Paris, April 28, 2014 – 6pm

2013 revenues of 1,933 K€

2014 first quarter revenues of 503 K€

Cash position of 28.9 M€ as of March 31, 2014

Clinical trial with masitinib in 13 phase 3 studies

AB Science SA (NYSE Euronext - FR0010557264 - AB), a pharmaceutical company specialized in research, development and marketing of protein kinase inhibitors (PKIs), reports today its annual financials as of 31 December 2013, as well as its revenue for the first quarter of 2014, and provides an update on its activities. The Board who met on March 14th, 2014, reviewed and approved the consolidated financial statement for the year closing on 31 December 2013. Audit procedures on consolidated financial statements were performed. The audited financial report is available on the Company's website.

I. Key events of year 2013

In human medecine

- AB Science launched a phase 3 clinical trial in the treatment of Alzheimer's disease with masitinib.

This is an international, multicenter, randomized (1:1:1 ratio), double-blind, placebo controlled, three parallel groups phase 3 study to compare the efficacy and safety of masitinib at two different doses in the treatment of patients with mild to moderate Alzheimer's disease. Study treatment will be given as add-on therapy to patients who have been treated for a minimum of 6 months with a stable dose of cholinesterase inhibitors (rivastigmine) and/or memantine, with no changes foreseen in therapy throughout the study. The study aims at evaluating the effect of masitinib after 24 weeks of treatment on cognition and memory assessed by Alzheimer's Disease Assessment Scale (ADAS-Cog) and on self-care and activities of daily living assessed by Alzheimer's Disease Assessment Cooperative Study Activities on Daily Living (ADCS-ADL) at week-24.

This phase 3 study will enroll approximately 600 patients and follows a phase 2 study, in which masitinib administered as an add-on therapy to standard care during 24 weeks showed promising signs of delaying the rate of cognitive decline of Alzheimer's disease as compared against placebo, with an acceptable tolerance profile. Improvement in cognitive function and functional capacity was seen in the masitinib treatment group, as evident through the sustained and statistically significant response in ADAS-Cog, as well as the mean change in ADAS-Cog and ADCS-ADL values relative to baseline. The phase 2 results have been published: Alzheimers Res Ther. 2011 Apr 19;3(2):16. doi: 10.1186/alzrt75.

In parallel to the conduct of this study, a consortium was formed by AB Science, the Brain and Spine Institute (ICM), the Atomic Energy Commission (CEA), the National Institute of Health and Medical research (Inserm), the Imagine Foundation and Skuldtech, a biotechnology company, aiming at evaluating the role of the mast cell in neuro-degenerative diseases. This consortium benefits from the financial support of Bpifrance, for which the terms are detailed below in the section "Other events".

- AB Science initiated a phase 3 clinical trial in the treatment of Amyotrophic lateral sclerosis with Masitinib.

The clinical development program of masitinib in ALS starts with a phase 2/3 clinical study. It is a prospective, multicenter, randomised, double-blind, placebo-controlled, parallel groups, phase 2/3 study to compare the efficacy and safety of masitinib versus placebo in the treatment of patients suffering from Amyotrophic Lateral Sclerosis (ALS). Study treatment will be given as add-on therapy to patients who have been treated with a stable dose of riluzole. The study aims at evaluating the effect of masitinib on the functional impairment of patients assessed by Amyotrophic Lateral Sclerosis Functional Rating Scale (ALSFRS).

This study will enroll approximately 300 patients and follows encouraging preclinical results obtained in animal models of the disease. In this study, it is assumed that mast cells, which are key immune cells, actively participate to the pathogenesis of ALS, through the release of mediators that sustain the inflammatory network of the central nervous system. Mast cells, which are present in large quantities in the brain and in the spinal cord, could also influence the survival and functions of motor neurons, and thus participate to the pathophysiology of ALS. Since masitinib is a selective inhibitor of c-Kit and Lyn, two kinases that play a major role in the survival and activation of mast cells, it may lead to positive effects on the symptoms of the pathology.

- AB Science initiated a phase 3 study in oncology with masitinib in patients with metastatic colorectal cancer in first relapse.

This is an international, multicenter, randomized, double blind, placebo-controlled, 2-parallel groups, phase 3 study to evaluate the efficacy and safety of masitinib in combination with FOLFIRI (irinotecan, 5-fluorouracil and folinic acid) for second-line treatment of patients with metastatic colorectal cancer. The study will measure overall survival as a primary efficacy criterion. One of the objectives of this phase 3 study in colorectal cancer will be to identify those subgroups that best respond to masitinib, similar to the prospective subgroup analyses previously reported in a pancreatic cancer phase 3 study with Masitinib.

