ChronTech develops the therapeutic DNA-vaccines ChronVac-C® and ChronVac-B drugs against chronic hepatitis C virus and hepatitis B virus infections, i.e. chronic infections with jaundice causing viruses which can lead to liver cirrhosis and liver cancer. ChronTech has also developed and further develops a patent pending new type of injection needle for a more effective uptake of DNA vaccines. ChronTech also have part ownership in the wound healing therapy ChronSeal®, and in the new platform technology RAS®. The ChronTech share is admitted to trade on First North. Remium AB is Certified Adviser for ChronTech. For more information, please visit: www.chrontech.se

INTERIM REPORT CHRONTECH PHARMA JANUARY-SEPTEMBER 2011

- Research and development costs amounted to SEK 10.5 (6.2) m
- The loss after tax was SEK -13.9 (-9.6) m
- Earnings per share were SEK -0.14 (-0.13)
- The company had no net sales for the period
- The controlled phase IIb clinical study of ChronVac-C® in combination with standard-of-care has started.
- ChronTech has entered as a partner in a collaborative project to improve on HCV vaccines with Karolinska Institutet, University of Gothenburg, and Vecura, which is funded by Vinnova by up to SEK 4.5 m. The project started in November 2010 and lasts for three years.
- ChronTech Pharma AB has signed a collaboration agreement with Transgene S.A. (Euronext Paris: FR0005175080) and Inovio Pharmaceuticals, Inc. (NYSE Amex: INO) to evaluate a novel therapeutic vaccination strategy against genotype 1 hepatitis C virus (HCV) in a phase I clinical study.
- ChronTech Pharma has raised 25 million SEK (4 million USD) in a private placement.
- The Extraordinary General Meeting held 19 August, 2011 resolved to elect Dr John Climax, Dr Simon Kukes and Dr Prem Lachman as members of the Board. The EGM also approved of the resolution to subscribe a targeted new issue of shares and authorized the Board to resolve to issue new shares.
- Enrollment of patients in the controlled phase IIb clinical study of ChronVac-C® in combination with standard-of-care has started.

Events after the end of the reporting period

- ChronTech carries out new issues of shares

In the event of any discrepancy between the Swedish an English Interim Report, the Swedish version will take precedence.

OPERATIONS

Clinical studies

ChronVac-C® in combination with standard-of-care therapy

The patients participating in the phase I/II clinical study with ChronVac-C® were all offered standard of care therapy, i.e. a 24-48 weeks' treatment with interferon and ribavirin. Data from those patients who after the vaccination started standard of care treatment show that hepatitis C virus had disappeared rapidly and cautiously indicate that it could be advantageous to combine ChronVac-C® with standard of care treatment. Five of the patients (71%) had a viral count <50 virus copies/ml of blood. Also, five (71%) patients were negative for HCV at week 12, which means a good prognosis for total recovery. At week 24, six out of seven (85%) of the patients were negative for HCV RNA in blood. This good treatment effect is unusual for patients infected with HCV genotype 1. Generally approximately 10-15% of patients infected with HCV genotype 1 respond on standard of care treatment with a viral count <50 virus copies/ml of blood after four weeks and approximately 40-50% with virus disappearance after completed treatment.

Based on these encouraging results ChronTech filed an application to the Swedish Medical Products Agency to conduct a follow up phase IIb clinical study where vaccination and standard-of-care treatment are given according to a organized scheme. In March all permits for this study were received. In the study a group of patients with chronic infection of hepatitis C-virus genotype 1 will receive two vaccinations with ChronVac-C® administered with Inovios Medpulser DDS and thereafter will receive standard-of-care treatment of ribavirin and Interferon. A control group will receive standard-of-care alone without prior vaccinations with ChronVac-C®. The study is performed at Karolinska University Hospital in Huddinge, Linköping University Hospital and Norrköping Hospital.

More than one third of the patients are already enrolled.

