Aerocrine

Solna, May 3, 2012

Interim report January – March 2012

Record sales and continued increase of covered lives in the US.

January – March 2012

- Global Net sales grew by 76% to SEK 39.0m (22.2). Adjusted for currency fluctuations, net sales rose by 72%
- The worldwide number of NIOX MINO® repeat tests sold increased by a total of 47% and for clinical use in the US by 112%
- The loss after tax amounted to SEK 39.1m (26.9), corresponding to a loss per share before dilution of SEK 0.4 (0.3). The increased loss was primarily driven by increased commercial and reimbursement activities in the US and costs related to the Long Term Incentive plans.
- Aerocrine launched a fully underwritten new share issue of approximately 260 MSEK before issue cost.
- The revised reimbursement strategy continued to show positive momentum with a further increase of covered lives by public and private payers in the US as several payers changed their coverage policies for FeNO. United Healthcare (UHC), the single largest payer in the US, was among the companies announcing a positive change in its coverage policy.
- The latest version of the NIOX MINO® received market clearance in both South Korea and Taiwan.

Significant events after the period

- The American Academy and the American College of Allergy, Asthma and Immunology (ACAAI and AAAAI), published a position statement in support of the clinical practice guideline on Aerocrine's FeNO test as published by the ATS (American Thoracic Society)
- The extraordinary general meeting resolved on April 10, 2012, to approve the board's resolution to issue new shares with pre-emptive rights for existing shareholders and the holders of the company's convertible bonds 2010/2015. The terms for the rights issue entail that four shares entitle to subscription of one new share at a subscription price of SEK 9 per share, which means that the rights issue will provide Aerocrine with approximately MSEK 260 before transaction costs.
- Aerocrine reached a settlement with Apieron, Inc estate and received 1.3 million USD.

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AEROCRINE IN BRIEF

	January - March		Full year
SEKm	2012	2011	2011
Net sales	39.0	22.2	93.5
Gross profit/loss	27.3	15.0	64.2
Gross margin %	70%	68 %	69 %
Operating profit/loss	-35.7	-26.0	-132.8
Net profit after tax	-39.1	-26.9	-138.7
Cash flow, current operations	-47,0	-29.3	-96,5
Total cash flow	-47,0	-34.6	-102.8

For further information, please contact:
Scott Myers, CEO
Tel: +46 8 6290780

www.aerocrine.com

Michael Colérus, CFO
+46 8 6290785

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Aerocrine

Solna, May 3, 2012

Comment by the CEO
"It is with true satisfaction that I can present another strong quarter for Aerocrine. During the first three months of 2012, we have had the largest sales performance in the history of the company. There are several reasons for the success but foremost we would like to highlight the increased sales efforts and larger payor acceptance in the US.

During the last months we have continued to implement our revised payor strategy in the US and as a part of that we have doubled our sales force from 8 to 16 people. We have added more top talent to our Medical Affairs team and we have put in even more efforts to meet directly with payors in the US and EU.
In March, we were notified that United Healthcare, the US's largest private payor would retire its negative reimbursement policy. UHC manages approximately 33 million lives or about 3.5 times the population of Sweden. We have also converted several key Blue Cross Blue Shield as well as Medicaid states. As an effect our private pay coverage in the US rose from approximately 15% to over 36% as of end of March 2012. Conversion from negative to positive or neutral reimbursement policies is key to continued positive sales performance.

In Q1 we reached a milestone within Clinical Sales and we experienced positive achievements within Strategic Accounts (sales to CROs and Pharmaceutical companies). While the increase in Clinical sales can be seen as a trend and a result of the wider payor acceptance we need to understand that the Strategic Accounts are highly variable and we cannot expect this business to show quarter over quarter growth like we do in our clinical business. Strategic Accounts is a key piece of our business, but it is also important from another perspective. Growth in this sector demonstrates the further credibility that pharmaceutical Companies are placing on FeNO as an accurate and easy to use biomarker but also for Aerocrine as a company.

We have also decided to increase our investments, primarily in the US, and we are therefore raising additional money. The fund raising is in its final stage and our existing shareholders have committed to more than half of the funds and several new investors have also joined the ranks to improve our shareholder diversification. We have seen great progress for the company and with more capital we will be able to further take advantage of the position we have.

Our position and support of our method was further strengthened in early April when two prestigious medical societies (the American College of Allergy, Asthma & Immunology, ACAAI, and the American Academy of Allergy, Asthma & Immunology, AAAAI) announced that they support the ATS guidelines through a joint statement. We now can say we have many of the important pieces of the puzzle. Professional society support of FeNO, clinical information that supports the utility of our test in the doctor's office, a health economic model that clearly shows the economic benefits of FeNO, and last but not least, our highly qualified employees, which are all critical in demonstrating the value of the NIOX MINO®.

