

Transmode AB (publ) Interim Report January-September 2013

July-September 2013

- Sales were SEK 272.0 (254.2) m, which corresponds to an increase of 7.0%, or 8.5% adjusted for exchange rate fluctuations.
- Operating profit was SEK 48.5 (50.1) m, which corresponds to an operating margin of 17.8% (19.7%).
- Net profit was SEK 40.1 (38.0) m.
- Earnings per share after dilution were SEK 1.44 (1.37).
- Cash flow from operating activities was SEK 45.1 (74.6) m.

January-September 2013

- Sales were SEK 805.8 (759.7) m, which corresponds to an increase of 6.1%, or 10.2% adjusted for exchange rate fluctuations.
- Operating profit was SEK 139.2 (133.6) m, which corresponds to an operating margin of 17.3% (17.6%).
- Net profit was SEK 112.4 (104.0) m.
- Earnings per share after dilution were SEK 4.05 (3.74).
- Cash flow from operating activities was SEK 103.0 (105.9) m.

SEK m	Jul-Sep		Jan-Sep	
	2013	2012	2013	2012
Sales	272.0	254.2	805.8	759.7
Sales, change 2013 vs 2012 (%)	7.0%		6.1%	
Operating profit	48.5	50.1	139.2	133.6
Operating margin (%)	17.8%	19.7%	17.3%	17.6%
Profit for the period	40.1	38.0	112.4	104.0
Diluted earnings per share (SEK)	1.44	1.37	4.05	3.74
Cash flow from operating activities	45.1	74.6	103.0	105.9

CEO's Statement: Profitable growth and continued investments

Sales increased by over 8% in the third quarter adjusted for exchange rate fluctuations. Our gross margin was nearly 51%, and we achieved an operating margin of nearly 18% despite increased product development and sales initiatives, which are part of the company's growth strategy.

Transmode's growth in EMEA, of over 18%, was above our expectations. Growth in the quarter was driven by shipments within Europe, however regional order intake was negatively affected in the quarter by the merger of two of our major customers. This merger is now complete and our commercial relationship is normalized, but due to the negatively affected order intake in the third quarter, sales will be affected in the fourth quarter.

In APAC, we're continuing to report high growth year on year. Sales are driven by factors including high activity by Hutchison Global Communications.

In the Americas, consisting of North and Latin America, Latin American sales were affected by the regulatory situation in Mexico, which limited one of our large customers' willingness to invest. In North America, we are continuing to secure new customers, but the volumes of some current customers did not progress at the rate we expected. But thanks to our strong customer base and competitive product offering, we're still seeing strong growth opportunities in the Americas and we continue to invest for growth in the region. I have great confidence in the measures we have taken and that the initiatives we're executing in this region will pay off.

At the Ethernet and SDN Expo in early November, we announced how we will be tailoring Transmode's Enlighten™ management suite to exploit the opportunities inherent in Software Defined Networks (SDN) in the form of simpler and cheaper network operations.

We are pleased by our growth and very good earnings in the first three quarters of the year. As a result of the situation in the Americas and the merger of two of our major European customers, the company's sales in the fourth quarter will show low growth compared to the corresponding quarter of the previous year. However, I'm still confident in our growth strategy, and accordingly, we are continuing to invest in geographical expansion, innovative products and efficient operations.

Karl Thedéen
Chief Executive Officer

Transmode in Brief

Transmode is a global provider of packaged optical networking solutions designed to enable fixed and mobile network operators to cost-effectively address capacity constraints created by the rapid growth in video and data traffic. Transmode's solutions serve as important building blocks in next-generation, high-speed optical networks that support services such as fixed and mobile broadband, video delivery services and cloud computing. Transmode's solutions increase the capacity, flexibility and functionality of metro core and regional networks, and are based on Wavelength Division Multiplexing (WDM) and various transport technologies, such as Ethernet. Transmode's "Native Packet Optical 2.0" architecture, creates key advantages for customers such as cost-efficient Ethernet services, extremely low delay, low power consumption and future-proof network design.