ChronVac-C® in combination with Transgene's vaccine TG-4040 against Hepatitis C virus

ChronTech Pharma AB has signed a collaboration agreement with Transgene S.A. (Euronext Paris: FR0005175080), one of Europe's largest biotech companies who's largest shareholder is bioMériuex, and Inovio Pharmaceuticals, Inc. (NYSE Amex: INO) to evaluate a novel therapeutic vaccination strategy against genotype 1 hepatitis C virus (HCV) in a phase I clinical study. ChronTech/Inovio and Transgene have both developed different kinds of therapeutic vaccines against chronic infection with hepatitis C which have been tested in clinical studies with good results. It is common to follow an initial "prime" (first dose) vaccination with a "boost" (further doses) of the same vaccine to achieve the required level and durability of immune protection. In this collaboration, the strategy is to use different prime and boost vaccines with the goal of obtaining a clinical effect by inducing different immune responses. A Phase I study, to be started during Q4 of this year, will use ChronTech's ChronVac-C® plasmid DNA vaccine delivered by in vivo electroporation using Inovio's Medpulser® DDS as the "prime" and Transgene's therapeutic vaccine TG4040, a modified vaccinia Ankara (MVA), as the "boost". ChronTech and Transgene have together in substantial pre-clinical studies been able to show that the effect will be better with this "prime/boost" than when just one of the vaccines is being used. In the planned phase I clinical study, each company will contribute their respective products and equally share study related costs. The study will enroll 12 treatment-naive patients with chronic hepatitis C at a site in Germany.

ChronVac-C® as a monotherapy

In parallel with the ongoing study ChronTech is developing a next generation ChronVac-C® with a considerably increased activity. The new version shows a strong immune response in an animal model resembling a chronically infected patient. Thus, ChronVac-C® will be developed in two parallel clinical schemes, one as a part of a combination therapy and one as a monotherapy (new version of ChronVac-C®). This is a part of collaborative project to improve on HCV vaccines with Karolinska Institutet, University of Gothenburg, and Vecura, which is funded by Vinnova by up to SEK 4.5 m. The project started in November 2010 and lasts for three years. All IP related to ChronVac-C® belongs to ChronTech.

IVIN, a new injection needle for DNA vaccinations

A considerable problem when performing DNA vaccinations is that when injected with a regular injection needle the DNA is not taken up by the muscle cells and that they thereby produce too small amounts of the vaccine proteins. Advanced electronic or mechanical devices as *in vivo* electroporation or a "gene gun" are usually needed for a good effect. To solve this problem in a much simpler way the researchers at ChronTech have developed a new type of injection needle, which through a concentrated direction of injection result in a considerable stronger production of the vaccine protein as compared to what is achieved with regular injection needles. Apart from the new needle commercially available syringes are only needed for an efficacious DNA vaccination to be performed.

ChronTech has applied for patent for this new injection needle. During the third quarter 2010 industrial development of IVIN started through the consulting firm Team Consulting in England. They have specialized in the development of medical devise products, in particular in delivery systems. Among other things they have earlier on a consulting basis developed auto injectors. The first prototypes of IVIN were delivered during the month of October 2010 and needles and prototype for controlled injection for preclinical studies were delivered during the second quarter of 2011. Team Consulting will also deliver an entire production line.

ChronVac-B - Therapeutic Vaccine against Hepatitis B

During 2010 the work with selecting a candidate drug progressed to the stage of a final selection of vaccine candidates.

An estimated 400 million people suffer from chronic infection, and these are exposed to an increased risk of serious liver damage and cancer. Currently approved drugs have problems with side effects or the development of antiviral resistance, implying a considerable need for improving treatment of patients with chronic hepatitis B viral infection. A therapeutic vaccine is intended to improve the infected individual's chances of gaining control of the infection through the specific activation of the immune defense. Currently, there are only preventative vaccines against hepatitis B on the market.

Collaboration Agreements

ChronTech has a collaboration agreement with US Corporation Inovio regarding the joint development of ChronTech's therapeutic vaccine ChronVac-C®. This collaboration has given the company access to world-leading technology for administering DNA vaccines. ChronTech has also signed a collaboration agreement with Transgene S.A. and Inovio Pharmaceuticals, Inc. to evaluate a novel therapeutic vaccination strategy against genotype 1 hepatitis C virus (HCV) in a phase I clinical study.

