Interim report

for the period January 1 – December 31, 2013

topotarget

Highlights

Highlights from Q4 2013

- October 7, 2013: Topotarget and Spectrum Pharmaceuticals agreed on terms for commercial supply of belinostat
- November 20, 2013: Final results from CLN-14 study in STS
- November 21, 2013: Granting of key belinostat patent in Europe
- December 10, 2013: NDA for belinostat in relapsed or refractory PTCL submitted to the FDA in the USA

Highlights from the financial results for the period January 1 - December 31, 2013

- Topotarget recognized revenues of DKK 8.3 million during the period (DKK 2.4 million in the same period in 2012)
- The research and development costs were DKK 23.0 million during the period (DKK 46.5 million in the same period in 2012)
- The administrative expenses were DKK 18.4 million during the period (DKK 34.7 million in the same period in 2012)
- The net financials were a net loss of DKK 2.0 million during the period (net loss of DKK 1.1 million in the same period in 2012)
- The net loss from continued operations before tax for the period was DKK 36.2 million (net loss of DKK 81.4 million for the same period in 2012)
- Total comprehensive income for the period was a net loss of DKK 35.0 million (net loss of DKK 80.0 million for the same period in 2012)
- The Group's net cash and cash equivalents as of December 31, 2013 totaled DKK 31.5 million (DKK 41.5 million at year-end 2012)

Outlook 2014

After having adapted the organization, we have lowered our cash burn rate significantly so that the current cash position, excluding expected milestone payments, is sufficient to cover the present planned cost level for 2014. A more detailed financial outlook will be provided after the expected milestone payment in Q1 2014 from Spectrum Pharmaceuticals.

Financial Calendar 2014

Event	Date
Annual report 2013	March 27, 2014
Annual General Meeting 2014	April 24, 2014
Interim report for the period January 1 - March 31, 2014	May 8, 2014
Interim report for the period January 1 - June 30, 2014	August 14, 2014
Interim report for the period January 1 - September 30, 2014	November 6, 2014

Financial highlights

Financial highlights and ratios	12 months 2013	12 months 2012
DKK '000		
Revenues	8,338	2,395
Research and development costs	(23,019)	(46,522)
Administrative expenses	(18,406)	(34,706)
Operating loss	(34,148)	(80,210)
Net financials	(2,045)	(1,149)
Net loss from continued operations before tax	(36,193)	(81,359)
Net profit from discontinued operations	-	99
Total comprehensive income for the period	(34,968)	(80,017)
Basic and diluted EPS continued operations	(0.25)	(0.60)
Fully diluted EPS continued operations	(0.25)	(0.60)
Basic and diluted EPS discontinued operations	(0.25)	(0.60)
Fully diluted EPS continued operations	(0.25)	(0.60)
Consolidated balance sheet		
Cash and cash equivalents	31,483	41,460
Equity	243,092	251,247
Total assets	265,117	278,936
Consolidated cash flow statement		
Cash flow from operating activities	(35,623)	(80,973)
Cash flow from investing activities	152	8,131
Cash flow from financing activities	25,494	-
Consolidated ratios		
Number of fully paid shares at the end of period	143,317,114	132,652,050
Average number of shares for the period	140,916,162	132,652,050
Assets/equity	1.1	1.1
Market price at the end of period	3.01	2.15
Net asset value per share	1.70	1.88
Average number of full-time employees	**13**	**23**

Management report

Our goal as a biopharmaceutical, oncology-focused company is to fight cancer. We aspire to prolong the lives of cancer patients and seek to enhance these individuals' quality of life. In December, a milestone was reached with the submission of a New Drug Application (NDA) for our anti-cancer compound belinostat for the treatment of the dismal disease peripheral T-cell lymphoma (PTCL).

With this achievement, we are now one step closer to honor our goal as a company. Not only are we on track with the NDA process, we will soon be facing substantial milestone payments subsequent to a successful outcome of this process. As of now, we confidently await the US Food and Drug Administration's (FDA) feedback on acceptance to file.

