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## Karolinska Development – Q3 Highlights

- Continuing to execute our strategy, which is focused on transforming Karolinska Development into a leading Nordic Venture Capital Company
- Karolinska Development announced in July that it has adopted a more prudent and representative approach to reporting the fair value of its portfolio which was implemented in the Q2 report
- Total Fair Value of the portfolio increased by SEK 44.4 million to SEK 723.2 million during the third quarter, reflecting the investments made by Karolinska Development in Q3. When adjusted for potential distribution to Rosetta Capital IV LP Net Fair Value increased by SEK 31.9 million to SEK 351.8 million
- Following the divestment of Pharmanest and XSpray Microparticles, the streamlining of our portfolio has further progressed, allowing resources to be used to support the portfolio companies with the best chances of delivering attractive returns to our shareholders, such as the follow-on financing of OssDsign announced in November

## Portfolio Developments – Q3 Highlights

- Divestment of Pharmanest in July to an investment consortium comprising Östersjöstiftelsen, Recipharm Venture Fund and Praktikerinvest in an earn-out agreement. Consortium will finance Pharmanest to obtain market approval of its localized pain management product
- Umeocrine Cognition announced the publication of preclinical results of the candidate drug GR3027 aimed for the treatment of hepatic encephalopathy (HE), demonstrating a unique reversal of key neurological symptoms in two preclinical HE animal models of the disease
- Divestment of XSpray Microparticles in September to an investment consortium led by Östersjöstiftelsen and Recipharm Venture Fund in an earn-out agreement. Consortium will finance XSpray Microparticles to its next value inflection point
- Aprea strengthened its Board by electing Bernd R. Seizinger as Executive Chairman in July
- In September, Promimic, announced a strategic partnership with Sistema de Implante Nacional (S.I.N.), a leading provider of dental implants in Brazil. The collaboration includes an extensive development program and a license to S.I.N. to use Promimic's innovative HA<sup>nano</sup> Surface technology with their dental implants

## Post period events

- Dilaforette initiated a Phase II clinical trial with sevuparin in patients with sickle-cell disease (SCD) in October. The Phase II study is a multi-center, double-blind, placebo-controlled study in hospitalized SCD patients experiencing a vaso-occlusive crisis. The trial results are anticipated in H2 2016.

- In October, Promimic signed a strategic agreement with Amendia Inc. (US) that will allow Amendia to develop Promimic's HA<sup>nano</sup> Surface technology for use with its patient-focused spinal implants.
- Aprea presented updated preliminary data from its ongoing Phase Ib/II clinical study in ovarian cancer at the European Society for Gynaecological Oncology congress (ESGO) in Nice, France, in October. The data presented suggest that APR-246 can be combined with standard chemotherapy and the preliminary efficacy data indicate that the combination regimen has encouraging activity in the treatment of recurrent ovarian cancer.
- OssDsign raised SEK 93 million in an equity financing led by new investors SEB Venture Capital and Fouriertransform with continued investment from Karolinska Development and KCIF Co-Investment Fund. The proceeds will be used for the European market expansion of OssDsign's product line of unique craniofacial implants based on an innovative material technology with excellent biological and biomechanical properties.

## Financial Update

- Total Fair Value of the portfolio increased by SEK 44.4 million to SEK 723.2 million during the third quarter, reflecting the investments made by Karolinska Development in Q3. When adjusted for potential distribution to Rosetta Capital IV LP Net Fair Value increased by SEK 31.9 million to SEK 351.8 million.
- Cash, cash equivalents and short term liquidity investments decreased by SEK 55.0 million during the third quarter and amounted to SEK 328.4 million as of end September 2015
- Investments in portfolio companies during the third quarter amounted to SEK 44.0 million
- Net loss amounted to SEK 27.5 million during the third quarter (SEK – 119.2 million during the third quarter, 2014)

## Jim Van heusden, CEO of Karolinska Development, comments:

*"We are making significant progress in executing our strategy as we work towards our medium-term goal of becoming a leading Nordic Venture Capital company.*

*"I am also pleased with the progress being made by our current portfolio companies. Both Dilaforette and Aprea have announced important clinical development milestones, while Promimic is starting to demonstrate the value of its unique coating technology for implants with its recent deals with S.I.N and Amendia. We also participated in the new financing round of OssDsign - a clear statement of our continued belief in the company as well as an important example of our core strategy to pro-actively syndicate our investments with recognized specialist investors in important medical innovations. Over the remainder of the year I am confident that we will continue to report further important developments from our portfolio companies as we work to demonstrate and realise the true value of Karolinska Development's portfolio."*



Jim Van heusden,  
Chief Executive Officer

## Chief Executive's Report

### *Evolved Strategy*

I am pleased to report that Karolinska Development is continuing to make good progress in executing its strategy to become a leading Nordic Venture Capital company. This strategy is designed to generate attractive and more consistent returns for our shareholders.

### *Streamlining Our Portfolio*

In the last six months we have undertaken a thorough review of all of the investee companies in our portfolio to assess their potential to deliver value for our shareholders. This review has resulted in a significant streamlining as we focus our resources on the companies which we believe have the best chance of developing new innovative medicines or medtech products that meet a clear medical need.

As a result, we have divested Axelar, XSpray Microparticles and Pharmanest in recent months. The latter two deals will see both companies benefit from new funding from investment syndicates that will allow them to reach their next major value inflection points. Karolinska Development retains an economic interest in both companies' success via earn-out agreements.

We have also written off our investments in Athera Biotechnologies, NeoDynamics, NovaSAID, Pergamum and Umeocrine Mood. These decisions were made following extensive efforts to secure additional financing, licensing deals or an M&A solution.

As result of these changes, Karolinska Development's portfolio now comprises 12 companies, compared with 21 companies at the end of June 2014.

### *More Prudent Valuation Approach*

In July we announced that we had adopted a more prudent and representative approach to valuing our portfolio companies which was implemented in the Q2 report, this brings us into line with our international venture capital peers. We believe that making this change will deliver a more consistent valuation of our portfolio and will also make it easier to see the impact of our portfolio companies delivering important and value-generating milestones.

As part of this more prudent approach we have provided greater detail on our deal with Rosetta Capital IV LP and the way it is reflected in the overall fair value of the Karolinska Development portfolio.

### *Working with Experienced International Life Science Investors*

One of the key elements of our strategy is to develop much closer and productive links with experienced international life sciences investors. We have started to build our relationships with a number of these firms and hope that over time these discussions will lead them to invest in some of our current portfolio companies, just like the recently announced financing round of OssDsign where we teamed up with the experienced specialist investors SEB Capital Venture and Fouriertransform, as well as the new companies we plan to create in the future. By doing this we will be able to share the risks associated with investing in early stage life companies and gain access to their network and expertise.

We also anticipate that these relationships will provide us with access to a broader deal flow. This would provide us with more opportunities to potentially generate greater returns while at the same time allowing us to better manage the risk profile of our overall portfolio.

We anticipate investing in a small number of new companies over the next 12 months in conjunction with other experienced life science investors.

### *Portfolio Overview*

The changes we have made over the last several months have resulted in a smaller more focused portfolio built around a number of companies that are developing highly innovative therapeutic and medtech products.

We believe it is crucial that Karolinska Development invests in companies that are developing highly differentiated and commercially attractive products. This is because it is increasingly clear that potential pharmaceutical/medtech partners, driven by the demands of healthcare payers, are focused on gaining access to novel products that can deliver both compelling clinical and health economic benefits.

This focus on novel products carries a higher degree of risk and we plan to manage this in two ways:

- by increasing the level of support that we provide to our investee companies with regard to leadership and fundraising, and
- diversifying our portfolio through better qualified investment opportunities originating from Karolinska Institutet and increasingly from a broader range of potential collaborators.

#### *Leadership Teams*

In the last several months we have seen Bernd R. Seizinger, M.D., PhD, appointed as the Chairman of Aprea. Dr Seizinger is a very experienced biotech leader.

We will continue the efforts to strengthen the leadership of the portfolio companies and we expect to see further important additions to the management teams of our key portfolio companies during 2016.

#### *Finance*

We have also been working to ensure that our portfolio companies are financed to deliver success, and during November, we announced that OssDsign has closed a SEK 93 million investment round, in which Karolinska Development and also KCIF Co-Investment Fund, a holding company jointly owned by the European Investment Fund and Karolinska Development participated together with the new co-investors SEB Venture Capital and Fouriertransform. Both these investors have a strong track record of investments within the life science sector. OssDsign has secured funding for its commercial expansion in Europe of its implant products that have an initial focus within cranioplasty and facial bone reconstruction.

The recent financing round in OssDsign, will have a modest positive impact on Karolinska Development's Total Fair Value, which will be reflected in the 2015 Year-end Report. Furthermore, Karolinska Development retains a significant ownership (28%), illustrating our strong belief in the company.

During the reporting period we divested two companies in which Karolinska Development retains an economic interest. These companies were already written off in the second quarter and the divestment has no impact on the Total Fair Value in the third quarter.

In July, we announced that Pharmanest would receive SEK 28 million in new investment from The Foundation for Baltic and East European Studies (Östersjöstiftelsen), Recipharm Venture Fund AB and Praktikerinvest AB. The funds will be used for the further development of Pharmanest's SHACT topical pain relief product for use in conjunction with insertion of intra-uterine devices to the point of its first regulatory approval submission in Europe. This financing will allow Karolinska Development to benefit from Pharmanest's success via an earn-out following the disposal of its shareholding in the company.

