

Interim Report, First Quarter 2014

CORTENDO REPORTS RESULTS AND ACTIVITIES FOR THE FIRST QUARTER 2014

FIRST AND POST QUARTER HIGHLIGHTS

- Continued progress on the start-up of NormoCort™ Phase 3 trial
- While start-up phase has experienced delays, company plans to meet recruitment goals by increasing the number of sites from 38 to 45
- BioPancreate received notice of allowance of patent for potential breakthrough treatment concept for Diabetes type 1 and 2
- Net loss for the Group was SEK 11.2 million for the first quarter, compared with a net loss of SEK 4.1 million in the first quarter 2013, reflecting increased overall activities
- Cash and cash equivalents amounted to SEK 85.2 million compared to SEK 19.4 million at 31 March 2013, and SEK 97.1 million at the end of December 2013
- Strategic review to further strengthen focus on orphan drugs and metabolic disease
- Board has asked Dr H. Joseph Reiser to become Chairman to bring strengthened pharmaceutical experience to this position – new CEO to be recruited

OPERATIONAL REVIEW

Pipeline development

Cortendo's main operational focus has been to advance its pipeline, in particular NormoCort for Cushing's Syndrome. Continued progress has been made on the start-up of the trial, although the enrolment of the first patient into the NormoCort Phase 3 trial has been delayed due to protocol refinements and logistics related to the activation of clinical sites. The company plans to meet recruitment goals by increasing the number sites from 38 to 45 worldwide, and is in the process of opening the sites. A majority of the sites are expected to be activated by the third quarter this year.

BioPancreate has contracted a manufacturer for the novel biopharmaceutical substance, has scaled up the first batch, and is conducting an initial toxicity study with the produced biological material. It is also in the process of confirming with the FDA the development plan to an investigational new drug application. BioPancreate Inc.'s next major milestone is to complete the pre-clinical development phase and file a US IND. If accepted, this would allow the company to start Phase 1 clinical development for its novel diabetes project.

The next generation cortisol inhibitor project has been focused on the selection of the most promising lead compounds from the group of compounds identified through the chemical synthesis and screening program performed 2011-13. The primary goal of the project is to find a lead candidate and backup that can enter preclinical development in 2015.

Pipeline development - strategic review

In the second quarter, the board made the decision that the company is to further strengthen its focus on orphan drugs and metabolic disease. Cortendo will prioritize investments in its lead Phase 3 orphan drug NormoCort, next generation cortisol inhibitors for Cushing's Syndrome, and the innovative diabetes projects acquired through BioPancreate, a wholly owned subsidiary of Cortendo. As a result, Cortendo will discontinue investments in the therapeutic area of

osteoarthritis, and the license for the commercial rights of Crespine and Crespine Plus will be returned to its licensor.

Preparing for potential public listing

Cortendo has invested significant resources into improving its internal operations in preparation for a potential official public exchange listing, including adoption of IFRS accounting standards for its financial reporting. This report is the first quarterly report prepared in accordance with IFRS. Also, Cortendo has added new management capacity. Cortendo is planning for a listing on the Oslo Stock Exchange during H2'2014.

Key news in the first and post quarter period

BioPancreate received notice of allowance for core patent for oral diabetes treatment

In March Cortendo announced that the US Patent Office has granted a Notice of Allowance for the first key patent covering its core technology relating to the use of commensal bacteria that are modified to secrete GLP-1 for the treatment of diabetes. This technology is exclusively licensed to BioPancreate.

More information about the BioPancreate technology

BioPancreate is developing a novel, orally administered biological therapeutic utilizing modified probiotic human bacteria. These modified human bacteria express an active agent and deliver such agents to the gastrointestinal tract, triggering the transformation of intestinal entero-endocrine cells into glucose-responsive insulin secreting cells, i.e. pancreas-like beta cells. The lead compound is currently in preclinical development.

BioPancreate's biopharmaceutical products under development for diabetes are modifications of naturally occurring commensal bacteria that exist in the human gastrointestinal tract. Natural probiotics have been shown to be both safe and beneficial when taken orally. The BioPancreate technology advances this approach into a distinct therapeutic application for diabetes by utilizing these bacteria to both produce and deliver an active agent into the small intestine that triggers insulin production and subsequent secretion into the systemic vascular system of the body. These effects have been demonstrated in various preclinical diabetes models to date.

