Press release November 8, 2013

Interim Report for Kancera AB (publ) Q3 2013

January 1 – September 30, 2013

All figures from the first quarter 2013 relate only to Kancera AB as a consequence of the liquidation of the subsidiary iNovacia AB in the beginning of 2013. Therefore there are no consolidated accounts for the Kancera Group produced which was done until the accounting year 2012. In connection with this Kancera has passed from the RFR2 regulations, applicable to companies in groups, to BFN´s complementary regulation K3. The full year report and consolidated accounts fulfill the requirements of Nasdaq OMX First North for the accounting of Kancera AB. The transition to K3 did not affect the income statement or the balance sheet for 2012. The result for the period January 1, 2013 - September 30, 2013 and the balance sheet as of September 30, 2013 correspond to those accounted for according to earlier accounting principles. Comparative figures from the preceding year relate to the mother company Kancera AB.

The period January to September and the third quarter 2013 in brief

- R&D expenses for the quarter totaled SEK 5.4m (SEK 14.4m) of which the third quarter constitute SEK 1.8m (SEK 2.4m).
- Operating income for the period totaled SEK -8.3m (SEK -19.5m) of which the third quarter constitute SEK -2.7m (SEK -3.8m).
- Income after financial items for the period totaled SEK -5.3m (SEK -19.5m) of which the third quarter constitute SEK -2.7m (SEK -3.8m).
- Earnings per share for the period were SEK -0.16 (SEK -1.28) of which the third quarter constitute SEK -0.08 (SEK -0.25).
- The income after financial items and earnings per share was affected by a profit of SEK 3m that occurred when realizing a claim acquired to a value less than the nominal amount. The claim has been recognized as income during the first quarter.
- Cash flow from operating activities for the period totaled SEK -9.0m (SEK -20.4m) of which the third quarter constitute SEK -1.9m (SEK -5.2m).
- Equity as of September 30, 2013 totaled SEK 9.4m (SEK 9.2m) or SEK 0.29 (SEK 0.61) per share. The equity/assets ratio as of September 30, 2013 was 72 percent (85 percent).
- Cash and cash equivalents as of September 30, 2013 totaled SEK 2.1m (SEK 2.2m). Vinnova, Sweden´s Innovation Agency awarded Kancera´s ROR project a non-refundable grant of SEK 0.5m. The assessment of the Board is that additional financing is necessary in order to perform planned projects during 2013 and 2014. See also under "Comments on the financial development".

Significant events during the period

- Kancera reported through an update of the project portfolio that
  - Publications during the conference “American Society for Hematology” (ASH) in Atlanta, USA, from Kancera, its co-founder Professor Håkan Mellstedt at the Karolinska Institutet, and researchers at University of California, San Diego, showed the importance of ROR in the development of new pharmaceuticals against the most common forms of chronic and acute leukemia (CLL and AML, respectively).
  - Further patent protection investments in the ROR project were made by the registration of an international patent application (PCT/EP2013/051772) during January 2013. During the third quarter this application was revoked and replaced with a new patent application EP13180941.0. Further, Kancera acquired exclusive rights to a patent application on human monoclonal antibodies (WO 2012/076727).

The acquisition of the patent rights is based on an agreement with Bioinvent that does not involve any financial burden for Kancera (except future patent expenses) before revenues are generated.

- Complementing analyses of Kancera´s earlier results showed that the level of inhibition of the PFKFB3 protein within the cancer cell correlates well with the growth inhibition observed in both cancer cells as in a whole tumor. This further strengthens PFKFB3 as a target for cancer treatment.

- Kancera reported that agreements have been reached with the purpose to enable Kancera´s new smaller organization access to a state-of-the-art laboratory. The agreements include an agreement with
  - Humlegården Fastigheter AB on the lease of smaller and more cost effective laboratories that are better adapted to the size and budget of the ROR project.
  - Sobi AB to take over Sobi AB:s SEK 5m claim on iNovacia. This claim is secured by for instance iNovacia´s laboratory equipment and instruments via a floating charge on assets. The claim and the floating charge on assets was taken over against a payment to Sobi AB amounting to SEK 2m.
- Kancera reported that a decision was taken to terminate the reconstruction of iNovacia due to uncertainty regarding the possibilities to create external revenues that would allow the continued operation of iNovacia. Against this background, the company applied for bankruptcy and was declared bankrupt on February 21. Kancera has not provided financial guarantees relating to iNovacia.
- Kancera reported that the company has finalized a new and more effective organization. A complete arsenal of instruments and an internationally competitive library of drug prototypes have been acquired from the iNovacia bankrupt´s estate. In parallel key persons have been recruited for the further development of a ROR-targeted drug against cancer. This combined resource is now operational in specially equipped laboratories at Karolinska Institutet Science Park.
- Kancera announced that a collaboration has been initiated with Professor Thomas Kipps and his research team at the University of California, San Diego. During the collaboration Kancera will provide its diagnostic antibodies that constitute a tool for Professor Kipps´group in order to demonstrate how activation of ROR1 correlates with the properties of aggressive cancer forms.
- New knowledge on how Kancera´s ROR inhibitors are metabolized in the liver provides important information on how to develop the synthesis of effective ROR inhibitors in order to deliver a drug candidate in 2013 according to plan.
- Kancera together with an international research team reported progress in the development of a drug against a serious parasitic disease. Kancera owns together with its partners in the project, the rights to jointly developed drugs against schistosomiasis.
- Kancera announced the initiation of a collaboration with Professor Thomas Helleday and his research group at Karolinska Institutet and the Science for Life Laboratory (SciLifeLab) in order to advance unique research on energy metabolism in cancer and Kancera´s PFKFB3 project. Within the collaboration Kancera retains exclusive ownership of its PFKFB inhibitors. An agreement has been reached between Kancera and the researchers providing Kancera exclusive rights to acquire inventions that may arise within the framework of the collaboration. Professor Thomas Helleday is a highly regarded expert in the area of intractable cancer. He leads an interdisciplinary research team that conducts translational research aimed at understanding the fundamental questions about the occurrence of cancer and the development of new drugs for cancer treatment.
- On May 28, 2012 the Annual General Meeting approved the Board's proposal to authorize the Board, on one or several occasions until the next Annual General Meeting, to issue new shares against payment in cash and or in kind or by set-off. The total number of shares which may be issued under this authority shall not exceed 25 percent of the total number of shares. The authorization has not yet been used.
- Kancera announced that the company has been awarded a grant of SEK 500,000 and with the possibility of an additional SEK 1,000,000 for further development of the ROR project. The grant was awarded by the Swedish Innovation Agency VINNOVA which had identified Kancera as a young, innovative company with growth potential. Kancera´s ROR project attacks cancer via a novel mechanism and is considered highly innovative.
- Kancera reported progress in the development of a ROR-inhibiting cancer drug.