The past quarter has thus been focused on the submission of the belinostat NDA. The process of assembling the filing documentation together with Spectrum Pharmaceuticals has been extensive, but worthwhile. The aim has been to submit a high-quality file that will emphasize belinostat's strength as an anti-cancer compound with a favorable safety profile – a characteristic that differentiates belinostat from comparable drugs.

Alongside the extensive work with and the submission of the NDA, the last three months of 2013 brought another two noteworthy accomplishments. Namely, the amended commercial supply agreement for belinostat and the granting of a key belinostat patent in Europe.

> "In Q4 2013, we realized the goal of submitting an NDA for belinostat. In Q1 2014, we look forward to receiving feedback from the FDA".
> CEO, Anders Vadsholt

Commercial supply of belinostat

In October, an amendment was made to our license agreement with Spectrum Pharmaceuticals regarding the worldwide commercial supply of belinostat. This entailed a shift in the responsibility for the manufacture of belinostat in all territories to Spectrum Pharmaceuticals. The shift is a natural step forward due to our partner's operational strengths and qualities, which will benefit the supply chain positively. The agreement runs for five years at which point we may extend the agreement or take back the rights for manufacture in our territory – a flexibility that is positively in line with our status quo and outlook.

Belinostat patent in Europe

The European patent covering the composition of matter for belinostat was granted in November. The patent will protect belinostat up until at least 2021 and potentially until 2026. The total patent estate covering belinostat compositions, formulations, methods of use, and methods of manufacture cover the clinical use of this drug out to 2030 and beyond. This grant is one of the building blocks in the process of getting belinostat to the patients in desperate need of new treatment options.

Looking forward

The submission of the NDA in the past quarter is important in multiple ways: Belinostat is now closer than ever to proving its potential as an anti-cancer agent. Many years of hard work and development have resulted in this submission – an achievement which will affect many people's lives positively if the NDA is approved. Moreover, a positive outcome will strengthen our company in its future endeavors. The milestone payments related to acceptance to file and NDA approval will entail the strength to move forward with the exploration of future long-term options for Topotarget. With a positive and eventful quarter behind us, we look forward to entering a new chapter.

What lies ahead

Topotarget has successfully entered the final phase in the process of bringing belinostat to the patients suffering from PTCL. The NDA has been submitted and we are now awaiting feedback from the FDA on whether they will grant acceptance to file. If they grant this acceptance, the first of potentially two milestones will mature and Topotarget will gain the financial strength to look further into the future.

Below you will find an outline of the approaching approval process, the related milestone payments, and a summary of what an approved NDA may bring to Topotarget and belinostat. The initial step in this process was taken in 2008 with the initiation of the CLN-19 BELIEF study. Now, we have entered 2014 and the approval process is in front of us.

Approval process
Within 60 days from the day the FDA receives the NDA, the FDA decides if the application is acceptable for filing and if the application is eligible for either Priority Review (review within approximately 6 months from acceptance to file) or Standard Review (review within approximately 10 months from acceptance to file). Within 74 days, the FDA will communicate timelines for the NDA reviewing process including information on meetings during the NDA evaluation.

Belinostat was filed on the basis of the phase II CLN-19 BELIEF study in PTCL. As the NDA is based on a phase II study (instead of a phase III study), the completion of a randomized confirmatory phase III study is required as a post-approval commitment for the full approval of belinostat in PTCL. In order to initiate the phase III confirmatory study, a dose-finding study with belinostat and CHOP (belinostat plus cyclophosphamide, hydroxydaunorubicin, oncovin, and prednisone) has been initiated. This study is designed to determine what dose of belinostat and CHOP can be safely administered for the first-line treatment of patients with PTCL. The purpose is furthermore to establish the recommended dose for the immediate following phase III confirmatory study. The dose-finding study of BelCHOP is thus a precondition for a phase III confirmatory study of BelCHOP in PTCL. The dose-finding study of BelCHOP is expected to recruit up to 28 patients by Q4 2014. The confirmatory phase III study is expected to be initiated in H1 2015.