Transmode has its head offices in Stockholm and is listed on NASDAQ OMX, Stockholm (TRMO). Transmode has installed more than 40,000 systems since 2000 with over 500 fixed and mobile telecom operators, cable TV operators, Internet service providers and large corporations and public institutions in more than 45 countries globally. For more information about Transmode, visit www.transmode.com

Significant Events in the Quarter

Transmode's international organization has been divided into four regions with the aim of achieving stronger customer relations and supporting global expansion. This change became effective on 1 July.

Transmode has delivered a new optical high-speed network to Telemach, Slovenia's leading cable TV, telephony and broadband provider.

Transmode also launched its Pre-Staging service, which helps telecom operators deploy networks faster and more efficiently.

The company executed a number of customer events across Europe, and arranged its yearly reseller conference, where NEC won Partner of the Year. Transmode's resellers NEC Neva (Russia), Indra (Spain) and Trigon (Switzerland) were recognized as strategic deals of the year.

Transmode was shortlisted as a finalist in Light Reading's Leading Light Awards 2013 in the Public Company of the Year category.

Sales

July–September 2013

Sales in the quarter were SEK 272.0 (254.2) m, corresponding to year-on-year growth of 7.0%. Adjusted for exchange rate fluctuations, growth was 8.5%.

EMEA increased by 18.6%, or 19.6% adjusted for exchange rate fluctuations. Growth was driven by shipments within Europe. Sales decreased by 59.6% in the Americas (consisting of North and Latin America), or by 58.4% adjusted for exchange rate fluctuations. In Latin America, Transmode was affected by the regulatory situation on the telecom market in Mexico, which intends to deregulate its monopoly and ensure that no operator controls a market share of over 50%. This has triggered uncertainty and limited one of our large customers' willingness to invest. In North America, volumes with some of our current customers did not perform at the rate Transmode had expected.

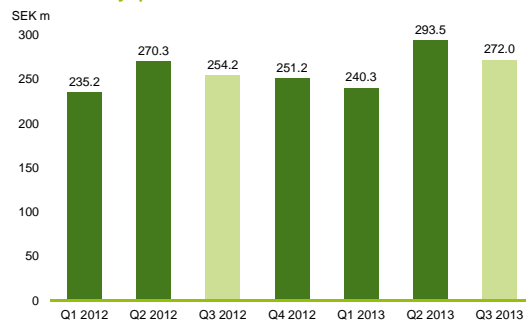
In APAC, where individual projects can cause greater quarterly fluctuations, sales increased by 245.1% to SEK 20.6 m, or by 255.7% adjusted for exchange rate fluctuations.

The growth increase in APAC in the quarter can be ascribed to sources including the previously announced framework agreement with Hutchison Global Communications.

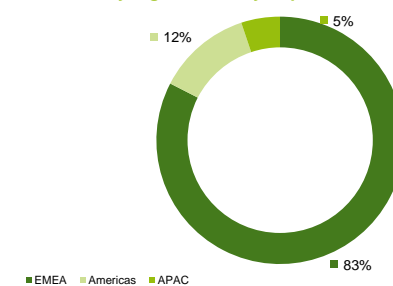
January–September 2013

Sales in the period were SEK 805.8 (759.7) m, corresponding to year-on-year growth of 6.1%. Adjusted for exchange rate fluctuations, growth was 10.2%. Sales in EMEA increased by 9.5% or 13.7% adjusted for exchange rate fluctuations. In the Americas, sales decreased by 28.8%, or 25.7% adjusted for exchange rate fluctuations. In APAC, sales increased by 224.4%, or 238.4% adjusted for exchange rate fluctuations.

Total sales by quarter from Q1 2012 – Q3 2013



Total sales by region, January–September 2013



Total sales by region

SEK m	Jul-Sep		Jan-Sep		Change %
	2013	2012	2013	2012	
EMEA	229.2	193.2	665.5	607.5	9.5%
Americas	22.2	55.1	99.4	139.6	-28.8%
APAC	20.6	5.9	40.9	12.6	224.4%
Total Sales	272.0	254.2	805.8	759.7	6.1%

Results of Operations

July-September 2013

Gross profit for the quarter was SEK 137.7 (125.1) m, corresponding to a gross margin of 50.6% (49.2%). The gross margin expansion is mainly a result of a more favorable customer mix. Overall, fluctuations in exchange rates vs. the Swedish krona had a negative impact on gross profit of SEK 1.4 m net.

