

Aspiro AB (publ): Interim Report January–September 2004

Third Quarter:

Positive Earnings after Tax; 9% Operative Margin

- Operative earnings* for the third quarter amounted to SEK 5.1 m (SEK –4.6 m) and the operative margin was 9 percent. Net earnings for the same period amounted to SEK 1.6 m (SEK –7.7 m); earnings per share were 0.02 (–1.20).
- Net sales totaled SEK 54.5 m (SEK 5.3 m) for the third quarter. Compared to the second quarter net sales (pro-forma) increased by 15 percent.
- Liquid assets amounted to SEK 48.3 m (SEK 5.2 m) at the end of the period. Less the consideration that is to be paid to former Cellus shareholders, an interest-bearing liability and provisions for restructuring, the Group's liquid assets amounted to SEK 28.0 m.
- Net sales in the second half-year 2004, are expected to slightly exceed the previously announced SEK 95 million. Furthermore, the Board expects the minimum operating margin before amortization of goodwill and restructuring expenses of 5 percent to be exceeded.

Key Figures	July–September 2004 3 month		January–September 2004 9 month	
Net sales (SEK m)	54.5	(5.3)	77.5	(12.4)
Operative earnings (SEK m)*	5.1	(-4.6)	-3.4	(-15.1)
Operating profit/loss (SEK m)	2.2	(-7.9)	-61.3	(-28.3)
Net earnings (SEK m)	1.6	(-7.7)	-61.9	(-27.8)
Earnings per share, SEK	0.02	(-1.20)	-1.15	(-6.33)

Key figures for corresponding period previous year in brackets.

* Earnings excluding amortization of goodwill, write-downs and items affecting comparability.

The new Aspiro:

- Provides mobile entertainment and information services, mainly direct to consumers.
- Is marketed under leading brands such as Mobilehits, Cellus, Super and Plingplong.
- Offers a wide portfolio of attractive mobile services such as real music, games, ringtones, logos, image and video clip downloads as well as directory enquiries and sports scores.
- Has taken a market-leading position in Sweden and Norway and has attained a stronger position in the UK and Spain.

Net Sales and Earnings

Revised Accounting Principles

The revenue recognition from downloading products has been treated according to different accounting principles by Cellus and Aspiro. In order to harmonize accounting principles and adopting the evolving industry standard, net accounting is used for all revenue recognition as from the third quarter. The change has no earnings effect but gives a revenue reduction for the third quarter of SEK 3.2 m with an equivalent reduction of expenses for services and goods for resale. The reduction of revenues and expenses for the nine-month period amounted to SEK 11.2 m. Otherwise, the Report has been prepared applying the same accounting principles and calculation methods as the most recent Annual Report.

All comparative figures are translated according to the revised principles.

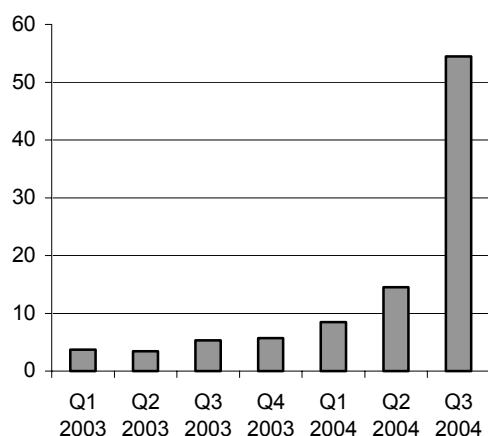
Current Reporting Period (July–September)

Cellus is consolidated from 1st July.

Group net sales totaled SEK 54.5 m (SEK 5.3 m) in the third quarter of 2004, of which Emode and Cellus represented SEK 44.8 m. Compared to the second quarter, Aspiro's pro-forma net sales (including Emode and Cellus) increased by SEK 7.2 m, from SEK 47.3 m to SEK 54.5 m, corresponding to a growth of 15 percent.