  - The compound KAN0439365 has been shown to be effective against cancer cells from patients that are treatment-resistant today and has shown good metabolic stability in human liver cells and blood. KAN0439365 is the first in a new generation of ROR inhibitors to meet the requirements that the company places on a candidate drug in these respects

  - Kancera continues development of a compound to be used in efficacy and safety studies in animals.

  - Kancera has registered a new patent application EP13180941.0 for small molecule ROR inhibitors and registered national applications for human monoclonal antibodies against ROR in the U.S., Europe, India and China.

- Kancera announced that the European Union Seventh Framework Programme has awarded Kancera € 950,000 for the development of drugs to treat severe parasitic diseases. From February 2014, Kancera together with international research groups in the project A-PARADDISE, will develop drugs against malaria, schistosomiasis, leishmaniasis and Chagas disease. The total budget for the three-year project is 6 M€ of which Kancera´s part of ca € 950,000, is the largest.
- Kancera announced the initiation of a collaboration with Professor Rolf Lewensohn and his research group at Cancer Centre Karolinska (CCK) in order to develop therapies that will increase the sensitivity of tumors for chemo- and radiotherapy for several solid tumors. During the collaboration Kancera´s researchers will, on behalf of the research team at CCK, assist with analysis and evaluation of drug properties of active substances which affect the ability of tumors to resist chemo- and radiotherapy induced DNA damage.

Significant events after the end of the reporting period

- Kancera AB has announced the decision, authorized by the Extraordinary General Meeting on October 30 to conduct a rights issue of approximately SEK 16.1m with preferential rights for existing shareholders. The issue is scheduled to include the subscription of units in Kancera AB with the condition that each old share gives the holder the right to subscribe for one (1) unit à 0.50 SEK/unit. Each unit is intended to contain one (1) new share and one (1) warrant where two warrants entitle the holder to subscribe for one (1) new share at 0.75 SEK/share. The term of the warrant is scheduled to extend until 31 May 2014. The warrant is intended to be listed in parallel with the stock.

- Kancera announces in this quarterly report that the required stability of ROR inhibitors in liver cells of mice has been reached allowing the start of animal studies to investigate how ROR inhibitors are distributed in the body and tolerated before the start of efficacy studies in animal models of various human cancers.

Statement from the CEO

Three years ago Kancera set the goal to deliver a drug candidate in the ROR project against cancer by the end of 2013. At that time, the focus was on chronic lymphocytic leukemia (CLL).

Today this goal is within reach, although a couple of technically challenging steps remain. To reach this point we have designed and synthesized more than 500 patent-pending ROR inhibitors that have been tested on tumor material from more than 100 patients. Due to new research, the ambitions for our ROR-inhibiting drug have grown to include several forms of intractable cancer such as pancreas, lung and breast cancer as well as the most common form of acute leukemia.

Kancera competes in an international market with many skilled academic researchers and companies that strive to improve the care for cancer patients. An example of a successful competitor is the biotech company Pharmacyclics which has developed the drug Ibrutinib for the treatment of a couple of forms of leukemia. In December 2011 Johnson & Johnson (J&J) acquired the rights to Ibrutinib for 150 million USD at signing plus milestone payments of 825 million USD. At that time the project was in early clinical trials in phase II. Since then, the development of Ibrutinib has proceeded quickly until the registration of the drug in the U.S. in August 2013.

Some have suggested that the market for CLL thus would be closed after the introduction of Ibrutunib which now is expected to be J&J's next big anti-cancer drug. However, recent findings show that resistance is developed against Ibrutinib. This agrees well with Kancera´s results from in-house studies on how this drug acts against cancer cells from CLL patients in an advanced phase of the disease. Cancer cells from these severely ill patients are not sensitive to either J&J´s Ibrutinib or to today's most widely used chemotherapy for CLL (Fludarabine™). As we had hoped, the studies show that Kancera´s ROR inhibitors are able to very efficiently reprogram the resistant cancer cells to self-destruct.

The results thus point to that Kancera´s ROR-inhibiting drug will have a clear and important place in the treatment of severely ill cancer patients.

