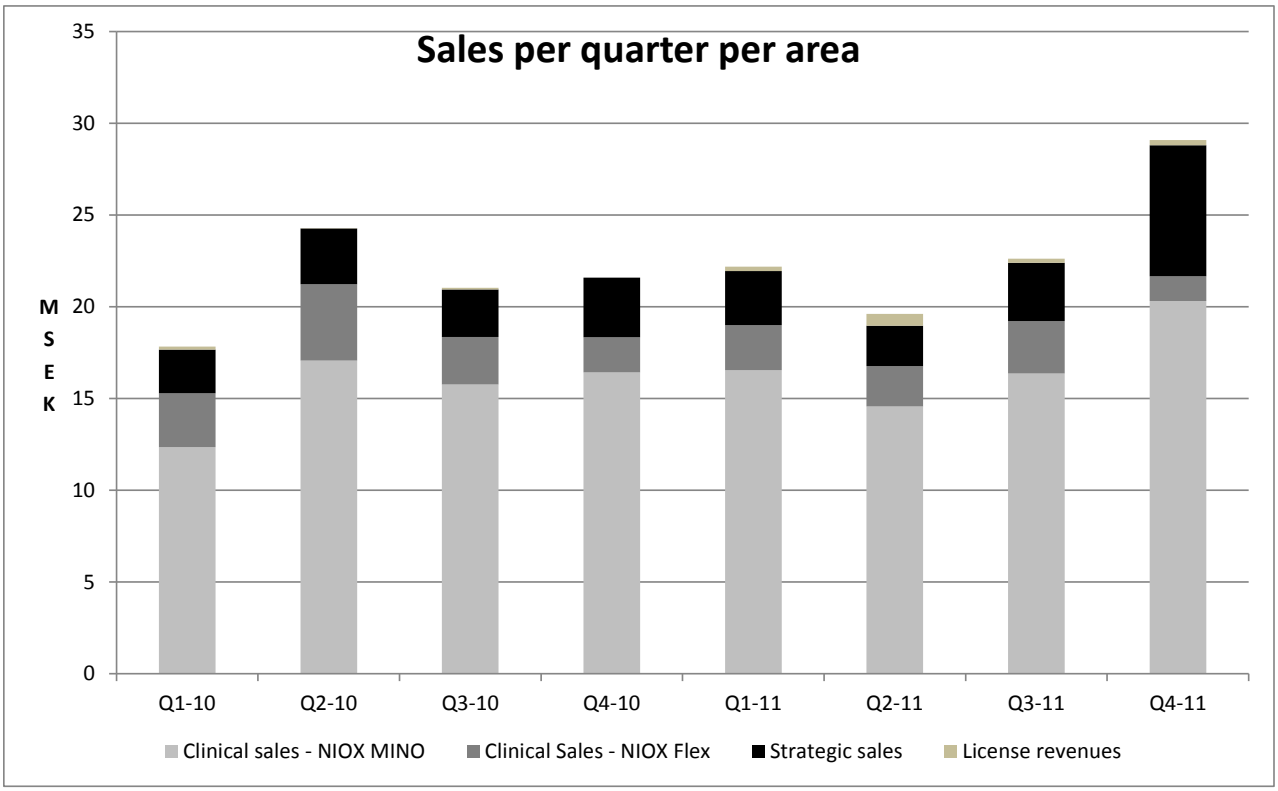
Patient case, Dr Paul Ehrlich, allergy specialist at Asthma & Allergy Associates, Murray Hill, New York, US.

Aerocrine

Solna, February 24, 2012

Overview full year 2011

Net sales for 2011 reached SEK 93.5m (84.7), an increase of 10%. Adjusted to the same currency exchange rates as during 2010, net sales amounted to SEK 100.3m, an increase of 18%. The growth in sales was mainly driven by NIOX MINO in the US market, where an increase of 86% in local currency was noted in clinical sales. The foremost reason for this substantial increase is an expanded presence in the market via our own sales force. In September, the American Thoracic Society (ATS) published positive guidelines on how physicians who diagnose or treat asthma should use FeNO. These guidelines have started to impact sales during the fourth quarter. Sales within the EU were negatively impacted due to the absence of clinical guidelines and inclusion in the major country reimbursement systems, as well as the continuing financial crisis in Southern Europe. The competitive situation in the EU improved due to the company's successful patent suit against Medisoft and the acquisition of FENO testing assets from German competitor FILT GmbH. However, this has not had any immediate impact on the Group's sales. Sales for the year were negatively affected by currency fluctuations (-7%) and the continued decline in sales of the company's earlier NIOX Flex product offerings, which were down 24% before currency adjustment (corresponding to a value of approximately SEK 2.7m). The company will implement a planned obsolescence of the NIOX Flex with complete elimination of this model by 2013. At the end of 2010 and during 2011 the Group secured several major orders from pharmaceutical companies (strategic sales) for clinical studies. These orders will be recognised as income when they are delivered, which in part occurred during Q4 2011 and the remainder are expected to be delivered during the first half of 2012. The total remaining non-delivered value of these orders is roughly SEK 14.8 million. Approximately SEK 2.2m of this has been received as pre-payment and is booked on the balance sheet as pre-paid income which will be recognized as sales as the orders are delivered.



Clinical sales, excluding strategic sales, reached 76.6 MSEK a growth of 5% compared to 2010. The clinical sales include the discontinued product range. Total strategic sales during 2011 represented 16.5% or SEK 15.5m of total sales. Strategic sales grew by 33% compared to 2010.