In the near future we will focus our investments mainly in the US but also in EU and selectively the rest of the world. We remain cautiously optimistic; we have been more successful than expected in convincing the payors to cover our test. Our clinical sales team will continue to grow, but it takes time before they can start selling to physicians, since we need to hire the correct sales professionals, train them and place them in the appropriate territories. When I started with the company, Aerocrine was just under 70 employees; we are now over 95 and growing. I am very proud of the strong foundation we have put in place and that it is bearing fruit in the form of quarter over quarter growth, as promised last autumn." says Aerocrine's CEO, Scott Myers.

Aerocrine

Solna, May 3, 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 Raleigh,NC 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 generate repeat revenues.

We can see changes even before the patient feels symptoms

Dr. Pär Gyllfors is an adult allergist and clinical director of the Asthma & Allergy clinic at St. Göran's Hospital, a clinic specialising in the evaluation and treatment of asthma and allergy in Stockholm. The clinic uses NIOX MINO® as a complement to other analytical methods to improve the diagnosis and treatment of patients with respiratory problems.

Although NO measurement is a simple test to carry out, it's a very sensitive measure. We can detect changes even before the patient experiences any symptoms. I use the measurement routinely on the patients who come in. It gives a quick indication of the clinical picture. If I start by measuring the NO level, and it turns out to be high, up to 60-100 ppb, the patient doesn't always have to go through more testing before we initiate treatment. A high NO level indicates that inflammation is present in the lower airways.

We know that about 50 percent of patients don't take their medication as prescribed. That's why it's good to have all the information I can muster to strengthen the arguments for why patients should take their prescribed medications. I can refer to the level and point out that one way to feel better would be to actually take the medicine. If the NO level doesn't change significantly even though the patient actually does take the medicine, it may signal that the inhalation technique may need to be corrected to benefit from the full dose. The patient may also have chosen to take a smaller dose than was prescribed, and then we discuss the consequences, based on the level from the NO measurement.

Interview with Dr Pär Gyllfors at St. Görans Horspital, from Aerocrine annual report 2011