Net Sales

Quarterly (SEK m)



Operative earnings (earnings excluding amortization of goodwill, write-downs and items affecting comparability) for the third quarter amounted to SEK 5.1 m (SEK -4.6 m). Compared to the second quarter, operative earnings improved by SEK 8.1 m.

Restructuring expenses amounted to SEK 1.0 m for the third quarter and were attributable to personnel changes and the reorganization, which followed the acquisitions of Emode and Cellus. The operational integration of Aspiro and Cellus was completed during the third quarter. The subsequent cost reductions took full effect during the period.

Earnings after financial items for the third quarter amounted to SEK 1.6 m (SEK -7.7 m), of which SEK 1.8 m (SEK 1.8 m) constituted goodwill amortization, SEK 1.0 m (SEK 1.6) restructuring expenses and SEK 0.6 m was inter-company exchange rate losses.

Earnings per share amounted to SEK 0.02 (SEK -1.20) for the third quarter.

Interim Period (January–September)

Emode is consolidated from 1st March and Cellus is consolidated into Aspiro's accounts from 1st July.

Group net sales totaled SEK 77.5 m (SEK 12.4 m) during the nine-month period. Of this Cellus and Emode accounted for SEK 52.8 m. Aspiro's net sales, excluding Emode and Cellus, accounted for SEK 24.7 m, which corresponds to a growth of 12.3 percent compared to the same period last year.

Operative earnings (earnings excluding amortization of goodwill, write-downs and items affecting comparability) for the nine-month period amounted to SEK -3.4 m (SEK -15.1 m). Earnings after financial items for the nine-month period amounted to SEK -61.9 m (SEK -27.8 m), of which SEK 46.6 m (SEK 6.8 m) was goodwill amortization, SEK 11.4 m (SEK 5.8) was restructuring expenses.

Earnings per share amounted to SEK -1.15 (SEK -6.33) for the nine-month period. Outstanding options did not dilute Aspiro's stock.

Sales

Aspiro carried out a number of successful market activities during the third quarter, such as the launch of the new “Gamestation” and “Jukebox” concepts.

New attractive entertainment services were added to Aspiro’s portfolio during the third quarter. For example, Aspiro was the world’s first provider to launch Nametones—10,000 Nametones were downloaded in the first week. Quality games such as Trivial Pursuit and Colin McRay Rally were also added to the portfolio.

Sales of Aspiro’s products vary throughout the year; the third quarter is traditionally a strong period.

Product Groups

From the third quarter, Aspiro’s mobile services are divided into five groups as shown in the graph below.

Distribution Channels

Through the acquisitions of Mobilehits, Emode and Cellus and refocusing the original business, Aspiro has developed its business from selling mobile services via operators to mainly providing services directly to consumers. Cooperations with operators will still play an important role in the distribution of Aspiro’s products and as a sales partner.

The distribution of Aspiro’s products is divided into three different channels; Advertising, Media Partners and Proprietary Channels.

Advertising

Within the Advertising sales channel, Aspiro invests in marketing space mainly in the printed media. Net sales amounted to SEK 20.7 m for the third quarter, compared to SEK 20.0 m for the second quarter (second quarter is pro-forma including Cellus).

Media Partners

In exchange for marketing space or direct access to consumers, Aspiro contributes its content, distribution solution and consumer knowledge. The revenues generated are divided between parties. Partners are mainly mobile operators and TV but also radio, daily press and portals.

The download frequency of Aspiro’s products through mobile operators’ own wap portals, such as Telia Go, 3 and Comviq Go Live, increased on the Swedish market in the period. Usage of community services also continued to increase.

Net sales amounted to SEK 27.6 m for the third quarter, compared to SEK 23.2 m for the second quarter (second quarter refers to pro-forma including Cellus).