In September, Karolinska Development divested its entire shareholding in the drug delivery company XSpray Microparticles AB to a consortium led by Östersjöstiftelsen and Recipharm Venture Fund.

The consortium is investing SEK 18 million into XSpray Microparticles to fund the clinical development of its lead compound, XS004, developed with XSpray's proprietary HyNap™ drug formulation technology. XS004 is based on a well-known protein kinase inhibitor compound. It is anticipated that these funds will take XS004 through the Phase I clinical trial, results of which are expected in Q2 2016.

Both of these financings provide external validation of the technologies and products being developed by these companies. Over the remainder of 2015, we will continue to utilise our own financial resources and those of selected co-investors to ensure that the companies in our portfolio, which we believe can deliver value, are properly financed.



## Selected Portfolio Company Updates

### Therapeutic Companies

#### *Aprea AB - A unique approach to treating a broad range of cancers*

Aprea AB is a Swedish biotech company focusing on discovery and development of novel anticancer compounds targeting the tumor suppressor protein p53. De-activation of p53 results in uncontrolled growth of the cell that may lead to cancer. Mutations of the p53 gene occur in around 50% of tumors and restoring its normal function represents a very attractive approach for treating a broad range of cancers including those resistant to cancer chemotherapeutics.

Aprea's lead drug candidate APR-246 has been shown to reactivate the tumor suppressor protein p53, inducing programmed cell death in many human cancer cells.

In October, Aprea AB, presented updated preliminary data from its ongoing Phase Ib/II clinical study in ovarian cancer at the European Society of Gynaecological Oncology congress (ESGO) in Nice, France. The data presented reinforce earlier conclusions that APR-246 can be combined with standard chemotherapy in relevant doses and that preliminary efficacy data indicate that the combination regimen has encouraging activity in treatment of recurrent ovarian cancer.

Aprea's Phase Ib/II PISARRO trial is investigating the safety and efficacy of APR-246 in combination with carboplatin and doxorubicin in second-line treatment of patients with high grade serous ovarian cancer. The preliminary results presented at ESGO were for the first 24 patients in the Phase Ib part of the study, of which eight patients have completed all six cycles of combination therapy with APR-246.

At cut-off, all patients treated in the study have either stable disease or partial response according to **Response Evaluation Criteria In Solid Tumors (RECIST)** criteria. In addition, 13 out of 14 patients have GCIG CA125 (tumor antigen biomarker) response after three treatment cycles. Hence the preliminary efficacy data indicate that APR-246 in combination with chemotherapy has encouraging activity in patients with partially platinum sensitive as well as fully platinum sensitive disease.

The study also indicates that APR-246 can be combined with carboplatin and doxorubicin at relevant doses, as no new safety concerns have emerged.

The Phase Ib/II trial is a two-part study that will enrol approximately 180 patients.

The Phase II part of the trial will be a randomized, controlled study investigating the safety and antitumor activity of APR-246 administered in combination with carboplatin and pegylated doxorubicin, compared with carboplatin and pegylated doxorubicin alone.

The primary endpoint of this Phase II study will be Progression Free Survival (PFS).

The market potential in ovarian cancer is substantial. There are around 225,000 women living with ovarian cancer in the seven major markets with 67,000 new patients are diagnosed each year. Of those diagnosed annually, approximately 20,000 have stage III -IV, recurrent disease with mutated p53. This is the primary target population for APR-246. The overall ovarian cancer pharmaceutical market is expected by analysts to grow by more than 13% annually to 2020, reaching a total market value at USD 2.3bn.

#### Recent progress

- Preliminary Phase Ib results in ovarian cancer presented (October 2015)
- Bernd R. Seizinger appointed Executive Chairman (July 2015)
- US patent approved for a new formulation of APR-246 (June 2015)

#### Next milestones

- Final results from the phase Ib part of the phase Ib/II study in ovarian cancer (H1 2016)
- Initiate Phase II proof-of-concept part of the Phase Ib/II study in ovarian cancer (H1 2016)



## *Dilaforette AB – Targeting relief for sickle cell disease sufferers*

Dilaforette, a Swedish drug development company, is developing sevuparin, an innovative, disease-modifying drug which has the potential to become the best-in-class treatment for sickle cell disease (SCD).

Sevuparin's mechanism of action is based on the prevention and resolution of microvascular obstructions (via a multimodal, anti-adhesive mechanism). The micro vascular obstructions cause the severe pain during Vaso-Occlusive Crises (VOCs) and the high morbidity through organ damage as well the risk of premature death. Preclinical data show that that sevuparin can have rapid and clinically relevant effects on the microvascular obstructions.

In October, Dilaforette AB announced that the first patient had been enrolled in a Phase II study with sevuparin. The results from this study are expected in H2 2016.

The Phase II study is a multi-center, double-blind, placebo-controlled study in hospitalized SCD patients experiencing vaso-occlusive crisis (VOC). The trial is targeting 70 evaluable patients who will have been randomized to receive either and i.v infusion of sevuparin or placebo on top of standard pain medication given to treat the pain during the VOC.

This Proof-of-Concept study is designed to demonstrate reduced time to resolution of VOC, defined as freedom from parenteral opioid use and readiness for discharge from hospital. Secondary end-points include pharmacokinetics and safety.

The study will take place in four countries in Europe and Middle East. The study is performed under a co-development deal with Ergomed, where Ergomed will co-invest a proportion of its revenues from the clinical and regulatory activities of this trial in return for an equity stake in Dilaforette.

Ultimately, it is believed that sevuparin could be self-administered by SCD patients to prevent VOCs developing.

SCD is an orphan disease with approximately 100,000 patients in the US and 35,000 patients in Europe. In addition to this, there is a large patient pool in the Middle East, India, South America and in Africa. The average number of VOCs per patient seeking hospital care is in the order of one VOC per year. The commercial impact of a SCD treatment that reduces hospital stay and the use of opioid analgesics is expected to be substantial. A label expansion to include also the preventive treatment would expand the market size significantly.

### **Recent progress**

- Start of Phase II clinical trial in SCD (October 2015)
- Sevuparin receives Orphan Drug Designation in SCD from the US FDA (March 2015)
- Dilaforette entered into a co-development agreement with Ergomed for the Phase II clinical development of sevuparin in patients with SCD experiencing acute VOCs (February 2015)
- Sevuparin receives positive opinion from the Committee for Orphan Medicinal Products (COMP) on orphan drug designation in the EU (January 2015)

### **Next milestone**

- SCD Phase II proof-of-concept results (H2 2016)



## Medtech Companies

### *OssDsign AB – Commercializing the best craniofacial implants*

OssDsign is commercializing novel cranio and facial implants that deliver strong bone healing and good final aesthetic results. The Craniomosaic™ customized cranial implant represents a completely new approach to cranioplasty. Due to the excellent biological and biomechanical properties of its titanium-reinforced calcium phosphate tiles, it has a documented ability to integrate with surrounding tissue structures and stimulate bone regeneration. The company's implants allow free circulation of blood and tissue fluids, while providing a mechanical scaffold for bone healing. The product has so far shown excellent clinical results in complex cases.

Craniomosaic™ is now on the market in Europe and it has demonstrated bone ingrowth and healing in large/severe cranial defects in patients as well as sustained soft tissue improvement resulting in a permanent solution with good aesthetic results.

Currently used implant materials cannot achieve these outcomes and also carry the lifetime risk of skin penetration and infection. Such failures lead to difficult and expensive clinical complications. OssDsign's implants have resulted in very promising clinical outcomes reducing the complication rate, leading to improved quality of life for patients and reduced costs for hospitals.

OssDsign's craniofacial implants are designed to provide new clinical opportunities for treatment of various facial bone deformities, including:

- Repair of hereditary facial defects such as paranasal augmentation in cleft patients and correction of hemifacial microsomia
- Reconstruction of facial bone after trauma, tumor resection or growth retardation due to irradiation

The market for biomaterials products in orthopedics was worth EUR 1.5bn in 2013. The planned introduction of its facial implants will significantly expand the commercial opportunity that OssDsign is targeting.

OssDsign's target market is attractive as the procedures that use its implants are carried out in a limited number of easily identifiable hospitals. In addition the price sensitivity for the company's patient-specific implants is limited particularly given the clear benefits that they can deliver.

#### Recent progress

- After the closure of the third quarter a new financing round of SEK 93 million was completed with participation from Karolinska Development, KCIF Co-Investment Fund, SEB Venture Capital and Fouriertransform
- OssDsign's follow-up product Cranioplug received marketing approval in the US (Q4-2014)

#### Next milestone

- Launch of new custom-designed facial implant in Europe (H2-2015)





### *Promimic AB – Coatings that enhance the properties of orthopedic implants*

Promimic is a biomaterials company that develops and markets a unique implant coating – HA<sup>nano</sup> Surface - which accelerates bone integration and increases the anchoring strength of implants. HA<sup>nano</sup> Surface's key advantage is that it can convert any implant to a material that resembles human bone and thereby create an improved osteo-conductive interface between human tissue and the implant.

The HA<sup>nano</sup> Surface is nanometer thin, which helps preserve the micro-structure of the implant and reduces the risk of cracks in the coating. Furthermore, the coating improves the hydrophilicity of the implant which increases the possibility for bone cells to attach to the surface. The HA<sup>nano</sup> Surface has been evaluated in both in vitro and in vivo studies, which have shown that it can reduce healing times. The coating process is easy to implement in the industrial scale production of implants.