The Group's future sales growth is dependent on inflammation monitoring being included in national guidelines for the treatment of asthma and the clinical benefit of measuring inflammation being confirmed through reimbursement by the healthcare insurance systems. The September 2011 publication of guidelines from the American Thoracic Society (ATS) on how inflammation testing should be used within asthma care is an important milestone for Aerocrine. The company believes this will encourage some private insurance companies to consider reimbursing the measurement of inflammation through FENO and potentially drive

additional sales in the US. The company is now working diligently to spread the news of the guidelines to the relevant payers and customers. The impact of the guidelines on the US market has been positive but it is too early to see any major sales as a result of this.

A key statistic to determine success in the US market is to track the number of insured/covered lives and that these lives have access to Aerocrine products. The status regarding the number of lives covered in the US per Dec 31 2011 can be found in the table below. **Since the beginning of 2012, an additional 2.6% has been added to known covered lives, making the total 17.8%. An additional 2.6% in covered lives have been added in Medicaid as well to reach 50.1%.** Private payer coverage (reimbursement) is a prerequisite to make Aerocrine's sales model work efficiently in the US. Hence, increasing the covered lives in the US (primarily private payors) is a key and critical short term value indicator. Current reimbursement by Medicaid is approximately $21 per test.

Covered lives in the US per Dec 31, 2011

Payor	Covered Lives	Payour Segment %of total	Aerocrine known covered lives	Aerocrine known % covered lives	Aerocrine known % covered lives per Feb 24
Private Payors	**191,121,644**	66,9%	33,961,244	15,2%	17,8%
Medicare	45,048,433	15,8%	45,048,433	100,0%	100,0%
Medicaid	49,450,645	17,3%	24,751,497	47,5%	50,2%
Total	**285,620,722**	**100,0%**	**103,761,174**	**34,1%**	**36,3%**

Similar activities are being initiated in EU as well.

Adjusted for currency effects, sales of NIOX MINO and associated tests amounted to SEK 89.2m (72.8) for the period, corresponding to 89 (86)% of total sales, an increase of 23%. Unadjusted, sales rose by 14%.

The gross margin for the period amounted to 69 (68)%. The margin would have been even better if it hadn't been negatively affected by currency effects (-0.9%) and depreciation of products with a shorter shelf life (-1.4%).

An important metric to understand is the usage of the NIOX MINO instruments sold. This metric is tracked by measuring the number of repeat tests sold. A repeat test is defined as the second and follow-on purchases of test-kits. During 2011 a total of over 1,015,000 (843,000) repeat tests were sold, an increase of 20%. Total tests sold for the year (repeat tests and initial test), reached over 1.2 million tests, an increase of 13% compared with 2010.

The loss after tax for 2011 amounted to SEK 138.7m (85.8). The loss per share before dilution amounted to SEK 1.4 (1.2). Adjusted for the items detailed below, underlying ongoing operations generated a loss of SEK 99.6m (58.6). Earnings for the period were affected by costs of SEK 8.8m (23.0) for patent disputes, costs of SEK 13.3m (2.1) for the Group's personnel stock options programme and the recalculation of accounts receivable and cash and equivalents due to exchange rate fluctuations, which impacted earnings by SEK +1.6m (-3.7). The earnings for the year was also negatively impacted by expenses related to the appointment of a new CEO with approximately 9,6 (0,0) MSEK. In addition, earnings were negatively impacted by interest expenses of SEK 9.0m (2.5) associated with our convertible debenture. In 2010 the earnings were positively affected by a positive currency effect of SEK 6.4m regarding the loan from owners that in October 2010 was converted into shares.

Adjusted earnings weakened, mainly due to the investments made, and being made, in the US market in the form of a direct sales force and increased activities to secure reimbursement. Development costs have fallen as a consequence of the patent disputes in which the company was involved (primarily against Apieron Inc. in the US) being resolved. The increased administration costs have risen primarily due to costs related to the recruitment of new members of the Management Team and CEO and subsequent discontinuation of the former CEO, costs related to the development of a new incentive scheme, consultants for strategic purposes and costs related to the personnel stock option programmes in-place. The total headcount has increased from 59 in the beginning of 2011 to 84 at the end of the year.

The currency effect on the Group's consolidated sales was negative to the amount of SEK 6.8m, while the effect on the Group's costs and purchasing was positive to the amount of SEK 7.6m. The total effect of currency fluctuations has improved the Group's net result by approximately 0.6% compared with 2010.

On 31 December 2011, the Group's consolidated tax loss was calculated at SEK 1 090.7m (956.4), of which SEK 1 032.5m (896.3) was attributable to the Parent Company. Of the total tax loss, SEK 1 041.3m (906.3) was not limited in terms of the period in which it can be offset against future taxable profits. The tax value of the tax-loss carryforwards has not been capitalised.

