



INTERIM REPORT DATED May 24, 2012

## **Central Asia Gold AB (publ)**

### **Interim report for the three-month period from January – March 2012**

- **Consolidated total income for the reporting period amounted to MSEK 32.9 (MSEK 34.3).**
- **Total production of gold during the first quarter was 36 kg (52 kg).**
- **EBITDA for the period was MSEK –3.9 (MSEK -6.0).**
- **The net result, after tax and non-controlling interest for the reporting period, was MSEK -13.2 (MSEK -11.1) corresponding to an earnings per share of SEK -0.75 (SEK -0.69).**
- **In January 2012, Centerra Gold Inc. completed the second phase of investments in the Kara Beldyr joint venture and thereby earned another 20% ownership in the joint venture. CAG's ownership is currently 30% and the intention is to keep this share and participate in the future development of the license area.**
- **In February 2012, a preliminary resource estimate in accordance with NI 43-101 for the Gord Zone of the Kara Beldyr joint venture was presented with an indicated resource of 289,000 ounces of contained gold and an inferred resource of 211,000 ounces of contained gold.**

#### **Significant events after the end of the reporting period**

- **In April 2012, CAG announced the successful completion of an operational outsourcing agreement for the alluvial production unit Gold Borzya.**
- **In May 2012, CAG announced the appointment of Denis Alexandrov as new CEO of CAG. It was also announced that the CFO, Johan Arpe will resign from CAG and for the time being the deputy CFO, Mihail Fedulov will be acting CFO.**

## Comments by the CEO

Dear fellow shareholders,

During the first quarter of 2012 the permitting of the Tardan heap leaching plant continued as planned and during April 2012, several milestones in the permitting process, such as the approval by State Expertize and the subsoil usage agency, TuvaNedra was reached. Until early May, mining activities have been conducted at Tardan to prepare ore for the heap leaching plant and the production at the gravitational plant has continued at normal levels for the season. We now have enough ore mined at Tardan for the planned production of 400-600 kg in 2012 and currently all focus is on finalising the permitting for the phase two commissioning of the plant. The timetable for complete commissioning of the plant is during the summer of 2012.

As part of our strategy to phase out alluvial production and focus on hard rock mining we have signed an operating outsourcing agreement for the alluvial production unit Gold Borzya. We will remain the license holder and the gold seller for the production unit, but all mining and processing operations are outsourced to a local contractor. At Solcocon a major cost cutting initiative has been taken in order to establish a profitable operation at Solcocon in 2012. The production at Solcocon is always low during the first quarter due to the weather conditions at the site, but the production plan for 2012 remains at 200-220 kg.

In January 2012, Centerra Gold Inc. completed the second phase of investments in the Kara Beldyr joint venture and earned another 20% of the JV. We currently own 30% of the Kara Beldyr joint venture and intend to keep this share and participate in the future development of the license area that currently has 500,000 oz of indicated and inferred resources according to NI 43-101 standards.

I am also very pleased to announce that the board has appointed Denis Alexandrov to be the new CEO of CAG, effective from June 1, 2012. I will continue to support the company as chairman of board. Denis has more than 15 years of experience in the mining industry, including executive management positions in publicly traded mining companies. I personally feel a strong confidence that Denis together with the new management team will ensure that future challenges of CAG are met.

At the same time, our CFO Johan Arpe has decided to leave CAG and I would like to thank Johan for his commitment, hard work and achievements during his time at CAG. Mihail Fedulov, our deputy CFO, who has a strong international experience and a background from E&Y, PwC and Deloitte, will step up as acting CFO.

All in all, we have executed on the strategy to move from alluvial production into hard rock mining, we have passed several important milestones in the commissioning of the Tardan plant and strengthened both the executive- and local management of the group. I strongly feel that we now are at a turning point in the development of the company and as a statement to emphasize this we are proposing to change the company's name to Auriant Mining. Once the Tardan plant is commissioned the operating cash flows will be stabilized and support efficient and disciplined exploration program at our promising assets and provide for the continued development of the company.

It is with great confidence I am handing over the day-to-day management of the company to the new CEO, but will of course strongly continue to support the company with commitment and enthusiasm as a board member.

**Preston Haskell**  
**Chief Executive Officer**

## Operational update

### Production

The total production of gold in the first quarter 2012 amounts to 36 kg (52 kg). Due to its seasonal character, no alluvial production is conducted during the first quarter.