The ROR inhibitor KAN0439365 meets the laboratory requirements studied to date that we have on a candidate drug for efficacy, drug interaction and cardiovascular safety with respect to humans (studies performed outside the body). Also, it is KAN0439365 that, compared to Ibrutinib and Fludarabine™, has shown a superior effect in cells from severely ill CLL patients.

In order to reach all the way to the selection of a candidate drug and a commercial agreement, we need a ROR inhibitor that works also in mice and rats since efficacy and safety studies are conducted in these species. Kancera is making clear progress towards these desired properties thus allowing the start of animal studies to investigate how ROR inhibitors are distributed in the body and tolerated before studies that will examine the effect on various animal models of human cancers.

During the past year we have carried through a "pre-marketing campaign" in order to pave the way for a commercial agreement concerning our ROR drug. The campaign has included presentations at 10 commercial and scientific congresses and meetings with some 40 pharmaceutical companies. The response from the market has confirmed a strong interest in the ROR project and has provided valuable information on what Kancera needs to deliver to reach an attractive agreement with an internationally established partner.

Beyond a successful commercialization of the ROR project, Kancera has several cancer projects in its portfolio with the capacity to deliver drug candidates for sale within the next few years. Surprisingly, one of these cancer projects comes from an incidental finding in an EU-funded pharmaceutical project mainly targeted against life-threatening parasitic diseases. Following a successful delivery of this EU project, Kancera has now been awarded an additional 950 000 EUR over three years starting in February 2014 showing that the Kancera team delivers quality that is internationally competitive.

The next step, however, is delivery in the ROR project, which could be our first drug against life-threatening cancer.

Thomas Olin
CEO of Kancera

About Kancera AB (publ)
Kancera develops the basis for new therapeutics, starting with new treatment concepts and ending with the sale of a drug candidate to international pharmaceutical companies. Kancera is currently developing drugs for the treatment of leukemia and solid tumors, based partly on blocking survival signals in the cancer cell and partly on metabolic strangulation. Kancera's operations are based in the Karolinska Institutet Science Park in Stockholm and the company employs around 7 people. Kancera shares are traded on NASDAQ OMX First North and are held by around 1700 shareholders. Remium Nordic AB is Kancera's Certified Adviser.

Kancera's history
In 2006, Pharmacia's and Biovitrum's unit for the development of drug candidates was spun-out to create iNovacia AB. In 2008, a collaboration was started with the Karolinska Institute's cancer research center (CCK); and later, a collaboration was initiated with Sprint Bioscience AB. In May 2010, Kancera AB was formed by researchers from the Karolinska Institute's cancer research center, iNovacia AB, Sprint Bioscience AB, and a group of private investors through capital contributions and two developed drug projects focusing on cancer. NASDAQ OMX approved Kancera's listing on First North with the first day of trading being February 25, 2011. In March 2013 Kancera acquired a complete drug development laboratory from its former subsidiary iNovacia AB and the drug development is since then performed within Kancera AB at the Karolinska Institutet Science Park, Stockholm.

Financial development, summary

Financial development, summary

SEK 000´s (if otherwise not specified)

Kancera AB	1 July-30 Sept		1 Jan-30 Sept		1 Jan-31 Dec
	2013	2012	2013	2012	2012
Net turnover	241	-	459	-	-
R&D expenses	-1 822	-2 426	-5 385	-14 369	-14 723
Operating Income	-2 736	-3 780	-8 321	-19 538	-21 245
Income after financial items	-2 738	-3 768	-5 320	-19 475	-23 502
Net income	-2 738	-3 768	-5 320	-19 475	-23 502
Cash-flow from operating activities	-1 919	-5 210	-8 999	-20 405	-22 535
Earnings per share, before and after dilution	-0,08	-0,25	-0,16	-1,28	-1,42
Cash on hand at closing date	2 053	2 206	2 053	2 206	5 107
Solvency ratio	72%	85%	72%	85%	90%
Key ratios					
Return on equity, %	neg	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg	neg
Solvency ratio	72%	85%	72%	85%	90%
Net investments in tangible assets	-	-		-	-
in relation to net turnover, %	-	-	435,7%	-	-
No. of employees	7	-	7	-	-
Earnings per share, before dilution	-0,08	-0,25	-0,16	-1,28	-1,42
Earnings per share, after dilution	-0,08	-0,25	-0,16	-1,28	-1,42
Equity by share, kr	0,29	0,61	0,37	0,85	0,62
Cash-Flow by share, kr	-0,06	-0,34	-0,09	-0,81	-0,57

Comments on financial development

The reduced costs and decreased negative cash flow for the period compared to the same period in 2012 can be attributed to the concentration of operations and the liquidation of the subsidiary conducted in the first quarter of 2013. This has resulted in an increased financial flexibility while at the same time maintaining the company's technical resources through the acquisition of the subsidiary's drug development laboratory. The income after financial items and earnings per share were affected by a profit of SEK 3 million arising from the realization of a claim that was acquired for a value less than the nominal amount. The claim has been recognized as income during the period. Comparative figures from the preceding year relate to the mother company Kancera AB.

Net sales

The Kancera activities have mainly covered internal drug development projects alongside smaller consultancy projects which raised net sales during the period of SEK 0.5m (SEK 0m).

Expenses

Expenses in the third quarter totaled SEK 3.0m (SEK 3.8m), which breaks down into costs of services sold of SEK 0.2m (SEK 0m), research and development expenses of SEK 1.8m (SEK 2.4m) and other sales and administrative expenses of SEK 1.0m (SEK 1.4m). Expenses during the period January 1 to September 30, 2013 totaled SEK 8.8m (SEK 19.5m), which breaks down into costs of services sold of SEK 0.3m (SEK 0m), research and development expenses of SEK 5.4m (SEK 14.4m) and other sales and administrative expenses of SEK 3.1m (SEK 5.1m).