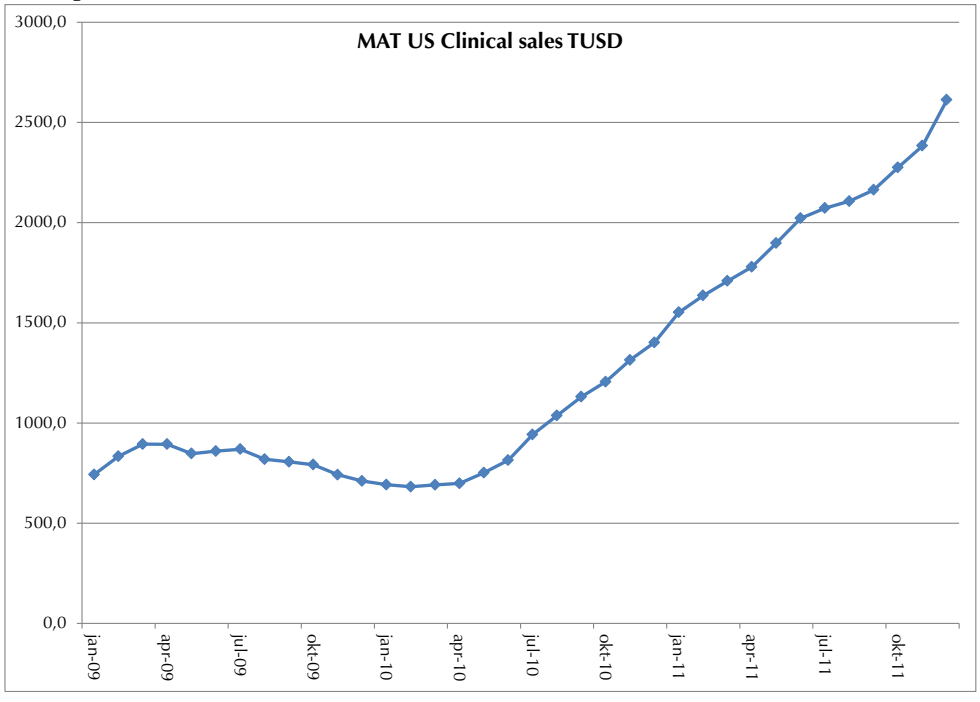
Summary Key ratios

Figure	Q3'2011	Q4'2011	2010	2011	y-o-y % growth
Repeat tests sold ths'	230	291	843	1 015	20%
NIOX MINO clinical Sales US, MSEK	3.9	5.7	10.1	17.0	68%
NIOX MINO clinical Sales ex US, MSEK	12.5	14.6	51.1	50.8	-1%
Global strategic sales, NIOX MINO MSEK	3.2	7.1	11.6	15.5	33%
Sum NIOX MINO MSEK	19.6	27.4	72.8	83.3	14%

North America/US

Sales for the year in the North America segment amounted to SEK 28.9m (22.7). Adjusted for currency effects, sales in the segment rose by 41%. NIOX MINO net sales showed good growth in the segment, up 51% in local currency. The sales increase is chiefly due to clinical sales/use being up 86% in local currency, while strategic invoiced sales (sales to pharmaceutical companies and delivered invoiced in the US) rose by 14% in local currency. Sales continue to be affected negatively by the strategic decision to cease active sales of NIOX Flex, which accordingly fell by 57% in local currency. The publication of the ATS guidelines is an important milestone and a big step forward towards achieving reimbursement on a broader scale. Until reimbursement is broader amongst payers, sales will not be able to fully penetrate the clinical segment. The clinical portion of sales accounts for the most growth in the segment in-spite of a low coverage by private payers. Some of the sales generated in the US have been invoiced to pharmaceutical companies in Europe and are therefore not included in the segment's sales. Sales to new and ongoing clinical studies are expected to continue to represent an important part of revenues in the US. Of the sales in the segment SEK 10.1m (9.8) are attributable to strategic sales i.e. sales to pharmaceutical companies for clinical trials.

Moving annual total sales for clinical use in the US in TUSD



The US organisation will continue to be strengthened with additional sales, medical affairs, clinical and reimbursement resources. The purpose of that expansion, in parallel with the newly published guidelines, clinical data and health economic data, is to further hasten broader acceptance and reimbursement from both the private insurance companies and remaining public payers (Medicaid), as well as to encourage clinical sales.

EU/Rest of the World (RoW)
Sales within the EU/RoW segment amounted to SEK 64.6m (62.0), an increase of 4%. Adjusted for currency effects, sales rose by approximately 10%. The explanation for the relatively weak sales trend in the segment is given above. The EU, mainly the southern areas, continues to be affected by the financial crisis. Of the turnover in the segment approximately 5.1 (0.5) MSEK is attributable to strategic sales for clinical trials.

The rest of the world, led by Japan, is beginning to contribute a respectable amount of sales. In Japan, efforts are underway to have NIOX MINO® approved by the regulators for marketing. Due to the unpredictability of the regulatory process in Japan, we cannot currently predict when approval will occur. We are working diligently with local regulators to secure approval.

Overview October – December 2011
Net sales for Q4 of 2011 amounted to SEK 29.1m(21.6), an increase of 35%. Adjusted to the same currency exchange rates as in 2010, net sales amounted to SEK 30.0m, an increase of 39%. Sales for clinical use in the US have continued to display a healthy growth during the period, up 103% in local currency. The increase partly shows that our product is beginning to have an impact and partly that the investment in a small direct sales force has been successful. Additional investments have been made as the publication of the ATS guidelines has a positive impact on the insurance companies' willingness to reimburse. Sales within the EU/RoW grew in Q4 by 11%. In the quarter total clinical sales reached SEK 21.7m a growth of 21% vs. the fourth quarter 2010 and strategic sales reached SEK 7.1m a growth of 97%.

The loss after tax for the fourth quarter amounted to SEK 50.7m (23.4). The loss per share before dilution amounted to SEK 0.5 (0.2). Adjusted for the items detailed below, underlying ongoing operations generated a loss of SEK 33.2m (16.9). Earnings for the period were affected by costs of SEK 3.5m (3.1) for patent disputes, costs of SEK 10.2m (0.3) for the Group's employee stock options programme and the recalculation of accounts receivable and cash and equivalents due to exchange rate fluctuations, which affected earnings by SEK +2.5m (-1.4). The loss was affected by expenses related to the appointment of a new CEO with -4.1m (0.0) in the period. In addition, earnings were affected by interest expenses of SEK 2.2m (2.5) associated with the company's convertible debenture. The earnings in Q4 2010 were positively affected by positive currency effect of SEK 0.8m regarding the loan from owners that in October 2010 was converted into shares.

The operating loss for the period weakened compared to the year-earlier period, mainly due to the investments made, and being made, in the US market to expand our sales force and increased activities to secure reimbursement as well as the increase of the sales organization in EU. Administration costs have risen, mainly as a consequence of accruals related to the severance of the former CEO and costs associated with the new long-term incentive program.