Production unit	License area	Alluvial/Hard Rock	Production Q1 2012 (kg)	Production Q1 2011 (kg)	Production 2011 (kg)
Tardan (gravitational)	Tardan	Hard Rock	21	20	96
Tardan (leaching)	Tardan	Hard Rock	0	0	0
Solcocon	Staroverinskaya	Hard Rock	15	32	238
<b>Sub total</b>		<b>HARD ROCK</b>	<b>36</b>	<b>52</b>	<b>334</b>
Gold Borzya	Staroverinskaya	Alluvial	0	0	76
<b>Total</b>			<b>36</b>	<b>52</b>	<b>410</b>

### *Tardan*

During the first quarter 2012 Tardan has been finalizing the construction and working on receiving the permits required to officially commission the heap leaching factory. On April 13, 2012 Tardan successfully received State Expertize approval of the design project and subsequently, on April 28, 2012 the approval from TyvaNedra, the subsoil usage agency, was received. In the 1<sup>st</sup> decade of June it is planned to initiate RosTechNadzor (the state technical authority) final inspection, which is required before Tardan can be officially commissioned.

Heap nr 1 is currently being stacked, and the amount of ore stacked as of May 15, 2012 has been accumulated up to 185,000 tones at the average grade of 2.06 g/t. It is planned to stack 200,000 tones of ore on the heap nr 1 and then start stacking the heap nr 2. The heap irrigation system is being finalized in order to start the irrigation in June 2012. In addition to the ore stacked at the heap nr 1, Tardan has 200,000 tones of ore prepared for crushing and stacking and 40,000 tones of gravitational tailings in stock, which is expected to completely fulfill the requirements for 2012 production plan.

Provided that Tardan has enough ore prepared and partly stacked to operate through the year all mining activities at Tardan were suspended in April 2012 in order to minimize costs and fully focus on the commissioning of the heap leaching plant. While mining activities are suspended, 2 percussion drill rigs were freed up and sent to the Solocon production unit in Chita together with the drilling teams to facilitate the production exploration at the open pits on the Solcocon production unit.

The gravitational plant has been running as planned, producing 670 Oz (21 kg) Au in January – March 2012. 5,600 tones of ore to be processed at the gravitational facility are in stock and will allow the gravitational factory to operate till June 15, 2012. The gravitational plant will be re-commissioned once the heap leaching factory is in full production and ore mining operations continue.

### *Solcocon*

During the first 3 months of 2012 the heap leaching factory at Solcocon has produced 470 Oz (15 kg) of gold. Production is ramping up with the warm weather coming to the region. The production target for 2012 is in the range of 6,500 – 7,100 Oz (200-220 kg) Au. Major cost cutting initiatives were taken during the first quarter 2012 in order to establish a profitable operation at Solcocon. Several technological upgrades are required and planned to implement at the plant and the crushing complex in the second quarter of 2012 in order to meet the production targets for the year.

## Gold Borzya

The alluvial contractor has started stripping works at the Gold Borzya alluvial production unit. The production plan set out by the contractor for the 2012 season is in the range of 3,200 – 4,800 Oz (100-150 kg) Au. CAG remains the license holder and the gold seller for the alluvial operation, while all mining and processing operations are outsourced in line with the company's strategy to phase out of the alluvial assets.

## Exploration

CAGs registered gold reserves are presented in the tables below.

### NI 43-101 - Compliant Gold Resources

License	Deposits	Alluvial/Hard Rock	Measured & Indicated				Inferred				License expiration
			Ore, 000 t.	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t.	Au, g/t	Au, kg	Au, 000 oz	
Kara-Beldyr											2027
	Kara-Beldyr *	Hard Rock	1 137	2,4	2 697	86,7	1 006	2,0	1 969	63,3	

\* The resource numbers above represent CAG's 30% share in the Kara-Beldyr project.

### GKZ - Compliant Gold Resources

License	Deposits	Alluvial/Hard Rock	C1				C2				License expiration	P1/P2** 000 kg
			Ore, 000 t.	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t.	Au, g/t	Au, kg	Au, 000 oz		
Tardan	Tardan deposit	Hard Rock	1 454	3,75	5 454	175,4	524	4,45	2 332	75,0	2028-2032	22
	Tardan exploration licen	Hard Rock					270	6,14	1 656	53,2		
Staroverinskaya	Kozlovskoye	Hard Rock	262	8,77	2 297	73,8	869	7,78	6 764	217,5	2029	132
	Bogomolovskoye	Hard Rock	20	2,95	59	1,9	2 141	3,48	7 460	239,8		
	Borzya	Alluvial	166	1,34	222	7,1	1 036	1,41	1 456	46,8		
Uzhunzul		Hard Rock									2031	26
<b>TOTAL</b>			<b>1 902</b>		<b>8 032</b>	<b>258,2</b>	<b>4 840</b>		<b>19 668</b>	<b>632,3</b>		<b>180</b>

\*\* Based on in-house calculations.

## Tardan

During the first quarter 2012, 2 diamond drill rigs were refurbished and put into operations. The drilling targets were selected at the flanks of the Tardan deposit in order to estimate the potential reserve increase as a part of a mid-term exploration program. 2 drill holes have been completed to date and CAG's geological team is working on the assessment of the results.