A marketing approval in the US will leverage potential approvals in other territories, but in order to achieve market authorization from the European Medicines Agency (EMA) for Europe, a randomized study with belinostat is considered necessary.

Milestones
There are two milestones connected with the belinostat NDA for the treatment of PTCL. The first milestone relates to the acceptance to file from the FDA: Upon acceptance, which is expected in Q1 2014, Topotarget is entitled to receive a cash payment of USD 10 million from Spectrum Pharmaceuticals as well as 1 million Spectrum Pharmaceuticals shares (currently equal to approximately USD 9.4 million). The second milestone matures upon FDA approval of the NDA, which potentially lies in H2 2014, upon which Spectrum Pharmaceuticals will make a cash payment of USD 25 million to Topotarget.

New strategy
A significant milestone in the history of Topotarget has already been reached with the submission of the NDA for belinostat for the treatment of PTCL. Now, we await, firstly, acceptance to file and, secondly, NDA approval. Together with our US partner, Spectrum Pharmaceuticals, we have sought to submit a high-quality and compliant application and we are now on the verge of receiving the result of our work.

Upon acceptance to file, Topotarget will obtain a stronger financial position enabling a more forward-looking corporate outlook. The second milestone payment, which will mature if the NDA is approved, also plays a great part in our future endeavors as it will further strengthen our financial foundation as a company.

Following the receipt of the first milestone in Q1 2014, Topotarget can commit to a new corporate strategy – a strategy that will be forward-looking and enterprising. We will be entering a new chapter and are looking forward to doing so.

Events in Q4 2013

Commercial supply of belinostat
On October 7, 2013, Topotarget and Spectrum Pharmaceuticals announced an amendment to the companies' existing License Agreement. Pursuant to the amendment, Spectrum Pharmaceuticals will thus carry the responsibility for the commercial manufacture of belinostat for a 5-year period with the possibility of prolongation. The amendment entails a shift from Topotarget to Spectrum Pharmaceuticals in the area of world-wide clinical, commercial, and Named Patient product supply. Spectrum Pharmaceuticals' organizational strengths and qualities (including company size, number of projects, area-specific experience, and in-house competencies) will benefit belinostat's supply chain and truly underline Topotarget's and Spectrum Pharmaceuticals' confidence in belinostat's potential as a near-term anticancer treatment for patients with PTCL.

CLN-14 study in STS
On November 20, 2013, Topotarget announced the final results from the CLN-14 study of belinostat in soft tissue sarcomas (STS). The phase I dose-escalation part of this study showed that belinostat at a recommended dose of 1000 mg/m2 days 1-5 in combination with 75 mg/m2 doxorubicin on day 5 in a three-week schedule is well-tolerated. Therefore, this dose was used for 20 patients with STS in the phase II part of the study. The study has been closed as an evaluation of the role of belinostat would require a randomized study. The final results from CLN-14 will be a part of the strategic evaluation of the further development of belinostat.

Key belinostat patent
On November 21, 2013, Topotarget announces that the European Patent Office had granted the patent on Composition of Matter for belinostat. The application has claims covering belinostat itself and its use in proliferative diseases including cancer. The ensuing patent will protect the compound until at least 2021, with the possibility of protection up to 2026, from associated Supplementary Protection Certificates. Similar patents have already been granted in other major territories including the US and Japan. The total patent estate covering belinostat compositions, formulations, methods of use, and methods of manufacture cover the clinical use of this drug out to 2030 and beyond.