Own Channels

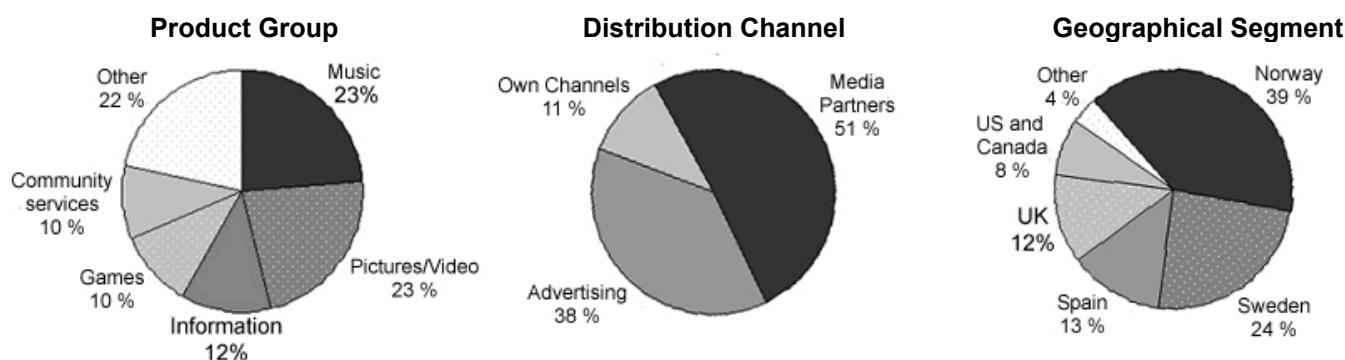
Own Channels refers to Aspiro’s web and wap portals under its own brands and membership clubs. Aspiro offers services directly to consumers via web and wap portals and circulars of e-mail and sms.

Net sales amounted to SEK 6.1 m for the third quarter, compared to SEK 4.6 m for the second quarter (second quarter refers to pro-forma including Cellus).

Geographical Segments

Aspiro provides mobile services in Sweden, Norway, Denmark, the UK, Spain, the US and Canada. At present Aspiro holds a market-leading position in Sweden and Norway.

Net Sales in Q3 By:



Market

The market for mobile services is expected to experience strong growth in the coming years according to independent analysts. Growth drivers include the following:

- Improved mobile phones with higher capacity, such as mp3 players, the possibility to play games with higher quality etc.
- Improved bandwidth, 3G, enabling downloads of larger products with higher speed and cheaper traffic.
- Improved content, when the music, game, film and entertainment businesses realize the possibilities offered by the mobile platform.
- The fact that the number of sophisticated users is increasing.

During 2004 a number of major corporate transactions occurred, involving competitors such as Jamba, Jippii, SMS AS, Kiwee and Zed. In addition, Jamdat of the US conducted its initial public offering. The market is still fragmented and the Board considers that Aspiro should continue to play an active role in the on-going consolidation of the industry.

Parent Company

Net sales of the Parent Company during January–September totaled SEK 12.8 m (SEK 9.5 m). Earnings after financial items totaled SEK -51.6 m (SEK -23.0 m). SEK 40.0 m (SEK 0 m) of the nine-month period's earnings are attributable to write-downs on shares in subsidiaries.

Investments

Investments in tangible assets totaled SEK 0 (SEK 0.3 m).

Acquisitions

Mobile content supplier Emode was acquired in March. The acquisition of the Norwegian mobile service supplier Cellus was concluded in July, for a consideration of SEK 125.8 million, of which nearly half was paid through a cash consideration to Cellus shareholders and the rest by new Aspiro shares.

Liquidity and Finance

Liquid assets at the end of the period amounted to SEK 48.3 m (SEK 5.2 m). Less the consideration to be paid to former Cellus shareholders of approx.

SEK 12 m, an interest-bearing liability of approx. SEK 3.8 m and provisions for restructuring of approx. SEK 4.5 m, the company's liquid assets amounts to SEK 28.0 m.