Patents

ChronTech's strategy is to secure patent protection in the regions significant to the company, i.e. North America, Europe and Asia. The patent portfolio consists of 63 approved patents and 29 patents pending.

Employees

The company had 3 (3) employees at the end of the period.

Profit/Loss

The company had no net sales for the period. SEK 0.0 m under other operating income relates to funding from Vinnova.

Operating costs were SEK 5.0 (3.0) m for the third quarter 2011 and SEK 13.9 (10.3) m for the period January-September 2011.

The loss after financial items was SEK -4.9 (-2.9) m for the third quarter 2011 and SEK -13.9 (-9.6) m for the period January-September 2011.

Research and development costs were SEK 3.7 (2.0) m for the third quarter 2011, of which external researchers and subcontractors SEK 3.7 (2.0) m. Research and development costs were SEK 10.5 (6.2) m for the period January-September 2011, of which external researchers and subcontractors were SEK 10.5 (5.9) m.

Investments

Investments in tangible fixed assets

Net investments in equipment amounted to SEK 0.1 (-0.0) m during the third quarter 2011 and SEK 0.1 (-0.0) m for the period January-September 2011.

Financial fixed assets

The company's holding in associated company Kringle Pharma Europe AB has been written down in full since Kringle Pharma Europe AB has been closed down.

Financial Position

The company's liquid assets amounted to SEK 16.7 (3.8) m as of 30 September 2011.

As of 30 September 2011, shareholders' equity was SEK 13.5 (2.3) m.

As of 30 September 2011 the company share capital amounts to SEK 4,866,597.90, including SEK 150,000 paid-up but not yet registered at the

Swedish Companies Registration Office, and SEK 150,000 subscribed (paid 4 October 2011). Registration took place 17 October 2011.

As of 30 September 2011 the number of shares was 162,219,930, including 5,000,000 paid-up but not yet registered at the Swedish Companies Registration Office, and 5,000,000 subscribed (paid 4 October 2011). Registration took place 17 October 2011. Each share has a nominal value of SEK 0.03.

Current liabilities amounted to SEK 6.7 (3.2) m as of 30 September 2011, of which interest bearing liabilities were SEK 3.1 (-) m.

New Issues

The Board of Directors of ChronTech Pharma AB has on the 27th of September 2010, based on the authorization by the AGM, resolved to carry out a rights issue with a maximum of 47,433,752 shares. In the rights issue 11,069,302 shares were subscribed for and raised approx. SEK 5.5 m before transaction costs. 21.5 %, 10,201,910 shares, have been subscribed for by using first rights. 1.8 %, 867,392 shares, have been subscribed for without rights.

ChronTech Pharma AB has raised 25 million SEK (4 million USD) in a private placement of 80 million shares at the subscription price of (rounded) 0.31 SEK per share. The private placement has been subscribed by a group of investors, which include, Sunninghill Investments Ltd, Dr. Simon Kukes, Dr. Prem Lachman, and the Chairman of the Board, Mr. Thomas Lynch. In addition to the private placement, ChronTech will carry out two rights issues of in total approximately 68 million shares. The first rights issue will include 22 million shares at the subscription price 0.20 SEK. The second rights issue will include approximately 46 million shares at the subscription price 0.31 SEK. The 80 million shares that are issued in the private placement will not carry right to participate in the two rights issues. For more information please see under ”Events after the End of the Reporting Period”.

Stock Option Plan

All warrants in the company’s staff stock option plan (series A-D) have expired without any options being exercised.

Authorization to issue new shares, warrants and convertible debentures

The Meeting resolved to authorize the Board to resolve, at one or more occasions prior to the next Annual General Meeting, to issue new shares, warrants and/or convertible debentures with or without preferential rights for the shareholders. Payment shall be made in cash, by set-off or through payment in kind. The Meeting resolved a limit of USD 4 million with respect to issues without preference rights for existing shareholders. The existing shareholders shall within six months be offered to subscribe for new shares (or warrants/convertible debentures) at the same terms but limited to 50 per cent of the number of shares (or warrants/convertible debentures) that are issued without preferential rights.