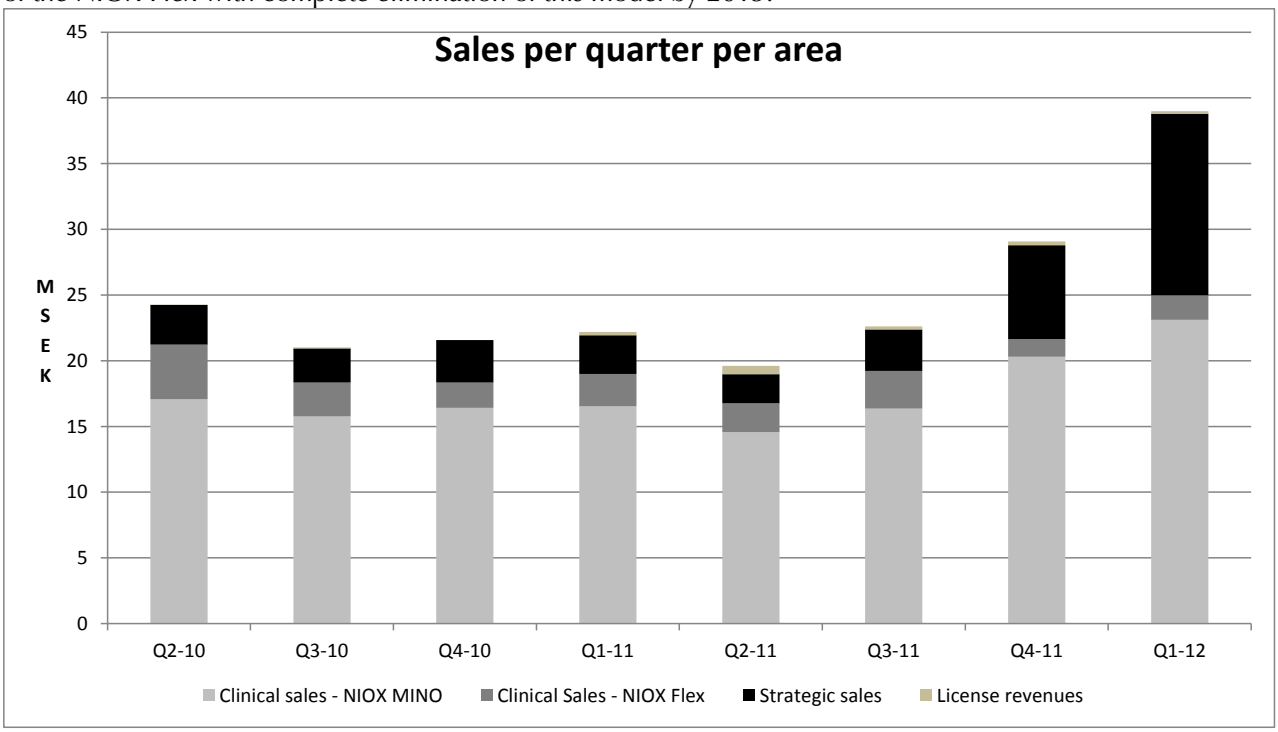
Aerocrine

Solna, May 3, 2012

Overview January – March 2012

Net sales for the first quarter of 2012 reached SEK 39.0m (22.2), an increase of 76%. Adjusted to the same currency exchange rates as during 2011 net sales amounted to SEK 38.2m an increase of 72%. The growth in sales was mainly driven by NIOX MINO in the US market, where an increase of 93% in local currency was noted in clinical sales. The foremost reason for this substantial increase is an expanded presence on the US market via our own sales force, which has doubled from 8 to 16 sales reps and is now starting to bear fruit. In addition the quicker than expected increase in the number of covered lives has to some extent helped in increasing sales even though the impact of the largest payer (UHC) probably won't be seen until the end of the second quarter. In April of 2012, the two other major US Medical societies, the American Academy and the American College of Allergy, Asthma and Immunology (ACAAI and AAAAI) published support of the positive ATS-guidelines, published in September 2011. We hope that the two societies' support will further increase the positive trend with US private pay. The guidelines as such have also started to impact sales. The lack of guidelines and inclusion into the reimbursement systems in the major markets within EU has dampened the sales growth in this region. 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 to a large extent occurred during Q1. In total strategic sales accounted for 13.8m (3.0) of the sales in the first quarter. The total remaining non-delivered value of these orders is roughly SEK 4.2 million.

Sales for the period were positively affected by currency fluctuations (+2%) while the continued decline in sales of the company's earlier NIOX Flex product offerings have affected the sales negatively by 1% (corresponding to a value of approximately SEK 0.6m). The company will implement a planned obsolescence of the NIOX Flex with complete elimination of this model by 2013.



Sales excluding strategic sales, reached 25.2 (19.2) MSEK a growth of 31% compared to 2011. The clinical sales include the discontinued product range. The strategic sales during Q1 2012 represented 35 (13)% of total sales. Strategic sales grew by 368% compared to 2011.

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. With the added support of the ACAAI and AAAAI, the company believes this will further 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 continuing to spread the news of the guidelines to the relevant payers and customers. The impact of the guidelines on the US market has initially been positive.

The estimated asthma rate worldwide is 8-10% of the population and 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 Mar 31 2012 can be found in the table below. During the period the single largest private payer in the US, United Healthcare (UHC) decided to retire their negative policy on FeNO active from April 1, 2012. **Since the beginning of 2012, an additional 25%* has been added to known covered lives, making the total 40%. An additional 3% 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 Apr 30, 2012

	Status/Information per Dec, 31 2011*				Status/Information per Apr, 30 2012*			
Payor	Covered Lives	Payour Segment %of total	Aerocrine known covered lives	Aerocrine known % covered lives	Covered Lives	Payour Segment %of total	Aerocrine known covered lives	Aerocrine known % covered lives
Private Payors	**191,121,644**	66,9%	38,361,244	15,2%	**174 370 465**	64,0%	69 472 295	40,0%
Medicare	45,048,433	15,8%	45,048,433	100,0%	46 143 705	17,0%	46 143 705	100,0%
Medicaid	49,450,645	17,3%	24,751,497	47,5%	53 565 848	19,0%	27 400 195	51,0%
Total	**285,620,722**	**100,0%**	**108,161,174**	**34,1%**	**274 080 018**	**100,0%**	**143 016 195**	**52,0%**

*The information regarding number of covered lives is derived from externally purchased databases and will continously evolve. Many private payers also administer a part of the public pay and the figures have now been adjusted for April 30 for that information. Note that the information presented as of December 31, 2011, have not been adjusted for that, and consequently, are not directly comparable..

Similar activities regarding reimbursement are being done in EU as well.

Total sales for NIOX MINO and associated tests reached 37.0m (19.5) a growth of 90% which corresponds to 95 (88)% of total sales. Adjusted for currency effects, sales amounted to SEK 36.2m (19.5) for the period, an increase of 86%.

The gross margin for the period amounted to 70 (68)%. The margin has been positively affected by currency effects (+0.5%).

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 the first quarter of 2012 a total of over 359,800 (244,400) repeat tests were sold, an increase of 47%. Total tests sold for the period (repeat tests and initial test), reached approximately 0.5 million tests, an increase of 74% compared with 2011.

The loss after tax for the first quarter 2012 amounted to SEK 39.2m (26.9). The loss per share before dilution amounted to SEK 0.4 (0.3). Adjusted for the items detailed below, underlying ongoing operations generated a loss of SEK 26.8m (20.8). Earnings for the period were affected by costs of SEK 5.8m (2.0) for patent disputes, costs of SEK 3.9m (2.8) 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 -1,3m (-1.3).

Adjusted earnings weakened, mainly due to the investments made in the US market in the form of a larger direct sales force, and increased activities to secure additional private pay coverage. Development costs have increased mainly due to the ongoing patent disputes in which the company are involved (primarily against Medisoft SA. in Germany and Belgium). The increased administration costs have risen primarily due to external consultants for strategic purposes, company insurance costs and travel expenses. The total headcount has increased from 65 in Q1 2011 to 95 at the end of the period.