Operating expenses for the quarter, excluding other income and other operating expenses, were SEK 88.9 (76.4) m. The increase is mainly a result of the company's continued expansion and product development initiatives. Development expenses of SEK 10.6 (12.9) m were capitalized in the period, and amortization of capitalized development expenses was SEK 7.6 (6.1) m.

Other operating expenses of SEK 0.3 (0.0) m consist of losses on currency contracts of SEK 2.4 m, and gains on the translation of balances with customers and suppliers of SEK 2.1 m. In the third quarter 2012, the corresponding items were a net gain of SEK 1.4 m, and were included in other income.

The operating profit for the quarter was SEK 48.5 (50.1) m, corresponding to an operating margin of 17.8% (19.7%).

January-September 2013

Gross profit for January-September 2013 was SEK 408.1 (372.9) m and gross margin was 50.6% (49.1%). Overall, fluctuations in exchange rates vs. the Swedish krona had a negative impact on gross profit of SEK 18.2 m net.

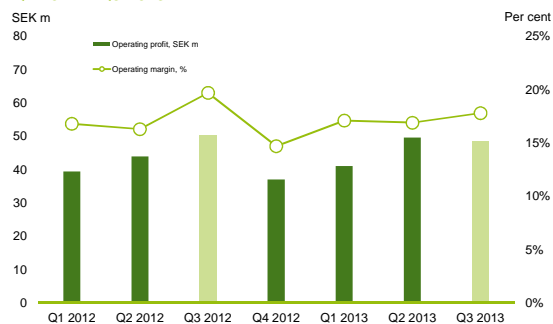
Operating expenses for the period, excluding other income and other operating expenses, were SEK 267.7 (243.1) m. Development expenses of SEK 33.0 (32.1) m were capitalized in the period, and amortization of capitalized development expenses was SEK 15.8 (14.7) m. Adjusted for the capitalization and amortization of development expenses, research and development expenditure increased to SEK 126.3 (113.0) m, or by 11.8% on the corresponding period of 2012.

Other operating expenses of SEK 1.2 (0.0) m consist of losses on currency contracts of SEK 4.6 m, and gains on the translation of balances with customers and suppliers of SEK 3.4 m. In the first nine months of 2012, the corresponding items were a gain totaling SEK 3.2 m, and were included in other income.

The operating profit for the period was SEK 139.2 (133.6) m, and the operating margin was 17.3% (17.6%).

The tax rate in Sweden changed from 26.3% in 2012 to 22.0% in 2013, which had a positive effect on profit/loss for the period.

Quarterly operating profit and operating margin
Q1 2012 – Q3 2013



Cash Flow, Investments and Financial Position

January-September 2013

Cash flow from operating activities was SEK 103.0 (105.9) m in the period, of which SEK 45.1 (74.6) m was in the third quarter 2013. Working capital at the end of the quarter was SEK 138.9 (104.2) m, and SEK 99.2 m at year-end 2012.

Investments in property, plant and equipment in the period were SEK 6.2 (7.2) m.

Investments in intangible assets in the form of capitalized development expenses were SEK 33.0 (32.1) m.

A share dividend of SEK 50.0 (41.7) m was paid in the second quarter. The company acquired treasury shares for SEK 1.0 (-) m in the period, relating to its incentive program. In 2012, Transmode received SEK 3.5 m of proceeds from a new share issue in tandem with conversion of share warrants. Total cash flow for January-September was SEK 11.6 (27.0) m.

Transmode's cash and cash equivalents were SEK 387.1 (318.8) m at the end of September. Arranged but unutilized credit facilities were SEK 12.0 (30.0) m.

As of 30 September 2013, the company had currency forward contracts on commitments to sell currency of EUR 11.0 m at an average spot rate of SEK/EUR 8.57, and GBP 8.7 m at an average spot rate of SEK/GBP 10.00. The fair value of currency forward contracts is recognized as other current assets and other current liabilities.

Fair value of derivative instruments

SEK m	30 Sep 2013	30 Sep 2012	31 Dec 2012
Other current assets	-	4.2	0.2
Other current liabilities	-4.5	-	-0.9
Net asset/(liability)	-4.5	4.2	-0.7

Currency forward contracts are recognized in valuation hierarchy tier 2 in accordance with IFRS 13. For other financial instruments, fair value corresponds to book value.