Earnings
Income after financial items for the third quarter totaled SEK -2.7m (SEK -3.8m) and for the period SEK -5.3m (SEK -19.5m).

Cash flow and liquidity
Cash flow totaled SEK -1.9m (SEK 5.2m) in the third quarter. Cash flow from operating activities for the third quarter totaled SEK -1.9m (SEK -5.2m). Cash flow from financing activities for the third quarter amounted to SEK 0m (SEK 0m).

Cash flow for the period totaled SEK -3.1m (SEK -12.4m). Cash flow from operating activities for the period totaled SEK -9.0m (SEK -20.4m). Cash flow from financing activities for the period amounted to SEK 5.9m (SEK 8.0m).

In connection with the acquisition of iNovacia´s assets, the requirements for an interest free and installment free loan from Humlegården Fastigheter AB to Kancera were fulfilled. The loan amounts to SEK 1.5m and does not expire as long as Kancera runs its laboratory activities in the current premises. This loan was disbursed to Kancera during the second quarter and is therefore part of the accounted cash and cash equivalents.

The Swedish Innovation Agency VINNOVA awarded Kancera´s ROR project a grant of SEK 0.5m (not to be repaid).

Kancera´s cash and cash equivalents as of September 30, 2013 totaled SEK 2.1m (SEK 2.2m).

The assessment of the Board is that additional capital needs to be procured in order to implement planned projects in 2013 and 2014. Kancera AB has announced the decision, with the authorization of the Extraordinary General Meeting on October 30, to conduct a rights issue of approximately SEK 16.1m with preferential rights for existing shareholders. The issue is scheduled to include the subscription of units in Kancera AB with the condition that each old share gives the holder the right to subscribe for one (1) unit à 0.50 SEK/unit. Each unit is intended to contain one (1) new share and one (1) warrant where two warrants entitle the holder to subscribe for one (1) new share at 0.75 SEK/share. The term of the warrant is scheduled to extend until 31 May 2014. The warrant is scheduled to be listed in parallel with the share.

Investments
Investments in property, plant and equipment in the third quarter totaled SEK 0m (SEK 0m) and for the period net SEK 2.0m (SEK 0m) as instruments and the library of prototype drugs were acquired from the iNovacia bankrupt´s estate to a price assessed by the Board to be favorable.

Investments in intangible assets in the third quarter 2013 totaled SEK 0m (SEK 0m). Current investments in intangible assets, R & D costs, are expensed as R & D and these amounted to SEK 1.8m (SEK 2.4m) for the third quarter.

Equity and share data
Total equity as of September 30, 2013 was SEK 9.4m (SEK 9.2m).

Share capital as of September 30, 2013 amounted to SEK 2 688 973 spread over 32 267 674 shares with a quotient value (rounded off) of SEK 0.0833 per share.

Earnings per share for the first quarter, based on a weighted average of the number of outstanding shares, were SEK -0.08 (SEK -0.25). In connection with the share issue a bonus element was identified, which means that the weighted average number of shares used to calculate earnings per share has been adjusted. Prior periods have been recalculated to reflect the bonus element.

Kancera's equity/assets ratio as of September 30, 2013 was 72 percent (85 percent). Equity per share was SEK 0.29 (SEK 0.61), based on equity divided by the number of shares outstanding at the balance sheet date at the end of the quarter.

Deficits for tax purposes
Kancera's operations are expected to initially result in negative earnings and deficits for tax purposes. There are no sufficiently convincing evidence at present that tax surpluses will exist in the future that may justify capitalization of the value of the deficit, and no deferred tax claim has therefore been reported. In the event a drug candidate is sold, profits will be reported which may be offset for tax purposes against the deficits. This signifies a low tax burden for the company when a project is sold.

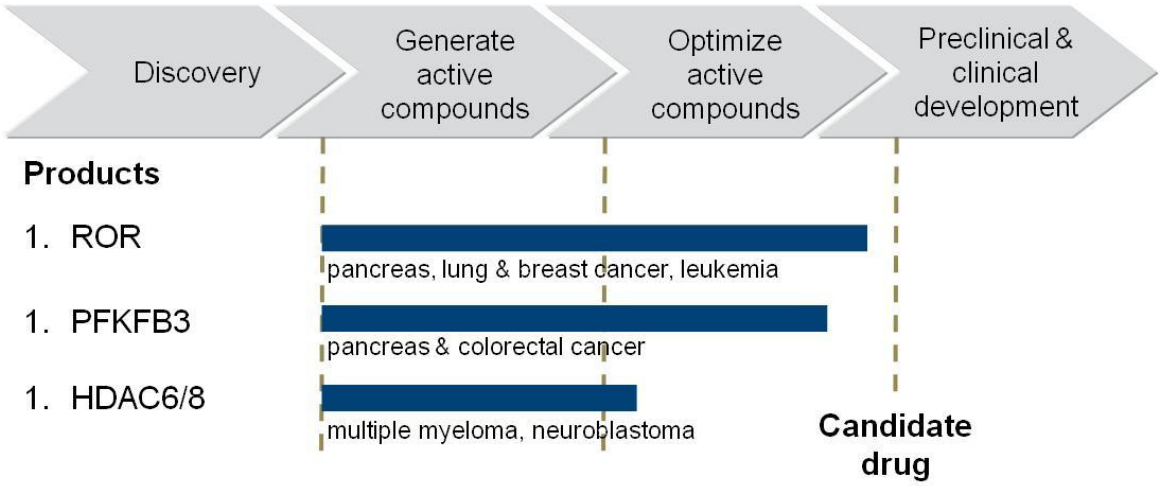
Personnel
Kancera AB had 7 employees (0) as of September 30, 2013 of which 5 are men and 2 are women.