The currency effect on the Group's consolidated sales was positive to the amount of SEK 0.8m, while the effect on the Group's costs and purchasing was negative to the amount of SEK 1.0m. The total effect of currency

fluctuations has decreased the Group's net result by approximately 0.5% compared with 2011.

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.

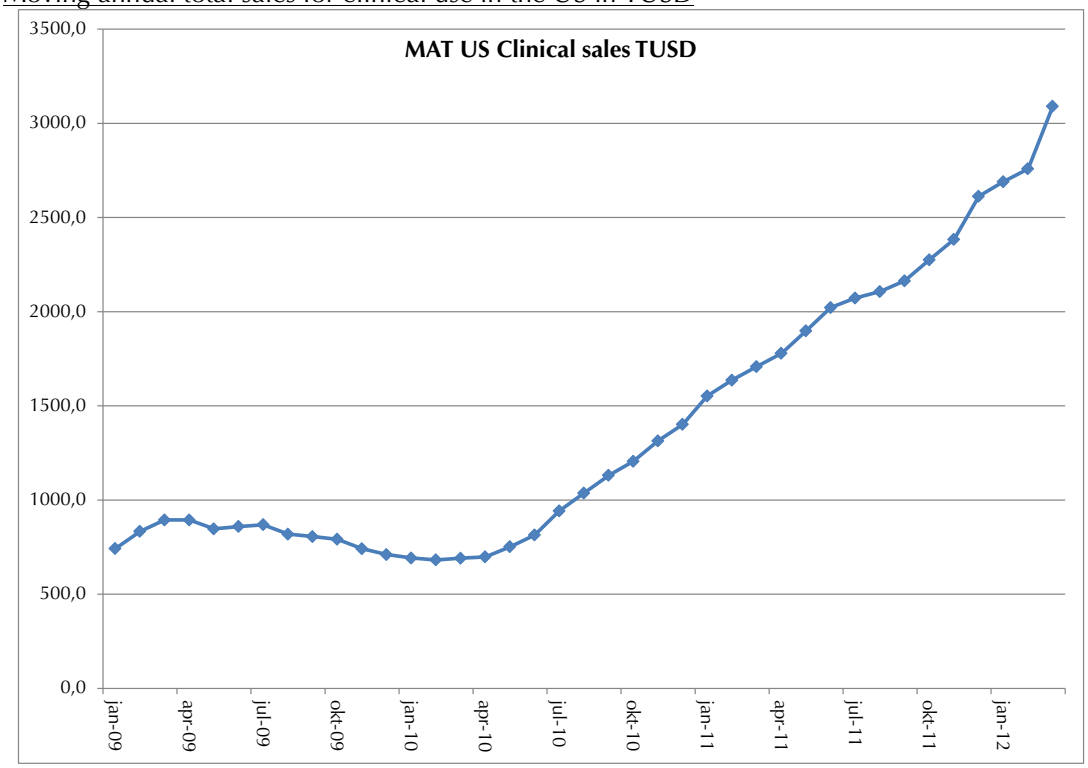
Summary Key ratios

Figure	**Q1'2012**	**Q1'2011**	**Q4'2011**	**2011**	**y-o-y % growth**
Repeat tests sold 000'	360	244	291	1 015	47%
NIOX MINO clinical Sales US, MSEK	6.7	3.3	5.7	17.0	101%
NIOX MINO clinical Sales ex US, MSEK	16.4	13.2	14.6	50.8	24%
Global strategic sales, NIOX MINO MSEK	13.8	3.0	7.1	15.5	368%
Sum NIOX MINO MSEK	37.0	19.5	27.4	83.3	90%

North America/US

Sales for the period in the North America segment amounted to SEK 13.2m (5.5). Adjusted for currency effects, sales in the segment rose by 129%. The sales increase is thanks to clinical sales/use being up 93% in local currency and strategic invoiced sales (sales to pharmaceutical companies and delivered invoiced in the US) by 225% in local currency. Sales continue to be affected negatively by the strategic decision to cease active sales of NIOX Flex, which accordingly fell by 22% in local currency. The positive momentum in private pay coverage and the support by the AAAAI and ACAAI for the ATS-guidelines are important steps forward in achieving long term sales growth. Together with the additional sales resources that have been and are being added the sales are developing well. It is the company's belief that in order to be able to fully penetrate the clinical segment reimbursement coverage of FeNO needs to be above 60-70% of all covered lives. 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 6.1m (1.8) are attributable to strategic sales i.e. sales 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 continuously increased reimbursement coverage, 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 25.9m (16.7), an increase of 55%. Adjusted for currency effects, sales rose by approximately 53%. The sales excluding strategic sales grew by 17%. The EU, mainly the southern areas, continues to be affected by the financial crisis. Of the turnover in the segment approximately 7.7 (1.1) 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.