This study will enroll approximately 550 patients and follows encouraging preliminary results from phase 2. Phase 2 recruited 46 patients and tested 3 combinations of masitinib with standard-of-care chemotherapies including FOLFIRI, FOLFOX, and gemcitabine. The masitinib plus FOLFIRI combination proved to be the most efficient and best tolerated one. Median overall survival in the masitinib plus FOLFIRI treatment-arm reached 14.5 months, which compares favorably to published results for FOLFIRI as a single agent at 12.5 months in patients with wild-type KRAS and 11.1 months in patients with mutant KRAS [Peeters et al. 2010].

- AB Science announced that the independent Data and Safety Monitoring Board (DSMB) created as part of the company pivotal clinical study evaluating masitinib in the treatment of mastocytosis has recommended continuation of the study, based upon completion of the futility analysis included in the study protocol.

The analysis was performed with two-thirds of the target population to recruit. The futility analysis was performed by the independent Data and Safety Monitoring Board. It consisted in testing the ability of masitinib to demonstrate superiority over placebo on the primary analysis set in the protocol, based on the EMA guideline on clinical trials in small populations (CHMP/EWP/83561/2005).

The fact that the phase 3 study in mastocytosis passed futility analysis is in line with phase 2 results.
Two phase 2 studies enrolled 46 patients suffering from systemic mastocytosis. Masitinib decreased the flush frequency by 54%, decreased the pruritus score by 45%, improved the depression status by 40% and decreased the fatigue score by 52% from baseline. The two studies generated results consistent with each other despite the fact that the first one enrolled patients without the c-kit 816

mutation and the second one enrolled patients with this mutation, suggesting that masitinib acts by inhibiting not only c-Kit but also Lyn, in blocking the release of the mediators by the mast cell.

Mastocytosis comes in two main forms: indolent and aggressive. Indolent mastocytosis can be either cutaneous or systemic. The prevalence of Indolent Systemic Mastocytosis (ISM) is estimated at between 1/40,000 and 1/20,000 of the general population. Indolent Systemic Mastocytosis is an orphan disease with no approved drug currently registered. Masitinib received orphan drug status designation in mastocytosis, both from EMA and FDA.

- AB Science received a first negative opinion from the Committee for Medicinal Products for Human Use (CHMP) of the European Medicine Agency (EMA) for authorization of the use of Masitinib for the treatment of malignant gastrointestinal stromal tumour (GIST) resistant to first line treatment. AB Science appealed this decision. CHMP confirmed its first decision (see below section 2 on recent events since the closing of the financial year).

In 2012, AB Science announced encouraging results for its phase 2 clinical trial for the use of Masitinib in second line for the treatment of GIST resistant to first line treatment with imatinib. In this randomized, controlled study, with 44 patients (23 of which were treated with masitinib, and 21 of which were treated with sunitinib), after median follow-up of 26 months, median survival in this trail was 29.8 months for patient treated with masitinib after resistance to first line treatment with imatinib, vs. 17.4 months for patient treated with sunitinib after resistance to first line treatment with imatinib (HR = 0.40 (95% CI = [0.16; 0.96]; p-value = 0.033). Survival rate after 2 years was 65.2% for patients treated with masitinib, vs. 38.1% for patients treated with sunitinib. Survival rate after 3 years was 41.7% for patients treated with masitinib, vs. 27.2% for patients treated with sunitinib. As far as safety data are concerned, the study showed that masitinib is significantly better tolerated than sunitinib, and showed an improvement in patients' quality of life.

Following these results, AB Science initiated a phase 3 study for the use of Masitinib in second line for the treatment of GIST, and filed in parallel for conditional authorization of Masitinib in this indication.

The Commission Regulation (EC) No 507/2006 of 29 March 2006 on the conditional marketing authorization for medicinal products for human stipulates in its preamble that *"In the case of certain categories of medicinal products, […], in order to meet unmet medical needs of patients and in the interests of public health, it may be necessary to grant marketing authorizations on the basis of less complete data than is normally the case and subject to specific obligations, hereinafter 'conditional marketing authorizations'. The categories concerned should be medicinal products which aim at the treatment, prevention or medical diagnosis of seriously debilitating or life-threatening diseases"*. In order to grant the conditional authorization, it is necessary that the risk-benefit balance is positive, *"Although the data upon which an opinion on a conditional marketing authorization is based may be less complete"*. The conditional authorization is subject to mandatory confirmatory clinical trial to ensure that the risk-benefit balance of the treatment in this indication is positive.

