

Karolinska Development AB (publ) - Interim report January - March 2013

STOCKHOLM – May 10, 2013. Karolinska Development AB (publ) announces publication of its Interim report January-March, 2013. A conference call will be held today at 14.00 CET. Participant access numbers: SE: +46 (0)8 506 307 79, UK: +44 (0) 1452 555 131, or US: +1 866 682 8490. The full report and a link to the webcast are available on the company's website.

Torbjörn Bjerke, CEO, comments: “During the first quarter, Karolinska Development finalized the strategically important deal with Rosetta Capital, in which a minor part of the portfolio was sold at a premium of 23 percent compared to our reported valuation. The revaluation of the portfolio companies included in the deal is also the main reason why the first quarter 2013 is Karolinska Development’s best quarter so-far, with a positive result after tax at SEK 389m.

The pace of development in our drug projects remains high. Since the beginning of the year, Pergamum has completed a Phase I/II trial, Dilaforette has initiated a Phase II trial and Axelar has reported the preliminary results of a Phase II trial. The latter trial indicated that the drug candidate AXL1717 is efficacious in 2nd line treatment of patients with lung cancer. Based on these preliminary results, AXL1717 has the potential to be an important part of future treatment alternatives and a valuable asset for Karolinska Development. We look forward to presenting the data to potential partners for further development.

Our reputation as a life science investor and developer of pharmaceutical projects has facilitated a cooperation agreement with a world-leading research center: Mayo Clinic of the US. Karolinska Development will have the opportunity to evaluate and invest in innovations from Mayo Clinic, which increases our access to pioneering life science research and gives us a broader base of potential investment opportunities. Pergamum’s strategic agreement with Cadila Pharmaceuticals Ltd of India on the development of a new infection treatment, which was announced in February, is another example of our ability to attract outside partners.

We are working intensely to commercialize our projects. The deal with Rosetta is one concrete validation of the value we are building in our portfolio companies. In the next two years, we expect to reach important milestones which will pave the way for exits in the form of out-licensing or divestments. We have a professional team to develop our projects in the best way, and through the deal with Rosetta we have now gained access to additional expertise in the global pharmaceutical and medical technology industry.

As a result, we were able during the quarter to strengthen all three parts of Karolinska Development’s business model: we have created a broader base for selecting medical innovations, we have driven the development of our project portfolio forward, and we have strengthened our opportunities to commercialize our projects.”

Summary of significant events during and after the end of the first quarter

- Pergamum announced the last visit of the last patient in a Phase I/II trial of a potential new treatment for hard-to-heal wounds
- The Nomination Committee proposed Bo Jesper Hansen as the new Chairman of the Board
- Axelar reported that preliminary results of a Phase II trial indicate that AXL1717 is efficacious in 2nd line treatment of patients with lung cancer
- Karolinska Development and Rosetta Capital announced the closing of their strategic SEK 220m deal
- Pergamum entered into a strategic collaboration with Cadila Pharmaceuticals Ltd
- Karolinska Development started a collaboration with the Mayo Clinic
- Dilaforette initiated a Phase II trial with sevuparin for the treatment of severe malaria

<i>Group</i>	2013	2012	2012
<i>Amounts in SEKm</i>	<i>Jan-Mar</i>	<i>Jan-Mar</i>	<i>Full-year</i>
<i>Income statement</i>			
Revenue	1.9	2.5	9.9
Profit/loss after tax	389.4	-89.1	-230.2
<i>Balance sheet</i>			
Cash and cash equivalents	419.6	171.5	117.0
Short-term investments	0.0	362.2	174.2
Total cash, cash equivalents and short-term investments (Note 3)	419.6	533.7	291.2
<i>Share information</i>			
Earnings per share before and after dilution (SEK)	8.2	-1.7	-4.4
Net asset value per share (SEK) (Note 1)	44.2	44.1	43.9
Share price, last trading day in the reporting period (SEK)	29.0	24.4	15.3
<i>Portfolio information</i>			
Investments in portfolio companies	15.7	78.0	231.6
Of which investments not affecting cash flow	3.8	0.0	77.8
Valuation of total portfolio holdings (Note 2)	1,652.0	1,581.1	1,827.2

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TO THE EDITORS

About Karolinska Development AB

Karolinska Development aims to create value for patients, researchers, and investors by developing innovations from world class science into products that can be sold or out-licensed with high returns. The business model is to: **SELECT** the most commercially attractive medical innovations; **DEVELOP** innovations to the stage where the greatest return on investment can be achieved; and **COMMERCIALIZE** the innovations through the sale of companies or out-licensing of products. An exclusive deal flow agreement with Karolinska Institutet Innovations AB, along with other cooperation agreements with leading universities, delivers a continuous flow of innovations. Today, the portfolio consists of 36 projects, of which 15 are in clinical development. For more information, please visit www.karolinskadevelopment.com.

Karolinska Development is listed on NASDAQ OMX. Karolinska Development may be required to disclose the information provided herein pursuant to the Securities Markets Act.