Cash flow from operating activities for the third quarter amounted to SEK -5.6 m (SEK -4.3 m). The cash flow for the third quarter has been charged with payments of SEK 4.2 m in Cellus regarding accrued expenses related to the acquisition and payments regarding previous allocations for restructuring expenses of SEK 1.4 m.

Personnel and Organization

At the end of the period Aspiro employed a total of 58 (19) people.

The acquisitions of Cellus and Emode enhance changes within Aspiro's organization. Overlapping functions between the companies has made it possible to realize cost synergies by measures including staff reductions.

Although the acquisition of Cellus was formally effected in July, a fast and focused integration process, which was initiated as soon as the general meeting had given its approval, enabled the main cost reductions to give full effect as early as July.

Erik Hansen was appointed CEO of the Aspiro Group on 16th July. Mr. Hansen is one of Cellus's founders and its former CEO.

Aspiro's Stock

The Aspiro share is traded on the Stockholm Exchange O-list.

After the non-cash and preferential new issues in conjunction with the acquisition of Emode and Cellus, the total number of Aspiro shares amounts to 108,961,958.

The Chairman of the Board chose to exercise his option plan of 1,000,000 shares, at an issue price of SEK 3.10, during the period. At the end of the period, these options had not been converted into shares, hence are not included in the total number of shares stated above.

Additionally there is an option plan intended for the former CEO entitling subscription to 17,956 shares, at an issue price of SEK 23.40 per share, in the subscription period until 15th May 2006.

Events after the End of the Period

The previously announced bonus of SEK 537,600 was paid to the company's Executive Chairman Johan Lenander, after the end of the period. The bonus corresponds to 40 percent of annual salary. Earnings for the third quarter have been charged with the total cost.

Prospects

After the acquisitions of Emode and Cellus, Aspiro holds a leading position as provider of mobile content in Scandinavia. Aspiro now holds a strong position within all major channels for distribution and marketing of mobile content and has good and long-term relationships with several of the most important market players.

On a market characterized by strong growth, one of Aspiro's goals is growth above the market average, thereby strengthening its market position. This growth will be achieved through acquisitions and organically.

Net sales in the second half-year 2004 are, expected to slightly exceed the previously announced SEK 95 million. Furthermore, the Board expects the minimum operating margin before amortization of goodwill and restructuring expenses of 5 percent to be exceeded.

The Board is reiterating its estimate that the company will achieve a positive operating cash flow on a monthly basis during 2004.

Reporting Schedule for 2005

Financial Statement for 2004, 17 February 2005.

For further information, please contact:

Johan Lenander, Executive Chairman
Phone: +46 (0)70 821 8001
e-mail: johan.lenander@aspiro.com

Erik Hansen, CEO
Phone: +47 (0)91 35 33 37
e-mail: erik.hansen@aspiro.com

Malmö, 11 November 2004



Erik Hansen, CEO
Aspiro AB (publ)
Corporate ID no. 556519-9998

Brief financial summary

	Q3 2004	Q2 2004	Q1 2004	Q4 2003	Q3 2003	Q 2 2003	Q 1 2003	2003
Net sales (SEK m)	54.5	14.5	8.5	5.7	5.3	3.5	3.7	18.2
Earnings after financial items (SEK m)	1.6	-57.7	-5.8	-7.6	-7.7	-13.9	-6.2	-35.4
EBITA (SEK m)	4.3	-13.4	-3.7	-5.7	-6.1	-6.6	-6.0	-24.5
Solidity (%)	72	55	84	79	71	60	71	79
Return on stockholders equity (%)	1.6	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Earnings per share (SEK)	0.02	-1.44	-0.19	-0.72	-1.20	-3.67	-2.10	-4.96
Average no. of shares outstanding (000)	91,695	40,143	29,831	22,182	6,409	3,780	2,977	8,837
Average no. of shares outstanding and potential shares (000)	92,713	40,160	29,848	22,253	6,442	3,809	2,998	8,876