The CHMP considered that the study did not provide enough evidence to be confident that the overall survival benefit was robust and that the safety profile was sufficiently characterized, and therefore considered that the benefits of masitinib did not outweigh its risks. The CHMP therefore adopted a negative first opinion regarding the conditional authorization of Masitinib in second line for the treatment of GIST.

AB Science appealed this decision. CHMP confirmed its first decision during the first quarter 2014, as detailed in section 2 hereafter.

This decision does not affect the perspective to obtain marketing authorization of masitinib in this indication. AB Science intends to file for marketing authorization with data from the phase 3 confirmatory study that is currently recruiting patients in second-line treatment of GIST.

- AB Science received negative opinion from the Committee for Medicinal Products for Human Use (CHMP) of the European Medicine Agency (EMA) for the conditional approval of Masitinib in the treatment of pancreatic cancer. AB Science appealed this decision and reviewing process is currently ongoing.

In 2012, AB Science announced results for its phase 3 clinical trial in the treatment of pancreatic cancer with masitinib. This randomized 1:1, controlled, phase 3 study on 350 patients, showed that the association gemcitabine + masitinib demonstrated significant improvement of overall survival vs. gemcitabine alone, for two subgroups of patients: patients with pain and patients with a genomic biomarker (GBM). In the first subgroup of patients, identified on pain intensity, median of survival increased by 2.6 months (8.0 months with masitinib + gemcitabine vs. 5.4 months with gemcitabine alone, HR [95% CI] = 0.61 [0.42; 0.88], *p*-value=0.012). In the other subgroup, identified on GBM, median of survival increased by +8.2 months (12.9 months with masitinib + gemcitabine vs. 4.8 months with gemcitabine alone, HR [95% CI] = 0.17 [0.09; 0.33] *p*-value< 0.001).

Following these results, AB Science filed for conditional approval of Masitinib in the treatment of pancreatic cancer.

The CHMP mentions three concerns that create uncertainties: i) the failure of the study in the overall population and the need to confirm the benefit in the subgroups since according to CHMP the study was not designed to show benefit in these smaller groups, ii) the increased toxicity of the combination of masitinib and gemcitabine as compared to gemcitabine alone, and iii) concerns about the quality of the product, and in particular patient exposure to insufficiently controlled impurities, which has been resolved since then.

AB Science appealed this decision, and the decision from CHMP is expected during the second quarter 2014.

<u>Other events</u>

- A bond loan agreement, convertible or reimbursable in ordinary shares, for a total nominal value of 12,508,232 €, authorized by the Board of Directors on 24 May 2013, making use of the delegation given by the General Shareholder's Meeting of 30 March 2012, has been fully subscribed and paid beginning June 2013. The bonds are convertible into shares, or repayable in ordinary shares or in cash under certain conditions; if not, they will be repaid in cash on the seventh anniversary of the issue date at their nominal value.

  The bonds are categorized according to their main characteristics:

  - A first group of bonds for a total nominal value of 10,658,148.80 € bears a 0.21% average annual interest rate, a 2.5% accrued interest rate (payable only in case of repayment at maturity) and a price per share of 23.53 € in case of conversion.

  - A second group of bonds for a total nominal value of 1,850,119.20 € bears a 0.00% average annual interest rate, a 2.5% accrued interest rate (payable only in case of repayment at maturity) and a price per share of 29.30 € in case of conversion

- AB Science used twice in 2013 the equity financing facility (PACEO) set up with Société Générale on 3 May 2012.

  As a reminder, for this PACEO, Société Générale has subscribed warrants issued by AB Science (bons d'émission d'actions, or "BEA") that AB Science may exercise at its sole discretion, with the view to enabling the Company to carry out successive capital increases representing a

maximum of 2,000,000 shares (approximately 6.3% of the current share capital). AB Science will decide to issue shares in accordance with its actual financing requirements over the next 3 years, in tranches of up to 400,000 shares (i.e. 1.3% of the current share capital). The issue price of the shares at the time of each capital increase will represent a 5% discount on the weighted average share price for the three trading days preceding the pricing date. When issued, the shares are not intended to be kept by Société Générale, which aims at selling them in the market.

- On the 14th of November 2013, AB Science has decided to proceed with the issue of 256,000 new shares for the price of €19.47 per share
- On the 5th of December 2013, AB Science has decided to proceed with the issue of 330,000 new shares for the price of €15.12 per share

Therefore, as of 31st of December 2013, 586,000 new ordinary shares with a nominal amount of 0.01 euro have been issued through this PACEO, resulting in a capital increase of 5,680 euros. The number of new shares to be potentially issued though a new use of the PACEO before 3rd of May 2015 is 1,414,000.