## Staroverenskaya License

A new chief geologist for the Staroverenskaya license area, Mr. Nikolay Tokushov, was hired in March 2012. Management expects significant value added from this new hire as Nikolay is expected to be instrumental in establishing an efficient production exploration practices at Staroverenskaya, which will help to reduce the dilution and increase the head grade and recovery rate.

## ***Uzhunzhul***

During the first quarter of 2012, very limited activity has been performed at the Uzhunzhul license area. Further exploration work is scheduled for Uzhunzhul in 2012, with the main activities taking place during the summer.

## ***Kara Beldyr***

In January 2012 Centerra Gold Inc. completed the investment of \$ 6.5 million in exploration on the Kara Beldyr license area. Centerra Gold has now earned a 70% interest in the Kara-Beldyr Joint Venture. CAG intends to keep its 30% share of the investment in the license and will continue to be involved in the further exploration of the area.

Based on the drilling results obtained at the end of 2011, the NI 43-101 resource estimate for the Gord Zone has shown indicated resource of 289,000 ounces of contained gold and an inferred resource of 211,000 ounces of contained gold, a total of 500,000 ounces.

## **Income, result and financial position for the group**

### **Income and result**

For the three-month period ended March 31, 2012 the group reported a net result after tax and non-controlling interest of TSEK -13,223 (TSEK -11,100) which corresponds to SEK -0.75 (SEK -0.69) per share.

Consolidated gold sales were TSEK 14,938 (TSEK 14,710) during the period and the amount of gold produced during the report period was 36 kg (52 kg).

The change in stock of finished- and semi-finished goods amounted to TSEK 10,964 (TSEK 17,143) during the reporting period. The decrease compared to last year is due to less preparation performed at Gold Borzja due to the planned operational outsourcing of the alluvial production unit and a reduced level of activity in preparing ore for the heap leaching production at Tardan. During the reporting period, no exploration costs were capitalized (TSEK 2,239).

Other operating income for the reporting period amounted to TSEK 6,951 (TSEK 238) and relates mainly to the accounting effect of the changed ownership in Awilia Enterprises Ltd., the JV company CAG has with Centerra Gold Inc. for the development of the Kara Beldyr license area, were Centerra in January 2012 earned the right to another 20% of the JV.

Total operating costs for the group during the reporting period amounted to TSEK -43,296 (TSEK -44,839), of which other operating expenses amounted to TSEK - 2,312 (TSEK 0). The operating expenses are slightly lower compared to last year mainly due to the reduced preparation activity at Tardan and Gold Borzja.

Net financial items were TSEK - 781 (TSEK -1,206) for the reporting period and the income tax for the reporting period was TSEK -1,999 (TSEK 615). The income tax is predominantly related to change in deferred taxation at the subsidiary level.

Since the sale of the subsidiary LLC Artelj Lena during the summer of 2011, the group does not have any non-controlling interest. The net result attributable to non-controlling interest for the comparative period was TSEK -2.

## **Investments, liquidity and financing**

During the reporting period, total investments amounted to TSEK 7,354 (TSEK 57,834) and relates mainly to the heap leaching plant at Tardan.

During the first quarter of 2012, bank loans in the amount of TSEK 47,714 have been received and loans in an amount of TSEK 13,846 repaid. In total, CAG's outstanding bank loans to Svyaz-Bank as of March 31, 2012 amounts to TSEK 103,767. The loans have an annual interest of 12-14% and are to be amortized during the period July-December 2012. Further CAG has outstanding loans to Golden Impala Ltd, a company related to the main shareholder, in an amount of TSEK 165,025, including accrued interest, as of March 31, 2012. The loans from Golden Impala mature in September 2012 and have an annual interest of 13-18%. After the reporting period, Golden Impala has extended an additional loan of 4,000,000 USD (approx. 28 MSEK) to CAG.

Due to the tight amortization schedules of the loans granted from Svyaz-Bank and Golden Impala Ltd, there is a need to refinance/restructure the current loans and to find a more sustainable financial solution that suits the development plans for the company. The board of directors and management is therefore continuously evaluating different financing options in order to find a more sustainable financial solution for the company and it is the opinion of the board of directors that such a financial solution will be reached and that the company thereby has the ability to continue as a going concern.

Consolidated cash balance at March 31, 2012 was TSEK 5,776 (TSEK 9,265).

## **Other financial information**

### **Segment information**

The company accounts for segments in accordance with IFRS 8. At present the company only considers that it has one segment as only one product, gold, is extracted and all operations are performed in one economic environment, Russia.