Consolidated Income statement

SEK thousand	July-Sept 2004	July-Sept 2003	Jan-Sept 2004	Jan-Sept 2003	Full year 2003
Operating revenues					
Net sales	54,461	5,262	77,451	12,426	18,156
Capitalized development costs	-	283	757	283	666
Other operating revenues	69	909	452	1,864	2,168
Total	54,530	6,454	78,660	14,573	20,990
Operating expenses					
Services and goods for resale	-8,836	-1,940	-15,171	-3,133	-5,359
Other external expenses	-29,953	-5,033	-44,832	-12,830	-17,596
Personnel expenses	-10,099	-3,650	-19,342	-12,575	-16,819
Depreciations and write-downs of tangible assets	-254	-319	-590	-875	-1,112
Amortization and write-downs of intangible assets	-2,125	-1,753	-48,496	-9,572	-11,323
Write-down of current assets in excess of normal write-downs	-	-	-	-1,900	-1,900
Restructuring expenses	-1,020	-1,586	-11,365	-5,829	-6,785
Composition	-	-	-	4,049	4,526
Other operating expenses	-42	-62	-187	-250	-436
Total operating expenses	-52,329	-14,343	-139,983	-42,915	-56,804
Operating profit/loss	2,201	-7,889	-61,323	-28,342	-35,814
Interest and other financial income	692	289	1,030	715	905
Interest and other financial expenses	-1,258	-104	-1,564	-186	-469
Profit/loss after financial items	1,635	-7,704	-61,857	-27,813	-35,378
Tax	1	-3	1	-3	-3
Deferred tax	-	-	-	-	-8,461
Net profit/loss for the period	1,636	-7,707	-61,856	-27,816	-43,842
Minority interest	0	42	4	42	24
Group Net profit/loss	1,636	-7,665	-61,852	-27,774	-43,818
Earnings per share (SEK)	0.02	-1.20	-1.15	-6.33	-4.96

Consolidated Balance Sheet

	30/9 2004	30/9 2003	31/12 2003
SEK 000			
ASSETS			
Intangible assets			
Capitalized development costs	184	283	658
Licenses and trademarks etc	16	207	200
Goodwill	125,611	33,138	31,322
<i>Total intangible assets</i>	<i>125,811</i>	<i>33,628</i>	<i>32,180</i>
Tangible fixed assets			
Equipment	1,018	1,082	787
<i>Total tangible fixed assets</i>	<i>1,018</i>	<i>1,082</i>	<i>787</i>
Financial fixed assets			
Other shares	182	274	8
Deferred tax, income taxes recoverable	-	8,461	-
Other long-term liabilities	209	49	50
<i>Total financial fixed assets</i>	<i>391</i>	<i>8,784</i>	<i>58</i>
Total fixed assets	127,220	43,494	33,025
Current receivables	59,625	13,041	11,665
Cash and bank balance	48,342	5,165	20,779
Total current assets	107,967	18,206	32,444
Total assets	235,187	61,700	65,469
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' equity			
Restricted equity	330,161	149,428	173,243
Accumulated deficit	-98,046	-77,768	-77,563
Group net profit/loss	-61,852	-27,774	-43,818
Total stockholders' equity	170,263	43,886	51,862
Minority interest	6	101	24
Provisions	4,539	2,236	2,068
Long-term liabilities	1	1	1
Current liabilities	60,378	15,476	11,514
Total provisions and liabilities	64,918	17,713	13,583
Total stockholders' equity and liabilities	235,187	61,700	65,469

Current liabilities include an interest-bearing liability of approx. SEK 3.8 m and a non-interest-bearing consideration of approx. SEK 12 m due to former Cellus shareholders.