Equity and the Transmode Share

Consolidated equity was SEK 694.7 (597.6) m at the end of the quarter. The total number of shares was 27,788,676 at the end of the period. After the purchase of 10,702 treasury shares, the outstanding number of shares was 27,777,974.

The consolidated equity/assets ratio was 73.6% (74.1%) at the end of the quarter, against 74.3% at the end of 2012.

Employees

Transmode had 279 (269) employees as of 30 September 2013, compared to 269 as of the end of 2012. The average number of employees in the first nine months of 2013 was 269 (251) and 255 for the full-year 2012.

The increase in the number of employees on the corresponding period of the previous year largely relates to hirings in the product development and sales departments.

Transactions with Related Parties

There were no significant transactions with related parties in the first nine months of 2013.

Risks and Uncertainty Factors

Transmode's operations are exposed to certain risks that can affect its operations, results of operations or financial position to a lesser or greater extent.

Transmode has established a process for identifying risks and decision-making relating to risk management.

Transmode's Annual Report for 2012 describes the company's risk exposure from perspectives including market, operations, customers and finances. In Transmode's assessment, since the presentation of the Annual Report, no additional significant risks and uncertainty factors have arisen that could be expected to affect the company. The financial turmoil has implied that the exchange rate of the Swedish krona against our most important foreign currencies,

GBP, USD and EUR, has been, and may remain, volatile.

Parent Company

The parent company, Transmode AB, is primarily a holding company, which holds and manages shares in subsidiaries and also sells certain group-wide services to subsidiaries. At the end of September 2013, the parent company had 13 (12) employees.

Parent company sales were SEK 16.8 (14.6) m in the nine months of 2013, all of which relate to invoicing of services sold to subsidiaries. Operating profit/loss was SEK -5.0 (-3.1) m. At the end of the reporting period, parent company cash and cash equivalents were SEK 113.3 (114.2) m.

Accounting Policies

This Interim Report has been prepared in accordance with IFRS (International Financial Reporting Standards) as endorsed by the EU Commission for application in the EU. This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. For a description of the group's accounting policies and definitions of certain terms, please refer to the Annual Report 2012. The policies applied are essentially unchanged on the previous year.

The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. In most cases, this implies that the parent company applies the same IFRS/IAS as in the Consolidated Accounts, albeit subject to certain exemptions as stated in the Consolidated Accounts for 2012.

New and revised IFRSs that have become effective after 1 January 2013 have not had any effect on Transmode's financial position and results of operations.

Significant Events after the End of the Reporting Period

The Nomination Committee for the Annual General Meeting (AGM) 2014 was appointed in October. The Nomination Committee has the following members: Axel Roos (Pod Investment AB), Johan Lannebo (Lannebo Fonder), Birger Gezelius (Swedbank Robur Fonder), as well as Chairman of the Board Tom Nyman.

Transmode launched its strategy for the step-by-step implementation of Software Definition Networking (SDN) in packet- optical transport

networks at the yearly Ethernet and SDN Expo in New York.

At Broadband World Forum in Amsterdam Transmode launched the Enlighten™ Portal which provides both network operators and their customers, with real-time Key Performance Indicator (KPI) data on their services.

Transmode also invited investors, analysts and the media to a Capital Markets Day on 5 November at its head office.

After the end of the period, Transmode also appointed Jonas Persson as its new Vice President Human Resources. Jonas Persson previously served as Human Resource manager at Toshiba.

Seasonality

Transmode experiences some seasonal effect on the company's sales from quarter to quarter. In recent years, like many other companies in the telecom industry, Transmode's sales have tended to be lower in the first quarter and higher in the fourth quarter. However, the division of sales between quarters is primarily controlled by customer purchasing patterns.

Operating expenses are also sequentially low in the third quarter, due to the majority of vacations being taken.

Outlook

Transmode's market is driven by the underlying increase in data traffic, itself driven by video applications, business services, cloud computing and mobile broadband. Accordingly, there is a continued need for investment in equipment that increases the capacity of optical fiber networks. At present, there is nothing to suggest that these underlying drivers are fading.