- The consortium created by AB Science as part of a research and development program and gathering together the Brain and Spine Institute (ICM), the Atomic Energy Commission (CEA), the National Institute of Health and Medical Research (Inserm), Imagine Foundation and the biotechnology company Skuldtech received €8.6 million from Bpifrance in July 2013. AB Science will receive a €5.9 million as a part of this package, in the form of grants (160 K€) and repayable advances (5,764K€).

  In case of project success, materialized by the marketing authorization of masitinib in neurology, the reimbursement by AB Science covers:
  - Repayment of 5,764 K€ over a period of four years from 30 June 2020
  - Payment of a 1% interest on turnover within the limit of 7 M€ over the following three years

- Following the exercise of BSCPEs and BSAs (stock warrants), 652,680 shares of 0.01 euro nominal value were issued in 2013, resulting in a 6,526.8 euros capital increase.

II. Recent events since the closing of the financial year

In human medicine

- The Committee for Medicinal Products for Human Use (CHMP) of the European Medicine Agency (EMA) has adopted a negative opinion on the conditional marketing authorization for Masican (Masitinib mesylate) for the treatment of malignant gastrointestinal stromal tumor (GIST) resistant to first-line treatment. This decision is on the appeal filed by AB Science following a previous negative opinion adopted by the CHMP in November 2013.

The CHMP considered that the study did not provide enough evidence to be confident that the overall survival benefit was robust and that the safety profile was sufficiently characterized, and therefore considered that the benefits of masitinib did not outweigh its risks.

AB Science indicated to stay in disagreement with the CHMP conclusion since there is strong evidence indicating the risk-benefit balance was in fact positive since pivotal study AB07001 was an unbiased randomized trial demonstrating a statistically superior safety profile for masitinib with respect to the active comparator. Furthermore, the trial's primary analysis was successful and secondary analysis revealed a statistically significant increase of 12 months in median overall survival for the masitinib

treatment-arm, a result that represents an unbiased estimate of the impact of addition of masitinib to the current standard of care in this rare and life-threatening disease.

The cornerstone of the appeal process was to explain that the observed increase in survival with no difference on the control of tumor progression was mainly due to masitinib's mechanism of action based on immune response. Regretfully according to AB Science, this new masitinib's mechanism of action has not been sufficiently investigated by the Scientific Advisory Group (SAG) and has not been sufficiently taken into account in the decision taken by the CHMP.

The CHMP, in a conservative manner, based its decision on the guideline applicable for full marketing authorization rather than on the guideline applicable for conditional marketing authorization

This decision does not affect the perspective to obtain marketing authorization of masitinib in this indication. AB Science intends to file for marketing authorization with data from the phase 3 confirmatory study that is currently recruiting patients in second-line treatment of GIST.

- Launch of a new phase 3 in first line treatment of metastatic Castrate Resistant Prostate Cancer (mCRPC)

This is an international, multicenter, randomized, double blind, placebo-controlled, 2-parallel groups, phase 3 study to compare the efficacy and safety of masitinib in combination with docetaxel to placebo in combination with docetaxel in first line metastatic Castrate Resistant Prostate Cancer (mCRPC). The study will measure overall survival as a primary efficacy criterion.

This study will enroll approximately 550 patients and follows encouraging results from an exploratory phase 2 study of 34 patients in second line treatment of metastatic Castrate Resistant Prostate Cancer. The phase 2 tested the combination of masitinib with docetaxel, which had an acceptable safety profile. Median overall survival in the masitinib plus docetaxel treatment-arm reached 18.4 months, which compares favorably to a meta-analysis of OS of 13.8 months in second line treatment of mCRPC before the recent arrival of Enzalutamide. Taking into account the median OS of 18.4 months of Enzalutamide, the meta-analysis of median OS reaches 14.4 months. Because docetaxel is the standard of care in first line treatment of mCRPC, and because the combination of masitinib and docetaxel has an acceptable safety profile, the phase 3 study was designed in first line treatment.

With this new study, Masitinib is now currently developed in 13 phase 3 indications (7 in oncology, 3 in inflammatory diseases, and 3 in neurodegenerative diseases) and in 9 oncology indications in phase 2.

Clinical development has been initiated in more than 25 countries, without any licensing agreement. Therefore, AB Science has retained full ownership of masitinib.