Consolidated Cash Flow Statement

SEK 000	July-Sept 2004	July-Sept 2003	Jan-Sept 2004	Jan-Sept 2003	Jan-Dec 2003
Operating activities					
Group net profit/loss	1,636	-7,665	-61,852	-27,774	-43,818
Adjustment for items not included in the cash flow statement	1,625	823	52,076	726	7,680
<i>Cash flow from operation activities before changes in working capital</i>					
<i>In working capital</i>	3,261	-6,842	-9,776	-27,048	-36,138
Cash flow from changes in working capital	-8,872	2,557	-9,157	-4,156	-3,111
Cash flow from operating activities	-5,611	-4,285	-18,933	-31,204	-39,249
Investment activities					
Acquisition / sale of subsidiaries	-58,340	432	-59,746	432	392
Capitalized development costs	-	-283	-757	-283	-666
Change in tangible fixed assets	8	-	-50	-	-43
Change in financial fixed assets	1	16	-	213	250
Cash flow from investment activities	-58,331	165	-60,553	362	-67
Financing activities					
New issue/sales of options	72,841	0	95,088	28,776	52,874
Change in financial liabilities	12,256	-	12,256	-	-
Cash flow from financial activities	85,097	0	107,344	28,776	52,874
Change in cash position	21,155	-4,120	27,858	-2,066	13,558
Cash position opening balance	27,497	9,321	20,779	7,313	7,313
Exchange rate difference in liquid assets	-310	-36	-295	-82	-92
Cash position, closing balance	48,342	5,165	48,342	5,165	20,779

Quarterly Income Statement

SEK 000	Q3 2004	Q2 2004	Q1 2004	Q4 2003	Q3 2003	Q2 2003	Q1 2003
Operating revenues							
Net sales	54,461	14,536	8,454	5,730	5,262	3,456	3,708
Capitalized development costs	-	283	474	383	283	-	-
Other operating revenues	69	309	74	304	909	442	513
Total	54,530	15,128	9,002	6,417	6,454	3,898	4,221
Operating expenses							
Services and goods for resale	-8,836	-3,700	-2,635	-2,226	-1,940	-890	-303
Other external expenses	-29,953	-9,702	-5,177	-4,766	-5,033	-3,337	-4,460
Personnel expenses	-10,099	-4,719	-4,524	-4,244	-3,650	-4,090	-4,835
Depreciations/amortizations and write-downs							
Tangible assets	-254	-156	-180	-237	-319	-231	-325
Intangible assets	-2,125	-44,226	-2,145	-1,751	-1,753	-7,330	-489
Write-down of current assets in excess of normal write-downs	-	-	-	-	-	-700	-1,200
Restructuring expenses	-1,020	-10,261	-84	-956	-1,586	-1,177	-3,066
Composition	-	-	-	477	-	-	4,049
Other operating expenses	-42	-33	-112	-186	-62	-117	-71
Total operating expenses	-52,329	-72,797	-14,857	-13,889	-14,343	-17,872	-10,700
Operating profit/loss	2,201	-57,669	-5,855	-7,472	-7,889	-13,974	-6,479
Interest and other financial income	692	175	163	190	289	153	273
Interest and other financial expenses	-1,258	-203	-103	-283	-104	-40	-42
Profit/loss after financial items	1,635	-57,697	-5,795	-7,565	-7,704	-13,861	-6,248
Tax	1	-	-	-	-3	-	-
Deferred tax	-	-	-	-8 461	-	-	-
Net profit/loss for the period	1,636	-57,697	-5,795	-16,026	-7,707	-13,861	-6,248
Minority interest	0	2	2	-18	42	-	-
Group net profit/loss	1,636	-57,695	-5,793	-16,044	-7,665	-13,861	-6,248