Significant events during the period
The number of covered lives within private insurance systems as well as public programs continues to increase. The single largest private insurance provider United Healthcare (UHC) has during the period published the retirement of their negative FeNO policy effective as of April 1 2012. In addition several Blue Cross Blue Shield plans and Medicaid programs have converted their policies. In total this has added an additional 31 (see table above) million private pay covered lives during Q1 2012. This by itself will not drive sales and now the Aerocrine sales force is being increased to be able to capitalize on this positive development.

A fully underwritten new share issue of approximately 260 MSEK is launched.

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.

Significant events after the period
The number of covered lives within private insurance systems as well as public programs continues to increase as Medicaid of New Hampshire adds FeNO to their policy.

The American Academy and the American College of Allergy, Asthma and Immunology (ACAAI and AAAAI), publishes a position statement in support of the clinical practice guideline on Aerocrine's FeNO test as published by the ATS (American Thoracic Society)

The extraordinary general meeting resolved on April 10, 2012, to approve the board's resolution to issue new shares with pre-emptive rights for existing shareholders and the holders of the company's convertible bonds 2010/2015. The terms for the rights issue entail that four shares entitle to subscription of one new share at a subscription price of SEK 9 per share, which means that the rights issue will provide Aerocrine with approximately MSEK 260 before transaction costs.

Aerocrine reaches a settlement with the Apieron estate and receive 1.3m USD as a recognition of the claims regarding patent infringement.

Investments and cash flow
The Group's cash reserves amounted to SEK 102.8m (218.2) at the end of the period.

The Group's investments in tangible assets for the period amounted to SEK 0.1m (0.2) and mainly involved investments in production tooling. Investments in intangible assets for the period amounted to SEK 0.0m (5.1). The previous year's investments were primarily the purchase of the assets from FILT GmbH.

Cash flow for the period was negative in the amount of SEK 47.0m (34.6). Accumulated Cash flow from current operations was negative in the amount of SEK 47.0m (29.3). Cash flow for the period has been affected negatively by the payment of SEK 9m in outstanding interest on a convertible debenture.

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 36.8m (21.2), of which sales to Group companies amounted to SEK 16.0m (9.2). The loss after financial items for the period amounted to SEK 38.8m (27.7). The Parent Company's cash and equivalents amounted to SEK 96.5m (211.5) at the end of the period. Investments in machinery and equipment for the first half of the year amounted to SEK 0.1m (0.1), and investments in intangible assets amounted to SEK 0.0m (5.1). The previous year's investment relates mainly to the acquisition of the assets in FILT GmbH and chiefly concerned the patent. 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 March 2012, Aerocrine AB had approximately 3,190 shareholders, of whom the five largest represented approximately 73.6% of the votes and capital. On 30 March, 2012, the total number of registered shares in the Group was 102,672,925. The largest owners in the Group on 30 March, 2012 were Investor Investments Europe Ltd (28%), HealthCap Holding KB (19%), Novo A/S (16%), Skandia (8%) and the Third AP Fund (3%).

Of the adopted personnel stock options programmes (2007 and 2009), 2,313,969 allocated options remain, which can entail a maximum of 2.526.105 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. Of these 6,799,373 have been allocated and 180,000 exercised. For a full description of these programmes, visit www.aerocrine.se. On full conversion of all allocated personnel and outstanding stock options, the number of shares would amount to 111,818,030.

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 95 (65), of whom 37 (33) 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.

The proposals from the nominating committee to the AGM on May 3, 2012 can be found on the Company website.

Financing
It was the view of the Board that at the end of 2011 the Company has sufficient capital for the next 12 months given the strategic priorities, and expected sales trends and levels of activity at that time.

Based on the positive trend in the American market for reimbursement from private insurance companies during early 2012, the Board of Directors decided to expand marketing investments in the US. As a result of

the Board's decision to increase the investment in marketing, the capital requirement for the upcoming twelve months is not met. Through the capital that the Company will receive through the fully underwritten rights issue, approximately 260 MSEK before issue costs, the Board believes that the Company's working capital is sufficient for the next twelve months with existing strategic priorities, expected sales growth and activity level. The Board's proposal for the rights issue was decided upon at the Extraordinary Meeting on 10 April 2012. In the period 326,556 new shares have been issued by conversion of options.

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 and 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 it is not possible to reasonably estimate the possible financial effect of the outcomes of the legal proceedings. Aerocrine will therefore only report the cases' character and facts, but no allocations will be made. In cases where a settlement is reached or decisions reported, or when quantifiable fines or damages have been set and which are 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 assessment given herein.

Aerocrine is currently involved in patent disputes in Germany and in Belgium with the 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. A fourth patent was held not to be infringed. Medisoft appealed the infringement findings. The Düsseldorf upper regional Court has decided two of the three appeals and upheld the infringement decisions in Q1 of 2011. No further appeal is pending so that these infringement findings are final. The infringement appeal regarding the third patent will be heard in November 2012 taking into consideration the claims as upheld by the Federal Patents Court (see below).