North America/US
Net sales for the segment during the quarter amounted to SEK 11.5m (5.7), an increase of 101%. Adjusted for currency effects, total sales in the quarter rose by 122%, clinical sales by 103%, strategic sales by 216% and sales relating to the previous product range fell by 33% all in local currency.

EU/Rest of the World (RoW)
Net sales during the quarter for the EU/RoW segment amounted to SEK 17.6m (15.9), an increase of 11%. Adjusted for currency effects, net sales grew by 12%. Sales in Japan are growing quite well in spite of not having market clearance yet.

Significant events during the period
An Extraordinary General Meeting ("EGM") in Aerocrine AB was held on Wednesday 16 November. The EGM resolved to approve the proposal by the Board of Directors on the implementation of a long-term incentive program (LIP 2011) and the issuance and approval of transfer of warrants. Thomas Eklund was elected new member of the Board.

A patent infringement suit was filed on October 14 in Belgium against the Belgian company Medisoft.

The US Center for Disease Control for Health Statistics decided to measure FeNO as a standard practice in examining the components on respiratory health, using the NIOX MINO device. The National Health and Nutrition Examination Survey (NHANES; http://www.cdc.gov/nchs/nhanes.htm), a continuous program with an evolving, need-based focus on a variety of health and nutrition measurements, is used to determine the prevalence of major diseases and risk factors for diseases. The survey examines a national representation of people located across the country, and measuring FeNO is currently a standard procedure when administering the survey. The CDC utilized the NIOX MINO to capture data on over 13,000 patients across four years.

Significant events after the period
The number of covered lives within private insurance systems as well as public programs continues to increase. Both the states of Mississippi's and South Carolina's Medicaid programs have added FeNO reimbursement coverage, making a total of 30 states plus the District of Columbia covering this cost-effective test for managing asthma. A couple of larger private payers have decided to cover FeNO by discontinuing their negative policies. Since these private payers haven't issued positive policies Aerocrine can therefore not publically announce who the actual payers are. In total this has added an additional 5.5 million private pay covered lives in the beginning of 2012.

NIOX MINO®, received market approvals on the South Korean and Taiwanese markets. An approval is an important step towards receiving reimbursement for inflammation monitoring with the help of FeNO in asthma management. During the autumn 2011, Aerocrine also took one step further towards achieving reimbursement from the public health insurance system on the Chinese market. The Shanghai province (Canton), which is a key province both in regards to size as well as when it comes to embracing news, has decided that health providers can charge patients for the measurement of inflammation with the help of FeNO.

The Company strengthened the medical team by adding former Teva R&D VP, Dr. Paul Dorinsky. Paul joins Aerocrine as medical director, North America.

Investments and cash flow
The Group's cash reserves amounted to SEK 150.2m (252.9) at the end of the year.

The Group's investments in tangible assets for the period amounted to SEK 0.7m (0.6) and mainly involved investments in production tooling. During the year, the Parent Company Aerocrine AB acquired the assets related to FeNO testing from the company's German competitor, FILT GmbH, which related mainly to a patent. SEK 1.5m of the purchase price has been expensed immediately, since it is related to the purchased product platform NOVARIO. Investments in intangible assets for the year amounted to SEK 5.4m (55.8). The previous year's investments were primarily the purchase of the assets from the Apieron estate.

Cash flow for the full year was negative in the amount of SEK 102.8m (+230,3) and for the fourth quarter negative in the amount of SEK 31.8m (+71,8). Accumulated Cash flow from current operations was negative in the amount of SEK 96.5m (74.0). Cash flow for the year has been affected negatively by the above-mentioned purchase of the assets in FILT, as well as payment of SEK 2.4m in outstanding interest on a convertible debenture. The previous year's cash flow was affected by the acquisition of the assets of the bankrupt US company Apieron Inc. and the during September and October 2010 carried out financing process, which provided the Company with SEK 361m, settled an outstanding bank-loan of SEK 40m and offset a loan from owners, including interest, in the amount of SEK 48m.

Parent Company
The Group's principal operations, including development, marketing and sales, are conducted by the Parent Company, Aerocrine AB. The Parent Company assumes the Group's market risk while the subsidiaries, Aerocrine Inc., Aerocrine AG and Aerocrine Ltd, are sales companies with the objective of conducting marketing and sales activities in the US, German and UK markets respectively. In addition to its sales activities, Aerocrine Inc. also conducts service operations. In connection with the introduction of the Group's personnel stock options programme, Aerocrine ESOP AB was founded.

The Parent Company's net sales for the period amounted to SEK 93.8m (92.5), of which sales to Group

companies amounted to SEK 46.4m (49.5). The loss after financial items for the period amounted to SEK 140.0m (85.2). The Parent Company's cash and equivalents amounted to SEK 145.9m (243.8) at the end of the period. Investments in machinery and equipment for the first half of the year amounted to SEK 0.5m (0.4), and investments in intangible assets amounted to SEK 5.4m (55.8). The investment relates mainly to the acquisition of the assets in FILT GmbH and chiefly concerned the patent. The previous year's investment related to the acquisition of the assets of the bankrupt US company Apieron Inc. The earnings of the Parent Company were affected negatively by the Group's internal pricing model, whereby the Parent Company assumes all market risk and consequently makes marketing contributions to the subsidiaries to establish and develop their respective markets.

Ownership status
As per 30 December 2011, Aerocrine AB had approximately 2,960 shareholders, of whom the five largest represented approximately 74.2% of the votes and capital. On 30 December, 2011, the total number of registered shares in the Group was 102,346,369. The largest owners in the Group on 30 December, 2011 were Investor Investments Europe Ltd (28%), HealthCap Holding KB (20%), Novo A/S (16%), Skandia (8%) and the Third AP Fund (3%).