### **Transactions with related parties**

As at March 31, 2012 CAG has received loans from Golden Impala Ltd, a company related to the ultimate controlling party of CAG, Preston Haskell, in a total amount of 23,100,000 USD (approx. MSEK 153). The loans have an annual interest rate of 13-18% and mature in September 2012. As security for part of the loans, CAG has pledged 50% of the shares in the subsidiary, LLC Tardan Gold and 100% of the shares in the subsidiary LLC Uzhunzhul. In April 2012, CAG received another loan in the amount of 4,000,000 USD (approx. MSEK 28) with 18% annual interest rate and maturity in September 2012 from Golden Impala Ltd.

### **Employees**

The group had on average 664 (803) employees during reporting period. As per the end of March 2012 the number of employees in the group was 724 (954).

## **Capital Structure**

The number of issued shares at the end of the reporting period amounts to 17,616,987. The limits of the share capital are a minimum of TSEK 150,000 and a maximum of TSEK 600,000 and the quota value of each share is SEK 11.25. Each share carries one vote.

At the reporting date there are 10,650,000 outstanding warrants with the right to subscribe for 1,065,000 shares. The shares have a strike price of SEK 25 per share and are exercisable until August 2012. The outstanding warrants relates to a warrant program for employees of the group, but the warrants in the program has not been allocated to any employees and the board of directors of CAG has suggested to the annual shareholders meeting on May 24, 2012 to cancel these warrants.

During the reporting period, 500,000,000 warrants with the right to subscribe for 250,000 shares expired without any warrants being exercised.

## **Production forecast**

CAG's production forecast for the calendar year 2012 is a production of 600-900 kg. Of this production 400-600 kg is expected from the production unit Tardan, 200-220 kg from the production unit Solcocon and 100-150 kg from the outsourced production unit Gold Borzya.

## **The parent company**

The parent company is a holding company without significant operations. It supports the subsidiaries with financing, investor relation services and strategy reviews etc. Thus it usually has no income other than interest on loans extended to the subsidiaries from time to time or in respect of bank deposits.

The operating result for the reporting period was TSEK 6,179 (TSEK -1, 505). The change is mainly due to the increase in other operating income for the period relating to the gain from the sale of 20% of the shares in Awilia Enterprises Ltd. to Centerra Gold made in accordance with the JV agreement for the Kara Beldyr license area as Centerra in January 2012 earned the right to another 20% in the JV. Total operating expenses amounted to TSEK -1,818 (TSEK -1,638).

Net financial items includes write down of shares in subsidiaries of TSEK -4,481 (TSEK 0) relating to shareholders contribution provided to the Russian management company. A total exchange rate gain of TSEK 6,702 was made during the period, mainly related to the revaluation of liabilities denominated in USD. Net result for the reporting period amounted to TSEK 6,442 (TSEK 1,421).

Total cash balance in the parent company was TSEK 3,942 (TSEK 1,512) at the end of March 2012. The increase in current liabilities compared to March 2011 relates mainly to loans, including accrued interest, from the related party, Golden Impala Ltd. of TSEK 165,025 (TSEK 0).

## Accounting principles and basis of preparation

The consolidated accounts for Central Asia Gold AB have been prepared in accordance with International Financial Reporting Standards (IFRS) as described on page 40 in the annual report for financial year 2011. The evaluations and estimations made by the board of directors and management in preparing the interim report is described on page 45 in the annual report for 2011.

This interim report has been prepared in accordance with IAS 34, *Interim Financial Reporting* and in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, *Supplementary accounting regulations for groups*.

The new or revised IFRS standards or IFRIC-recommendations that have been enacted since 1 January 2012 have not had any material effect on the group's income statement and balance sheet.

The parent company applies the same accounting principles as the group and the Swedish Financial Reporting Board's recommendation RFR 2, *Accounting for legal entities*.

## Risks and uncertainties associated with this interim report

The group's risk exposure is presented on page 24 of the 2011 annual report. The Board of Directors believes that the most important risk factors for the time being are:

- 1) *Gold price risk:* The fluctuations of the international gold price directly influence the revenues of a gold producing company
- 2) *Currency risk:* Central Asia Gold operations and reporting is influenced by gold price in USD of production costs in RUB, and the reporting of the SEK. Fluctuations in exchange rates could have a major impact on both local operational results and the SEK reported results.
- 3) *Political risks:* Central Asia Gold currently operates only in Russia. Being a young democracy Russia does not have as stable political situation as it is in the older democracies of Western Europe.
- 4) *Inflation risk:* The Russian economy has been subject to significant inflation pressure during the last few years. This directly impacts on the production costs in a gold mining company.
- 5) *Geologic risk:* The recoverable gold reserves of a gold exploration and production company are influenced by geologic and economic factors. The estimation of reserves is therefore at all times dependent on the international gold price, costs associated with the extraction of the gold etc. Therefore the estimated gold reserves of any gold company may change at any point in time. In particular the alluvial subsidiaries of the Central Asia Gold group are sensitive to cost increases.
- 5) *Financial and project risk:* Central Asia Gold AB is a junior gold mining company at an early stage. It is involved in production of gold as well as exploration. The company is still dependent on external financing for developing its business. If the availability of external financing were to get reduced it would negatively influence the future perspectives of the company. The currently very bad sentiments on the global stock markets must be taken in to account.
- 6) *Legal risks:* Central Asia Gold operates in a complicated and challenging legal environment in Russia. Further, the Russian tax legislation is subject to varying interpretations and frequent changes. Changes in the interpretations of tax legislation and in the legal environment may have significant impact on the company.