Area	Indication	Study	Status
Oncology / Hematology	GIST in first-line treatment	Phase 3	On-going
	GIST in second-line treatment	Phase 3 confirmatory	On-going
	Metastatic melanoma with JM mutation of c-KIT	Phase 3	On-going
	Relapsed metastatic colorectal cancer	Phase 3	On-going
	Relapsed multiple myeloma	Phase 3	On-going
	Metastatic Castrate Resistant Prostate Cancer in first line	Phase 3	On-going
	Pancreatic cancer	Phase 3 confirmatory	Launching stage
	Relapsed metastatic non-small cell lung cancer	Phase 2	On-going
	Relapsed metastatic triple negative breast cancer	Phase 2	On-going
	Relapsed metastatic non triple negative breast cancer	Phase 2	On-going
	Relapsed metastatic melanoma	Phase 2	On-going
	Relapsed metastatic liver cancer	Phase 2	On-going
	Relapsed metastatic gastric cancer	Phase 2	On-going
	Relapsed metastatic head and neck cancer	Phase 2	On-going
	Relapsed glioblastoma multiforme	Phase 2	On-going
	Relapsed peripheral T-cell lymphoma	Phase 2	On-going
Non Oncology	Indolent Systemic Mastocytosis	Phase 3	On-going
	Non controlled severe asthma	Phase 3	On-going
	Refractory rheumatoid arthritis	Phase 3	On-going
	Alzheimer's disease	Phase 3	On-going
	Progressive forms of multiple sclerosis	Phase 3	On-going
	Amyothrophic Lateral Sclerosis	Phase 3	On-going

2014 first quarter revenue

AB Science revenues in the first quarter of 2013 amounted to €503 thousand versus €571 thousand in the first quarter of 2012, down 12%.

These revenues derive from the commercial exploitation of masitinib in veterinary medicine in Europe and in the United States.

The decrease in sales in the 2014 first quarter results from the surplus in revenues observed in the 2013 first quarter due stock building of the new masitinib distributors during the first quarter of 2013. Therefore, comparison between both quarters is not relevant.

2014 first quarter cash position

Total of cash and current financial assets amount to 28,901 K€ at 31 March 2014, as compared with 31,445 K€ as at 31 December 2013.

This total amount of cash includes the 2,646K€ repayable advance paid by Bpifrance in January 2014, as part of project entitled ROMANE (ROle of MAst Cells in NEurology) for the development of a new therapy in Alzheimer's disease.

2014 first quarter other events

- The proposed revisions from the Public Finance Department for years 2007 to 2012 and relative to the exclusion by the Tax Administration of employee profit-sharing in the tax base for the research tax credit calculation have been invalidated by the State Council. The implementation of this decision will result in the cancellation of the booked accruals as of 31st of December 2014 (678 K€), a repayment of 217 K€ for the year 2012 and the lifting of bank guarantee (554 K€).

The total amount of proposed revisions from the Public Finance Department for years 2007 to 2012 amounted to 1,511 K€, including 1,106 K€ related to the exclusion by the Tax Administration of employee profit-sharing in the tax base for the research tax credit calculation.

The company appealed to the Administrative Court in September 2013 for tax revision for the years 2007, 2008, 2009 and 2012. A contentious claim was sent in November 2013 regarding revisions for years 2010 and 2011.

Considering these revisions regarding employee profit-sharing, a 553 K€ accrual and a 125 K€ accrual for tax risk were booked for 2013.

The decision of the State Council dated 12 of March 2014 confirmed the position of the Court of Appeal of Nantes made on the 12th of December 2012, considering the employee profit-sharing as part of salary and therefore eligible for research tax credit. The implementation of this decision will result in the cancellation of the booked accruals as of 31st of December 2014 (678 K€), a repayment of 217 K€ for the year 2012 and the lifting of bank guarantee (554 K€).

III. 2013 and 2012 consolidated financial statements

(in thousands of euros)	Dec 31st, 2013	Dec 31st, 2012
Revenues from Sales	1 933	1 340
Other operating revenues	0	0
Total operating income	1 933	1 340

As of December 31st 2013, revenues amounted to 1 933 K€, against 1 340 K€ last year, consisting exclusively of sales related to the drug in veterinary medicine. This represents a growth of 44.2%.

(in thousands of euros)	Dec 31st, 2013	Dec 31st, 2012
Cost of goods sold	331	238
Marketing costs	1 425	1 080
Administrative costs	1 830	1 909
R&D costs	12 118	8 725
Other operating expenses	0	0
Total operating expenses	15 705	11 953

As of 31 December 2013, operating expenses amounted to 15 705 K€, against 11 953 K€ last year, an increase of 31.4%.
As of 31 December 2013, marketing expenses amounted to 1 425 K€, against 1 080 K€ last year, an increase of 31.9%.
As of 31 December 2013, administrative expenses decreased by 4.1%, from 1 909 K€ last year to 1 830 K€.