Extraordinary General Meeting

An Extraordinary General Meeting of ChronTech Pharma AB was held in Stockholm on 19 August, 2011. The EGM resolved to elect Dr John Climax, Dr Simon Kukes and Dr Prem Lachman as members of the Board until the end of the next Annual General Meeting. The Meeting resolved to approve the decision of the Board of Directors from July 26, 2011 to issue a maximum of 80,000,000 shares at a price of (rounded) 0.31 SEK per share with respect to the subscription of 10,000,000 shares by the Chairman of the Board Thomas Lynch. The Meeting resolved to authorize the Board to resolve, at one or more occasions prior to the next Annual General Meeting, to issue a maximum of 10,000,000 new shares. Payment shall be made through set-off of claims against the company. The purpose with the authorization is to enable ChronTech Pharma AB to convert a bridge financing loan of 500,000 USD to new shares. The new issue of shares shall be made with the same terms as the new issue of 80,000,000 shares.

Risks and Uncertainty Factors

The risks are primarily associated with ChronTech’s business risk and possibilities to finance development. For ChronVac-C®, the biggest risk is assessed to be that the main product ChronVac-C®, at the dosages administered, will not activate a human immune response of sufficient strength. ChronSeal® is subject to the risk that the positive clinical effects of ChronSeal® cannot be repeated in future clinical trials. In addition, there can be no guarantee that the clinical trials conducted by ChronTech are able to demonstrate with sufficient clarity that potential products are sufficiently safe and effective. In such case, approval may not be forthcoming for these products, which would adversely affect ChronTech’s operations, financial position and earnings. Another risk ChronTech is exposed to lies in its competitive market, with the risk of new and better pharmaceuticals from competing companies. For a more in-depth discussion of the company’s exposure to risk, please refer to the Risk Factors section (pages 23-24) and note 19 of ChronTech’s Annual Report 2010 and ChronTech’s Prospectus September 2010 (only available in Swedish).

Events after the End of the Reporting Period

As previously announced ChronTech carries out new issues of shares. In July the company announced a financing plan including three new issues of shares – one private placement and two rights issues. The first step of the financing plan is completed. The Board of Directors has resolved, based on the authorization by the AGM on March 30, 2011, to carry out the second and third steps of the financing plan.

The second step of the financing plan is a rights issue of not more than 22 million shares at the subscription price of SEK 0.20 per share. If the new issue is fully subscribed, it will provide ChronTech with SEK 4.4 million excluding costs.

The third step of the plan is a rights issue of not more than 46,109,965 shares at the subscription price of SEK 0.31 per share. If the new issue is fully subscribed, it will provide ChronTech with SEK 14.3 million excluding costs.

In addition, the Board of Directors has resolved, based on the authorization by the EGM on August 19, 2011, to carry out a new issue of shares of not more than 10,000,000 shares at a subscription price of (rounded) SEK 0.31 per share. Payment will be made by set-off of a loan to ChronTech in the amount of USD 500,000.

The Board of Directors has resolved to convene an EGM on November 25, 2011. The EGM will deal with the Board of Directors proposal to amend the Articles of Association in respect of the minimum and maximum amount of the share capital and the minimum and maximum number of issued and outstanding shares.

Accounting Policies

This Interim Report has been compiled in accordance with the Swedish Accounting Standards Board’s general recommendations for voluntary interim reporting, BFNAR 2007:1. The accounting policies applied are consistent with those applied when preparing the 2010 Annual Report.

Forthcoming Financial Reports

Year-end Report 2011	27 January 2012
Annual Report 2011	March 2012
AGM	March 2012

The Board of Directors and the Chief Executive Officer hereby declare that the Interim Report gives a true and fair view of the company’s operations, financial position and results, and that it accurately reviews the material risks and uncertainties facing the company.