As a result of the situation in the Americas and the merger of two of our major European customers, the company's sales in the fourth quarter will show low growth compared to the corresponding quarter of the previous year.

Regarding macroeconomic turmoil, disregarding the negative progress of exchange rates, we did not see any altered effect on our business in the quarter. However, we are monitoring progress closely.

Capital Markets Day

Transmode's Capital Markets Day will be held on 5 November at Transmode's head office, Fredsborgsgatan 24, Stockholm, Sweden.

Annual General Meeting

Transmode's Annual General Meeting 2014 will be held in Stockholm, Sweden, on 10 April 2014.

Reporting Dates

Financial Statement 2013: 5 February 2014

Invitation to press and analysts' conference

Transmode AB will hold a telephone conference (in English) for the press, investors and analysts on 23 October at 9:00 a.m. where Karl Thedéen, CEO and Johan Wilsby, CFO will present and comment on Transmode's Interim Report.

To participate, call +44 (0)207 660 2078, or alternatively the Swedish no. +46 (0)8 505 56487, and state "Transmode conference call" a few minutes before the scheduled start. The conference and the presentation will also be streamed live on Transmode's website: <http://www.transmode.com/en/interim-reports/interim-reports>

The presentation will also be available on the company's website after the conference concludes.

Financial Statements

Condensed Consolidated Income Statement

SEK m	Jul-Sep		Jan-Sep		Oct 2012-	Jan-Dec
	2013	2012	2013	2012	Sep 2013	2012
Sales	272.0	254.2	805.8	759.7	1,057.0	1,010.9
Cost of goods and services provided	-134.3	-129.1	-397.7	-386.8	-523.0	-512.1
Gross profit	137.7	125.1	408.1	372.9	534.0	498.8
Other income	0.0	1.4	0.0	3.8	-2.5	1.3
Research and development expenses	-35.8	-31.6	-109.1	-95.6	-144.0	-130.5
Selling expenses	-44.0	-36.7	-130.6	-123.7	-172.9	-166.0
Administrative expenses	-9.1	-8.1	-28.0	-23.8	-37.1	-32.9
Other operating expenses	-0.3	0.0	-1.2	0.0	-1.2	0.0
Operating profit	48.5	50.1	139.2	133.6	176.3	170.7
Net financial income / expenses	2.7	0.3	4.2	4.2	6.2	6.2
Profit before tax	51.2	50.4	143.4	137.8	182.5	176.9
Taxes	-11.1	-12.4	-31.0	-33.8	-34.9	-37.7
Profit for the period	40.1	38.0	112.4	104.0	147.6	139.2
Attributable to:						
Equity holders of the parent company	40.1	38.0	112.4	104.0	147.6	139.2
Average no of shares before dilution ('000)	27,782	27,789	27,786	27,702	27,787	27,724
Basic earnings per share (SEK)	1.44	1.37	4.05	3.76	5.31	5.02
Average no of shares after dilution ('000)	27,782	27,789	27,786	27,789	27,787	27,789
Diluted earnings per share (SEK)	1.44	1.37	4.05	3.74	5.31	5.01
Operating profit above includes						
– Amortization of intangible fixed assets	-8.7	-7.3	-19.3	-18.2	-24.0	-22.9
– Depreciation of tangible fixed assets	-2.0	-1.7	-5.6	-4.9	-7.4	-6.7

Condensed Consolidated Statement of Comprehensive Income

SEK m	Jul-Sep		Jan-Sep		Oct 2012-	Jan-Dec
	2013	2012	2013	2012	Sep 2013	2012
Profit for the period	40.1	38.0	112.4	104.0	147.6	139.2
Other comprehensive income						
Items that can be subsequently reversed in the Income Statement						
Translation differences	-0.2	-0.1	-0.2	0.0	-0.3	-0.1
Income tax relating to components of other comprehensive income	–	–	–	–	–	–
Other comprehensive income for the period, net of tax	-0.2	-0.1	-0.2	0.0	-0.3	-0.1
Total comprehensive income for the period	39.9	37.9	112.2	104.0	147.3	139.1
Attributable to:						
Equity holders of the parent company	39.9	37.9	112.2	104.0	147.3	139.1