Changes and planned changes to the Board of Directors

Cortendo announced in the first quarter that Dr. Hilde H. Steiniger and Espen T. Jørgensen had accepted to stand for election as new members of the Cortendo Board of Directors, and both were elected to the Board of Directors on the shareholder meeting on January 17, 2014. In May, with the support of the Board and the Nomination Committee, CEO Dr. H Joseph Reiser has been asked to become Chairman of the Board. Since Swedish law prohibits a person to hold both the Chairman and CEO position, this change cannot be implemented until a new CEO has been hired. Thus, the Board has initiated a search for a new CEO, and Dr. Reiser will continue in his current position for as long as required to assure flexibility in finding the best candidate and allow for optimal management transition. The changes to the Board of Directors and management are part of a process to prepare the company for a listing on an official public stock exchange, increase Cortendo's competitive position and assure corporate growth.

FINANCIAL REVIEW

Cortendo's products are in the research and development phase, and Cortendo does not currently have any product-based revenues. The following text references the financial statements of the Group in the reporting currency SEK beginning on page 6. In addition, a convenience translation of the Group statement of comprehensive income and balance sheet into US dollars has been provided on page 13.

Results for the first quarter 2014

Adjusted for some delays to the phasing of costs in the pipeline projects, the development of actual costs was broadly in line with planning assumptions. Operating expenses for the first quarter 2014 amounted to SEK 12.0m, compared with SEK 3.8m in the first quarter 2013.

Costs for R&D (which include patent costs) and G&A constitute the key cost drivers. For the first quarter of 2014 R&D costs constituted SEK 7.8m (65%) of operating expenses. G&A costs constituted SEK 4.2m (35%) of operating expenses. For the first quarter of 2013 R&D costs and G&A costs constituted SEK 2.6m (69%) and SEK 1.2m (31%) of operating expenses, respectively. The increase in operating costs reflects increased overall activities including R&D. The key drivers were the start-up of the phase 3 trial for NormoCort as well as increased preclinical activities for BioPancreate.

Net financial items were SEK 0.8m, compared to SEK -0.3m in the prior year. Interest on liquid assets and positive effects from strength in the NOK vs. SEK contributed positively while USD based forward contracts had a negative effect. The current company policy with regards to cash management is to primarily hold its cash with major Nordic banks, but to hedge a significant portion of its future predicted USD based expenses, which represent the vast majority of expected outflows. By the end of the quarter Cortendo had outstanding USD based hedging contracts covering NOK 66.5 million.

The Net Loss was SEK 11.2m for the first quarter 2014, compared to SEK 4.1m for the same period in 2013.

Earnings per share were SEK -0.13 for the first quarter 2014, compared to SEK -0.07 for the same period in 2013.

Cash flow

Cash flow from operations was SEK -11.9 million for the first quarter 2014, compared to SEK -4.9m for the same period in 2013.

Cash Position and Balance sheet

At 31 March 2014, cash and cash equivalents amounted to SEK 85.2 million compared to SEK 19.4 million at 31 March 2013, and SEK 97.1 million at the end of December 2013. Equity stood at SEK 121.4 million at 31 March 2014, up from SEK 39.1 million at the end of the first quarter 2013. The increased equity and improved liquidity position mainly reflects share capital increases and the acquisition of BioPancreate Inc. during 2013.

Total liabilities amounted to SEK 5.1 million at 31 March 2014, compared to SEK 2.0 million at the same time last year, and SEK 6.6 million the end of 2013.

Shareholder information

Cortendo AB is currently listed on the NOTC-A-list (OTC) in Norway, and has approximately 500 shareholders mainly from Norway, Sweden and the U.S.

The total number of outstanding shares per 31 March 2014 was 87,335,863, with a total number of outstanding share options of 5,651,000. Strike prices vary from SEK 1.00-6.00 per share, with an average of SEK 2.96 per share.