## Significant events after the end of the reporting period

In April 2012, CAG announced the successful completion of an operational outsourcing agreement for the alluvial production unit Gold Borzya. The operational outsourcing of Gold Borzya is, as previously communicated, a part of CAG's strategy to focus on hard rock exploration and production. The license for the production will remain the property of CAG and all gold produced will be sold by CAG who will also monitor and control the operations performed by the operator.

As of April 24, 2012, board member Gordon Wylie, resident in South Africa, left the board of directors of CAG for personal reasons. Gordon Wylie will not be replaced, a new board of directors will be appointed on the AGM on May 24, 2012.

On April 25 2012, CAG received a loan in the amount of 4,000,000 USD (approx. MSEK 28) with 18% annual interest rate and maturity in September 2012 from the related party, Golden Impala Ltd.

In May 2012, CAG announced the appointment of Denis Alexandrov as new CEO. Further it was announced that the CFO Johan Arpe will resign from CAG. Mihail Fedulov, the deputy CFO, will step up as the acting CFO.

## Next report due

The next financial report due is the interim report for the period January-June 2012 that will be released on August 29, 2012.

6 month report 2012 (Jan-June)	29 August 2012
9 month report 2012 (Jan-Sept)	28 November 2012

## Company information

Central Asia Gold AB is a Swedish mining company focused on gold production and exploration in Russia in the central parts of Asia. The gold production was initiated in late January 2005 and the assets were as at end of March 2012 estimated to encompass almost 1,000,000 troy ounces (oz) (1 troy ounce = 31,1 g) of C1/ C2 Russian gold reserves (equaling some 32 tons). The parent company's full name is Central Asia Gold AB (publ). It is a public limited liability company with head office in Stockholm. The corporate identification number is 556659-4833. Address of the parent company is Engelsbrektsplan 2, 4 tr, 114 34Stockholm. Since July 19, 2010, CAG's shares are traded on First North Premier at the NASDAQ OMX Nordic Exchange under the short name CAG. For more information please visit [www.centralasiagold.se](http://www.centralasiagold.se). Mangold Fondkommission is Certified Adviser to CAG, for more information please call +46 8 503 015 50 or visit [www.mangold.se](http://www.mangold.se).

*The board of directors and the managing director confirm that the interim report provides an accurate overview of the company's and the group's operations, position, results and that it describes significant risks and uncertainties that the company and group companies are exposed to.*

Stockholm, May 24, 2012

Central Asia Gold AB (publ.)

Lars Guldstrand  
*Chairman*

Nick Harwood  
*Director*

Tom Baring  
*Director*

Niclas Ericsson  
*Director*

Preston Haskell  
*CEO and Director*

*The interim report has not been reviewed by the Company's auditors.*

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**Cautionary Statement:** Statements and assumptions made in this report with respect to Central Asia Gold AB's ("CAG") current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of CAG. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", "strategy", "forecast" and similar expressions. These statements reflect management's expectations and assumptions in light of currently available information. They are subject to a number of risks and uncertainties, including, but not limited to, (i) changes in the economic, regulatory and political environments in the countries where CAG operates; (ii) changes relating to the geological information available in respect of the various projects undertaken; (iii) CAG's continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential joint ventures and alliances, if any; (v) exchange rates, particularly between the Russian rouble and the U.S. dollar. In the light of the many risks and uncertainties surrounding any gold production and exploration company at an early stage of its development, the actual results could differ materially from those presented and forecast in this report. CAG assumes no unconditional obligation to immediately update any such statements and/or forecasts.