In September, Promimic, announced a strategic partnership with Sistema de Implante Nacional (S.I.N.), a leading provider of dental implants in Brazil. The collaboration includes an extensive development program of both pre-clinical and clinical studies. It also includes a license to S.I.N. to use HA<sup>nano</sup> Surface technology with their dental implants.

In October, Promimic signed a strategic agreement with Amendia Inc. (US) that will allow Amendia to develop Promimic's HA<sup>nano</sup> Surface technology for use with its patient-focused spinal implants.

The implant industry is a large, high-growth market which delivers high profit margins. The competition amongst implant manufacturers is fierce and each market segment is dominated by four to eight global companies. Many of these follow a strategy of licensing new technology in order to differentiate their products and strengthen their market position.

Promimic has a business model designed to take advantage of these industry dynamics. It is centered on out-licensing its HA<sup>nano</sup> Surface technology to leading implant manufacturers so that they can incorporate it into their products. The recent deals with S.I.N and Amendia. show that Promimic's business strategy is beginning to deliver.

#### **Recent progress**

- License agreements signed with S.I.N. (Brazil) on dental implants and Amendia (US) on spinal implants (October 2014)

#### **Next milestone**

- Further license agreements with major manufacturers



## Financial development – Investment Entity

The Investment Entity refers to the Parent Company (Karolinska Development AB) and all subsidiaries, joint ventures, associated companies and other long-term securities holdings which are all recognized at fair value. Amounts in parenthesis refer to corresponding period in the prior year unless otherwise stated.

### Financial development in summary

SEKm	2015 Jul- Sep	2014 Jul-Sep	2015 Jan- Sep	2014 Jan-Sep	2014 Full-year
		(restated)		(restated)	(restated)
<i>Condensed income statement</i>					
Change in fair value in portfolio companies	-13.1	-98.8	-876.8	-279.8	-306.1
Net profit/loss	-27.5	-119.2	-933.1	-324.7	-371.5
<i>Condensed balance sheet</i>					
Cash, cash equivalents and short-term investments			328.4	112.3	141.3
<i>Share information</i>					
Earnings per share, weighted average, before and after dilution (SEK)	-0.5	-2.5	-17.6	-6.7	-7.6
Net asset value per share (SEK) (Note 1)			7.0	26.0	23.5
Equity per share (SEK) (Note 1)			7.0	25.7	23.7
Share price, last trading day in the reporting period (SEK)			9,9	13.0	13.3
<i>Portfolio information</i>					
Investments in portfolio companies	44.0	7.2	115.1	56.5	86.9
Of which investments not affecting cash flow	4.6	0.0	10.9	6.7	6.7
Fair value of portfolio holdings			351.8	1,112.3	1,113.5

### Value development January-September 2015

During the period January-September 2015, the Investment Entity's net loss amounted to SEK -933.1m (SEK -324.7m), of which the effect of the change in fair value of portfolio investments amounted to SEK -876.8m (SEK -279.8m) compared with the same period in 2014. The effect of the change in fair value is mainly due to the more prudent portfolio valuation implemented starting the second quarter and the write offs and divestments made during the first half of 2015:

- Adoption of a more prudent approach to valuing the early stage companies to the amount of SEK 368.2m
- Decisions to write off fair value in portfolio companies below as Karolinska Development is implementing its new strategy and focus its portfolio:
  - Athera Biotechnologies AB, to the amount of SEK 89.0m
  - NeoDynamics AB, to the amount of SEK 9.7m
  - NovaSAID AB, to the amount of SEK 74.4m
  - Pergamum AB, to the amount of SEK 120.2m
  - Pharmanest AB, to the amount of SEK 124.2m
  - Umecrine Mood AB, to the amount of SEK 58.9m
  - XSpray Microparticles AB, to the amount of SEK 83.0m

### Value development third quarter 2015

During the third quarter the Investments Entity's net loss amounted to SEK -27.5m (SEK -119.2m), of which the effect of change in fair value of portfolio investments amounted to SEK -13.1m (SEK -98.8m) compared with the same period 2014.

### Results

The Investment Entity's loss before tax during the period January-September 2015 amounted to SEK -933.1m (SEK -324.7m).

The Investment Entity's loss before tax during the third quarter amounted to SEK -27.5m (SEK -119.2m).

### Investments and loans in portfolio companies January-September 2015

Investments in portfolio companies during the period January-September 2015 amounted to SEK 115.1m (SEK 56.5m). Investments were made in Aprea AB SEK 36.6m, Umecrine Cognition AB SEK 18.5m, Akinion Pharmaceuticals AB SEK 18.0m, Dilaforette Holding AB SEK 17.4m, OssDesign AB SEK 14.5m, Promimic AB SEK 3.5m, XSpray Microparticles AB SEK 3.0m, Clanotech AB SEK 2.7m, Pharmanest AB SEK 0.6m and KDev Oncology AB SEK 0.3m.

### Investments and loans in portfolio companies third quarter 2015

Investments in portfolio companies during the third quarter amounted to SEK 44.0m (SEK 7.2m). Investments were made in Aprea AB SEK 13.0m, Akinion Pharmaceuticals AB SEK 9.0m, Dilaforette Holding AB SEK 8.8m, Umecrine Cognition AB SEK 5.0m, OssDesign AB SEK 2.9m, Clanotech AB SEK 2.7m, Promimic AB SEK 1.6m and XSpray Microparticles AB SEK 1.0m.

### Financial position (comparative figures refer to 31 December 2014)

The Investment Entity's equity to total assets ratio was 51% (95%) on 30 September 2015 and equity amounted to SEK 369.7m (SEK 1,256.8m).

Cash, cash equivalents and short-term investments in the Investment Entity amounted to SEK 328.4m (SEK 141.3m), of which SEK 55.9m is provisionally allocated for anticipated follow-on investments in the KDev Investments portfolio. Total assets amounted to SEK 727.5 m (SEK 1,321.6m).

## Financial development – Parent Company

*The Parent Company refers to Karolinska Development AB.*

During the period January-September 2015, the Parent Company's operating loss amounted to SEK -725.6m (SEK -222.9m), a change of SEK -502.7m compared with the same period in 2014. During the period January-September 2015, impairment losses were recognized on the holdings in KDev Investments AB SEK -469.6m, Athera Biotechnologies AB SEK -89.0m, XSpray Microparticles AB SEK -60.8m, Pharmanest AB SEK -39.3m, Lipidor AB SEK -11.1m, Umecrine AB SEK -6.5m, share of result in KCIF Co-Investment Fund KB SEK -16.1m, KDev Oncology AB SEK -0.6m, KCIF Fund Management AB SEK -0.3m and KD Incentive AB SEK -0.2m. Impairment losses during the period January-September 2015 totaled SEK -693.5m (SEK -182.0m).

During the third quarter the Parent Company's operating loss amounted to SEK -18.1m (SEK -90.2m).

## Information on risks and uncertainties

### Parent Company and Investment Entity

#### Valuation risks

Companies active in pharmaceutical development and medical technology at an early phase are, by their very nature, difficult to value, as lead times are very long and development risks are high. Due to the uncertainty and subjectivity in these assessments, the estimated value of the portfolio may deviate substantially from future generated value. This is largely due to sensitivities in the valuation calculations to movement of expected milestone or exit dates, costs of trials and similar assumptions, which are not necessarily accounted for in arriving at an actual deal value in negotiations with partners. Decisions about investment strategies may also have an impact on the valuations.

#### Project development risks

Risks and uncertainties are primarily associated with investments in portfolio companies and the development of projects in these companies. The operations of the portfolio companies consist of the development of early stage pharmaceutical projects. By their very nature such operations are distinguished by very high risk and uncertainty in terms of results.

#### Financial risks

Financial risks consist of investments in equity and loan instruments in portfolio companies as well as risks in the management of liquid assets.

#### Future financing needs

Karolinska Development invests in companies deemed to generate considerable returns. Development of the portfolio companies' research projects will require capital contributions by their investors in order to capitalize on the value potential. The portfolio companies have no guarantees that required capital will be obtained to finance their projects on favourable terms, or that such capital may be obtained at all.

Long-term financing of the portfolio companies' capital requirements is provided by Karolinska Development investing alone or in syndication with other investors. Karolinska Development maintains a strategy to continuously invest in the portfolio companies in syndicate with other investors. However, Karolinska Development may deviate from investing its pro-rata share in portfolio companies, which may have an impact on the valuations of portfolio companies. If portfolio companies are not successful in attracting other investors, Karolinska Development may choose to invest alone, which may also have an impact on the valuations of portfolio companies.

Priorities must be made to optimize returns. Portfolio companies may fail to achieve milestones or meet development milestones according to plan. In such case, Karolinska Development may decide to discontinue investing in a project. If so, the portfolio companies may have to limit their operations. Karolinska Development's shareholdings may also be diluted by other investors, and other investors may refrain from co-investing on equal terms. In the event that any of the above risks take place, it may have a negative impact on the portfolio companies operations and on the valuations of the portfolio companies. There is also a risk that Karolinska Development decides not to invest in the opportunistic portfolio. If projects lack co-investors which validate the valuations of the portfolio companies it may also have a negative impact on valuations.

Investments in portfolio companies during 2015 are expected to increase compared to the previous year as a consequence of several companies in the strategic portfolio currently undergoing value-critical activities, or intend to initiate such activities during the year. Several companies are expected to enter license agreements with partners, receive non-dilutive grants such as EU contributions, and third party investments are expected to increase. In both the strategic and the opportunistic portfolio, the strategy to seek a higher degree of co-investors which may contribute to higher prospects of success.