The cost of research and development increased by 38.8%, from 8 725 K€ on 31 December 2012 to 12 118 K€ on 31 December 2013. This increase (3 393 K€) is mainly explained by:

- The increase in other research and development expenses (5 299 K€) due to the development of clinical studies and start-up of phase 3 studies.
- The increase in research tax credit, which rose from 2 810 K€ on 31 December 2012 to 4 716 K€ on 31 December 2013 (+1 906 K €).
  Indeed, on 31 December 2012, the calculation basis of the tax credit was reduced by 3 056 K€ after taking into account grants and pre-payments received during the period in the calculation base, resulting in a decrease of 917 K € on the research tax credit. Advances will be added to the calculation basis during the year of their reimbursement.
  In addition, research and development expenses eligible for the research tax credit increased by 3 297 K€, resulting in an increase of 989 K € of the research tax credit as of 31 December 2013.

Operating profit/loss

The operating loss as of 31 December 2013 amounted to 13 772 K€ thousand, against 10 613 K€ thousand as of 31 December 2012, which represents an increase of the operating loss by 3 159 K€ (29.8%) for the reasons indicated above.

Financial profit/loss

The financial result as of 31 December 2013 is a loss of 887 K€, against 411 K€ last year. Financial expenses, excluding currency effects and effect of discounting, rose from 448 K€ as of 31 December 2012 to 871 K€ as of 31 December 2013, an increase of 423 K€. This increase is mainly due to the issuance of new bonds in 2013. Capitalized interest related to bonds amounted to 674 K€ as of 31 December 2013 against 334 K€ as of 31 December 2012, an increase of 340 K€. Moreover, following the conversion in 2012 of the bonds subscribed in 2011, a total of 130K€ in capitalized and accrued interest was cancelled in 2012.
Lower annual interest rate of new bonds reduced annual interest, which amounted to 128 K€ as of 31 December 2013 against 159 K€ as of 31 December 2012, a decrease of 31 K€.
In 2013, interest earned from the investment of bonds exceeded the interest payable annually.

Net profit/loss

The net loss amounted, as of 31 December 2013, to 14 611 K€ against 10 985 K€ at 31 December 2012, an increase of 33%, for the reasons mentioned above.

IV. Consolidated balance sheet information

Assets

Given the expected sales perspectives, development costs were expensed. Fixed assets correspond essentially to the cost of registration of the Company's patents. Registration costs of the Company's patents booked as net fixed assets increased by 1.9% as of 31 December 2013, from 1 254 K€ as of 31 December 2012 to 1 278 K€ as of 31 December 2013.

Inventories amounted to 349 K€ as of 31 December 2013 as compared to 523 K€ as of 31 December 2012. They are related to the inventory of work-in-progress products (116 K€) and to the inventory of finished products (233 K€).

Trade receivable increased from 149 K€ at the end of 2012 to 249 K€ as of 31 December 2013. This increase was induced by the increase in sales.

Current financial assets increased by 61.5% between 31 December 2012 and 31 December 2013, from 11 706 K€ to 4 504 K€. These financial assets correspond mainly to cash instruments, the term of which is beyond 3 months.

Other current assets of the Company amount to 9 532 K€ as of 31 December 2013, compared to 3 837 K€ as of 31 December 2012, which represents an increase of 148.4% over the period (5 695 K€).
This is explained by:

- Increase in the amount of research tax credit receivable (4 716 K€ as of 31 December 2013 against 2 810 K€ as of 31 December 2012, an increase of 1 906 K€)
- Increase in the conditional advances receivable from BPI France (3 129 K€)
- Increase in grants receivable from BPI France (276 K€)

Cash rose by 129.4% between 31 December 2012 and 31 December 2013, from 11 746 K€ to 26 941 K€, mainly because of the bond fully subscribed and paid in June 2013 for a total amount of 12.5 million euros and the warrants issuance under PACEO for 9.6 million euros.

The total cash and financial current assets amounted to 31 445 K€ as of 31 December 2013 compared to 23 452 K€ as of 31 December 2012.

Liabilities

Funding used by the Company comes mainly from capital increases and various public aids (research tax credits, reimbursable advances and subsidies), and issue of bond loan agreements.

The table hereafter shows the change in the Company's equity between 31 December 2012 and 31 December 2013.