*This Interim report in English is a translation of the Swedish interim report for the three month period ended March 31, 2012. If any discrepancies exist in the translation, the Swedish version shall prevail.*

# Financial reports

## Consolidated income statement

	3 months 2012-01-01 -2012-03-31	3 months 2011-01-01 -2011-03-31	12 months 2011-01-01 -2011-12-31
(All amounts in TSEK)			
<b>Income</b>			
Revenue from sale of gold	14 938	14 710	131 965
Capitalised work for own account	-	2 239	4 112
Change in stock of finished and semi-finished goods	10 964	17 143	42 663
Other operating income	6 951	238	18 175
<b>Total income</b>	<b>32 853</b>	<b>34 330</b>	<b>196 915</b>
<b>Operating costs</b>			
External expenses	-16 681	-22 614	-133 558
Employee benefit expenses	-17 806	-17 708	-84 409
Depreciation, amortization and write downs	-6 497	-4 517	-63 847
Other operating expenses	-2 312	-	-16 265
<b>Total operating costs</b>	<b>-43 296</b>	<b>-44 839</b>	<b>-298 079</b>
<b>Operating profit/loss</b>	<b>-10 443</b>	<b>-10 509</b>	<b>-101 164</b>
Net financial items	-781	-1 206	-27 101
<b>Profit/loss before income tax</b>	<b>-11 224</b>	<b>-11 715</b>	<b>-128 265</b>
Income tax	-1 999	615	7 869
<b>Net profit/loss for the period</b>	<b>-13 223</b>	<b>-11 100</b>	<b>-120 396</b>
Whereof attributable to:			
The owners of the parent company	-13 223	-11 098	-119 325
Non-controlling interest	-	-2	-1 071
<b>Earnings per share before dilution (SEK)</b>	<b>-0,75</b>	<b>-0,69</b>	<b>-7,17</b>
<b>Earnings per share after dilution (SEK) **)</b>	<b>-0,75</b>	<b>-0,69</b>	<b>-7,17</b>
Number of shares issued at period end	17 616 987	17 616 987	17 616 987
Average number of shares for the period	17 616 987	16 016 987	16 652 603
Average number of shares for the period after dilution **)	17 616 987	16 016 987	16 652 603

\*\*) At the end of March 2012, there are 10,650,000 outstanding warrants with the right to subscribe for 1,065,000 shares. The warrants are exercisable until August 2012 and the strike price is SEK 25 per share. Since the strike price is higher than the prevailing market price, no dilution currently arises due to the outstanding warrants.

## Consolidated statement of comprehensive income

	3 months 2012-01-01 -2012-03-31	3 months 2011-01-01 -2011-03-31	12 months 2011-01-01 -2011-12-31
(All amounts in TSEK)			
Net profit/loss for the period	-13 223	-11 100	-120 396
<b>Other comprehensive income</b>			
Translation difference	18 819	6 722	-6 739
<b>Total comprehensive income for the period</b>	<b>5 596</b>	<b>-4 378</b>	<b>-127 135</b>
Whereof attributable to:			
The owners of the parent company	5 596	-4 376	-126 064
Non-controlling interest	-	-2	-1 071

## Consolidated balance sheet

(All amounts in TSEK)	March 31, 2012	March 31, 2011	December 31, 2011
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible fixed assets	160 668	161 866	159 496
Tangible fixed assets	246 595	189 340	229 365
Financial fixed assets	76 860	69 627	80 105
<b>Total fixed assets</b>	<b>484 123</b>	<b>420 833</b>	<b>468 966</b>
<b>CURRENT ASSETS</b>			
Inventories	174 750	213 329	153 620
Current receivables	42 671	92 106	42 514
Cash and bank	5 776	9 265	10 995
<b>Total current assets</b>	<b>223 197</b>	<b>314 700</b>	<b>207 129</b>
<b>TOTAL ASSETS</b>	<b>707 320</b>	<b>735 533</b>	<b>676 095</b>
<b>Other operating expenses</b>			
Equity	313 626	399 729	308 031
Non-controlling interest	-	1 403	-
<b>Total equity</b>	<b>313 626</b>	<b>401 132</b>	<b>308 031</b>
<b>Long term liabilities</b>	<b>76 465</b>	<b>178 830</b>	<b>85 413</b>
<b>Current liabilities</b>	<b>317 229</b>	<b>155 571</b>	<b>282 651</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>707 320</b>	<b>735 533</b>	<b>676 095</b>
<b>PLEGGED ASSETS</b>	<b>198 315</b>	<b>91 767</b>	<b>188 816</b>
<b>CONTINGENT LIABILITIES</b>	<b>-</b>	<b>1 558</b>	<b>-</b>