NDA submission
On December 10, 2013, Topotarget and Spectrum Pharmaceuticals announced the submission of the NDA for belinostat for the treatment of relapsed or refractory PTCL. Response from the FDA regarding acceptance to file is expected within 60 days from the submission date. If the NDA is granted Priority Review, the approval process is estimated to approximately 6 months from acceptance to file. Alternatively, Standard Review will take approximately 10 months from acceptance to file. Upon acceptance to file, Topotarget is eligible to receive USD 10 million and 1 million shares in Spectrum Pharmaceuticals. Upon an approval, Topotarget will receive USD 25 million.

Pipeline update

BELINOSTAT KEY CLINICAL STUDIES

Indication	Study	Sponsor	Phase I	Phase II	Pivotal	NDA	Target #	Enrollment status	Milestone	Time frame
PTCL	BELIEF (CLN-19)	SPPI*)	→	→	→	→	100	Completed	Acceptance to file	Q1 2014
PTCL	BelCHOP SPI-Bel-12-104	SPPI	→				28	Recruiting	Recruitment completed	Q4 2014
NSCLC	SPI-1014-Bel	SPPI	→	→			35	Completed	Recruitment completed	-
Mass balance study	SPI-12-103	SPPI	→				6	Completed	Recruitment completed	-

*) Spectrum Pharmaceuticals

Peripheral T-cell lymphoma (PTCL) – BELIEF (CLN-19)
The pivotal study of belinostat for the treatment of relapsed or refractory PTCL was closed for recruitment in September 2011 after the inclusion of 129 patients. Final top-line data presented at the American Society of Clinical Oncology (ASCO) Annual Meeting 2013 showed an ORR of 26% in all PTCL patients, 28% in PTCL patients with platelet counts above 100,000/µL, and 45.5% in patients with the PTCL subtype angioimmunoblastic T-cell lymphoma (AITL). Safety data presented at the T-Cell Lymphoma Forum in January 2013 showed a favorable safety profile of belinostat when compared to the approved treatments for patients with PTCL and it was emphasized that combining belinostat with cytotoxic regimens is likely feasible. Belinostat appears to have low myelosuppression and even patients with a poor bone marrow reserve tolerated belinostat.

In December 2013, an NDA was submitted to the FDA by Spectrum Pharmaceuticals. Acceptance to file is expected to be communicated in Q1 2014.

BelCHOP - SPI-Bel-12-104
The dose-finding BelCHOP (belinostat plus cyclophosphamide, hydroxydaunorubicin, oncovin, and prednisone) study is designed to determine what dose of belinostat combined with CHOP can be safely administered together for first-line treatment of patients with PTCL. The purpose is furthermore to establish the recommended dose for the immediate following phase III confirmatory study, agreed with the FDA. The dose-finding study of BelCHOP is expected to recruit up to 28 patients by Q4 2014. The confirmatory phase III trial is expected to be initiated in H1 2015.

Non-small cell lung cancer (NSCLC) – SPI-1014
This is a phase I/II maximum tolerated dose study of belinostat in combination with carboplatin and paclitaxel (BelCaP) in chemotherapy-naïve patients with stage IV NSCLC. The study was initiated in March 2011 and all patients have been enrolled for the study. Topotarget and Spectrum Pharmaceuticals are cosponsors and Spectrum Pharmaceuticals is overlooking the US-based study.

Mass balance study - SPI-12-103
This is a phase I study for the evaluation of excretion (mass balance) and pharmacokinetics of 14C-labeled belinostat in patients with recurrent or progressive malignancy. It is a supportive study for further under-

standing of belinostat's metabolism and excretion. The recruitment of six evaluable patients has been completed.

NCI-sponsored studies
The National Cancer Institute (NCI) is a prestigious and world-leading oncology research organization sponsoring a vast number of studies in oncology and malignant hematological diseases. Topotarget and Spectrum Pharmaceuticals are in collaboration with the NCI studying belinostat and investigating treatment options in several indications with a high unmet medical need. These studies are conducted in support of the development program sponsored by Topotarget and Spectrum Pharmaceuticals. The NCI sponsors and conducts the studies under their auspices and therefore the timelines and communication/publication given are under the control of the NCI.