Of the adopted personnel stock options programmes (2007 and 2009), 2,446,536 allocated options remain, which can entail a maximum of 2.672.661 additional shares being issued in the period 2012-2018. The in 2011 implemented new program (LIP 2011) can entail that an additional 10.000.000 shares can be issued for the period 2012 – 2021. For a full description of these programmes, visit www.aerocrine.se. On full conversion of all allocated personnel stock options, the number of shares would amount to 115,019,030.

The convertible debenture issued to Novo A/S could, on full conversion, involve the issue of an additional 12,857,143 shares to Novo A/S. The debenture matures in September 2015, but can under certain conditions be converted earlier.

Personnel and organisation
At the end of the period, the total number of employees in the Group amounted to 84 (59), of whom 33 (28) are employed in Sweden

2012 Nominating committee
The nominating committee ahead of the 2012 AGM consist of Staffan Josephsson (Investor) chairman, Ulrik Spork (Novo A/S), Björn Odlander (HealthCap), Ulrica Slåne (The third AP-fund) and Anders Williamsson.

Proposals to the nominating committee can be sent to valberedning@aerocrine.com no later than March 1, 2012.

Financing
Following the completion of the financing process performed in 2010, it is the view of the Board that the company has sufficient capital for the coming 12-months given current strategic priorities, and expected sales trends and levels of activity.

Update on patent disputes
Aerocrine is involved, and has been involved, in a number of legal proceedings considered typical for the business. These involve disputes regarding infringement on intellectual property rights, the validity of certain patents and commercial disputes. Described below are those matters where material changes have occurred since they were last commented on. In most cases where Aerocrine is a claimant, it is not possible to reasonably estimate the possible financial effect of the conclusion of the legal processes. In these cases, Aerocrine will only report the case's character and facts, but no allocations will be made. In cases where a settlement is reached or decisions reported, or when quantifiable fines or punishment has been set and not subject to appeal, or when a loss is likely and the company has been able to make a reasonable assessment of the loss, the company will report the loss or make an allocation equivalent to the best possible assessment of the expected loss. It is possible for such positions to change with time and it is therefore not possible to guarantee that losses incurred in a legal process or investigation will not exceed the provisions that have been implemented.

Aerocrine is currently involved in a patent dispute in Germany and in Belgium with a Belgian company, Medisoft.

Germany
In March 2008, Aerocrine sued Medisoft in the Düsseldorf lower regional Court for patent infringement in Germany in respect of sales and offers for sale of the Hyp'Air device. Medisoft countersued in the Munich Federal Patents Court asking the Court to declare three of the patent in suit invalid.

In September 2009, the Düsseldorf lower regional Court held that Medisoft's Hyp'Air device has infringed three of Aerocrine's patents. Medisoft appealed the infringement findings. The Düsseldorf upper regional Court upheld the infringement decisions in respect to two of the patents in Q1 of 2011. No further appeal is pending so that these infringement findings are final. The infringement appeal the third patent will be heard in November 2012 taking into consideration the claims as upheld by the Federal Patents Court.

The nullity cases in the Munich Federal Patents Court are all still pending without final findings. The first instance case regarding the German part of EP 1,439,781 will be heard in April 2012. The German part of EP 0,724,723 was limited but upheld as valid in that limited form in first instance proceedings on 31 January 2011. The German part of EP 0,606,351 was declared invalid at first instance on 28 June 2011. EP 0,606,351 is Aerocrine's earliest patent and expires in 2012. The Munich Federal Patent Court decisions only affect the German parts of the EP 0,724,723 and EP 0,606,351 patents. All other European parts remain in force as originally granted and upheld during EPO Opposition. Further, Aerocrine has appealed the limitation of the German part of EP 0,724,723 and the invalidity decision regarding the German part of EP 0,606,351. Until the hearing of these appeals the decisions of the Federal Patents Court are not final.

The Federal Patent Court decisions therefore do not affect Medisoft's obligation to respect the infringement rulings of the Düsseldorf lower and upper regional Courts in Germany unless the patents are invalidated by a final decision.

Belgium
On 14 October 2011, Aerocrine started infringement proceedings (accelerated action on the merits) before the President of the Liège Commercial Court, on the basis of the same patents. The case will be heard on 13 March 2012.

Aerocrine intends to pursue these ongoing cases based on the facts relevant to each case. Aerocrine is strongly confident in, and will vigorously defend, its intellectual property rights related to its products and method for measuring exhaled nitric oxide (FENO).

Accounting principles
This interim report has been prepared in accordance with IAS 34 and the Swedish Financial Accounting Standards Council's guideline RFR 1 and, in relation to the Parent Company, RFR 2.

New accounting principles for 2011

No new standards have entered into force or are expected to do so during 2011 that will affect the company's accounting. In other regards, the accounting principles and calculation methods remain unchanged compared with the description provided in the 2010 Annual Report.

Significant risks and uncertainty factors
The principal risks and sources of uncertainty for Aerocrine include, albeit not exclusively, financial risks, such as the future earnings trend, financing, and currency and credit risks. In addition to market risks, there are also risks associated with Aerocrine's operations, such as obtaining the necessary approval from authorities, product development, patents and intellectual property rights, product responsibility and forward looking information, which can affect the company. Further information on the company's risk exposure can be found on pages 21-23 of Aerocrine's 2010 Annual Report, and on pages 6-9 of the issue prospectus from September 2010.

Publication dates 2012

First quarter report 2012	3 May 2012, 08.00 a.m.
AGM 2012	3 May 2012, 5.00 p.m.
Second quarter report 2012	25 July 2012, 08.00 a.m.
Third quarter report 2012	2 November 2012, 08.00 a.m.