## Consolidated statement of changes in equity

(All amounts in TSEK)	Attributable to the shareholders of the parent company					
	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings	Non-controlling interest	Total equity
Equity as at December 31, 2010	180 191	143 705	-11 405	91 614	1 405	405 510
<b>Comprehensive income</b>						
Net profit/loss for the period				-11 098	-2	-11 100
Translation difference			6 722			6 722
<b>Total comprehensive income for the period</b>			<b>6 722</b>	<b>-11 098</b>	<b>-2</b>	<b>-4 378</b>
Equity as at March 31, 2011	180 191	143 705	-4 683	80 516	1 403	401 132
<b>Comprehensive income</b>						
Net profit/loss for the period				-108 227	-1 069	-109 296
Translation difference			-13 461			-13 461
<b>Total comprehensive income for the period</b>			<b>-13 461</b>	<b>-108 227</b>	<b>-1 069</b>	<b>-122 757</b>
Change in non-controlling interest				-125	-334	-459
<b>Transactions with shareholders</b>						
Proceeds from rights issue	18 000	10 000				28 000
Costs for rights issue		-108				-108
Adjustment of costs for rights issue		2 222				2 222
<b>Total transactions with shareholders for the period</b>	<b>18 000</b>	<b>12 114</b>				<b>30 114</b>
Equity as at December 31, 2011	198 191	155 819	-18 144	-27 836	-	308 030
<b>Comprehensive income</b>						
Net profit/loss for the period				-13 223		-13 223
Translation difference			18 819			18 819
<b>Total comprehensive income for the period</b>			<b>18 819</b>	<b>-13 223</b>		<b>5 596</b>
Equity as at March 31, 2012	198 191	155 819	675	-41 059	-	313 626

## Consolidated cash flow statement

	3 months 2012-01-01 -2012-03-31	3 months 2011-01-01 -2011-03-31	12 months 2011-01-01 -2011-12-31
(All amounts in TSEK)			
Operating profit/loss	-10 443	-10 509	-101 164
Adjustment for non-cash items	371	4 517	60 465
Paid/received interest	-2 092	-4 957	-13 323
<b>Cash flow from operations before changes in working capital</b>	<b>-12 164</b>	<b>-10 949</b>	<b>-54 022</b>
Changes in working capital	-19 350	-34 431	11 328
<b>Net cash used in operating activities</b>	<b>-31 514</b>	<b>-45 380</b>	<b>-42 694</b>
<b>Net cash used in investing activities</b>	<b>-7 354</b>	<b>-57 834</b>	<b>-124 009</b>
<b>Net cash generated from financing activities</b>	<b>33 869</b>	<b>90 010</b>	<b>155 040</b>
<b>Net change in cash</b>	<b>-4 999</b>	<b>-13 204</b>	<b>-11 663</b>
Cash and bank at the beginning of the period	10 995	22 230	22 230
Translation difference in cash and bank	-220	239	428
<b>Cash and bank at the end of the period</b>	<b>5 776</b>	<b>9 265</b>	<b>10 995</b>

## Consolidated key ratios

	3 months 2012-01-01 -2012-03-31	3 months 2011-01-01 -2011-03-31	12 months 2011-01-01 -2011-12-31
Total assets (TSEK)	707 320	735 533	676 095
Total equity (TSEK)	313 626	401 132	308 031
Equity ratio (%)	44,3%	54,5%	45,6%
Interest bearing debt (TSEK)	276 072	199 538	243 219
Employees at period end	724	954	495
EBITDA (TSEK)	-3 946	-5 992	-37 317
<b>Per share data</b>			
Earnings per share (SEK)	-0,75	-0,69	-7,17
Equity per share (SEK)	17,80	24,96	17,48
Return on equity (%)	-4,3%	-2,8%	-39,0%

### Key ratio definitions

Total assets (TSEK)	Total assets at period end
Total equity (TSEK)	Total equity including non controlling interest at period end
Equity ratio (%)	Total equity divided by total assets expressed as a percentage
Interest bearing debt (TSEK)	Total interest bearing debt at the period end
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
Earnings per share	Net result after tax for the period divided by the average number of outstanding shares for the period before dilution
Equity per share (SEK)	Equity excluding non controlling interests at the period end divided by the number of outstanding shares at the period end
Return on equity (%)	Net result after tax for the period divided by the average total equity for the same period

## Parent company income statement

	3 months 2012-01-01 -2012-03-31	3 months 2011-01-01 -2011-03-31	12 months 2011-01-01 - 2011-12-31
(All amounts in TSEK)			
<b>Income</b>			
Other operating income	7 997	133	198
<b>Total income</b>	<b>7 997</b>	<b>133</b>	<b>198</b>
<b>Operating costs</b>			
External expenses	-1 291	-1 406	-11 586
Employee benefit expenses	-527	-232	-2 289
<b>Total operating costs</b>	<b>-1 818</b>	<b>-1 638</b>	<b>-13 875</b>
<b>Operating profit/loss</b>	<b>6 179</b>	<b>-1 505</b>	<b>-13 677</b>
Net financial items	263	2 926	-228 403
<b>Profit/loss before income tax</b>	<b>6 442</b>	<b>1 421</b>	<b>-242 080</b>
Income tax	-	-	-
<b>Net profit/loss for the period</b>	<b>6 442</b>	<b>1 421</b>	<b>-242 080</b>

## Parent company statement of comprehensive income

	3 months 2012-01-01 -2012-03-31	3 months 2011-01-01 -2011-03-31	12 months 2011-01-01 -2011-12-31
(All amounts in TSEK)			
Net profit/loss for the period	6 442	1 421	-242 080
Exchange rate differences	3 976	-1 364	-825
<b>Total comprehensive income for the period</b>	<b>10 418</b>	<b>57</b>	<b>-242 905</b>