Pharmaceutical Development

Kancera develops cancer drugs, starting with a new treatment concept and ending with a patent-pending drug candidate that is offered for sale to larger pharmaceutical and biotech companies before it has reached the clinical phase in the product development chain.

Currently, the company has three drug development projects in the portfolio.

- One of these is the application of so-called ***ROR-inhibiting substances*** which are able to reprogram the cancer so that it destructs itself. In the laboratory, the ROR technology has been shown to work in both solid tumors and leukemia.
- The second project concerns compounds that can stifle energy supply to solid tumors by means of so-called ***PFKB inhibitors*** and thus starve the cancer.
- The third project develops drugs that primarily aim to neutralize blood cancer by ***inhibiting epigenetic processes*** that e.g. control the genome activity.



The product development in the ROR project has advanced so far that the company now sets the goal to deliver a drug candidate during the next six months with the potential to treat refractory solid cancers such as pancreatic, breast or lung cancer as well as hematologic cancers.

In line with the Board's goal to increase the financial flexibility of the company and at the same time keep sufficient capacity to deliver a drug candidate it was decided to focus the activities on one projects above. The ROR project, where the company has an internationally unique leadership position, was prioritized.

Thus for the time being there will be no significant additional investments in the PFKFB3 project until adequate funding has been secured. However, following the detection of a tumor-inhibiting effect in an animal model of pancreatic cancer, the PFKFB3 project has been valued to SEK 3 million in the balance sheet which was the original purchase value of the project. It is the opinion of the Board that the value, based on the currently known results of Kancera´s research, can be defended on the basis of currently prevailing prices of comparable projects and the potential to further develop the project in the future.

Kancera also develops drugs against severe parasitic diseases in collaboration with highly qualified international research groups. These drugs are directed against target proteins in the parasite. Inhibitors of the corresponding human target proteins are possible therapies also against cancer and may constitute new business opportunities for Kancera AB. For the project, Kancera has been awarded funding of € 950,000 from EU's 7th Framework Programme for research and product development. This funding covers 75% of the project costs, including "overhead" such as rent and administration which means that the project also bears a part of Kancera´s administrative costs.

Kancera's Board of Directors has decided not to communicate financial goals for the pharmaceutical development because Kancera's projects are in the early phases of development, which means the risk is high and the overall financial goals are difficult to assess.

ROR technology – drug candidate is developed for the treatment of leukemia and solid tumors
Kancera is developing synthetic compounds that enter the tumor cell and work on the part of the ROR-1 receptor that is inside the tumor cell, with the aim of blocking the cell's survival signal.

Since ROR is selectively found in cancer cells and not in the surrounding healthy tissue, the Kancera project offers good possibilities to develop effective drugs with fewer side effects that may contribute to increased quality of life for patients and lower costs for society. Against this background, a comparative study has been performed with four successful drugs (Dasatinib, Gefitinib, Sorafinib, Sunitinib) in order to examine the competitiveness of ROR inhibitors. The results show that these four drugs are unable to efficiently inhibit ROR1 and that they kill cancer cells from leukemia patients less selectively compared to ROR inhibitors. Further, the study shows that these drugs also kill healthy white blood cells, which cause the patient to become more susceptible to infections. According to the study Kancera´s ROR inhibitors spare the healthy white blood cells. Thus a future patient receiving this drug may withstand severe infections better compared to those receiving today´s medications.

Kancera has also shown that the company´s ROR-inhibiting substances are capable of killing leukemia cells from circa 50% of the patients that are no longer helped by Fludarabine, the drug primarily prescribed for the treatment of chronic lymphocytic leukemia. This opens the way for a possible breakthrough in the treatment of the most common form of chronic leukemia. Independent of Kancera, Professor Thomas Kipps at University of California San Diego has showed that ROR inhibition may be an important treatment for the severe cancer form Acute Myeloid Leukemia (AML). Along with Kancera´s own studies this shows that substances that block ROR have the potential to combat both the most widespread chronic form as well as the acute form of leukemia (CLL and AML, respectively).

Studies of ROR1 directed antibodies, developed by Professor Håkan Mellstedt and his research group at Karolinska Institutet, show that they have the ability to kill cancer cells in an animal model for chronic lymphocytic leukemia (CLL) with an efficacy comparable to the effect of Rituxan . Rituxan is the most commonly used antibody drug against CLL today. Although the ROR1 antibody does not demonstrate a direct benefit compared to Rituxan for CLL, the potential use of ROR inhibitors against solid cancers speaks for the development of a ROR-targeted drug. In addition, ROR represents a new mechanism that can break the resistance in advanced stages of CLL.

International research shows that many types of solid tumor cells can be ROR dependent. Kancera, in collaboration with Professor Håkan Mellstedt´s and Professor Matthias Löhr´s research groups at Karolinska Institutet, has found that Kancera´s substances effectively kill pancreatic cancer cells. Pancreatic cancer affects more than 100 000 patients anually in Europe and USA. The survival rate among these patients is less than two per cent five years after diagnosis. As with leukemia it has been demonstrated also for pancreatic cancer that ROR1 levels increase in tumor cells of patients with progressive (aggressive) cancer.