Aerocrine

Solna, February 24, 2012

Solna, 24 February 2012

The Board of Directors and the President provide their assurance that this interim report provides an accurate overview of the operations, position and earnings of the Group and the Parent Company, and that it also describes the principal risks and sources of uncertainty faced by the Parent Company and its subsidiaries.

Scott Myers	Anders Williamsson	
President and CEO	Chairman of the Board	
Scott Beardsley	Rolf Classon	Lars Gustafsson
Board Member	Board Member	Board Member
Dennis Kane	Staffan Lindstrand	Yvonne Mårtensson
Board Member	Board Member	Board Member
Thomas Eklund		
Board Member		

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Auditors' review report

We have performed a general review of the financial statement for Aerocrine AB (publ) for the period January – December 2011. The Board and President 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 a conclusion on this interim report based on our 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. 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 another focus and is substantially less in scope than an audit conducted in accordance with ISA auditing standards in Sweden 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 might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material respects, prepared in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company, in accordance with the Annual Accounts Act.

Stockholm, 24 February 2012
Öhrlings PricewaterhouseCoopers AB

Hans Jönsson
Authorised Public Accountant

Aerocrine

Solna, February 24, 2012

REPORT OF TOTAL COMPREHENSIVE INCOME, SEK 000s	Aerocrine Group				
	Oct 1, 2011 Dec 31, 2011	Oct 1, 2010 Dec 31, 2010	Jan 1, 2011 Dec 31, 2011	Jan 1, 2010 Dec 31, 2010	Jan 1, 2009 Dec 31, 2009
Net sales	29 080	21 575	93 498	84 699	98 826
Cost of goods sold	-8 383	-8 917	-29 284	-27 160	-29 824
Gross Profit/Loss	**20 697**	**12 658**	**64 214**	**57 539**	**69 002**
Sales and marketing expenses	-31 278	-15 630	-95 684	-67 894	-71 172
Administration expenses	-21 123	-4 991	-49 366	-18 536	-23 830
Development expenses	-17 656	-11 770	-53 198	-56 283	-57 273
Other operating income	242	0	1 481	1 574	881
Other operating expenses	-99	-1 344	-264	-1 359	-1 645
Operation Profit/Loss	**-49 217**	**-21 077**	**-132 817**	**-84 959**	**-84 037**
Financial income	1 120	509	5 729	9 116	1 479
Financial expenses	-2 601	-2 862	-11 609	-9 932	-2 512
Profit/loss before taxes	**-50 698**	**-23 430**	**-138 697**	**-85 775**	**-85 070**
Taxes	-18	-17	-18	-17	-19
Profit/loss for the period	**-50 716**	**-23 447**	**-138 715**	**-85 792**	**-85 089**
Other comprehensive income for the period:					
Translation differences on foreign operations	-108	-92	-17	-498	-137
Sum other comprehensive incom for the period, net after ta	**-108**	**-92**	**-17**	**-498**	**-137**
Total comprehensive income for the period	**-50 824**	**-23 539**	**-138 732**	**-86 290**	**-85 226**
Net Profit attributable to:					
Parent company shareholders	**-50 716**	**-23 447**	**-138 715**	**-85 792**	**-85 089**
Total comprehensive income attributable to:					
Parent company shareholders	**-50 824**	**-23 539**	**-138 732**	**-86 290**	**-85 226**
Earnings per share based on Net Profit attributable to parent company shareholders (in SEK per share)					
Profit/loss per share (before and after dilution)*	-0,5	-0,2	-1,4	-1,2	-1,3
*Profit/loss per share after dilution is not reported, since this would imply improved earnings per share.					
Other information:					
Average number of shares outstanding	102 346 369	97 540 513	102 304 088	74 239 085	66 496 436
Amortisation/depreciation included in operating expenses	*3 234*	*3 182*	*13 166*	*9 974*	*5 942*
- of which intangible assets	*2 511*	*2 174*	*9 800*	*5 342*	*507*
- of which tangible fixed assets	*723*	*1 008*	*3 366*	*4 632*	*5 435*

AEROCRINE , Group

INCOME STATEMENTS	Q4-2011	Q3-2011	Q2-2011	Q1-2011	Q4-2010	Q3-2010	Q2-2010	Q1-2010	Q4-2009
Net sales for the period	**29 080**	**22 616**	**19 614**	**22 188**	**21 575**	**21 025**	**24 272**	**17 827**	**25 900**
Gross profit/loss	**20 697**	**15 830**	**12 638**	**15 049**	**12 658**	**15 040**	**17 483**	**12 358**	**17 115**
Gross margin %	***71%***	***70%***	***64%***	***68%***	***59%***	***72%***	***72%***	***69%***	***66%***
Operating expenses for the period	**-69 914**	**-43 685**	**-42 069**	**-41 028**	**-33 735**	**-31 104**	**-36 605**	**-41 054**	**-34 879**
Operating profit/loss for the period	**-49 217**	**-27 855**	**-29 431**	**-25 979**	**-21 077**	**-16 064**	**-19 122**	**-28 696**	**-17 764**
Profit/loss from financial investments	**-1481**	**-3994**	**155**	**-895**	**-2353**	**1048**	**525**	**-36**	**749**
Profit/loss for the period, before taxes	**-50 698**	**-31 849**	**-29 276**	**-26 874**	**-23 430**	**-15 016**	**-18 597**	**-28 732**	**-17 015**
Taxes	-18	0	0	0	-17	0	0	0	-14
Profit/Loss after taxes	**-50 716**	**-31 849**	**-29 276**	**-26 874**	**-23 447**	**-15 016**	**-18 597**	**-28 732**	**-17 029**