(in thousands of euros) – IFRS norms	Company Equity
Equity as of 31 December 2012	4 899
Capital increases and additional paid-in capital net of issuance costs	9 842
Total profit/loss over the period	(14 583)
Conversion options	105
Payments in shares	78
Equity as of 31 December 2013	341

As of 31 December 2013, the Company's net equity amounted at 341 K€.

Over the last 2 years, the main variations, except for the annual profits/losses, derived from the capital increases in 2013 and 2012 respectively for 9 842 K€ and 7 676 K€.

Current liabilities amount to 12 574 K€ as of 31 December 2013, compared to 9 710 K€ at the end of 2012, which represents an increase of 29.5%.
This increase (2 864 K€) is explained in particular by:

- increase in current accruals (315 K€) related to the adjustment of the tax accrual;
- increase in trade payable (2 669 K€);
- decrease in current financial liabilities (161 K€) related to the reimbursement of conditional advances;
- increase in other current liabilities (41 K€), mainly related to the increase of social debt.

Non-current liabilities mainly comprise bonds (21 357 K€) with a maturity of more than two years, two bank loans of 704 K€ and conditional advances. They amount to 30 719 K€ on 31 December 2013 against 15 373 K€ on 31 December 2012, an increase of 15 346 K€ due in particular to the release of a new bond.

V. Foreseeable evolution of the Group's situation and future prospects

In 2014, AB Science continues to allocate most of its resources to the development of masitinib, the most advanced molecule of the Company. Thirteen phase 3 studies in human medicine are ongoing, including GIST first line and second line, metastatic melanoma expressing JM mutation of c-Kit, multiple myeloma, colon cancer metastatic relapsed, prostate cancer metastatic, pancreatic cancer (confirmatory study initiation phase), mastocytosis, severe persistent asthma, rheumatoid arthritis, progressive multiple sclerosis, Alzheimer's disease, amyotrophic lateral sclerosis. In addition to this phase 3 program, an extensive program of phase 2 is ongoing, primarily in oncology. In case of positive results, phase 3 studies should be initiated as a result of these two phases.

The Company has filed an application for conditional approval of masitinib in the treatment of pancreatic cancer. The European Medicines Agency has issued a first negative recommendation and the company appealed this decision. In the event of a change in the decision to a positive recommendation, AB Science will be in a position to start masitinib marketing in this indication. Otherwise, AB Science will have to wait for the result of the confirmatory study before resubmission of authorization request, which could take several years.

In the meantime, new results from clinical studies in phase 3 are expected, starting with the results of the phase 3 study in mastocytosis. In case of positive results of this study, the company expects to file for marketing authorization in this indication.

The Company also continued to invest in the activities of drug discovery to supply its portfolio of molecules and anticipates, subject to the availability of financial resources, to begin the regulatory preclinical studies of new molecules from its own research program.

VI. Next financial appointments in 2014

Financial communication on 1st semester 2014: August 29, 2014
General Shareholders' Meeting: June 24, 2014

Find our complete 2013 financial report on www.ab-science.com

About AB Science
Founded in 2001, AB Science is a pharmaceutical company specializing in the research, development and commercialization of protein kinase inhibitors (PKIs), a new class of targeted molecules whose action is to modify signaling pathways within cells. Through these PKIs, the Company targets diseases with high unmet medical needs (cancer, inflammatory diseases, and central nervous system diseases), in both human and veterinary medicines.

AB Science has developed a proprietary portfolio of molecules and the Company's lead compound, masitinib, has already been registered for veterinary medicine in Europe and in the USA, and is pursuing thirteen phase 3 studies in human medicine in first-line and second-line GIST, metastatic melanoma expressing JM mutation of c-Kit, multiple myeloma, metastatic colorectal cancer, metastatic prostate cancer, pancreatic cancer, mastocytosis, severe persistent asthma, rheumatoid arthritis, Alzheimer's disease, progressive forms of multiple sclerosis, and Amyotrophic Lateral Sclerosis. The company is headquartered in Paris, France, and listed on Euronext Paris (ticker: AB).

Further information is available on AB Science website: www.ab-science.com.

This document contains prospective information. No guarantee can be given as for the realization of these forecasts, which are subject to those risks described in documents deposited by the Company to the Authority of the financial markets, including trends of the economic conjuncture, the financial markets and the markets on which AB Science is present.