Financial calendar 2014

Cortendo plans to present its financial results according the following schedule:

Q2 2014: 19 August 2014

Q3 2014: 18 November 2014

Q4 2014: 24 February 2015

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Risk and uncertainty

The development of pharmaceuticals carries significant risk. Failure may occur at any stage during development and commercialization due to safety or clinical efficacy issues. Delays may occur due to requirements from regulatory authorities not anticipated by the company.

About Cortendo

Cortendo AB is a biopharmaceutical company headquartered in Göteborg, Sweden. Its stock is publicly traded on the NOTC-A-list (OTC) in Norway. Cortendo is a pioneer in the field of cortisol inhibition and has completed early clinical trials in patients with Type 2 diabetes. The lead drug candidate NormoCort, the 2S, 4R-enantiomer of ketoconazole, has been re-focused to Cushing's Syndrome, and has entered Phase 3 development. The company's strategy is to primarily focus its resources within orphan drugs and metabolic diseases and to seek opportunities where the path to commercialization or partnership is clear and relatively near-term. Strategically, Cortendo's business model is to commercialize relevant opportunities in the United States while partnering its assets ex-US. Backed by a highly experienced leadership team Cortendo has plans to continue to implement its pipeline expansion efforts, as well as other near term revenue opportunities.

Cortendo Forward-looking Statements

This press release contains forward-looking statements concerning Cortendo that involve a number of risks and uncertainties. All statements other than statements of historical facts included in this press release, including, without limitation, statements regarding the Company's future financial position, strategy, anticipated investments, costs and results, plans, projects to enhance efficiency, outcomes of products development, future capital expenditures, liquidity requirements and objectives of management for future operations, may be deemed to be forward looking statements. These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward looking statements. Given these risks and uncertainties, investors should not place any undue reliance on forward looking statements as a prediction of actual results. None of these forward looking statements constitutes a guarantee of the future occurrence of such facts and data or of actual results. These statements are based on data, assumptions and estimates that the Company believes are reasonable. The forward looking statements contained in this document are made only as of the date hereof. The Company expressly disclaims any obligation or undertaking to release publicly any updates of any forward-looking statements contained in this press release to reflect any change in its actual results, assumptions, expectations or any change in events, factors, conditions or circumstances on which any forward looking statement contained in this press release is based.

Financial Statements

Group

Statement of Comprehensive Income

| Amounts in SEK | Jan-Mar 2014 | Jan-Mar 2013 | Full Year 2013 |
|---|--------------------|-------------------|--------------------|
| General and administrative costs | -4 184 162 | -1 173 467 | -15 419 729 |
| Research and development costs | -7 822 594 | -2 572 362 | -15 386 366 |
| Share of loss in associates | - | -68 861 | -275 772 |
| Operating profit/loss | -12 006 756 | -3 814 690 | -31 081 867 |
| Financial income | 3 774 366 | 13 713 | 4 145 370 |
| Financial expenses | -2 932 293 | -273 775 | -5 886 009 |
| Profit/loss after financial items | -11 164 683 | -4 074 752 | -32 822 506 |
| Income tax expense | - | - | - |
| Profit/loss for the period | -11 164 683 | -4 074 752 | -32 822 506 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit/loss</i> | | | |
| Translation difference | - | - | - |
| Comprehensive income for the period | -11 164 683 | -4 074 752 | -32 822 506 |
| Earnings/loss per share after tax (SEK) | -0,13 | -0,07 | -0,50 |
| Earnings/loss per share after dilution (SEK) | -0,13 | -0,07 | -0,50 |
| Number of shares | 87 335 863 | 55 844 820 | 87 335 863 |
| Average number of shares | 87 335 863 | 55 427 337 | 66 007 781 |
| Outstanding options | 5 651 000 | 5 651 000 | 5 651 000 |
| Number of shares after dilution | 92 986 863 | 61 495 820 | 92 986 863 |
| Average number of shares after dilution | 92 986 863 | 60 757 337 | 72 227 328 |