Aerocrine

Solna, February 24, 2012

BALANCE SHEET, SEK 000s	Aerocrine Group		
	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009
ASSETS			
Fixed Assets			
Intangible assets	47 598	52 009	1 587
Tangible fixed assets	2 686	5 418	9 761
Financial fixed assets	1 431	1 122	906
Total fixed assets	**51 715**	**58 549**	**12 254**
Inventories	17 629	18 689	13 062
Current receivables	25 241	20 849	18 365
Cash and equivalents	150 227	252 897	24 322
Total current assets	**193 097**	**292 435**	**55 749**
Total assets	**244 812**	**350 984**	**68 003**

	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009
EQUITY AND LIABILITIES			
Shareholders equity attributable to shareholders in the parent company	**72 003**	**201 544**	**31 649**
LIABILITIES			
Long-term liabilities			
Pension commitments	1 439	1 181	1 351
Provisions for payroll overheads, staff option schemes	7 448	3 271	6 177
Other provisions	1 523	1 333	-
Convertible bond	106 089	104 713	-
Long-term liabilities	**116 499**	**110 498**	**7 528**
Short-term liabilities	**56 310**	**38 942**	**28 826**
Total shareholders' equity and liabilities	**244 812**	**350 984**	**68 003**

Changes in consolidated shareholders' equity	Attributable to shareholders in the parent company				
	Share capital	Other capital contributions	Cumulative translation differences	Profit/loss brought forward, including profit/loss for the period	Total shareholders' equity
Opening balance at January 1 2009	**33 246**	**821 487**	**1 473**	**-748 734**	**107 472**
Comprehensive income					
Net earnings/Loss for the period	-	-	-	-85 089	-85 089
Other comprehensive income					
Translation differencies foreign operations	-	-	-137	-	-137
Sum other comprehensive income	-	-	*-137*	-	*-137*
Total comprehensive income	**-**	**-**	**-137**	**-85 089**	**-85 226**
Transactions with shareholders					
New share issue	5	-	-	-	5
Issue expenses	-	1	-	-	1
Staff option scheme:					
-value of employee services	-	-	-	9 397	9 397
Total transactions with shareholders	5	1	-	9 397	9 403
Closing balance, December 31 2009	**33 251**	**821 488**	**1 336**	**-824 426**	**31 649**
Opening balance at January 1 2010	**33 251**	**821 488**	**1 336**	**-824 426**	**31 649**
Comprehensive income					
Net earnings/Loss for the period	-	-	-	-85 792	-85 792
Other comprehensive income					
Translation differencies foreign operations	-	-	-498	-	-498
Sum other comprehensive income	-	-	*-498*	-	*-498*
Total comprehensive income	**-**	**-**	**-498**	**-85 792**	**-86 290**
Transactions with shareholders					
New share issue	17 873	230 820	-	-	248 693
Issue expenses	-	-5 087	-	-	-5 087
Converible bond	-	8 080	-	-	8 080
Staff option scheme:					
-value of employee services	-	-	-	4 499	4 499
Total transactions with shareholders	17 873	233 813	-	4 499	256 185
Closing balance, December 31 2010	**51 124**	**1 055 301**	**838**	**-905 719**	**201 544**
Opening balance at January 1 2011	**51 124**	**1 055 301**	**838**	**-905 719**	**201 544**
Comprehensive income					
Net earnings/Loss for the period	-	-	-	-138 715	-138 715
Other comprehensive income					
Translation differencies foreign operations	-	-	-17	-	-17
Summa övrigt totalresultat	-	-	*-17*	-	*-17*
Total comprehensive income	**-**	**-**	**-17**	**-138 715**	**-138 732**
Transactions with shareholders					
New share issue	49		-	-	49
Issue expenses	-		-	-	0
Converible bond	-		-	-	0
Staff option scheme:					
-value of employee services	-	-	-	9 142	9 142
Total transactions with shareholders	49	0	-	9 142	9 191
Closing balance, December 31 2011	**51 173**	**1 055 301**	**821**	**-1 035 292**	**72 003**

CASHFLOW STATEMENT, SEK 000s	Jan 1, 2011 Dec 31, 2011	Jan 1, 2010 Dec 31, 2010	Jan 1, 2009 Dec 31, 2009
Cashflow from current operation before changes in working capital	**-101 982**	**-74 293**	**-63 863**
Total change in working capital	5 491	332	-1 886
Cashflow from current operations	**-96 491**	**-73 961**	**-65 749**
Cashflow from investment operations	**-6 378**	**-56 658**	**-2 754**
Cashflow from financing operations	**49**	**360 939**	**6**
Cashflow for the period	**-102 820**	**230 320**	**-68 497**
Decrease/increase in cash and equivalents			
Cash and equivalents at January 1	252 897	24 322	93 064
Exchange rate differences in cash and equivalei	150	-1 745	-245
Cash and equivalents, closing balance	**150 227**	**252 897**	**24 322**

AEROCRINE, Group KEY RATIOS	Jan 1, 2011 Dec 31, 2011	Jan 1, 2010 Dec 31, 2010	Jan 1, 2009 Dec 31, 2009
Netsales SEK ths	93 498	84 699	98 826
Gross margin %	69%	68%	70%
Return on average shareholders' equity %	neg	neg	neg
Equity/Asset ratio %	29%	57%	47%
Net indebtness, multiple	-2,09	-1,25	-0,77
Liquid ratio %	312%	703%	148%
Average number of employees	71	54	56
Investments, SEK ths	6 108	56 387	1 848
Warrants outstanding	0	0	548 824
Expenses related to development, SEK ths	53 198	56 283	57 273
Development expenses in % of total expenses	27%	39%	37%

Data per share	Jan 1, 2011 Dec 31, 2011	Jan 1, 2010 Dec 31, 2010	Jan 1, 2009 Dec 31, 2009
Number of shares at closing of period (before dilution)	102 346 369	102 247 513	66 502 911
Number of shares at closing of period (after dilution)	112 450 353	105 338 858	69 488 533
Average number of shares (before dilution)	102 304 088	74 239 085	66 496 436
Average number of shares (after dilution)	105 339 023	77 599 882	69 687 827
Shareholders' equity per share SEK, before full dilution	0,70	1,97	0,48
Shareholders' equity per share SEK, after full dilution	0,64	1,91	0,46
Earnings' per share, SEK (before dilution)[1)]	-1,4	-1,2	-1,3
Resultat per aktie, kr (vid periodens slut efter utspädning)			

[1)]Profit/loss per share after dilution is not reported, since this would imply improved earnings per share.