Huddinge, Sweden, 28 October 2011

Thomas Lynch Chairman	Anders Vahlne CEO and Board member	William Hall Board member	Matti Sällberg Board member
John Climax Board member	Simon Kukes Board member	Prem Lachman Board member	

This Interim Report has not been subject to review by the company’s auditors

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INCOME STATEMENT

SEK m	3 mth. Jul-Sep 2011	3 mth. Jul-Sep 2010	9 mth. Jan-Sep 2011	9 mth. Jan-Sep 2010	12 mth. Jan-Dec 2010
Net sales	-	-	-	-	-
Other operating income	0.0	0.1	0.0	0.7	0.7
Total operating income	**0.0**	**0.1**	**0.0**	**0.7**	**0.7**
Operating costs					
Other external costs [1)]	-4.5	-2.4	-12.3	-8.1	-12.4
Payroll costs	-0.5	-0.6	-1.6	-2.2	-2.9
Depreciation of tangible fixed assets	-0.0	-0.0	-0.0	-0.0	-0.0
Total operating costs	**-5.0**	**-3.0**	**-13.9**	**-10.3**	**-15.3**
Operating profit/loss	**-5.0**	**-2.9**	**-13.9**	**-9.6**	**-14.6**
Profit/loss from financial investments					
Interest income and similar profit/loss items	0.1	0.0	0.1	0.0	0.0
Write-down of financial fixed assets	-0.0	-	-0.0	-	-
Interest costs and similar profit/loss items	-0.0	-0.0	-0.1	-0.0	-0.0
Total profit/loss from financial investments	**0.1**	**-0.0**	**-0.0**	**-0.0**	**-0.0**
Profit/loss after financial items	**-4.9**	**-2.9**	**-13.9**	**-9.6**	**-14.6**
Tax on net profit/loss	-	-	-	-	-
Net profit/loss for the period	**-4.9**	**-2.9**	**-13.9**	**-9.6**	**-14.6**

1) R&D costs specified under key figures on p. 6

EARNINGS PER SHARE

SEK	3 mth. Jul-Sep 2011	3 mth. Jul-Sep 2010	9 mth. Jan-Sep 2011	9 mth. Jan-Sep 2010	12 mth. Jan-Dec 2010
Earnings per share	-0.04	-0.04	-0.14	-0.13	-0.20
Earnings per share after dilution	-0.04	-0.04	-0.14	-0.13	-0.20
Outstanding average number of shares	138,469,930	72,032,240	101,175,974	72,032,240	72,419,785

Earnings per share: net profit/loss divided by the average number of shares. Earnings after dilution: net profit/loss divided by the average number of shares after dilution. No outstanding options give rise to any dilution effect when calculating earnings per share. Conversion has been affected for the bonus issue element of consummated rights issues.

NUMBER OF OUTSTANDING SHARES

	3 mth. Jul-Sep 2011	3 mth. Jul-Sep 2010	9 mth. Jan-Sep 2011	9 mth. Jan-Sep 2010	12 mth. Jan-Dec 2010
No. of outstanding shares, opening balance	82,219,930	71,150,628	82,219,930	71,150,628	71,150,628
Rights issue [1)]	-	-	-	-	11,069,302
Private placement [2)]	80,000,000	-	80,000,000	-	-
Outstanding number of shares, closing balance	162,219,930	71,150,628	162,219,930	71,150,628	82,219,930

A statement of changes in equity is presented on page 20 in ChronTech's Annual Report 2010, and in ChronTech's Prospectus September 2010, page 39 (only available in Swedish)
Conversion has been affected.

1) Paid-up but not registered at the Swedish Companies Registration Office on 31 December 2010. Registration took place 11 January 2011.
2) of which 5,000,000 paid-up but not registered at the Swedish Companies Registration Office, and 5,000,000 subscribed (paid 4 October 2011). Registration took place 17 October 2011.

WARRANTS

Series A has expired on 30 June 2008 without any options being exercised.
Series B has expired on 30 June 2009 without any options being exercised.
Series C has expired on 30 June 2010 without any options being exercised.
Series D has expired on 30 June 2011 without any options being exercised.