NCI-SPONSORED STUDIES IN COLLABORATION WITH TOPOTARGET AND SPECTRUM PHARMACEUTICALS

Study	Initiated
Belinostat for Solid Tumors and Lymphomas in Patients with Varying Degrees of Hepatic Dysfunction	Q4 2010
A Phase I Study of Belinostat in Combination With Cisplatin and Etoposide in Adults with Small Cell Lung Carcinoma	Q2 2009

Please note that the NCI is responsible for any communication relating to the above studies

Financial review

The financial report for the 12-month period ended December 31, 2013 comprises the parent company Topotarget A/S and the three wholly-owned subsidiaries Topotarget UK Ltd, Topotarget Germany AG, and Topotarget Switzerland S.A. (the Group).

Unless otherwise stated, the financial review is based on the Group's consolidated financial information for the period January 1 to December 31, 2013 with comparative figures for the Group for the same period in 2012.

Income statement
The total comprehensive income for the period was a net loss of DKK 35.0 million (a net loss of DKK 80.0 million for the same period in 2012).

Revenues
Topotarget recognized revenues of DKK 8.3 million during the period (DKK 2.4 million in the same period in 2012). Revenues are composed of income as per our collaboration agreement with Spectrum Pharmaceuticals and a renegotiated agreement with Apricus Biosciences.

Costs
Production costs, which amounted to DKK 1.1 million (DKK 1.4 million in the same period in 2012), include Topotarget personnel costs related to the Spectrum Pharmaceuticals collaboration agreement.

Research and development costs were DKK 23.0 million (DKK 46.5 million in the same period in 2012). The reduction in costs by DKK 23.5 million, or 51%, is primarily due to the steps made to ensure a cost-effective organization, the continued focus on belinostat, and the near completion of most clinical projects.

Administrative expenses amounted to DKK 18.4 million (DKK 34.7 million in the same period in 2012). The decrease in costs by DKK 16.3 million, or 47%, is mainly due to transformative steps made to ensure a cost-effective organization, including the reduced number of employees and executive management compared to the same period last year, as well as the continued focus on cost control.

Net financials
The net financials showed a net expense of DKK 2.0 million (DKK 1.1 million net expense in the same period in 2012). The financial expense is mainly due to exchange rate fluctuations in foreign currencies.

Balance sheet
The balance sheet amounted to DKK 265.1 million in total assets as of December 31, 2013 (DKK 278.9 million at year-end 2012).

The Group's net cash and cash equivalents as of December 31, 2013 totaled DKK 31.5 million (DKK 41.5 million at year-end 2012) and the equity amounted to DKK 243.1 million (DKK 251.2 million at year-end 2012).

Statement by the board of directors and executive management

The board of directors and executive management today discussed and adopted the interim report for Topotarget A/S for the period January 1 to December 31, 2013.

The interim report is presented in accordance with International Accounting Standards, IAS 34, as adopted by the EU and additional Danish disclosure requirements for presentation of interim reports of listed companies.

The interim report is not audited or reviewed.

In our opinion, we consider the applied accounting policies to be appropriate and adequate for the interim report. Furthermore, the interim report in our opinion gives a true and fair view of the Group's assets, liabilities, and financial position at December 31, 2013 and of the results of the Group's operations and cash flow for the period January 1 to December 31, 2013. We also believe that the management commentary contains a fair view of the development in the Group's financial position as a whole together with a description of the principal risks and uncertainties that they face.