Definitions

Gross margin
Gross profit as a percentage of net sales for the period

Return on average shareholders' equity %
Profit/loss as a percentage of average shareholders' equity

Average number of shares
Number of shares adjusted for share issues conducted during the year (before dilution) and option programmes outstanding (after dilution)

Net indebtness
Interest-bearing liabilities less current investments and cash and equivalents divided by shareholders' equity

Equity/Asset ratio
Shareholders' equity as a percentage of total assets

Earnings per share
Net profit/loss divided by average number of shares before and after full dilution

Shareholders' equity per share
Shareholders' equity (adjusted for dilution effects) divided by the number of shares at the close of the period before and after full dilution

Liquid ratio
Current asstes, excluding inventories and work in progress, in relation to current liabilities

Segments - Net sales	North America	EU/ROW	Total
Oct 1, 2011 - Dec 31, 2011			
Net sales from external customers	11 476	17 604	29 080
Total Net sales	**11 476**	**17 604**	**29 080**
Oct 1, 2010 - Dec 31, 2010			
Net sales from external customers	5 723	15 852	21 575
Total Net sales	**5 723**	**15 852**	**21 575**

Segments - Net sales	North America	EU/ROW	Total
Jan 1, 2011 - Dec 31, 2011			
Net sales from external customers	28 926	64 572	93 498
Total Net sales	**28 926**	**64 572**	**93 498**
Jan 1, 2010 -Dec 31, 2010			
Net sales from external customers	22 710	61 989	84 699
Total Net sales	**22 710**	**61 989**	**84 699**

Segments Assets	Dec 31, 2011	Dec 31, 2010
North America	24 995	17 267
EU/ROW	219 817	333 717
Total	**244 812**	**350 984**

Segments - measure of profitability	**Oct 1, 2011 - Dec 31, 2011**	**Oct 1, 2010 - Dec 31, 2010**	**Jan 1, 2011 - Dec 31, 2011**	**Jan 1, 2010 - Dec 31, 2010**
EBIT North America	-19 395	-11 715	-55 032	-36 869
EBIT EU/ROW	-30 157	-9 361	-77 785	-48 090
Sum EBIT for reportable segments	**-49 552**	**-21 076**	**-132 817**	**-84 959**
Financial Income	1 671	509	5 729	9 116
Financial Expenses	-2 817	-2 863	-11 609	-9 932
Group - Profit/Loss before income taxes	**-50 698**	**-23 430**	**-138 697**	**-85 775**

Parent Company

INCOME STATEMENTS, SEK ths	Jan 1, 2011 Dec 31, 2011	Jan 1, 2010 Dec 31, 2010	Jan 1, 2009 Dec 31, 2009
Net sales	93 757	92 494	93 094
Cost of goods sold	-33 525	-33 986	-30 963
Gross Profit/loss	**60 232**	**58 508**	**62 131**
Sales and marekting expenses	-97 781	-71 593	-71 598
Administration expenses	-45 125	-15 731	-21 103
Development expenses	-53 198	-56 283	-57 273
Other operating income	992	864	829
Other operating expenses	-210	-1 232	-1 573
Operation Profit/loss	**-135 090**	**-85 467**	**-88 587**
Financial income	6 719	10 181	2 542
Financial expenses	-11 609	-9 932	-2 512
Resultat från andelar i koncernföretag	-	-	-
	-4 890	**249**	**30**
Profit/loss before taxes	**-139 980**	**-85 218**	**-88 557**
Taxes	-	-	-
Profit/loss for the period	**-139 980**	**-85 218**	**-88 557**

Report of Total comprehensive income, parent company	Jan 1, 2011 Dec 31, 2011	Jan 1, 2010 Dec 31, 2010	Jan 1, 2009 Dec 31, 2009
Loss for the period	**-139 980**	**-85 218**	**-88 557**
Other comprehensive income	-	-	-
Total comprehensive income	**-139 980**	**-85 218**	**-88 557**

BALANCE SHEET, SEK 000s	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009
ASSETS			
Intangible assets	47 598	52 009	1 587
Fixed assets	2 049	3 014	4 534
Financial assets	26 264	23 682	24 505
Total fixed assets	**75 911**	**78 705**	**30 626**
Current assets			
Inventory	12 428	14 536	10 171
Current receivables	15 637	15 774	14 856
Cash and equivalents	145 889	243 773	21 121
Total current assets	**173 954**	**274 083**	**46 148**
Total assets	**249 865**	**352 788**	**76 774**
	Dec 31, 2011	**Dec 31, 2010**	**Dec 31, 2009**
EQUITY			
Equity	**85 385**	**216 174**	**45 207**
LIABILITIES			
Long-term liablities			
Provisions for warranties	950	926	1 125
Provisions social security expenses employee stock option plan	7 448	3 271	6 177
Convertible bond	104 420	104 420	-
Accumulated interest convetible bond	1 669	293	-
Long-term liablities	**114 487**	**108 910**	**7 302**
Short-term liabilities	**49 993**	**27 704**	**24 265**
Total shareholders' equity and liabilities	**249 865**	**352 788**	**76 774**
Pledged assets	**20 000**	**20 000**	**3 000**
Contingent liablilities	**None**	**None**	**76**