In parallel, independent researchers from the U.S. and Japan have shown that ROR is a promising target for development of drugs also against breast cancer and lung cancer (Yamaguchi et al, Cancer Cell 2012, Zhang et al, PLoS One 2012), indicating a potentially wide range of use for a future ROR inhibiting drug.

Kancera has developed a first generation of diagnostic antibodies that allow the identification of patients who may benefit from Kancera´s future cancer treatment directed against ROR. This will guide future clinical studies and demonstrate the commercial value of the ROR-inhibiting drug.

Events during the period

Kancera reported that Kancera´s most recently developed ROR1 inhibitors now are more effective and more selective in killing cancer cells from leukemia patients than two classes of comparable reversible cancer drugs that inhibit the kinases PI3K and Syk, both in clinical development. In comparison with a drug that is expected to revolutionize the market for blood cancer, Ibrutinib which permanently binds its target BTK, Kancera´s ROR inhibitors are less potent but, according to our study, more selective against cancer cells.

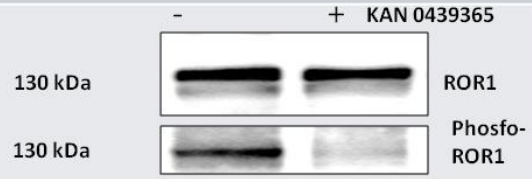
In collaboration with Professor Håkan Mellstedt and his research group at Karolinska Institutet, Kancera also studied how effective these competing candidate drugs kill cancer cells derived from CLL patients whose cancer is no longer sensitive to today's most widely used small molecule drug (Fludarabine). This study included cancer cells from 7 patients and compared the killing effect of Kancera´s ROR inhibitor KAN0439363 with the effect of four competing drugs that are now being tested in clinical development, including Ibrutinib (PCI-32765). The competing kinase inhibitors reach maximum ca 15-50% killed cancer cells at a concentration of about 5 μM while *Kancera´s ROR inhibitor show higher effect at a lower concentration* (70% killing of cancer cells at about 3 μM). The maximum killing effect on cancer cells is negligible after 24 hours for the BTK inhibitor (Ibrutinib) and the PI3K inhibitors. It should, however, be emphasized that

the study does not indicate whether the competing substances have an improved effect over a longer time course, but Kancera´s negative result for Ibrutinib agrees with recently published findings showing that the cancer can develop resistance against Ibrutinib (Chang et al. ASCO 2013). The results thus point to that Kancera´s ROR-inhibiting drug will have a clear and important place in the treatment of severely ill cancer patients.

Kancera announced that a collaboration has been initiated with Professor Thomas Kipps and his research team at the University of California, San Diego. During the collaboration Kancera will provide its diagnostic antibodies in order to facilitate for Professor Kipps´group to demonstrate how activation of ROR1 correlates with the properties of aggressive cancer forms. Since Professor Kipps research group has published leading research on the significance of ROR in breast cancer and acute myeloid leukemia, the collaboration is expected to increase the knowledge of how Kancera´s ROR inhibitors can be used to treat an increasing number of severe cancer forms.

Furthermore, Kancera announced that new knowledge has been generated on how Kancera´s ROR inhibitors are metabolized in the liver and in the blood. This provides important information on how to develop the synthesis of effective ROR inhibitors in order to deliver a drug candidate in 2013. After the period, this new knowledge has resulted in a compound that meets Kancera´s stability requirements for ROR inhibitors in humans. Kancera also reported progress in the development of the substance KAN0439365 which is effective against cancer cells from patients and shows good metabolic stability in human liver cells and blood and thus meets the requirements that the company places on a candidate drug in these respects. In addition, in vitro laboratory methods have shown that KAN0439365 meet the company's requirements regarding a low risk for adverse drug-drug interaction (CYP inhibition) and cardiac side effects (hERG activation).

Table 1. Summary of properties for the ROR inhibitor KAN0439365

Property	KAN0439365
Activity against CLL primary cells from patients with *stabile disease*	EC50: 1,5 uM
Activity against CLL primary cells from patients with *aggressive disease – Fludarabine refractory*	EC50: 2,3 uM
Selectivity at IC50	>20 more effective against cancer VS healthy PBMC
Inactivating/de-phosphorylating ROR1	
ADME in vitro - human systems	✔
Physicochemical prop. / Production	✔

In order to reduce risk in the further development of ROR inhibiting drugs, Kancera also intends to produce a compound that works in animals/rodents to be used in efficacy and safety studies.

After 24 hours in vitro, KAN0439365 shows a significantly higher killing effect against cancer cells from treatment-resistant patients than the new and groundbreaking drug Ibrutinib * which is soon entering the market. The studies were performed in blood samples derived from patients with an advanced stage of the cancer disease CLL at which today's most widely used drug for this disease, Fludarabine, lacks clinical efficacy.

During the period, Kancera has taken actions to strengthen its patent portfolio in the ROR project. In order to extend the time during which Kancera can protect new inventions related to its ROR inhibitors, the company's first patent

application (EP12153357) has been revoked and replaced by a new application EP13180941.0 with stronger coverage.