Group**Balance sheet**

| | Mar | Dec | Sep | Jun | Mar |
|---|--------------------|--------------------|--------------------|-------------------|-------------------|
| Amounts in SEK | 2014 | 2013 | 2013 | 2013 | 2013 |
| ASSETS | | | | | |
| <i>Fixed assets</i> | | | | | |
| Intangible fixed assets | 40 272 747 | 40 272 747 | - | - | - |
| Tangible fixed assets | 61 014 | 41 146 | 42 673 | 26 967 | 29 794 |
| Financial fixed assets | 78 379 | 78 379 | 21 324 594 | 21 394 717 | 21 464 874 |
| Total fixed assets | 40 412 140 | 40 392 272 | 21 367 267 | 21 421 684 | 21 494 668 |
| <i>Current assets</i> | | | | | |
| Current receivables, non-interest bearing | 956 440 | 1 383 248 | 999 396 | 112 760 | 156 129 |
| Cash and cash equivalents | 85 167 516 | 97 123 121 | 101 046 798 | 31 607 577 | 19 409 586 |
| Total current assets | 86 123 956 | 98 506 369 | 102 046 194 | 31 720 337 | 19 565 715 |
| Total assets | 126 536 096 | 138 898 641 | 123 413 461 | 53 142 021 | 41 060 383 |
| EQUITY AND LIABILITIES | | | | | |
| <i>Shareholders' equity</i> | 121 403 867 | 132 316 512 | 121 607 227 | 51 746 580 | 39 109 319 |
| <i>Short-term liabilities</i> | | | | | |
| Current liabilities, non-interest bearing | 5 132 229 | 6 582 129 | 1 806 234 | 1 395 441 | 1 951 064 |
| Total short-term liabilities | 5 132 229 | 6 582 129 | 1 806 234 | 1 395 441 | 1 951 064 |
| Total equity and liabilities | 126 536 096 | 138 898 641 | 123 413 461 | 53 142 021 | 41 060 383 |

Group**Changes in Equity**

| | Jan-Mar | Jan-Mar | Full year |
|--|--------------------|-------------------|--------------------|
| Amounts in SEK | 2014 | 2013 | 2013 |
| Opening balance | 132 316 512 | 43 086 536 | 43 086 536 |
| Sharebased compensation | 252 038 | 97 535 | 933 369 |
| Issue of share | - | - | 120 201 036 |
| Issue of options in connection with investment in BioPancreate | - | - | 918 077 |
| Net profit/loss for the year | -11 164 683 | -4 074 752 | -32 822 506 |
| Equity, end of period | 121 403 867 | 39 109 319 | 132 316 512 |

Group**Cash Flow Statement**

| Amounts in SEK | Jan-Mar 2014 | Jan-Mar 2013 | Full Year 2013 |
|---|--------------------|-------------------|--------------------|
| Net result | -11 164 683 | -4 074 752 | -32 822 506 |
| <i>Adjustment for items not affecting cash flow:</i> | | | |
| Sharebased compensation | 252 037 | 97 535 | 933 369 |
| Revaluation of financial assets | 1 195 468 | - | -1 038 063 |
| Share of loss in associates | - | 68 861 | 275 772 |
| Depreciations and Write down | 5 422 | 3 225 | 15 665 |
| Cash flow from operations before change in working capital | -9 711 756 | -3 905 131 | -32 635 763 |
| Change in working capital | | | |
| Decrease (+) / Increase (-) in operating receivables | 426 808 | 90 351 | -98 705 |
| Increase (+) / Decrease (-) in operating liabilities | -2 645 367 | -1 048 382 | 3 582 683 |
| Cash flow from operations | -11 930 315 | -4 863 162 | -29 151 785 |
| Investment in BioPancreate | - | - | 423 338 |
| Investment in tangible fixed assets | -25 290 | -398 | -24 191 |
| Cash flow from investing activities | -25 290 | -398 | 399 147 |
| Issue of shares | - | - | 101 602 613 |
| Cash flow from financing activities | - | - | 101 602 613 |
| Net change in cash | -11 955 605 | -4 863 560 | 72 849 975 |
| Liquid funds at the beginning of the period | 97 123 121 | 24 273 146 | 24 273 146 |
| Liquid funds at the end of the period | 85 167 516 | 19 409 586 | 97 123 121 |