## Parent company balance sheet

(All amounts in TSEK)	March 31, 2012	March 31, 2011	December 31, 2011
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Financial fixed assets	701 640	751 393	703 442
<b>Total fixed assets</b>	<b>701 640</b>	<b>751 393</b>	<b>703 442</b>
<b>CURRENT ASSETS</b>			
Current receivables	571	657	402
Cash and bank	3 942	1 512	8 119
<b>Total current assets</b>	<b>4 513</b>	<b>2 169</b>	<b>8 521</b>
<b>TOTAL ASSETS</b>	<b>706 153</b>	<b>753 562</b>	<b>711 963</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>535 431</b>	<b>737 861</b>	<b>525 013</b>
<b>Long term liabilities</b>	<b>3 498</b>	<b>12 663</b>	<b>14 914</b>
<b>Current liabilities</b>	<b>167 224</b>	<b>3 038</b>	<b>172 036</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>706 153</b>	<b>753 562</b>	<b>711 963</b>
<b>PLEGDED ASSETS</b>	<b>405 885</b>	<b>50</b>	<b>405 885</b>
<b>CONTINGENT LIABILITIES</b>	<b>103 767</b>	<b>-</b>	<b>79 550</b>

## Parent company statement of changes in equity

(All amounts in TSEK)	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings	Net income for the period	Total equity
<b>Equity as at December 31, 2010</b>	<b>180 191</b>	<b>68 032</b>	<b>568 685</b>	<b>-31 092</b>	<b>-62 511</b>	<b>14 499</b>	<b>737 804</b>
Profit/loss brought forward					14 499	-14 499	0
<b>Comprehensive income</b>							
Net profit/loss for the period						1 421	1 421
Exchange rate difference				-1 364			-1 364
<b>Total comprehensive income for the period</b>				<b>-1 364</b>		<b>1 421</b>	<b>57</b>
<b>Equity as at March 31, 2011</b>	<b>180 191</b>	<b>68 032</b>	<b>568 685</b>	<b>-32 456</b>	<b>-48 012</b>	<b>1 421</b>	<b>737 861</b>
<b>Comprehensive income</b>							
Net profit/loss for the period						-243 501	-243 501
Exchange rate difference				539			539
<b>Total comprehensive income for the period</b>				<b>539</b>		<b>-243 501</b>	<b>-242 962</b>
<b>Transactions with shareholders</b>							
Proceeds from share issuance	18 000		10 000				28 000
Costs for share issuance			-108				-108
Adjustment of costs for share issuance			2 222				2 222
<b>Total transactions with shareholders for the period</b>	<b>18 000</b>		<b>12 114</b>				<b>30 114</b>
<b>Equity as at December 31, 2011</b>	<b>198 191</b>	<b>68 032</b>	<b>580 799</b>	<b>-31 917</b>	<b>-48 012</b>	<b>-242 080</b>	<b>525 013</b>
Profit/loss brought forward						-242 080	0
<b>Comprehensive income</b>							
Net profit/loss for the period						6 442	6 442
Exchange rate difference				3 976			3 976
<b>Total comprehensive income for the period</b>				<b>3 976</b>		<b>6 442</b>	<b>10 418</b>
<b>Equity as at March 31, 2012</b>	<b>198 191</b>	<b>68 032</b>	<b>580 799</b>	<b>-27 941</b>	<b>-290 092</b>	<b>6 442</b>	<b>535 431</b>

## Parent company cash flow statement

	3 months 2012-01-01	3 months 2011-01-01	12 months 2011-01-01
(All amounts in TSEK)	-2012-03-31	-2011-03-31	-2011-12-31
Operating profit/loss	6 179	-1 505	-13 677
Adjustment for non-cash items	-7 979	-	-
Paid/received interest	-	1 562	-1 906
<b>Cash flow from operations before changes in working capital</b>	<b>-1 800</b>	<b>57</b>	<b>-15 583</b>
Changes in working capital	-341	158	9 386
<b>Net cash used in operating activities</b>	<b>-2 141</b>	<b>215</b>	<b>-6 197</b>
<b>Net cash used in investing activities</b>	<b>-1 729</b>	<b>-15 912</b>	<b>-178 057</b>
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>6 265</b>	<b>181 008</b>
<b>Net change in cash</b>	<b>-3 870</b>	<b>-9 432</b>	<b>-3 246</b>
Cash and bank at the beginning of the period	8 119	10 945	10 945
Translation difference in cash and bank	-307	-1	420
<b>Cash and bank at the end of the period</b>	<b>3 942</b>	<b>1 512</b>	<b>8 119</b>