Kancera also announced that the company, by an agreement with Bioinvent AB, has secured exclusive rights to the patent application WO 2012/076727 which includes human monoclonal antibodies against ROR1. The acquisition of the patent rights is based on an agreement with Bioinvent that does not involve any financial burden for Kancera (except future patent expenses) before revenues are generated. Kancera, through the company's co-founder Professor Håkan Mellstedt, has been involved in the development of these human monoclonal antibodies directed against ROR. These antibodies are currently used primarily to identify and validate new indications for future ROR-inhibiting drugs. Any further development of the ROR-targeted monoclonal antibodies for therapeutic purposes will only be done in a partnership that provides funding and access to expertise in development of antibody-based drugs. During the period, the patent application for human monoclonal antibodies against ROR (WO 2012/076727) has been registered in the final national phase in the U.S., Europe, India and China.

Events after the end of the reporting period

A remaining goal to meet before the start of animal studies in mice has been the development of ROR inhibitors that are sufficiently stable in liver cells of these animals. After the period, ROR inhibitors have been developed that exhibit a rate of elimination from the liver cells of 10-15 microliters/min/million cells (Clint) which meet the company's requirements. Thus, pharmacokinetic studies and tolerance studies can be launched in order to fine tune and select the appropriate ROR inhibitors for further efficacy studies. Efficacy studies will primarily be performed in animal models of chronic lymphocytic leukemia and pancreatic cancer.

The PFKFB3 project – a candidate that blocks glycolysis in solid tumors

The project aims to develop PFKFB3 enzyme inhibitors to strangulate the energy metabolism in cancer cells, thereby rendering the cancer cells more sensitive to chemotherapy and radiotherapy. Kancera has through extensive crystallography studies been established as an international leader in structure-based design of drugs targeting the PFKFB family of enzymes. Kancera has also reported a synergistic inhibitory effect on cancer cells of PFKFB3 inhibitors in combination with cisplatin (a commonly used cytostatic) in the laboratory and reported an inhibitory effect of Kancera´s PFKFB3 inhibitors on tumor growth in an animal study of pancreatic cancer. Two independent patent applications are registered in order to protect Kancera´s PFKFB3 inhibitors. The next step in the project is to improve the ability of the PFKFB3 inhibitors to penetrate the tumor.

Events during the period

Kancera announced the initiation of a collaboration with Professor Thomas Helleday and his research group at Karolinska Institutet and the Science for Life Laboratory (SciLifeLab) in order to advance unique research on energy metabolism in cancer and Kancera´s PFKFB3 project. During the collaboration Professor Helleday and Kancera combine their strengths in research on disease mechanisms and product development in order to deliver a new treatment against cancer with the goal to break down the resistance of the cancer to existing drugs. The partnership means that Kancera contribute know-how and drug-like PFKFB3 inhibitors while Professor Helleday´s research team invest their own resources in the project to investigate the best combination with other drugs, mechanisms of how PFKFB3 inhibitors act, as well as markers that show how and when a future drug is best used. In a future out-licensing or sale of the project Kancera shall compensate the scientists in proportion to the work performed. Within the collaboration Kancera retains exclusive ownership of its PFKFB inhibitors. An agreement has been reached between Kancera and the researchers providing Kancera exclusive rights to acquire inventions that may arise within the framework of the collaboration.

However, for the time being there will be no significant additional investments in the chemical development part of the PFKFB3 project until adequate funding has been secured.

Anti Parasite Project - an EU-funded international cooperation against deadly diseases

In February 2014, Kancera along with international research groups in the project A-PARADDISE (Anti-Parasitic Drug Discovery in Epigenetics), will launch the next phase in the development of these drugs. This phase will run for three years and result in one or more lead substances and drug candidates.

The project focus on target proteins in the following diseases (parasites): Malaria (*Plasmodium falciparum*), Schistosomiasis (*Schistosoma mansoni*), Leishmaniasis (*Leishmania*) and Chagas disease (*Trypanosoma cruzi*).

The A-PARADDISE project builds on the recently completed and highly successful SEtTReND project in which Kancera together with international research teams reported success in the development of drugs against Schistosomiasis.

Kancera is the only pharmaceutical development company in the A PARADDISE consortium and is well positioned to commercialize the drug candidates that the company develops and owns together with its partners. For clinical development and commercialization of drugs for neglected diseases, it is likely that Kancera will seek cooperation with internationally established pharmaceutical companies and nonprofit organizations that have chosen to take social responsibility by investing in the development therapies against diseases that primarily affect poor countries in tropical and subtropical areas.

In addition to parasitic diseases, analyses at Kancera show that some of the lead substances now being developed against targets in the parasite also inhibit similar human target proteins that are linked to cancer.

Overall, the project's potential application in cancer and the fact that countries that currently suffer from serious parasitic diseases have an increasing financial capacity to invest in drugs, show that the project´s future drug candidates have a good commercial potential.

Market outlook for Kancera's development projects

Kancera primary market is based on business-to-business sales of drug candidates for further clinical development and marketing by internationally established pharmaceutical companies.

The prioritized deal is based on an option model where Kancera sign agreements in the preclinical phase, before regulatory studies have been initiated, with a selected international partner with the resources and capacity for effective clinical development and marketing internationally. The option model provides Kancera with a cash flow during the more expensive parts of the project's development, and at the same time the cooperation gives partners the opportunity to influence the direction of the project during the critical phase between preclinical and clinic. This also increases the possibility of a rapid start of a clinical program. A quick and successful transition from Kancera´s preclinical to the partner´s further clinical development also increases the likelihood that the schedule for milestone payments to Kancera is kept.

Deals in preclinical development dominated over deals in the clinical phase in 2012 and represented 46% of global partnering agreements regarding rights related to pharmaceuticals according to the analyst Burrill & Company (Source: http://www.burrillandco.com/). Thus it can be concluded that the trend in 2009-2011, with a significant number of deals in the same early phase as the Kancera projects, continues.