Parent Company
Statement of Comprehensive Income

| Amounts in SEK | Jan-Mar 2014 | Jan-Mar 2013 | Full year 2013 |
|--|--------------------|-------------------|--------------------|
| Research and development expenses | -6 789 118 | -2 572 362 | -15 090 260 |
| Administration expenses | -3 975 694 | -1 073 413 | -14 626 880 |
| Operating profit/loss | -10 764 812 | -3 645 775 | -29 717 140 |
| Financial income | 3 774 349 | 13 713 | 3 107 293 |
| Financial expenses | -1 736 825 | -273 775 | -5 886 009 |
| Profit/loss after financial items | -8 727 288 | -3 905 837 | -32 495 856 |
| Income tax expense | - | - | - |
| Profit/loss for the period | -8 727 288 | -3 905 837 | -32 495 856 |

Parent Company
Balance Sheet

| Amounts in SEK | Mar 2014 | Dec 2013 | Sep 2013 | Jun 2013 | Mar 2013 |
|--|--------------------|--------------------|--------------------|-------------------|-------------------|
| ASSETS | | | | | |
| <i>Fixed assets</i> | | | | | |
| Tangible fixed assets | 58 867 | 38 758 | 42 673 | 26 967 | 29 794 |
| Financial fixed assets | 40 455 790 | 40 455 790 | 21 858 999 | 21 858 999 | 21 858 999 |
| Total fixed assets | 40 514 657 | 40 494 548 | 21 901 672 | 21 885 966 | 21 888 793 |
| <i>Current assets</i> | | | | | |
| Current receivables, non-interestbearing | 1 603 961 | 423 305 | 731 286 | 43 643 | 155 415 |
| Cash and cash equivalents | 84 676 518 | 96 446 214 | 101 044 226 | 31 605 005 | 19 409 534 |
| Total current assets | 86 280 479 | 96 869 519 | 101 775 512 | 31 648 648 | 19 564 949 |
| Total assets | 126 795 136 | 137 364 067 | 123 677 184 | 53 534 614 | 41 453 742 |
| EQUITY AND LIABILITIES | | | | | |
| <i>Shareholders' equity</i> | 122 317 105 | 131 044 393 | 121 792 640 | 52 139 173 | 39 433 375 |
| <i>Current liabilities</i> | | | | | |
| Current liabilities, non-interestbearing | 4 478 031 | 6 319 674 | 1 884 544 | 1 395 441 | 2 020 367 |
| Total short-term liabilities | 4 478 031 | 6 319 674 | 1 884 544 | 1 395 441 | 2 020 367 |
| Total equity and liabilities | 126 795 136 | 137 364 067 | 123 677 184 | 53 534 614 | 41 453 742 |

Parent Company
Change in Shareholders' Equity

| Amounts in SEK | Jan-Mar 2014 | Jan-Mar 2013 | Full Year 2013 |
|------------------------------|--------------------|-------------------|--------------------|
| Opening balance | 131 044 393 | 43 339 212 | 43 339 212 |
| Issue of share | - | - | 120 201 037 |
| Net profit/loss for the year | -8 727 288 | -3 905 837 | -32 495 856 |
| Equity, end of period | 122 317 105 | 39 433 375 | 131 044 393 |

Financial notes

Note 1 – Accounting and valuation principles and other information

Important accounting principles

The unaudited interim report was prepared pursuant to *IAS 34 Interim Financial Reporting*, the *Swedish Annual Accounts Act*, and *RFR 1 Supplementary Accounting Regulations for Groups*. As with the 2013 annual accounts, the consolidated accounts were prepared in accordance with International Financial Reporting Standard (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The financial statements of the Parent Company were prepared in accordance with the *Swedish Annual Accounts Act* and the Swedish Financial Reporting Board's *RFR 2 Accounting for Legal Entities*.

Accounting principles applied, except for the changes listed below, are in accordance with those described in the 2013 Annual Report. The Cortendo Group consists of the parent company Cortendo AB (publ) and its wholly owned subsidiaries Cortendo Invest AB and BioPancreate Inc. More detailed information about the Group's accounting and valuation principles can be found in the 2013 Annual Report.