Statement of Changes in Stockholders' Equity 1/1 - 30/9 2004

SEK 000	Share Capital	Restricted Reserves	Accum. Deficit	Cons. Earnings/ Loss	Total
Beginning of period in accordance with Balance Sheet	66,258	106,985	-77,563	-43,818	51,862
Allocation of previous period's earnings		-37,304	-6,514	43,818	-
New share issue, directed	20,000	2,247			22,247
New share issue, acquisition of Emode	14,101	6,103			20,204
Reduction of share capital	-29,706		29,706		-
New share issue, preferential rights	70,652	1,566			72,218
New share issue, acquisition of Cellus	50,468	14,051			64,519
Options		223			223
Refunded VAT, issue expenditure		400			400
Translation differences for the period			442		442
Transfer between restricted and non-restricted reserves		44,117	-44,117		-
Group profit/loss				-61,852	-61,852
Amount at end of the period	191,773	138,388	-98,046	-61,852	170,263

Statement of Changes in Stockholders' Equity 1/1 - 30/9 2003

SEK 000	Share Capital	Restricted Reserves	Accum. Deficit	Cons. Earnings/ Loss	Total
Beginning of period in accordance with Balance Sheet	1,960	291,977	-77,349	-208,821	7,767
Allocation of previous period's earnings		-213,754	4,933	208,821	-
New share issue, preferential rights	13,160	15,616			28,776
New share issue, acquisition of Mobilehits	11,383	22,767			34,150
New share issue, reverse split	0				0
Translation differences for the period			967		967
Transfer between restricted and non-restricted reserves		6,319	-6,319		-
Group profit/loss				-27,774	-27,774
Amount at end of the period	26,503	122,925	-77,768	-27,774	43,886

Comments on the Accounts

This Interim Report has been prepared based on the Swedish Financial Accounting Standards Council's recommendation RR 20 regarding interim reports. The acquisition of Cellus constitutes a major change in the Group's segment. Therefore, relevant comparative figures for the corresponding period are not available. Net sales for the primary segments, line of business, are therefore only stated for the third quarter, compared to (pro-forma) the second quarter 2004.

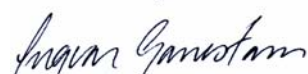
Aspiro has revised its accounting principle for revenue recognition from downloading products, according to the statement above. Otherwise the

Report has been prepared applying the same accounting principles and calculation methods as the Annual Report for 2003. Internal projects concerning the transition to IFRS 2005 are proceeding according to plan.

At present, outstanding options do not imply any share dilution, as the current subscription price is higher than the shares' actual value.

Auditor's Statement

I have reviewed this Interim Report on behalf of Aspiro AB (publ) and in doing so followed the recommendation issued by the Swedish Institute of Authorized Public Accountants (FAR). A review is considerably more limited in scope than an audit. I have found nothing to indicate that this Interim Report contravenes the laws of securities exchange and the Annual Accounts Act.



Ingvar Ganestam
Authorized Public Accountant
Ernst & Young

This document is essentially a translation of Swedish language original thereof. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

Aspiro in Brief

Aspiro provides mobile entertainment and information services, mainly direct to consumers in Sweden, Norway, Denmark, Spain, the UK, the US and Canada. Aspiro holds a leading market position in Sweden and Norway.

Aspiro offers a wide portfolio of attractive mobile services such as real music, games, ring tones, logos, pictures, video clip downloads, directory enquiries and sports scores. The company's main target group is active mobile users aged between 15 and 34. Customers are accessed through advertising and partnerships with operators and media companies, as well as directly through proprietary web and wap portals, under leading brands such as Mobilehits, Cellus, Super and Plingplong.

Aspiro was founded in 1998 and has been quoted on the Stockholm Exchange O-list since 2001. The company has some 60 employees at offices in Sweden, Norway, the UK, Luxembourg and Spain.

Aspiro AB (publ)

Gråbrödersgatan 2, SE-211 21 Malmö, Sweden. Phone: +46 (0)40 630 0300, fax: +46 (0)40 57 97 71, e-mail: info@aspiro.com, www.aspiro.com