Condensed Consolidated Statement of Financial Position

SEK m	30 Sep 2013	30 Sep 2012	31 Dec 2012
ASSETS			
Goodwill	88.4	88.4	88.4
Capitalized development expenses	81.4	57.1	64.2
Other intangible assets	7.1	11.8	10.6
Tangible fixed assets	22.7	21.5	22.1
Deferred tax asset	1.1	0.8	1.2
Other financial assets	3.7	2.5	2.6
Total non-current assets	204.4	182.1	189.1
Inventories	87.0	103.1	99.4
Accounts receivable	224.4	166.3	150.4
Other current assets	40.9	35.8	35.5
Cash and cash equivalents	387.1	318.8	376.8
Total current assets	739.4	624.0	662.1
TOTAL ASSETS	943.8	806.1	851.2
EQUITY AND LIABILITIES			
Equity	694.7	597.6	632.8
Deferred tax liability	30.9	3.1	27.9
Provisions	4.8	4.4	4.4
Total long-term liabilities	35.7	7.5	32.3
Accounts payable	100.0	89.4	93.0
Provisions	20.6	18.4	21.2
Other current liabilities	92.8	93.2	71.9
Total current liabilities	213.4	201.0	186.1
TOTAL EQUITY AND LIABILITIES	943.8	806.1	851.2

Condensed Consolidated Statement of Cash Flows

SEK m	Jul-Sep		Jan-Sep		Oct 2012-	Jan-Dec
	2013	2012	2013	2012	Sep 2013	2012
Profit after financial items	51.2	50.4	143.4	137.8	182.5	176.9
Non-cash items	11.0	11.5	26.6	29.6	38.0	41.0
Income tax paid	-4.2	-7.0	-17.3	-26.0	-25.1	-33.8
Cash flow from operating activities before changes in working capital	58.0	54.9	152.7	141.4	195.4	184.1
Changes in working capital	-12.9	19.7	-49.7	-35.5	-21.6	-7.4
Cash flow from operating activities	45.1	74.6	103.0	105.9	173.8	176.7
Acquisitions of intangible and tangible assets	-14.1	-14.4	-39.2	-39.3	-52.4	-52.5
Change in other financial assets	-0.9	-1.3	-1.2	-1.4	-1.3	-1.5
Cash flow from investing activities	-15.0	-15.7	-40.4	-40.7	-53.7	-54.0
New share issue and option premium	–	–	–	3.5	0.1	3.6
Purchases of treasury shares	-0.5	–	-1.0	–	-1.0	–
Dividend to equity holders of the parent	0.0	–	-50.0	-41.7	-50.0	-41.7
Cash flow from financing activities	-0.5	0.0	-51.0	-38.2	-50.9	-38.1
Increase / decrease in cash and cash equivalents	29.6	58.9	11.6	27.0	69.2	84.6
Cash and cash equivalents at the beginning of the period	357.2	261.4	376.8	293.8	318.8	293.8
Exchange rate differences in cash and cash equivalents	0.3	-1.5	-1.3	-2.0	-0.9	-1.6
Cash and cash equivalents at the end of the period	387.1	318.8	387.1	318.8	387.1	376.8

Condensed Statement of Changes in Equity

SEK m	Jul-Sep		Jan-Sep		Oct 2012-	Jan-Dec
	2013	2012	2013	2012	Sep 2013	2012
Opening balance	654.8	559.7	632.8	531.8	597.6	531.8
Total comprehensive income for the period	39.9	37.9	112.2	104.0	147.3	139.1
New share issue and payment for options	–	–	–	3.5	0.1	3.6
Share-based payment	0.5	–	0.7	–	0.7	–
Purchases of treasury shares	-0.5	–	-1.0	–	-1.0	–
Dividend to equity holders of the parent	–	–	-50.0	-41.7	-50.0	-41.7
Closing balance	694.7	597.6	694.7	597.6	694.7	632.8