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AB Science – Financial Communication & Media Relations
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FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

Assets ***(in thousands of euros)***	Note	31/12/2013	31/12/2012
Intangible assets	6	1 290	1 266
Tangible assets	7	189	106
Non-current financial assets	11	581	649
Other non-current assets	10	0	0
Deferred tax assets		0	0
Non-current assets		2 060	2 020
Inventories	8	349	523
Trade receivable	9	249	149
Current financial assets	11	4 504	11 706
Other current assets	10	9 532	3 837
Cash and cash equivalent	12	26 941	11 746
Current assets		41 573	27 962
TOTAL ASSETS		**43 633**	**29 982**

Liabilities ***(in thousands of euros)***	Note	31/12/2013	31/12/2012
Share capital	13	329	323
Additional paid-in capital		85 328	75 493
Translation reserve		34	5
Other reserves and results		(85 351)	(70 922)
Total equity attributable to equity holders of the Company		341	4 899
Non-controlling interests			
Total equity		341	4 899
Non-current provisions	14	363	292
Non-current financial liabilities	15	29 650	14 373
Other non-current liabilities	16	0	0
Deferred tax liabilities		705	708
Non-current liabilities		30 719	15 373
Current provisions	14	1 133	818
Trade payable		8 455	5 786
Current financial liabilities	15	1 027	1 188
Tax liabilities / Tax payable		0	0
Other current liabilities	16	1 959	1 918
Current liabilities		12 574	9 710
TOTAL EQUITY AND LIABILITIES		**43 633**	**29 982**

STATEMENT OF COMPREHENSIVE INCOME 31 DÉCEMBER 2013

(in thousands of euros)	Note	31/12/2013	31/12/2012
Revenue	17	**1 933**	**1 340**
Other operating revenues		0	0
Total revenues		**1 933**	**1 340**
Cost of sales		(331)	(238)
Marketing expenses		(1 425)	(1 080)
Administrative expenses		(1 830)	(1 909)
Research and development expenses		(12 118)	(8 725)
Other operating expenses		-	-
Operating income (loss)		**(13 772)**	**(10 613)**
Financial income		282	490
Financial expenses		(1 169)	(901)
Financial income (loss)		**(887)**	**(411)**
Income tax expense		48	39
Net income (loss)		**(14 611)**	**(10 985)**
Other comprehensive income Items that will not be reclassified subsequently to net income : **….** Items that should be reclassified subsequently to net income: - Translation differences – Foreign operations		29	17
Other comprehensive income for the period net of tax		**29**	**17**
Total comprehensive income for the period		**(14 583)**	**(10 968)**
Net income for the period attributable to : - Attributable to non-controlling interests - Attributable to equity holders of the parent Company		- (14 611)	- (10 985)
Comprehensive income for the period attributable to : - Attributable to non-controlling interests - Attributable to equity holders of the parent Company		- (14 583)	- (10 968)
Basic earnings per share - in euros	23	(0,45)	(0,34)
Diluted earnings per share - in euros	23	(0,45)	(0,34)

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	31/12/2013	31/12/2012
Net income (loss)	(14 611)	(10 985)
- Adjustment for amortization and charges to provisions	721	405
- Adjustment for income (loss) from asset sales	0	0
- Non-cash income and expenses linked to share-based payments	78	67
- Other non-cash income and expenses	67	166
- Adjustment for income tax expense	(55)	24
- Adjustment for change in deferred tax	0	0
- Impact of change in working capital requirement generated by operating activities	220	4 016
- Income from interest on financial assets	745	160
- Cash flow from operations before tax and interest	**(12 835)**	**(6 147)**
- Income Tax (paid) / received	0	(64)
Net cash flow from operating activities	**(12 835)**	**(6 211)**
Acquisitions of fixed assets	(433)	(324)
Sales of tangible and intangible assets	0	0
Acquisitions of financial assets	(4 500)	(12 154)
Proceeds from the sale and financial assets	11 671	8 500
Changes in loans and advances	0	0
Interest received / (paid)	195	185
Other cash flow related to investing activities	0	0
Net cash flow from investing activites	**6 934**	**(3 793)**
Dividends paid		
Capital increase (decrease)	9 842	291
Issue of loans and receipt of conditional advances	12 508	11 201
Repayments of loans and conditional advances	(1 282)	(1 650)
Other cash flows from financing activities	0	85
Net cash flow from financing activites	**21 068**	**9 926**
Effect of exchange rate fluctuations	29	17
Effect of assets held for sale	0	0
Impact of changes in accounting principles	0	0
Net increase (decrease) in cash and cash equivalents – by cash flows	**15 195**	**(61)**
Cash and cash equivalents – opening balance	11 746	11 808
Cash and cash equivalents – closing balance	26 941	11 746
Net increase / decrease in cash and cash equivalents – by change in closing balances	**15 195**	**(61)**