Other than the above, no new risk areas have been identified since 31 December 2014. For a detailed description of risks and uncertainties, see the annual report 2014.

This Report has not been reviewed by the Company's auditors.

Solna, 17 November 2015

## Dates for publication of financial information

Year-end report January-December 2015	23 February 2016
Annual report 2015	13 April 2016
Interim report January-March 2016	10 May 2016
Annual General Meeting	25 May 2016
Interim report January-June 2016	31 August 2016
Interim report January-September 2016	23 November 2016

Karolinska Development is required by law to publish the information in this interim report. The information was published on 17 November 2015.

This interim report, together with additional information, is available on Karolinska Development's website: [www.karolinskadevelopment.com](http://www.karolinskadevelopment.com)

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**See also [www.karolinskadevelopment.com](http://www.karolinskadevelopment.com)**

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Note: This report is a translation of the Swedish interim report. In case of any discrepancies, the Swedish version shall prevail.

## Financial statements

### Condensed income statement for the Investment Entity

SEK 000	Note	2015 Jul-Sep	2014 Jul-Sep (restated)	2015 Jan-Sep	2014 Jan-Sep (restated)	2014 Full-year (restated)
Revenue		324	1,094	2,434	3,450	5,030
Other expenses		-2,705	-3,174	-12,954	-11,679	-16,447
Personnel costs		-5,329	-14,759	-21,408	-34,151	-51,933
Depreciation of tangible non-current assets		-53	-53	-159	-159	-212
Change in fair value of shares in portfolio companies	2	-13,131	-98,821	-876,806	-279,753	-306,072
Result from sale of shares in portfolio companies		-	205	-	1,736	1,745
<b>Operating profit/loss</b>		<b>-20,894</b>	<b>-115,508</b>	<b>-908,893</b>	<b>-320,556</b>	<b>-367,889</b>
Financial net		-6,626	-3,700	-24,186	-4,113	-3,599
<b>Profit/loss before tax</b>		<b>-27,520</b>	<b>-119,208</b>	<b>-933,079</b>	<b>-324,669</b>	<b>-371,488</b>
Taxes		-	-	-	-	-
<b>NET PROFIT/LOSS FOR THE PERIOD</b>		<b>-27,520</b>	<b>-119,208</b>	<b>-933,079</b>	<b>-324,669</b>	<b>-371,488</b>

\*Interest on convertible loans at 8 percent nominal interest rate.

### Earnings per share for the Investment Entity

SEK	Note	2015 Jul-Sep	2014 Jul-Sep (restated)	2015 Jan-Sep	2014 Jan-Sep (restated)	2014 Full-year (restated)
Earnings per share, weighted average, before and after dilution		-0.52	-2.47	-17.56	-6.72	-7.64
Number of shares, weighted average		53,140,273	48,287,132	53,140,273	48,287,132	48,606,243

### Condensed statement of comprehensive income for the Investment Entity

SEK 000	Note	2015 Jul-Sep	2014 Jul-Sep (restated)	2015 Jan-Sep	2014 Jan-Sep (restated)	2014 Full-year (restated)
Net/profit loss for the period		-27,520	-119,208	-933,079	-324,669	-371,488
<b>Total comprehensive income/loss for the period</b>		<b>-27,520</b>	<b>-119,208</b>	<b>-933,079</b>	<b>-324,669</b>	<b>-371,488</b>

Condensed balance sheet for the Investment Entity

SEK 000	Note	30 Sep 2015	30 Sep 2014	31 Dec 2014
			(restated)	(restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible non-current assets		159	370	317
Shares in portfolio companies at fair value through profit or loss	2	351,750	1,112,313	1,113,454
Loans receivable from portfolio companies		-	2,744	12,062
Other financial assets		38,113	38,113	38,113
<b>Total non-current assets</b>		<b>390,022</b>	<b>1,153,540</b>	<b>1,163,946</b>
<b>Current assets</b>				
Receivables from portfolio companies		1,174	600	895
Other current receivables		6,490	1,819	3,103
Prepaid expenses and accrued income		1,486	1,295	12,364
Short-term investments, at fair value through profit or loss		278,019	104,416	128,443
Cash and cash equivalents		50,337	7,915	12,885
<b>Total current assets</b>		<b>337,506</b>	<b>116,045</b>	<b>157,690</b>
<b>TOTAL ASSETS</b>		<b>727,528</b>	<b>1,269,585</b>	<b>1,321,636</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		26,692	24,266	26,692
Share premium		1,874,236	1,768,179	1,828,844
Retained earnings		-1,531,260	-552,306	-598,724
<b>Total equity</b>		<b>369,668</b>	<b>1,240,139</b>	<b>1,256,812</b>
<b>Long-term liabilities</b>				
Convertible loan	3	309,160	-	22,858
Accrued interest convertible loan	3	30,034	-	-
Other financial liabilities		5,439	11,373	11,686
<b>Total long-term liabilities</b>		<b>344,633</b>	<b>11,373</b>	<b>34,544</b>
<b>Current liabilities</b>				
Accounts payable		951	3,115	4,668
Liabilities to portfolio companies		663	442	442
Other current liabilities		993	1,162	1,023
Accrued expenses and prepaid income		10,620	13,355	24,147
<b>Total current liabilities</b>		<b>13,227</b>	<b>18,074</b>	<b>30,280</b>
<b>Total liabilities</b>		<b>357,860</b>	<b>29,447</b>	<b>64,824</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>727,528</b>	<b>1,269,586</b>	<b>1,321,636</b>

Condensed statement of changes in the Investment Entity's equity

SEK 000	Note	Equity attributable to Investment Entity's shareholders			Total
		Share capital	Share premium	Retained earnings	
<b>Opening equity at 1 Jan 2015</b>		<b>26,692</b>	<b>1,828,844</b>	<b>-598,724</b>	<b>1,256,812</b>
Net profit/loss for the period				-933,079	-933,079
<b>Total comprehensive income for the period</b>				<b>-933,079</b>	<b>-933,079</b>
Convertible loan - equity part			49,528		49,528
Issue costs			-4,136		-4,136
Effect of incentive programs				543	620
<b>Closing equity at 30 Sep 2015</b>		<b>26,692</b>	<b>1,874,236</b>	<b>-1,531,260</b>	<b>369,668</b>
<b>Opening equity at 1 Jan 2014</b>		<b>24,266</b>	<b>1,768,179</b>	<b>165,159</b>	<b>1,957,604</b>
Effect of change in presentation of Net Fair Value	7			-393,059	-393,059
<b>Opening equity at 1 Jan 2014</b>				<b>-227,900</b>	<b>1,564,545</b>
Net profit/loss for the period				-324,669	-324,669
<b>Total comprehensive income for the period</b>				<b>-324,669</b>	<b>-324,669</b>
Effect of incentive programs				263	263
<b>Closing equity at 30 Sep 2014</b>		<b>24,266</b>	<b>1,768,179</b>	<b>-552,306</b>	<b>1,240,139</b>
<b>Opening equity at 1 Jan 2014</b>		<b>24,266</b>	<b>1,768,179</b>	<b>165,159</b>	<b>1,957,604</b>
Effect of change in presentation of Net Fair Value	7			-393,059	-393,059
<b>Opening equity at 1 Jan 2014</b>				<b>-227,900</b>	<b>1,564,545</b>
Net profit/loss for the year				-371,488	-371,488
<b>Total comprehensive income for the year</b>				<b>-371,488</b>	<b>-371,488</b>
Share issue		2,426	60,665		63,091
Effect of incentive programs				664	664
<b>Closing equity at 31 Dec 2014</b>		<b>26,692</b>	<b>1,828,844</b>	<b>-598,724</b>	<b>1,256,812</b>



Condensed statement of cash flows for the Investment Entity

SEK 000	Note	2015 Jan-Sep	2014 Jan-Sep (restated)
<b>Operating activities</b>			
Operating profit/loss		-908,893	-320,556
<b>Adjustments for items not affecting cash flow</b>			
Depreciation		159	159
Change in fair value	2	876,806	279,753
Result from sale of shares in portfolio companies		-	-1,736
Other items		369	9,017
Proceeds from short-term investments		575	946
Interest paid/received		132	334
<b>Cash flow from operating activities before changes in working capital and operating investments</b>		<b>-30,852</b>	<b>-32,083</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/Decrease (+) in operating receivables		6,221	397
Increase (+)/Decrease (-) in operating liabilities		-17,054	-3,256
<b>Operating investments</b>			
Proceeds from sale of shares in portfolio companies		-	1,923
Acquisitions of shares in portfolio companies		-104,202	-49,866
Loans provided to portfolio companies		-	-6,394
Proceeds from sale of short-term investments <sup>1</sup>		-	61,871
Investments in tangible non-current-assets		-148,355	-
<b>Cash flow from operating activities</b>		<b>-294,242</b>	<b>-27,408</b>
<b>Financing activities</b>			
Convertible debentures issue		364,001	-
Issue costs		-32,307	-
<b>Cash flow from financing activities</b>		<b>331,694</b>	<b>-</b>
<b>Cash flow for the period</b>		<b>37,452</b>	<b>-27,408</b>
Cash and cash equivalents at the beginning of the year		12,885	35,323
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>50,337</b>	<b>7,915</b>

Supplemental disclosure<sup>1</sup>

<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>50,337</b>	<b>7,915</b>
Short-term investments, market value at closing date	278,019	104,416
<b>CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS AT THE END OF THE PERIOD</b>	<b>328,356</b>	<b>112,331</b>

<sup>1)</sup> Surplus liquidity in the investment entity is invested in interest-bearing instruments and is recognized as short-term investments with a maturity exceeding three months. These investments are consequently not reported as cash and cash equivalents and are therefore included in the statements of cash flows from operating activities. The supplemental disclosure is presented to provide a total overview of the investment entity's available funds including cash, cash equivalents and short-term investments described here.