Key ratios

SEK m / %	Jul-Sep		Jan-Sep		Oct 2012-	Jan-Dec
	2013	2012	2013	2012	Sep 2013	2012
Sales by region (SEK m):						
EMEA	229.2	193.2	665.5	607.5	865.6	807.6
Americas	22.2	55.1	99.4	139.6	145.4	185.6
APAC	20.6	5.9	40.9	12.6	46.0	17.7
Total Sales	272.0	254.2	805.8	759.7	1,057.0	1,010.9
Gross profit (SEK m)	137.7	125.1	408.1	372.9	534.0	498.8
Operating profit (SEK m)	48.5	50.1	139.2	133.6	176.3	170.7
Profit for the period (SEK m)	40.1	38.0	112.4	104.0	147.6	139.2
Working capital (SEK m)	138.9	104.2	138.9	104.2	138.9	99.2
Net cash (SEK m)	387.6	319.3	387.6	319.3	387.6	377.3
Cash flow from operating activities (SEK m)	45.1	74.6	103.0	105.9	173.8	176.7
Sales, change in (%)	7.0%	-7.1%	6.1%	13.3%	5.1%	10.2%
Gross margin (%)	50.6%	49.2%	50.6%	49.1%	50.5%	49.3%
Operating margin (%)	17.8%	19.7%	17.3%	17.6%	16.7%	16.9%
Profit margin (%)	14.8%	14.9%	13.9%	13.7%	14.0%	13.8%
Working capital/sales (%)	10.5%	10.5%	10.5%	10.5%	10.5%	10.0%
Equity/assets ratio (%)	73.6%	74.1%	73.6%	74.1%	73.6%	74.3%
No of shares at end of period ('000)	27,789	27,789	27,789	27,789	27,789	27,789
No of shares the outstanding w arrants confer the right to at the end of the period ('000) ¹	—	—	—	—	—	—

¹ The final subscription date of the now-expired share warrant program was 30 April 2012. Accordingly, there are no share warrants outstanding.

For definitions of key ratios, please refer to the Annual Report for 2012, which is available at the company's website: www.transmode.com.

Condensed Parent Company Income Statement

SEK m	Jul-Sep		Jan-Sep		Oct 2012-	Jan-Dec
	2013	2012	2013	2012	Sep 2013	2012
Sales	6.7	5.4	16.8	14.6	22.2	20.0
Administrative expenses	-6.8	-6.0	-21.8	-18.3	-29.8	-26.3
Other operating income and expenses	0.0	0.0	0.0	0.6	0.0	0.6
Operating profit/loss	-0.1	-0.6	-5.0	-3.1	-7.6	-5.7
Net financial income / expenses	1.0	1.4	55.5	4.5	57.8	6.8
Profit/loss after financial expenses	0.9	0.8	50.5	1.4	50.2	1.1
	-0.2	-0.3	0.4	-0.4	0.3	-0.5
Profit/loss for the period	0.7	0.5	50.9	1.0	50.5	0.6

Condensed Parent Company Balance Sheet

SEK m	30 Sep 2013	30 Sep 2012	31 Dec 2012
Assets			
Financial fixed assets	467.0	466.6	466.2
Total non-current assets	467.0	466.6	466.2
Other current assets	6.5	8.4	2.8
Cash and cash equivalents	113.3	114.2	116.7
Total current assets	119.8	122.6	119.5
Total assets	586.8	589.2	585.7
Equity and liabilities			
Equity	574.1	574.2	573.5
Provisions	2.0	1.6	1.6
Other current liabilities	10.7	13.4	10.6
Total current liabilities	10.7	13.4	10.6
Total liabilities and equity	586.8	589.2	585.7
Pledged assets	None	None	None
Contingent liabilities	None	None	None

The Board of Directors and CEO hereby certify that this Interim Report gives a true and fair view of the group's operations, sales, results of operations and financial position. The information presented

corresponds to fact and no material omissions have been made that could affect the presentation of the group and parent company in the accounts.

Stockholm, Sweden, 22 October 2013

Tom Nyman
Chairman of the Board

Torbjörn Nilsson
Board member

Helena Nordman-Knutson
Board member

Axel Roos
Board member

Kevin Taylor
Board member

Gerd Tenzer
Board member

Roland R. Thornton
Board member

Karl Thedéen
Chief Executive Officer

This Report has not been reviewed by the company's auditors.

This information is mandatory for Transmode AB (publ) to publish pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication at 8:00 a.m. on Wednesday 23 October 2013.

This is a translation of the Swedish original. In case of any inconsistency between the Swedish and English version, the Swedish version shall prevail.

For more information please contact

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