The nullity cases regarding all three patents are all still pending without final judgments. The first instance case regarding the German part of EP 1,439,781 will be heard in July 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. 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 impact on the infringement rulings of the Düsseldorf lower and upper regional Courts in Germany unless the patents are invalidated by a final decision.

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.

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 Belgian part of the EP 0,606,351, EP 0,724,723, EP 1,439,781 and EP 1,661,514. Medisoft challenged the validity of the patents as part of its defence. The oral hearing on the merits took place on 13 and 21 March 2012. A judgment has not yet been handed down.

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).

Aerocrine

Solna, May 3, 2012

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 2012

No new standards have entered into force or are expected to do so during 2012 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 2011 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 23-25 of Aerocrine's 2011 Annual Report part 1, and on pages 6-8 of the issue prospectus from April 2012.

Publication dates 2012

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.

This interim report has not been subject to review by the company's auditors.

Solna, 3 May 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		

Aerocrine AB (publ) Corporate identity number 556549-1056

Aerocrine AB (publ), Sundbybergsvägen 9, SE-171 21, Solna, Sweden.
Telephone +46 8 6290780. Fax +46 8 6290781.
E-mail: info@aerocrine.com. Website: www.aerocrine.se

REPORT OF TOTAL COMPREHENSIVE INCOME, SEK 000s	Aerocrine Group		
	Jan 1, 2012 Mar 31, 2012	Jan 1, 2011 Mar 31, 2011	Jan 1, 2011 Dec 31, 2011
Net sales	39 046	22 188	93 498
Cost of goods sold	-11 750	-7 139	-29 284
Gross Profit/Loss	**27 296**	**15 049**	**64 214**
Sales and marketing expenses	-32 295	-18 342	-95 684
Administration expenses	-14 340	-9 244	-49 366
Development expenses	-16 018	-13 332	-53 198
Other operating income	13	177	1 481
Other operating expenses	-370	-287	-264
Operation Profit/Loss	**-35 714**	**-25 979**	**-132 817**
Financial income	401	836	5 729
Financial expenses	-3 834	-1 731	-11 609
Profit/loss before taxes	**-39 147**	**-26 874**	**-138 697**
Profit/loss for the period	**-39 147**	**-26 874**	**-138 697**
Other comprehensive income for the period:	-67	-41	-17
Translation differences on foreign operations	**-67**	**-41**	**-17**
Sum other comprehensive incom for the period, net after taxes			
Total comprehensive income for the period	**-39 214**	**-26 915**	**-138 714**
Net Profit attributable to:			
Parent company shareholders	**-39 147**	**-26 874**	**-138 697**
Total comprehensive income attributable to:			
Parent company shareholders	**-39 214**	**-26 915**	**-138 714**
Earnings per share based on Net Profit attributable to parent company shareholders (in SEK per share)			
Profit/loss per share (before and after dilution)*	-0,4	-0,3	-1,4
*Profit/loss per share after dilution is not reported, since this would imply improved earnings per share.			
Other information:			
Average number of shares outstanding	102 385 843	102 347 513	102 304 088
Amortisation/depreciation included in operating expenses	2 924	3 086	*13 166*
- of which intangible assets	2 457	2 180	*9 800*
- of which tangible fixed assets	467	906	*3 366*

AEROCRINE , Group

INCOME STATEMENTS	Q1-2012	Q4-2011	Q3-2011	Q2-2011	Q1-2011	Q4-2010	Q3-2010	Q2-2010	Q1-2010
Net sales for the period	**39 046**	**29 080**	**22 616**	**19 614**	**22 188**	**21 575**	**21 025**	**24 272**	**17 827**
Gross profit/loss	**27 296**	**20 697**	**15 830**	**12 638**	**15 049**	**12 658**	**15 040**	**17 483**	**12 358**
Gross margin %	***70%***	***71%***	***70%***	***64%***	***68%***	***59%***	***72%***	***72%***	***69%***
Operating expenses for the period	**-63 010**	**-69 914**	**-43 685**	**-42 069**	**-41 028**	**-33 735**	**-31 104**	**-36 605**	**-41 054**
Operating profit/loss for the period	**-35 715**	**-49 217**	**-27 855**	**-29 431**	**-25 979**	**-21 077**	**-16 064**	**-19 122**	**-28 696**
Profit/loss from financial investments	**-3432**	**-1481**	**-3994**	**155**	**-895**	**-2353**	**1048**	**525**	**-36**
Profit/loss for the period, before taxes	**-39 147**	**-50 698**	**-31 849**	**-29 276**	**-26 874**	**-23 430**	**-15 016**	**-18 597**	**-28 732**
Taxes	0	-18	0	0	0	-17	0	0	0
Profit/Loss after taxes	**-39 147**	**-50 716**	**-31 849**	**-29 276**	**-26 874**	**-23 447**	**-15 016**	**-18 597**	**-28 732**