### Condensed income statement for the Parent Company

SEK 000	Note	2015 Jul-Sep	2014 Jul-Sep (restated)	2015 Jan-Sep	2014 Jan-Sep (restated)	2014 Full-year (restated)
Net sales		324	1,094	2,434	3,450	5,030
<b>Revenue</b>		<b>324</b>	<b>1,094</b>	<b>2,434</b>	<b>3,450</b>	<b>5,030</b>
Other expenses		-2,705	-3,174	-12,954	-11,679	-16,447
Personnel costs		-5,329	-14,759	-21,408	-34,151	-51,933
Depreciation of tangible non-current assets		-53	-53	-159	-159	-212
Impairment losses on shares in subsidiaries, joint ventures, associated companies and other long-term securities holdings		-10,317	-73,429	-693,467	-182,023	-227,555
Result from sale of shares in portfolio companies		-	154	-	1,685	1,693
<b>Operating profit/loss</b>		<b>-18,080</b>	<b>-90,167</b>	<b>-725,554</b>	<b>-222,877</b>	<b>-289,424</b>
Financial net		-10,226	-3,360	-34,034	-2,178	-1,350
<b>NET PROFIT/LOSS FOR THE PERIOD</b>		<b>-28,306</b>	<b>-93,527</b>	<b>-759,588</b>	<b>-225,055</b>	<b>-290,774</b>

### Condensed statement of comprehensive income for the Parent Company

SEK 000	Note	2015 Jul-Sep	2014 Jul-Sep (restated)	2015 Jan-Sep	2014 Jan-Sep (restated)	2014 Full-year (restated)
Net profit/loss for the period		-28,306	-93,527	-759,588	-225,055	-290,774
<b>Total comprehensive income/loss for the period</b>		<b>-28,306</b>	<b>-93,527</b>	<b>-759,588</b>	<b>-225,055</b>	<b>-290,774</b>

## Condensed balance sheet for the Parent Company

SEK 000	Note	30 Sep 2015	30 Sep 2014 (restated)	31 Dec 2014 (restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible non-current assets		159	370	317
Shares in subsidiaries, joint ventures, associated companies and other long term-securities holdings		304,533	944,183	926,110
Loans receivable from portfolio companies		37,920	2,744	12,062
Other financial assets		33,562	32,746	33,493
<b>Total non-current assets</b>		<b>376,174</b>	<b>980,043</b>	<b>971,982</b>
<b>Current assets</b>				
Accounts receivable		-	576	-
Receivables from portfolio companies		1,174	25	895
Other current receivables		6,490	1,819	3,103
Prepaid expenses and accrued income		3,177	1,295	12,364
Short-term investments		278,019	104,416	128,443
Cash and cash equivalents		50,337	7,915	12,885
<b>Total current assets</b>		<b>339,197</b>	<b>116,046</b>	<b>157,690</b>
<b>TOTAL ASSETS</b>		<b>715,371</b>	<b>1,096,089</b>	<b>1,129,672</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<i>Restricted equity</i>				
Share capital		26,692	24,266	26,692
<i>Unrestricted equity</i>				
Share premium reserve		1,884,310	1,778,253	1,838,918
Accumulated losses		-792,819	-502,989	-502,588
Net profit/loss for the period		-759,588	-225,055	-290,774
<b>Total equity</b>		<b>358,595</b>	<b>1,074,475</b>	<b>1,072,248</b>
<b>Long-term liabilities</b>				
Convertible loan	3	309,160	-	22,858
Accrued interest convertible loan	3	30,034	-	-
Pension obligations		4,355	3,540	4,286
<b>Total long-term liabilities</b>		<b>343,549</b>	<b>3,540</b>	<b>27,144</b>
<b>Current liabilities</b>				
Accounts payable		951	3,115	4,668
Liabilities to portfolio companies		663	442	442
Other current liabilities		993	1,162	1,023
Accrued expenses and prepaid income		10,620	13,355	24,147
<b>Total current liabilities</b>		<b>13,227</b>	<b>18,074</b>	<b>30,280</b>
<b>Total liabilities</b>		<b>356,798</b>	<b>21,614</b>	<b>57,424</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>715,371</b>	<b>1,096,089</b>	<b>1,129,672</b>

## Pledged assets and contingent liabilities

SEK 000	Note	30 Sep 2015	30 Sep 2014	31 Dec 2014
Pledged assets		4,355	3,465	4,286
<b>Total</b>		<b>4,355</b>	<b>3,465</b>	<b>4,286</b>

# Condensed statement of changes in equity for the Parent Company

SEK 000	Note	Unrestricted equity				
		Restricted equity				
		Share capital	Share premium reserve	Accumulated losses	Net profit/loss for the period	Total equity
Opening equity at Jan 1 2015		26,692	1,838,918	-502,588	-290,774	1,072,248
Appropriation of loss				-290,774	290,774	
Net profit/loss for the period					-759,588	-759,588
Total		26,692	1,838,918	-793,362	-759,588	312,660
Convertible loan - equity part			49,528			49,528
Issue costs			-4,136			-4,136
Effect of incentive programs				620		620
Closing equity at 30 Sep 2015		26,692	1,884,310	-792,742	-759,588	358,595
Opening equity at Jan 1 2014		24,266	1,778,253	-550,566	47,314	1,299,267
Appropriation of loss				47,314	-47,314	
Effect of changes in presentation of Net Fair Value	7				-167,500	-167,500
Net profit/loss for the period					-57,555	-57,555
Total		24,266	1,778,253	-503,252	-225,055	1,074,212
Effect of incentive programs				263		263
Closing equity at 30 Sep 2014		24,266	1,778,253	-502,989	-225,055	1,074,475
Opening equity at 1 Jan 2014		24,266	1,778,253	-550,566	47,314	1,299,267
Appropriation of profit				47,314	-47,314	
Effect of changes in presentation of Net Fair Value	7				-212,644	-212,644
Net profit/loss for the year					-78,130	-78,130
Total		24,266	1,778,253	-503,252	-290,774	1,008,493
Share issue		2,426	60,665			63,091
Effect of incentive programs				664		664
Closing equity at 31 Dec 2014		26,692	1,838,918	-502,588	-290,774	1,072,248

## Notes to the financial statements

### NOTE 1 Accounting policies

This report has been prepared in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and the Annual Accounts Act. The accounting policies applied to the Investment Entity and the Parent Company correspond, unless otherwise stated below, to the accounting policies and valuation methods used in the preparation of the most recent annual report.

#### *Information on the Parent Company*

Karolinska Development AB (publ), Corporate identity Number 556707-5048, is a limited liability company with its registered office in Solna, Sweden. Karolinska Development AB aims to create value for investors, patients and researchers 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.

#### *New and revised accounting principles 2015*

Loans receivable from portfolio companies are included at fair value in fair value of the holdings in portfolio companies implemented during the second quarter 2015.

#### *Definitions*

**Portfolio companies:** Companies owned fully or in part by Karolinska Development (subsidiaries, joint ventures, associated companies and other long-term securities holdings) which are active in pharmaceuticals, medtech, theranostics and formulation technology.

**Fair value:** The NASDAQ Stockholm regulations for issuers require companies listed on NASDAQ Stockholm to apply the International Financial Reporting Standards, IFRS, in their consolidated financial statements. The application of the standards allows groups of an investment company nature to apply so-called fair value in the calculation of the carrying amount of certain assets. These calculations are made on the basis of established principles and are not included in the opening accounts of the Group's legal entity, nor do they affect cash flows

Fair value is estimated according to the International Private Equity and Venture Capital Valuation Guidelines and adheres to the guidance of IFRS 13 *Fair Value Measurement*. Based on the valuation criteria provided by these rules, an assessment is made of each company to determine a valuation method. This takes into account whether the companies have recently been financed or involved with a transaction that includes an independent third party. If there is no valuation available based on a similar transaction, risk adjusted net present value (rNPV) calculations are made of the portfolio companies whose projects are suitable for this type of calculation. In other cases, Karolinska Development's total investment is used as the best estimation of fair value. In one other case, the valuation at the time of the last capital contribution is used.

**Net asset value per share:** Estimated fair value of the total portfolio, loans receivable from portfolio companies, short-term investments, cash and cash equivalents, and financial assets less interest-bearing liabilities in relation to the number of shares outstanding on the closing date.

**Equity per share:** Equity on the closing date in relation to the number of shares outstanding on the closing date.

**Interim period:** The period from the beginning of the financial year through the closing date.

**Reporting period:** Current quarter.

### NOTE 2 Fair value

Following a review of the Company's approach to estimating fair values of its portfolio investments the company implemented new policies for estimating level 3 fair values per June 30, 2015.

The table below shows financial instruments measured at fair value based on the classification in the fair value hierarchy. The various levels are defined as follows:

**Level 1-** Fair value determined on the basis of observed (unadjusted) quoted prices in an active market for identical assets and liabilities

**Level 2-** Fair value determined based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3-** Fair value determined based on valuation models where significant inputs are based on non-observable data

The carrying amounts of financial assets and liabilities recorded at amortized cost approximate their fair value.