Change in accounting principles

From fiscal year 2014 a number of new and revised standards come in force. These standards have had no material impact on the consolidated financial statements.

Note 2 – Fair values of financial instruments

The Group carries derivatives. Refer to the annual report 2013 for a narrative description of the purpose of the holdings. The derivatives (under the heading "current liabilities") are all level 2 instruments in the fair value hierarchy in the standard IFRS 13 (inputs other than quoted prices that are observable for the instruments, either directly or indirectly, are used in the fair value measurement).

At 31 March 2014 the calculated Market Values indicates NOK 145,745 in favor of DNB Bank ASA.

Note 3 – Transactions with Related Parties

The parent company and its subsidiaries are considered to be related parties. As related parties

are also considered board members, management and their immediate (close?) family members. Management refers to those persons that together with the CEO are part of the executive

leadership group. In Cortendo this consists of CEO, CFO three other persons. None of these are employees of the company.

Intra company procurement and sales

No intra company sales nor interest has occurred or been charged during the period.

Loans between companies in the group

Intracompany borrowings only exist as clearing accounts.

Procurement of services

Managers are engaged in their respective leadership roles through consultant agreements. The services are procured on normal commercial terms and are invoiced after services have been performed.

Remuneration to the board and management

At certain times the annual meeting has resolved to issue shares or options to key personnel in the company. These key persons are not employed but consultants.

The calculated actual value of such options has been presented as equity like instruments in the results and balance sheet statements.

No options have been issued during the first quarter 2014.

Note 4 – Shares

| Development in share capital and number of shares | | Number of shares | Share capital, SEK |
|---|--|-------------------|--------------------|
| December 2012 | | 49 022 043 | 49 022 043 |
| January 2013 | Issue of shares in connection with acquisition | 6 102 500 | 6 102 500 |
| January 2013 | Issue of shares in connection with targeted emission | 574 000 | 574 000 |
| March 2013 | Issue of shares in connection with targeted emission | 146 277 | 146 277 |
| March 2013 | | <u>55 844 820</u> | <u>55 844 820</u> |
| May 2013 | Issue of shares in connection with targeted emission | 1 616 000 | 1 616 000 |
| June 2013 | Issue of shares in connection with targeted emission | 4 407 273 | 4 407 273 |
| June 2013 | | <u>61 868 093</u> | <u>61 868 093</u> |
| September 2013 | Issue of shares in connection with targeted emission | 20 270 270 | 20 270 270 |
| September 2013 | | <u>82 138 363</u> | <u>82 138 363</u> |
| October 2013 | Issue of shares in connection with warrant programs | 750 000 | 750 000 |
| October 2013 | Issue of shares in connection with warrant programs | 3 697 500 | 3 697 500 |
| November 2013 | Issue of shares in connection with warrant programs | 750 000 | 750 000 |
| December 2013 | | <u>87 335 863</u> | <u>87 335 863</u> |
| March 2014 | | 87 335 863 | 87 335 863 |

Note 5 – Share based incentive programs

The Company has issued individual option programs for consultants with assignments within the management of the company. The options have primarily been subscribed for without a premium payment and with a strike price that varies between the option programs, chiefly due to the timing of the individual option program.

| Option program for certain members of management | 2014 | 2013 |
|--|------------------|-------------------|
| Outstanding January 1 | 5 651 000 | 5 330 000 |
| Outstanding Mars 31 | <u>5 651 000</u> | <u>5 330 000</u> |
| Outstanding June 30 | - | 5 330 000 |
| Allocated during the period | <u>-</u> | <u>1 035 000</u> |
| Outstanding September 30 | - | 6 365 000 |
| Allocated during the period | - | 961 000 |
| Exercised during the period | <u>-</u> | <u>-1 675 000</u> |
| Outstanding December 31 | - | 5 651 000 |

Note 6 - First time adoption of IFRS

The Annual Report 2013 was the first report in accordance with International Financial Reporting Standard (IFRS) as adopted by the EU. The effects of the transition on the Income Statement and Balance sheet were relatively small and limited to share based incentive programs and revaluation of financial instruments. For more detailed information please see the Annual Report that is available on Cortendo's website www.cortendo.com

Note 7 – Interim Reports

In November 2013, Cortendo acquired 51 % of the shares in BioPancreate Inc. and assumed control of 100 % of the shares in the company. BioPancreate is consolidated for the entire first quarter 2014.