Aerocrine

Solna, May 3, 2012

BALANCE SHEET, SEK 000s	Aerocrine Group		
	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
ASSETS			
Fixed Assets			
Tangible fixed assets	2 296	4 536	2 686
Financial fixed assets	1 368	1 039	1 431
Total fixed assets	**48 850**	**60 539**	**51 715**
Current assets			
Inventories	16 141	17 704	17 629
Current receivables	31 482	23 455	25 241
Cash and equivalents	102 820	218 181	150 227
Total current assets	**150 443**	**259 340**	**193 097**
Total assets	**199 293**	**319 879**	**244 812**

	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
EQUITY AND LIABILITIES			
EQUITY			
Shareholders equity attributable to shareholders in the parent company	**36 182**	**174 946**	**72 003**
LIABILITIES			
Long-term liabilities	**117 409**	**113 108**	**116 499**
Short-term liabilities	**45 702**	**31 825**	**56 310**
Total shareholders' equity and liabilities	**199 293**	**319 879**	**244 812**

Changes in consolidated shareholders' equity	Attributable to shareholders in the parent company				
	Share capital	Other capital contributions	Cumulative translation differences	Profit/loss brough forward, including fit/loss for the pe	Total shareholders' equity
Opening balance at January 1 2010	**33 251**	**821 488**	**1 336**	**-824 426**	**31 649**
Comprehensive income					
Net earnings/Loss for the period	-	-		-28 732	-28 732
Other comprehensive income					
Translation differencies foreign operations	-	-	-188	-	-188
Summa övrigt totalresultat	-	-	*-188*	-	*-188*
Total comprehensive income	**-**	**-**	**-188**	**-28 732**	**-28 920**
Transactions with shareholders					
New share issue	34				34
Issue expenses					
Staff option scheme:					
-value of employee services	-	-		1 833	1 833
Total transactions with shareholders	**34**	**0**	**0**	**1 833**	**1 867**
Closing balance, March 31 2011	**33 285**	**821 488**	**1 148**	**-851 325**	**4 596**
Opening balance at January 1 2011	**51 124**	**1 055 301**	**838**	**-905 719**	**201 544**
Comprehensive income					
Net earnings/Loss for the period	-	-		-26 874	-26 874
Other comprehensive income					
Translation differencies foreign operations	-	-	-41	-	-41
Summa övrigt totalresultat	-	-	*-41*	-	*-41*
Total comprehensive income	**-**	**-**	**-41**	**-26 874**	**-26 915**
Transactions with shareholders					
New share issue	0				0
Issue expenses					
Staff option scheme:					
-value of employee services	-	-		318	318
Total transactions with shareholders	**32**	**-**	**-**	**318**	**318**
Closing balance, March 31 2011	**51 124**	**1 055 301**	**797**	**-932 275**	**174 947**
Opening balance at January 1 2012	**51 173**	**1 055 301**	**821**	**-1 035 292**	**72 003**
Comprehensive income					
Net earnings/Loss for the period	-	-		-39 147	-39 147
Other comprehensive income					
Translation differencies foreign operations	-	-	-67	-	-67
Summa övrigt totalresultat	-	-	*-67*	-	*-41*
Total comprehensive income	**-**	**-**	**-67**	**-39 147**	**-39 214**
Transactions with shareholders					
New share issue	164				164
Issue expenses		-65			-65
Converible bond					
Staff option scheme:					
-value of employee services	-	-		3 295	3 295
Total transactions with shareholders	**164**	**-65**	**-**	**3 295**	**3 394**
Closing balance, March 31 2012	**51 337**	**1 055 236**	**754**	**-1 071 144**	**36 183**

	Aerocrine, group		
CASHFLOW STATEMENT, SEK 000s	**Jan 1, 2012 Mar 31, 2012**	**Jan 1, 2011 Mar 31, 2011**	**Jan 1, 2011 Dec 31, 2011**
Cashflow from current operation before changes in working capital	**-29 037**	**-19 578**	**-101 982**
Total change in working capital	-17 955	4 068	332
Cashflow from current operations	**-46 992**	**-29 258**	**-96 491**
Cashflow from investment operations	**-120**	**-5 315**	**-6 378**
Cashflow from financing operations	**99**	**0**	**49**
Cashflow for the period	**-47 013**	**-34 573**	**-102 820**
Decrease/increase in cash and equivalents			
Cash and equivalents at January 1	150 227	252 897	252 897
Exchange rate differences in cash and equivaler	-394	-143	150
Cash and equivalents, closing balance	**102 820**	**218 181**	**150 227**

Aerocrine

Solna, May 3, 2012

AEROCRINE, Group

KEY RATIOS	Jan 1, 2012 Mar 31, 2012	Jan 1, 2011 Mar 31, 2011	Jan 1, 2011 Dec 31, 2011
Netsales SEK ths	39 046	22 188	93 498
Gross margin %	70%	68%	69%
Return on average shareholders' equity %	neg	neg	neg
Equity/Asset ratio %	18%	55%	29%
Net indebtness, multiple	-2,84	-1,25	-2,09
Liquid ratio %	294%	759%	312%
Average number of employees	90	62	71
Investments, SEK ths	120	5 315	6 108
Warrants outstanding	0	0	0
Expenses related to development, SEK ths	-16 018	-13 332	53 198
Development expenses in % of total expenses	-25%	-32%	27%