### Fair value as of 30 September 2015

SEK 000	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Shares in portfolio companies, at fair value through profit or loss	-	-	351,750	351,750
Other financial assets	-	-	38,113	38,113
Receivables from portfolio companies	-	1,174	-	1,174
Cash, cash equivalents and short-term investments	328,356	-	-	328,356
<b>Total</b>	<b>328,356</b>	<b>1,174</b>	<b>389,863</b>	<b>719,393</b>
<b>Financial liabilities</b>				
Convertible loan	-	309,160	-	309,160
Accrued interest convertible loan	-	30,034	-	30,034
Other financial liabilities	-	-	5,439	5,439
Accounts payable	-	951	-	951
Liabilities to portfolio companies	-	663	-	663
<b>Total</b>	<b>-</b>	<b>340,808</b>	<b>5,439</b>	<b>346,247</b>

### Fair value as of 30 September 2014

SEK 000	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Shares in portfolio companies, at fair value through profit or loss	-	-	1,112,313	1,112,313
Loans receivable from portfolio companies	-	2,744	-	2,744
Other financial assets	-	-	38,113	38,113
Receivables from portfolio companies	-	600	-	600
Cash, cash equivalents and short-term investments	112,331	-	-	112,331
<b>Total</b>	<b>112,331</b>	<b>3,344</b>	<b>1,150,426</b>	<b>1,266,101</b>
<b>Financial liabilities</b>				
Other financial liabilities	-	-	11,373	11,373
Accounts payable	-	3,115	-	3,115
Liabilities to portfolio companies	-	442	-	442
<b>Total</b>	<b>-</b>	<b>3,557</b>	<b>11,373</b>	<b>14,930</b>

### Fair value (level 3) as of 30 September 2015

SEK 000	Shares in portfolio companies	Other financial assets	Other financial liabilities
At beginning of the year	1,113,454	38,113	11,686
Transfers to and from level 3 (loans receivable from portfolio companies)	39,166	-	-
Acquisitions	75,936	-	-
Disposals	-	-	-
Gains and losses recognized through profit or loss	-876,806	-	-6,247
<b>Closing balance 30 Sep 2015</b>	<b>351,750</b>	<b>38,113</b>	<b>5,439</b>
Total unrealized gains and losses for the period in profit or loss	-876,806	-	6,247
<b>Gains and losses in profit or loss for the period for assets and liabilities included in the closing balance</b>	<b>-876,806</b>	<b>-</b>	<b>6,247</b>

During the period January-September 2015 loans receivable from portfolio companies have been transferred to level 3 in accordance with the new accounting principle.

**Fair value (level 3) as of 30 September 2014**

SEK 000	Shares in portfolio companies	Other financial assets	Other financial liabilities
At beginning of the year	1,336,406	38,113	9,438
Transfers to and from level 3 (loans receivable from portfolio companies)	-	-	-
Acquisitions	56,524	-	-
Disposals	-864	-	-
Gains and losses recognized through profit or loss	-279,753	-	1,594
<b>Closing balance 30 Sep 2014</b>	<b>1,112,313</b>	<b>38,113</b>	<b>11,032</b>
Total unrealized gains and losses for the period in profit or loss	-279,753	-	-1,594
<b>Gains and losses in profit or loss for the period for assets and liabilities included in the closing balance</b>	<b>-279,753</b>	<b>-</b>	<b>-1,594</b>

There were no transfers between level 1 and 2 during the period January-September 2015.

The Investment Entity recognizes transfers between levels in the fair value hierarchy on the date when an event or changes occur that give rise to the transfer.

*Impact on fair value of the agreement with Rosetta Capital*

In the table below, "Total Fair Value" is the aggregated proceeds that would be received by Karolinska Development and KDev Investments if the shares in their portfolio companies were sold in an orderly transaction between market participants at the measurement date. The calculation of the Fair Value is based on IFRS13 standards of deciding and reporting fair value and the International Private Equity and Venture Capital Valuation Guidelines (IPEV Valuation Guidelines) decided by the IPEV board that represent the current best practice, on the valuation of private equity investments.

"Potential distribution to Rosetta Capital" is the amount that KDev Investments according to the investment agreement between Karolinska Development and Rosetta Capital is obligated to distribute to Rosetta Capital from the proceeds received by KDev Investments (KDev Investments Fair Value). The distribution to Rosetta Capital will only happen when KDev Investments distribute dividends. If Rosetta Capital has not received 2.5 times the amount invested in KDev Investments by Rosetta Capital by 7 March 2018, then Rosetta Capital may require within 60 days that Karolinska Development acquires Rosetta's shares in KDev Investments. The price payable for the KDev Investment shares is the fair market value of the shares, although capped at 10 % of the market capitalization of the Karolinska Development at the time of the purchase. Karolinska Development can decide whether to pay the purchase price in cash or in the form of Karolinska Development shares.

"Net Fair Value after potential distribution to Rosetta Capital" is the net aggregated proceeds that Karolinska Development will receive after KDev Investments' distribution of proceeds to Rosetta Capital.

**Expanded fair value calculations taking the potential distribution to Rosetta Capital in consideration**

SEK 000	30 Sep 2015
Karolinska Development Fair Value	121.8
KDev Investments Fair Value	601.4
<b>Total Fair Value</b>	<b>723.2</b>
Potential distribution to Rosetta Capital	371.4
Reported Net Fair Value after potential distribution to Rosetta Capital	351.8



### *Information on fair value measurement in level 3*

The valuation of the company's portfolio is based on the International Private Equity and Venture Capital Valuation Guidelines (IPEV) and IFRS 13 Fair Value Measurement. Based on the valuation criteria provided by these rules, an assessment is made of each company to determine a valuation method. This takes into account whether the companies have recently been financed or involved with a transaction that includes an independent third party. If there is no valuation available based on a similar transaction, discounted cash flow models (DCF) may be used. DCFs of the Underlying Business considers all of the cash flows of a portfolio company that are then discounted with an appropriate rate and also risk adjusted to take the developments risks in pharmaceutical development into consideration. The revenue streams are approximated from epidemiological data on the intended therapeutic indication, and a number of assumptions such as for example pricing per patient and year, market share and market exclusivity (from IPR and regulatory market protection). As described in the IPEV Valuation Guidelines the inputs into the DCF models are constructed with a high level of subjectivity. Hence, this method is only suitable for late stage assets, either pharmaceutical companies with lead projects in late stage (Phase III) development or technology projects with an established market presence where the revenues can be projected with a higher degree of confidence than in products in earlier stages of development. As of September 30, 2015 there are currently no portfolio companies valued by DCF.

Companies with an established sales revenue stream may be valued by sales multiples. The multiples should be derived from current market-based multiples with comparable companies. As with valuation with DCF, this method require that the portfolio company is mature in its market presence and that the sales forecasts can be made with sufficient certainty. Furthermore, as this method only considers revenue streams, the IPEV Valuation Guidelines stipulates that non-operating assets or liabilities need to be taken into account when applying this method. As of September 30, 2015 there are currently no portfolio companies valued by multiples.

Early stage companies, defined as pharmaceutical assets prior to Phase III development and technology assets prior to establishing targeted and sustainable sales revenues, that have recently not been financed by a transaction involving a third party investor (as defined in 2.2) are valued by the price of recent investment corresponding to the last post-money valuation completed for that company. Companies in such early stages of development typically show a relatively flat value increase through the financing rounds as the company completed its preclinical and early clinical milestones. It is therefore not expected to see any significant value uplift during this period and the post-money valuation, despite not being validated by an external investor, is considered a good approximation of the fair value.

Such situations occur when Karolinska Development alone or with another investors that have previously also participating in preceding investment rounds reinvest in portfolio companies. Should a new investor join an investment round, the valuation method will fall under a higher valuation priority (described in 2.2), although the actual metric – post-money valuation is the same as if only existing owners would participate.

Should Karolinska Development opt out of an investment round with no intention to participate at later rounds the price

of recent investment (without Karolinska Development) may still be a valid valuation method, granting that these circumstances lead to disproportionate post-money valuation because of the loss of negotiation power over the pricing (and Karolinska Development's ownership may be drastically diluted). However, as the unwillingness to invest from Karolinska Development also likely mirror a lower perceived value compared to previous post-money valuations, a lowering of value is often a good indication of fair value in such cases.

As the share price of the internal financing rounds are decided by the existing investor's caution is taken to ensure that the share price is not artificially inflated. At each quarterly fair value assessment the post-money valuation by internal investment rounds are benchmarked against portfolio company progress (met or failed milestones for example), comparable values for peer companies, bids from external investors (eg. term sheets, LOIs) and other applicable valuation methods to ensure that the post-money valuation is at an appropriate level to be considered fair value.

The cautious approach is particularly true if an investment round with existing owners succeeds an investment rounds that included a then third party investor. An uplift in fair value may be merited if e.g. milestones have been met during the time between investments but high increases may not be considered in the fair value. To mitigate, the amount invested into the portfolio company since the post-money valuation from the transaction involving third party investors should be added, while additional uplifts in post-money valuation may not be included in fair value until the value is validated by third party investor yet again.

Net asset value, defined as a portfolio company's assets minus its liabilities, is used for portfolio companies without current operations. This typically occurs in companies considered financial assets as a consequence of discontinued development projects or withdrawn products. In essence, these companies are valued by its liquidation value.

### NOTE 3 Convertible loan

The Investment Entity has issued convertible debentures, so called compound financial instruments, in which the holder has right to convert into shares, the number of shares to be issued are not affected by changes in fair value of the shares.