Copenhagen, January 30, 2014

Executive management

Anders Vadsholt
CEO

Board of directors

Bo Jesper Hansen
Chairman

Anker Lundemose

Gisela Schwab

Ingelise Saunders

Jeffrey H. Buchalter

Karsten Witt

Per Samuelsson

Consolidated statement of comprehensive income for the period

	Q4 2013	Q4 2012	12 months 2013	12 months 2012
DKK '000				
Revenues	388	(996)	8,338	2,395
Production costs	(204)	(315)	(1,061)	(1,377)
Research and development costs	(3,986)	(8,484)	(23,019)	(46,522)
Administrative expenses	(4,524)	(7,017)	(18,406)	(34,706)
Operating loss	**(8,326)**	**(16,812)**	**(34,148)**	**(80,210)**
Financial income and expenses	(566)	(1,272)	(2,045)	(1,149)
Net loss from continued operations before tax	**(8,892)**	**(18,084)**	**(36,193)**	**(81,359)**
Tax on profit for the period	1,242	1,243	1,225	1,243
Net loss from continued operations	**(7,650)**	**(16,841)**	**(34,968)**	**(80,116)**
Net profit from discontinued operations	-	99	-	99
Total comprehensive income for the period	**(7,650)**	**(16,742)**	**(34,968)**	**(80,017)**
Total comprehensive income attribuable to:				
Owners of the company	(7,650)	(16,742)	(34,968)	(80,017)
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	**(7,650)**	**(16,742)**	**(34,968)**	**(80,017)**
Basic and diluted EPS continued operations	(0.05)	(0.14)	(0.25)	(0.60)
Fully diluted EPS continued operations	(0.05)	(0.14)	(0.25)	(0.60)
Basic and diluted EPS continued and discontinued operations	(0.05)	(0.14)	(0.25)	(0.60)
Fully diluted EPS continued and discontinued operations	(0.05)	(0.14)	(0.25)	(0.60)
Average number of employees	**12**	**18**	**13**	**23**

Condensed balance sheet

DKK '000	Total 2013	Total 2012
Assets		
Intangible assets	228,282	228,902
Tangible assets	784	2,655
Non-current investments	359	501
Non-current assets	**229,425**	**232,058**
Receivables	4,209	5,418
Cash and cash equivalents	31,483	41,460
Current assets	**35,692**	**46,878**
Assets	**265,117**	**278,936**
Equity and liabilities		
Equity	**243,092**	**251,247**
Non-current liabilities	3,494	3,212
Current liabilities	18,531	24,477
Liabilities	**22,025**	**27,689**
Equity and liabilities	**265,117**	**278,936**

Condensed cash flow statement

DKK '000	Total 2013	Total 2012
Operating loss	(34,148)	(80,210)
Operating profit from discontinued operations	-	99
Reversal of share-based payments	1,319	535
Depreciation, amortization, and impairment losses	1,861	2,646
Working capital changes	(4,737)	(6,040)
Cash flow from operating activities before interest	**(35,705)**	**(82,970)**
Received and paid interest etc.	(1,168)	2,004
Refunded income taxes	1,250	(7)
Cash flow from operating activities	**(35,623)**	**(80,973)**
Purchase of tangible assets	-	(344)
Sale of tangible assets	10	118
Sale of investments	142	107
Sale of securities	-	8,250
Cash flow from investing activities	**152**	**8,131**
Proceeds from issuance of shares	25,494	-
Cash flow from financing activities	**25,494**	**-**
Increase/decrease in cash and cash equivalents	(9,977)	(72,842)
Cash and cash equivalents at January 1	41,460	114,302
Cash and cash equivalents at December 31	**31,483**	**41,460**
Total cash and cash equivalents at December 31	**31,483**	**41,460**

Consolidated statement of changes in equity for the period January 1 – December 31, 2013

	Number of shares	Share capital	Share preminum account	Retained earnings	Total
		DKK '000	DKK '000	DKK '000	DKK '000
Equity at January 1, 2013	**132,652,050**	**132,652**	**33,849**	**84,746**	**251,247**
Net loss for the period	-	-	-	(34,968)	(34,968)
Total comprehensive income for the period	**-**	**-**	**-**	**(34,968)**	**(34,968)**
Recognition of share-based payment	-	-	1,319	-	1,319
Reversal of expired warrants	-	-	(673)	673	-
Issuance of shares	10,642,564	10,643	-	15,857	26,500
Costs related to capital increases	-	-	-	(1,051)	(1,051)
Share capital increase through warrant exercise	22,500	22	-	23	45
Equity at December 31, 2013	**143,317,114**	**143,317**	**34,495**	**65,280**	**243,092**

The share capital is an undistributable reserve, while the other reserves are distributable for dividend purposes subject to the provisions of the Danish Public Companies Act.