BALANCE SHEET

SEK m	30 Sep 2011	30 Sep 2010	31 Dec 2010
Subscribed not yet paid capital	1.7	-	-
Tangible fixed assets	0.1	0.0	0.1
Financial fixed assets	0.1	0.1	0.1
Current receivables	1.6	1.6	0.9
Cash & bank balances	16.7	3.8	5.7
Total assets	**20.2**	**5.5**	**6.8**
Shareholder's equity (see note below)	13.5	2.3	2.4
Current liabilities	6.7	3.2	4.4
Total liabilities and shareholder's equity	**20.2**	**5.5**	**6.8**

1) of which SEK 0.2 m is blocked funds for rent 2010-09-30

STATEMENT OF CHANGES TO SHAREHOLDERS' EQUITY

SEK m	30 Sep 2011	30 Sep 2010	31 Dec 2010
Shareholder's equity, opening balance	2.4	11.9	11.9
Rights issue, 11,069,302 shares [1)]	-	-	5.0
Private placement, 80,000,000 shares 2)	25.0	-	-
Options	0.0	0.0	0.0
Net profit/loss	-13.9	-9.6	-14.6
Shareholders' equity, closing balance	**13.5**	**2.3**	**2.4**

1) Includes issue costs of SEK 0.5 m
2) Includes issue costs of SEK 0.3 m

SHAREHOLDERS' EQUITY PER SHARE

SEK	30 Sep 2011	30 Sep 2010	31 Dec 2010
Shareholders' equity per share	0.08	0.03	0.03

Shareholders' equity per share: shareholders´ equity divided by the number of outstanding shares at the end of the period.
Conversion has been affected for the bonus issue element of consummated rights issues, including the right issue registered in January 2011.

CASH FLOW STATEMENTS

SEK m	9 mth. Jan-Sep 2011	9 mth. Jan-Sep 2010	12 mth. Jan-Dec 2010
Cash flow from operating activities			
Net profit/loss	-13.9	-9.6	-14.6
Depreciation and write-downs	0.1	0.0	0.0
Profit/Losses on sale/disposal of tangible fixed assets	-	0.1	0.1
Change in long-term liabilities[1)]	-	-0.8	-0.8
Cash flow from operating activities before change in working capital	**-13.8**	**-10.2**	**-15.3**
Cash flow from change in working capital			
Decrease/increase (-) in receivables	-0.7	-0.2	0.5
Decrease(-)/increase in current liabilities	2.3	-1.0	0.2
Net cash flow used in operating activities	**-12.2**	**-11.4**	**-14.6**
Net cash flow used in investment activities	**-0.1**	**0.0**	**0.0**
Cash flow from financing activities			
New issue/capital contribution	23.3	0.8	5.8
Cash flow from financing activities	**23.3**	**0.8**	**5.8**
Cash flow for the period	11.0	-10.6	-8.7
Liquid assets, at start of period	5.7	14.4	14.4
Liquid assets, at end of period	**16.7**	**3.8**	**5.7**

1) A commitment that ChronTech undertook coincident with the acquisition of the ChronSeal wound healing project.
2) Does not include subscribed not yet paid part (SEK 1.7 m) in the private placement newly carried out.

KEY FIGURES

	3 mth. Jul-Sep 2011	3 mth. Jul-Sep 2010	9 mth. Jan-Sep 2011	9 mth. Jan-Sep 2010	12 mth. Jan-Dec 2010
Return on capital employed, %	neg	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg	neg
Equity/assets ratio, %	66.8	41.8	66.8	41.8	35.3
Debt/equity ratio	0.23	0.0	0.23	0.0	0.0
Liquid assets, SEK m	16.7	3.8	16.7	3.8	5.7
Share risk-bearing capital, %	66.8	41.8	66.8	41.8	35.3
Cash flow for the period, SEK m	16.4	-4.3	11.0	-10.6	-8.7
Net investment in tangible fixed assets, SEK m	0.1	-0.0	0.1	-0.0	0.0
Internal research and development (written off), SEK m	0.0	0.0	0.0	0.3	0.3
External research and development (written off), SEK m	3.7	2.0	10.5	5.9	9.3
Salaries, benefits and social sequrity costs, SEK m	0.5	0.6	1.6	2.2	2.9
Average No. of employees	2	2	2	2	2