The debt portion of the compound financial instrument is initially recognized at fair value for a similar debt without a conversion right into shares. The equity portion is initially recognized as the difference between the total fair value of compound financial instrument and the fair value of the debt portion. Directly attributable transaction costs are allocated to the debt respectively equity portion based on their initial recognized values.

Post-acquisition the debt portion of the compound financial instrument is valued to amortized costs based on the effective interest method. The equity portion of the compound financial instrument is not revalued post-acquisition, except at conversion or redemption.

The Investment Entity issued convertible debentures with a nominal amount of 386 859 KSEK on 2 January 2015 which

have a nominal interest rate of 8 percent. The convertible debentures will fall due for payment on 31 December 2019 at the nominal amount of 586 423 KSEK (provided that accrued interest is interest bearing), the convertibles grant a right to convert into shares at a conversion rate of 22 SEK per series B share. The value of the debt and equity part (conversion right) was determined on the date of issuance.

The convertible debentures is presented in the balance sheet as shown in the below table.

Due to the short time span since the issue the market interest rate is substantially unchanged and therefore the fair value can be approximated as the book value.

SEK 000	30 Sep 2015	30 Sep 2014
Nominal amount of convertible debentures issued on 2 January 2015	386,859	-
Issue costs	-28,171	-
Equity portion	-49,528	-
<b>Debt at issuance date 2 January 2015</b>	<b>309,160</b>	-
Accrued interest costs	30,034	-
Paid interest	-	-
<b>TOTAL</b>	<b>339,194</b>	-

## NOTE 4 Unconsolidated subsidiaries

Karolinska Development is an investment entity according to IFRS 10. Subsidiaries are not consolidated in the Investment Entity's financial statements. The table below indicates all unconsolidated subsidiaries. Ownership interests include indirect ownership through portfolio companies. The ownership interest corresponds to formal voting rights through participating interests.

Name	Registered office	Total holding		
		30 Sep 2015	30 Sep 2014	31 Dec 2014
Avaris AB (dormant)	Huddinge	94.87%	94.87%	94.87%
KCIF Fund Management AB	Solna	37.50%	37.50%	37.50%
KD Incentive AB	Solna	100.00%	100.00%	100.00%
KDev Oncology AB	Solna	100.00%	100.00%	100.00%
Pharmanest AB	Solna	-	63.09%	62.66%

### *Influence over the portfolio companies*

In addition to the above named subsidiaries, Karolinska Development holds majority interests, though not controlling interests, in KDev Investments AB, Athera Biotechnologies AB, Lipidor AB, Umechrone Cognition AB and XSpray Microparticles AB.

Karolinska Development's ownership interests in these portfolio companies ranges from 50% up to nearly 90%. Karolinska Development has entered into shareholder agreements with other shareholders regarding these companies. The shareholder agreements ensure other investors or founders influence. Therefore, Karolinska Development is not considered to have controlling interest, even if its ownership interest formally exceeds 50%. Karolinska Development has concluded that in these situations the holdings should be accounted for as investments in associated companies or joint ventures, depending on the degree of influence.

## NOTE 5 Related party transactions

Karolinska Development AB has entered into an agreement with a company related to the Chairman of the Board, OrfaCare Consulting GmbH, regarding consultations by the Chairman of the Board, Bo Jesper Hansen. The consultancy agreement is unrelated to his position as Chairman of the company. The agreement is valid from 1 March 2015 until the date of the Company's Annual General Meeting 2016. The consultancy fee is market based and amounted to 616 KSEK during the period January-September 2015, of which 264 KSEK during the third quarter.

## NOTE 6 Performance based share incentive program 2015 (PSP 2015)

On 20 May 2015, the Annual General Meeting adopted a new performance based share incentive program for employees where participants acquire shares ("Savings Shares") on the open market. Under certain conditions participants may receive, free of charge, a maximum of five Performance Shares and one Matching Share Right from the company for each Savings Share they purchase. Matching Share Rights and Performance Shares are allotted after three years. The

maximum number of Performance Shares and Matching Share Rights is 1,078,410. The program comprises a maximum of fourteen participants.

Although there are no performance conditions for the Matching Share Rights, each participant must remain an employee during the vesting period. The Performance Shares have a target related to Karolinska Development's share price performance and a comparison between the so-called Start Price and End Price. The Start Price, measured as an average over ten trading days from 21 May 2015 through 3 June 2015, is SEK 11.39. The End Price is measured as the average over ten trading days beginning on 2 May 2017. For an allotment, the share price must rise by a total of 15% above the Start Price. For a maximum allotment (five Performance Shares per Savings Share), the share price must rise by 100% above the Start Price. Within this band, allotments are made proportionately. Allotments are capped at 35 times the Start Price, after which the number of allotted Performance Shares is reduced. Participants will be compensated in cash for dividends paid during the period. The company intends to cover social security contributions related to the program by acquiring and transferring a maximum of 338,840 of its own shares. As of 30 September 2015, 74,850 Savings Shares had been acquired. Repurchase of the company's own shares will not take place. The performance based share incentive program has not had any significant effect on the results or financial position of the Parent Company or the Investment Entity as of 30 September 2015.

## NOTE 7 Changes in presentation of Net Fair Value

Karolinska Development's management and Board, in consultation with the auditors, have decided on a revision how Rosetta Capital's preference shares in KDev Investments (KDI) is taken into consideration when estimating the fair value of Karolinska Development's investments in KDI.

Rosetta Capital owns 7.53% of the common shares as well as preference shares in KDI, which has a portfolio of 10 companies as of June 30, 2015.

The preference shares give Rosetta Capital preferential rights to dividends which in prior periods has been described in the Notes (Note 20 in the 2014 annual report).

The error has been corrected during the second quarter 2015 and reduces the fair value of Karolinska Development's share in KDI.

### Effect of changes in presentation of Net Fair Value on income statement for comparative figures 2014 for the Investment Entity

SEK 000	2014 Jul-Sep (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Jul-Sep (restated)	2014 Jan-Sep (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Jan-Sep (restated)	2014 Full-year (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Full-year (restated)
Revenue	1,094		1,094	3,450		3,450	5,030		5,030
Other expenses	-3,174		-3,174	-11,679		-11,679	-16,447		-16,447
Personnel costs	-14,759		-14,759	-34,151		-34,151	-51,933		-51,933
Depreciation of tangible non-current assets	-53		-53	-159		-159	-212		-212
Change in fair value of shares in portfolio companies	-107,739	8,918	-98,821	-291,098	11,345	-279,753	-310,399	4,327	-306,072
Result from sale of subsidiaries	205			1,736		1,736	1,745		1,745
<b>Operating profit/loss</b>	<b>-124,426</b>	<b>8,918</b>	<b>-115,508</b>	<b>-331,901</b>	<b>11,345</b>	<b>-320,556</b>	<b>-372,216</b>	<b>4,327</b>	<b>-367,889</b>
Financial net	-3,700		-3,700	-4,113		-4,113	-3,599		-3,599
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-128,126</b>	<b>8,918</b>	<b>-119,208</b>	<b>-336,014</b>	<b>11,345</b>	<b>-324,669</b>	<b>-375,815</b>	<b>4,327</b>	<b>-371,488</b>

### Effect of changes in presentation of Net Fair Value on earnings per share for comparative figures 2014 for the Investment Entity

SEK	2014 Jul-Sep (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Jul-Sep (restated)	2014 Jan-Sep (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Jan-Sep (restated)	2014 Full-year (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Full-year (restated)
Earnings per share attributable to Parent Company's shareholders, weighted average, before and after dilution	-2.65	0.18	-2.47	-6.96	0.23	-6.72	-7.73	0.09	-7.64
Number of shares, weighted average	48,287,132		48,287,132	48,287,132		48,287,132	48,606,243		48,606,243

### Effects of changes in presentation of Net Fair Value on statement of comprehensive income for comparative figures 2014 for the Investment Entity

SEK 000	2014 Jul-Sep (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Jul-Sep (restated)	2014 Jan-Sep (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Jan-Sep (restated)	2014 Full-year (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Full-year (restated)
Net profit/loss for the period	-128,126	8,918	-119,208	-336,014	11,345	-324,669	-375,815	4,327	-371,488
<b>Total comprehensive income for the period</b>	<b>-128,126</b>	<b>8,918</b>	<b>-119,208</b>	<b>-336,014</b>	<b>11,345</b>	<b>-324,669</b>	<b>-375,815</b>	<b>4,327</b>	<b>-371,488</b>

**Effect of changes in presentation of Net Fair Value on the balance sheet for comparative figures 2014 for the Investment Entity**