Consolidated statement of changes in equity for the period January 1 to December 31, 2012:

Equity at January 1, 2012	**132,652,050**	**132,652**	**34,743**	**163,334**	**330,729**
Net loss for the period	-	-	-	(80,017)	(80,017)
Total comprehensive income for the period	**-**	**-**	**-**	**(80,017)**	**(80,017)**
Recognition of share-based payment	-	-	535	-	535
Reversal of expired warrants	-	-	(1,429)	1,429	-
Issuance of shares	-	-	-	-	-
Costs related to capital increases	-	-	-	-	-
Share capital increase through warrant exercise	-	-	-	-	-
Equity at December 31, 2012	**132,652,050**	**132,652**	**33,849**	**84,746**	**251,247**

The share capital is an undistributable reserve, while the other reserves are distributable for dividend purposes subject to the provisions of the Danish Public Companies Act.

Note 1

Accounting policies

The interim report for the 12-month period ended December 31, 2013 has been prepared in accordance with IAS 34 "Interim Financial Reporting" as approved by the EU and the additional Danish disclosure requirements for interim reports of listed companies. Apart from the effect of new IAS/IFRS implemented in the period, the interim report follows the same accounting policies as the financial statement for 2012. Please refer to notes 1, 2, and 29 in the financial statement for 2012 for a complete description of the Group's accounting policies.

Adoption of new or amended IAS/IFRS standards and interpretations
No new IAS/IFRS standards or interpretations with material effect on the interim report have been implemented in the 12-month period ended December 31, 2013. Management expects no significant impact from the implementation of these new standards and interpretations in future periods either. For further information on IAS/IFRS standards and interpretations which will be implemented in 2013 or later please refer to note 1 in the financial statements for 2012.

New or amended IFRSs that have been issued but have not yet come into effect and have not been early adopted
IASB has issued a number of new or amended and revised accounting standards and interpretations that have not yet come into effect. Management anticipates that none of these new accounting standards and interpretations will have any significant impact on the financial statements in future periods.

Presentation currency
The interim report is presented in Danish kroner (DKK), which is the parent company's functional currency.

Management's significant accounting assumptions and estimates

Going concern
Topotarget has prepared its financial statement on a going concern basis.

A natural uncertainty is attached to the company's budget and thus the future capital resources. Topotarget's management is monitoring the capital resources on a continuous basis and is prepared to initiate further measures if necessary in order to ensure that sufficient liquidity is available to pay its debts when they fall due. It is management's assessment that there are sufficient capital resources to support the going concern basis and that it is not dependent on the expected milestone payments from Spectrum Pharmaceuticals.

Revenue recognition
Revenue is recognized when it is probable that future economic benefits will flow to the company and such economic benefits can be measured reliably. In addition, recognition requires that all significant risks and rewards of ownership of the rights or services included in the transaction have been transferred to the buyer. Income from agreements with multiple components and where the individual components cannot be separated is recognized over the period of the agreement. In addition, recognition requires that all significant risks and rewards of ownership of the goods or services included in the transaction have been transferred to the buyer. If all risks and returns have not been transferred, revenue is recognized as deferred income until all components of the transaction have been completed.

Financial liabilities
Included in the non-current liabilities and the current liabilities is a potential payment of USD 3.0 million to Celldex Therapeutics (formerly CuraGen) in relation to the purchase of the full belinostat rights in April 2008.

The potential milestone payment will take place if and when Topotarget receive the expected milestone payment from Spectrum Pharmaceuticals.

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