Data per aktie	Jan 1, 2012 Mar 31, 2012	Jan 1, 2011 Mar 31,2011	Jan 1, 2011 Dec 31, 2011
Number of shares at closing of period (before dilution)	102 672 925	102 247 513	102 346 369
Number of shares at closing of period (after dilution)[1)]	116 492 110	105 490 422	112 450 353
Average number of shares (before dilution)	102 385 843	102 247 513	102 304 088
Average number of shares (after dilution)[1)]	115 892 109	105 373 343	105 339 023
Shareholders' equity per share SEK, before full dilution	0,35	1,71	0,70
Shareholders' equity per share SEK, after full dilution	0,31	1,66	0,64
Earnings' per share, SEK (before dilution)[1)]	-0,4	-0,3	-1,4

[1)]Profit/loss per share after dilution is not reported, since this would imply improved earnings per share. The number of shares after dilution includes no conversion of the convertible bond to Novo A/S, since the terms of the bond hasn't been fulfilled.

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 lskulder

SEGMENT

Segments - Net sales	North America	EU/ROW	Total
Jan 1, 2012 - Mar 31, 2011			
Net sales from external customers	13 187	25 859	39 046
Total Net sales	**13 381**	**25 859**	**39 046**
Jan 1, 2011 - Mar 31, 2011			
Net sales from external customers	5 531	16 657	22 188
Total Net sales	**5 531**	**16 657**	**22 188**

Segments Assets	Mar 31, 2012	Mar 31, 2011
North America	16 727	12 567
EU/ROW	182 566	307 313
Total	**199 293**	**319 880**

Segments - measure of profitability	Jan 1, 2012 - Mar 31, 2012	Jan 1, 2011 - Mar 31, 2011
EBIT North America	-21 959	-9 111
EBIT EU/ROW	-13 756	-15 124
Sum EBIT for reportable segments	**-35 715**	**-24 235**
Financial Income	401	836
Financial Expenses	-3 833	-1 731
Group - Profit/Loss before income taxes	**-39 147**	**-25 130**

Parent Company

INCOME STATEMENTS, SEK ths	Jan 1, 2012 Mar 31, 2012	Jan 1, 2011 Mar 31, 2011	Jan 1, 2011 Dec 31, 2011
Net sales	36 817	21 218	93 757
Cost of goods sold	-11 219	-8 419	-33 525
Gross Profit/loss	**25 598**	**12 799**	**60 232**
Sales and marekting expenses	-31 991	-17 837	-97 781
Administration expenses	-12 785	-8 197	-45 125
Development expenses	-16 018	-13 332	-53 198
Other operating income	0	33	992
Other operating expenses	-140	-287	-210
Operation Profit/loss	**-35 336**	**-26 821**	**-135 090**
Financial income	401	836	6 719
Financial expenses	-3 833	-1 731	-11 609
	-3 432	**-895**	**-4 890**
Profit/loss before taxes	**-38 768**	**-27 716**	**-139 980**
Taxes	-	-	-
Profit/loss for the period	**-38 768**	**-27 716**	**-139 980**

Report of Total comprehensive income, parent company	Jan 1, 2012 Mar 31, 2012	Jan 1, 2011 Mar 31, 2011	Jan 1, 2011 Dec 31, 2011
Loss for the period	**-38 768**	**-27 716**	**-139 980**
Other comprehensive income	-	-	-
Total comprehensive income	**-38 768**	**-27 716**	**-139 980**

BALANCE SHEET, SEK 000s	Mar 31, 2012	Mar 31,2011	Dec 31, 2011
ASSETS			
Intangible assets	45 186	54 964	47 598
Fixed assets	1 754	2 750	2 049
Financial assets	26 948	19 889	26 264
Total fixed assets	**73 888**	**77 603**	**75 911**
Current assets			
Inventory	11 917	14 462	12 428
Current receivables	12 456	10 350	9 229
Cash and equivalents	104 863	218 642	152 297
Total current assets	**129 236**	**243 454**	**173 954**
Total assets	**203 124**	**321 057**	**249 865**
	Mar 31, 2012	**2011-03-31**	**2010-12-31**
EQUITY			
Equity	**50 012**	**188 776**	**85 385**
LIABILITIES			
Provisions for warranties	950	926	950
Provisions social security expenses employee stock option plan	8 098	5 767	7 448
Convertible bond	106 467	104 786	106 089
Long-term liablities	**115 515**	**111 479**	**114 487**
Check credit	**-**	**0**	**-**
Short-term liabilities	**37 597**	**20 802**	**49 993**
Total shareholders' equity and liabilities	**203 124**	**321 057**	**249 865**
Pledged assets	**20 000**	**20 000**	**20 000**
Contingent liabilities	**none**	**none**	**none**