SEK 000	30 Sep 2014 (as previously reported)	Effect of changes in presentation of Net Fair Value	30 Sep 2014 (restated)	31 Dec 2014 (as previously reported)	Effect of changes in presentation of Net Fair Value	31 Dec 2014 (restated)
<b>ASSETS</b>						
<b>Non-current assets</b>						
Tangible non-current assets	370		370	317		317
Shares in portfolio companies, at fair value through profit or loss	1,494,027	-381,714	1,112,313	1,502,186	-388,732	1,113,454
Loans receivable from portfolio companies	2,744		2,744	12,062		12,062
Other financial assets	38,113		38,113	38,113		38,113
<b>Total non-current assets</b>	<b>1,535,254</b>	<b>-381,714</b>	<b>1,153,540</b>	<b>1,552,678</b>	<b>-388,732</b>	<b>1,163,946</b>
<b>Current assets</b>						
Accounts receivable	1		1	-		-
Receivables from portfolio companies	600		600	895		895
Other current receivables	1,819		1,819	3,103		3,103
Prepaid expenses and accrued income	1,295		1,295	12,364		12,364
Short-term investments, at fair value through profit or loss	104,416		104,416	128,443		128,443
Cash and cash equivalents	7,915		7,915	12,885		12,885
<b>Total current assets</b>	<b>116,046</b>	<b>0</b>	<b>116,046</b>	<b>157,690</b>	<b>0</b>	<b>157,690</b>
<b>TOTAL ASSETS</b>	<b>1,651,300</b>	<b>-381,714</b>	<b>1,269,586</b>	<b>1,710,368</b>	<b>-388,732</b>	<b>1,321,636</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	24,266		24,266	26,692		26,692
Share premium	1,768,179		1,768,179	1,828,844		1,828,844
Retained earnings	-170,592	-381,714	-552,306	-209,992	-388,732	-598,724
<b>Total equity</b>	<b>1,621,853</b>	<b>-381,714</b>	<b>1 240 139</b>	<b>1,645,544</b>	<b>-388,732</b>	<b>1,256,812</b>
<b>Long-term liabilities</b>						
Convertible debentures	-		-	22,858		22,858
Other financial liabilities	11,373		11,373	11,686		11,686
<b>Total long-term liabilities</b>	<b>11,373</b>	<b>0</b>	<b>11,373</b>	<b>34,544</b>	<b>0</b>	<b>34,544</b>
<b>Current liabilities</b>						
Accounts payable	3,115		3,115	4,668		4,668
Liabilities to portfolio companies	442		442	442		442
Other current liabilities	1,162		1,162	1,023		1,023
Accrued expenses and prepaid income	13,355		13,355	24,147		24,147
<b>Total current liabilities</b>	<b>18,074</b>	<b>0</b>	<b>18,074</b>	<b>30,280</b>	<b>0</b>	<b>30,280</b>
<b>Total liabilities</b>	<b>29,447</b>	<b>0</b>	<b>29,447</b>	<b>64,824</b>	<b>0</b>	<b>64,824</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,651,300</b>	<b>-381,714</b>	<b>1,269,586</b>	<b>1,710,368</b>	<b>-388,732</b>	<b>1,321,636</b>

**Effect of changes in presentation of Net Fair Value on statement of cash flows for comparative figures 2014 for the Investment Entity**

SEK 000	2014 Jan-Sep (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Jan-Sep (restated)
<b>Operating activities</b>			
Operating profit/loss	-331,901	11,345	-320,556
<i>Adjustment for non-cash items</i>			
Adjustment for depreciation of amortization	159		159
Adjustment for changes in fair value	291,098	-11,345	279,753
Result from sale of shares in portfolio companies	-1,736		-1,736
Other items	9,017		9,017
Realized changes in value of short-term investments	946		946
Interest paid/received	334		334
<b>Cash flow from operating activities before changes in working capital and operating investments</b>	<b>-32,083</b>	<b>0</b>	<b>-32,083</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/Decrease (+) in operating receivables	397		397
Increase (+)/Decrease (-) in operating liabilities	-3,256		-3,256
<b>Operating investments</b>			
Investments in shares in portfolio companies	-49,866		-49,866
Sale of shares in portfolio companies	1,923		1,923
Loans provided to portfolio companies	-6,394		-6,394
Change in short-term investments	61,871		61,871
<b>Cash flow from operating activities</b>	<b>-27,408</b>	<b>0</b>	<b>-27,408</b>
<b>Cash flow for the year</b>	<b>-27,408</b>		<b>-27,408</b>
Cash and cash equivalents at beginning of the year	35,323		35,323
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>7,915</b>	<b>0</b>	<b>7,915</b>

**Effect of changes in presentation of Net Fair Value on parent company's income statement for comparative figures 2014**

SEK 000	2014 Jul-Sep (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Jul-Sep (restated)	2014 Jan-Sep (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Jan-Sep (restated)	2014 Full-year (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Full-year (restated)
Net sales	1,094		1,094	3,450		3,450	5,030		5,030
<b>Revenue</b>	<b>1,094</b>	<b>0</b>	<b>1,094</b>	<b>3,450</b>	<b>0</b>	<b>3,450</b>	<b>5,030</b>	<b>0</b>	<b>5,030</b>
Other expenses	-3,174		-3,174	-11,679		-11,679	-16,447		-16,447
Personnel costs	-14,759		-14,759	-34,151		-34,151	-51,933		-51,933
Depreciation of tangible non-current assets	-53		-53	-159		-159	-212		-212
Impairment losses on shares in subsidiaries, joint ventures, associated companies and other long-term securities holdings	-14,154	-59,275	-73,429	-14,523	-167,500	-182,023	-14,911	-212,644	-227,555
Result from sale of shares in portfolio companies	154		154	1,685		1,685	1,693		1,693
<b>Operating profit/loss</b>	<b>-30,892</b>	<b>-59,275</b>	<b>-90,167</b>	<b>-55,377</b>	<b>-167,500</b>	<b>-222,877</b>	<b>-76,780</b>	<b>-212,644</b>	<b>-289,424</b>
Financial net	-3,360		-3,360	-2,178		-2,178	-1,350		-1,350
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-34,252</b>	<b>-59,275</b>	<b>-93,527</b>	<b>-57,555</b>	<b>-167,500</b>	<b>-225,055</b>	<b>-78,130</b>	<b>-212,644</b>	<b>-290,774</b>

**Effect of changes in presentation of Net Fair Value of comprehensive income for comparative figures 2014 for the parent company**

SEK 000	2014 Jul-Sep (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Jul-Sep (restated)	2014 Jan-Sep (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Jan-Sep (restated)	2014 Full-year (as previously reported)	Effect of changes in presentation of Net Fair Value	2014 Full-year (restated)
Net profit/loss for the period	-34,252	-59,275	-93,527	-57,555	-167,500	-225,055	-78,130	-212,644	-290,774
<b>Total comprehensive income for the period</b>	<b>-34,252</b>	<b>-59,275</b>	<b>-93,527</b>	<b>-57,555</b>	<b>-167,500</b>	<b>-225,055</b>	<b>-78,130</b>	<b>-212,644</b>	<b>-290,774</b>

**Effect of changes in presentation of Net Fair Value on parent company's balance sheet for comparative figures 2014**

SEK 000	30 Sep 2014 (as previously reported)	Effect of changes in presentation of Net Fair Value	30 Sep 2014 (restated)	31 Dec 2014 (as previously reported)	Effect of changes in presentation of Net Fair Value	31 Dec 2014 (restated)
<b>ASSETS</b>						
<b>Non-current assets</b>						
Tangible non-current assets	370		370	317		317
Shares in subsidiaries, joint ventures, associated companies and other long term-securities holdings	1,111,683	-167,500	944,183	1,138,754	-212,644	926,110
Loans receivable from portfolio companies	2,744		2,744	12,062		12,062
Other financial assets	32,746		32,746	33,493		33,493
<b>Total non-current assets</b>	<b>1,147,543</b>	<b>-167,500</b>	<b>980,043</b>	<b>1,184,626</b>	<b>-212,644</b>	<b>971,982</b>
<b>Current assets</b>						
Accounts receivable	576		576	-		-
Receivables from portfolio companies	25		25	895		895
Other current receivables	1,819		1,819	3,103		3,103
Prepaid expenses and accrued income	1,295		1,295	12,364		12,364
Short-term investments	104,416		104,416	128,443		128,443
Cash and cash equivalents	7,915		7,915	12,885		12,885
<b>Total current assets</b>	<b>116,046</b>	<b>0</b>	<b>116,046</b>	<b>157,690</b>	<b>0</b>	<b>157,690</b>
<b>TOTAL ASSETS</b>	<b>1,263,589</b>	<b>-167,500</b>	<b>1,096,089</b>	<b>1,342,316</b>	<b>-212,644</b>	<b>1,129,672</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
<i>Restricted equity</i>						
Share capital	24,266		24,266	26,692		26,692
<i>Unrestricted equity</i>						
Share premium reserve	1,778,253		1,778,253	1,838,918		1,838,918
Accumulated losses	-502,989		-502,989	-502,588		-502,588
Net profit/loss for the period	-57,555	-167,500	-225,055	-78,130	-212,644	-290,774
<b>Total equity</b>	<b>1,241,975</b>	<b>-167,500</b>	<b>1,074,475</b>	<b>1,284,892</b>	<b>-212,644</b>	<b>1,072,248</b>
<b>Long-term liabilities</b>						
Convertible loan	-		-	22,858		22,858
Pension obligations	3,540		3,540	4,286		4,286
<b>Total long-term liabilities</b>	<b>3,540</b>	<b>0</b>	<b>3,540</b>	<b>27,144</b>	<b>0</b>	<b>27,144</b>
<b>Current liabilities</b>						
Accounts payable	3,115		3,115	4,668		4,668
Liabilities to portfolio companies	442		442	442		442
Other current liabilities	1,162		1,162	1,023		1,023
Accrued expenses and prepaid income	13,355		13,355	24,147		24,147
<b>Total current liabilities</b>	<b>18,074</b>	<b>0</b>	<b>18,074</b>	<b>30,280</b>	<b>0</b>	<b>30,280</b>
<b>Total liabilities</b>	<b>21,614</b>	<b>0</b>	<b>21,614</b>	<b>57,424</b>	<b>0</b>	<b>57,424</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,263,589</b>	<b>-167,500</b>	<b>1,096,089</b>	<b>1,342,316</b>	<b>-212,644</b>	<b>1,129,672</b>