The Company has changed the reporting regarding the structure of the income statement, and will from now on report entirely on the basis of cost function.

Previously, the Company reported currency gains and losses within the Other Operating Income and Other Operating Expense lines respectively. Such items will hereinafter be reported within Financial Income and Financial Expenses respectively.

For comparison, the income statements and the balance sheets for 2013 have been adjusted to reflect the principles affecting the 2014 report.

Group**Statement of Comprehensive Income (Convenience Translation*)**

| Amounts in USD | Jan-Mar 2014 | Jan-Mar 2013 | Full Year 2013 |
|---|-------------------------|-------------------------|---------------------------|
| General and administrative costs | -642 728 | -182 215 | -2 368 622 |
| Research and development costs | -1 201 627 | -399 435 | -2 363 497 |
| Share of loss in associates | - | -10 693 | -42 361 |
| Operating profit/loss | -1 844 356 | -592 343 | -4 774 480 |
| Financial income | 579 780 | 2 129 | 636 770 |
| Financial expenses | -450 429 | -42 512 | -904 149 |
| Profit/loss after financial items | -1 715 005 | -632 725 | -5 041 860 |
| Income tax expense | - | - | - |
| Profit/loss for the period | -1 715 005 | -632 725 | -5 041 860 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit/loss</i> | | | |
| Translation difference | - | - | - |
| Comprehensive income for the period | -1 715 005 | -632 725 | -5 041 860 |

*The statement of comprehensive income has been translated into USD via the FX rates for the corresponding period

Average rate SEK/USD Q1 2013: 6,44

Average rate SEK/USD FY 2013: 6,51

Average rate SEK/USD Q1 2014: 6,51

Group**Balance sheet (Convenience Translation*)**

| Amounts in USD | Mar 2014 | Dec 2013 | Sep 2013 | Jun 2013 | Mar 2013 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| ASSETS | | | | | |
| Fixed assets | | | | | |
| Intangible fixed assets | 6 186 290 | 6 186 290 | - | - | - |
| Tangible fixed assets | 9 372 | 6 320 | 6 637 | 4 019 | 4 570 |
| Financial fixed assets | 12 040 | 12 040 | 3 316 422 | 3 188 482 | 3 292 159 |
| Total fixed assets | 6 207 702 | 6 204 650 | 3 323 059 | 3 192 501 | 3 296 728 |
| Current assets | | | | | |
| Current receivables, non-interest bearing | 146 919 | 212 480 | 155 427 | 16 805 | 23 946 |
| Cash and cash equivalents | 13 082 568 | 14 919 066 | 15 714 899 | 4 710 518 | 2 976 930 |
| Total current assets | 13 229 486 | 15 131 547 | 15 870 326 | 4 727 323 | 3 000 877 |
| Total assets | 19 437 188 | 21 336 197 | 19 193 384 | 7 919 824 | 6 297 605 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Shareholders' equity | 18 648 827 | 20 325 117 | 18 912 477 | 7 711 860 | 5 998 362 |
| Short-term liabilities | | | | | |
| Current liabilities, non-interest bearing | 788 361 | 1 011 080 | 280 907 | 207 964 | 299 243 |
| Total short-term liabilities | 788 361 | 1 011 080 | 280 907 | 207 964 | 299 243 |
| Total equity and liabilities | 19 437 188 | 21 336 197 | 19 193 384 | 7 919 824 | 6 297 605 |

*The balance sheet in SEK has been translated into USD via FX rates for the corresponding period

First Quarter End 2013: 6,52

Second Quarter End 2013: 6,71

Third Quarter End 2013: 6,43

Fourth Quarter End 2013: 6,51

First Quarter End 2014: 6,51