There are several examples of license sales in the oncology area in preclinical phase amounting to several hundred million USD. Two of the most influential deals between biotech companies and pharmaceutical companies during the period 2010-2011 were made by companies whose projects had been partially developed by Kancera´s former subsidiary iNovacia AB, including Agios Inc. contracts with Celegene which included a payment upon signature of 130 million USD (however, this deal is regarded as an exception with respect to the size of the payment).

Another recent example is AstraZeneca´s subsidiary MedImmune´s acquisition of Amplimmune, a company with preparations in late preclinical phase, for the initial purchase price of 225 million USD, which may be increased later. J & J paid 150 million USD to Pharmacyclics for a BTK inhibitor Ibrutinib in clinical phase II, in addition to future installments of 825 million USD.

In April 2012 an agreement was announced between Boston-based Epizyme and Celgene regarding a preclinical drug development project directed against epigenetic targets in cancer, i.e. drugs active against the same target group as Kancera´s HDAC inhibitors. The agreement involved an upfront payment of 90 million USD including equity. Epizyme is a biotech company that has been a frontrunner for a new cancer treatment concept and has managed to close a series of preclinical deals in the cancer area since early 2011 with GSK and Esai.

Another example of the interest in this type of inhibitors is that Celgene in July 2013 for 100 million USD in cash acquired an option to purchase the Boston-based Acetylon Pharmaceuticals. The other conditions for the option mean that a completion of the deal gives the sellers a minimum of 1.7 billion USD. Acetylon´s leading drug candidate is an HDAC6 inhibitor and the most advanced project is in Phase Ib for a potential treatment of leukemia.

There are several reasons for preclinical projects to be met with increased interest from large pharmaceutical companies. The development departments at pharmaceutical companies want to influence the selection and design of an active substance themselves. It could be disastrous if a substance that has reached phase II or phase III proves to be suboptimal or insufficiently suited to its task. Time and money will be lost if a clinical trial needs to be redone from the beginning. Historically, there are many examples of projects that need to be corrected and where the clinical trial needs

to be repeated from the start. Sometimes pharmaceutical companies also choose to run several parallel phase I and phase II studies to ensure that they cover several different patient populations and diseases, as well as schedules for treatment, and thereby position the product optimally for the costly phase III clinical trials.

The underlying demand for Kancera´s drug candidates is driven by the medical need to make the combat against cancer more efficient.

The trend is towards

- diagnostic methods that provide genetic information about exactly what factors in the individual patient's cancer drive the disease and whether there are mutations that render a traditional drug inactive

- drugs that attack the driving mechanisms of the cancer, that overcome causes of resistance and act selectively against cancer to reduce the side effects that would otherwise contribute to increased mortality and high medical costs

Consequently, more patients will be offered a personalized cancer treatment resulting in a longer and better life. The number of drug development projects within the cancer area has steadily increased, but many of them follow the same path as others (Source : lifescivc.com/2012/06/cancer-drug-targets-the-march-of-the-lemmings /) why pharmaceutical companies now focus their search for drug candidates that distinguish themselves from the mainstream and have the potential to fundamentally change the conditions for the treatment of life-threatening diseases. Drugs targeting ROR1 qualify for such an interest from the pharmaceutical industry and Kancera as a biotech company leads this development.

Kancera´s focus is on target molecules in the cancer that opens opportunities to break the resilience of life-threatening cancer forms as well as the development of diagnostics that allow early identification of patients who benefit from the new treatment.

Currently Kancera evaluates applications of future drugs against ROR and PFKFB in

- Solid tumors in the pancreas, lung, bowel and breast. The three first mentioned forms of cancer are among the four types of cancer that causes most deaths in both men and women. Breast cancer is with the exception of lung cancer the form of cancer that causes most deaths in women.

- Blood cancers such as chronic lymphocytic leukemia (CLL) and acute myeloid leukemia (AML), which are the most common chronic and acute form of leukemia in adults.

These cancer indications each represent a world market in the range of 3.5 to >10 billion SEK annually (Source : GlobalData). A drug able to contribute to a 6-months prolonged life at a cost of less than about 1 million SEK is today regarded by the price authorities such as TVL to represent a significant value for patients and society.

Kancera´s own published results, as well as publications from independent research groups in the ROR and PFKFB area (see sources in each project section) support that future drugs acting through ROR and PFKFB have the potential to improve treatment of the aforementioned cancers. How well this potential can be translated into clinical practice remains to be proven in clinical studies.

In addition, the industry's interest in rare diseases, so-called Orphan diseases, has increased in recent time given that they represent significant unmet medical need and that the patient group often is clearly defined thus facilitating clinical studies. This has led the authorities to facilitate the development of, and the protection of products against these diseases. Kancera´s projects have in preclinical studies been shown to be a possible way to treat several forms of cancer that meet the requirements for designation as an Orphan disease (in the U.S. fewer than 200,000 affected individuals) *. The need for improved treatments is exemplified below for two of the cancer forms that Kancera addresses with its drug projects and that qualify as Orphan diseases.

Cancer of the pancreas annually affects more than 100 000 patients in Europe and the U.S. The survival of these patients is less than two percent five years after diagnosis. A combination of chemotherapy and radiotherapy is used to enable removal of the tumor by surgery. The life sustaining drug treatment mainly consists of various types of cell poisons (Gemcitabine and FOLFIRINOX which contain combinations of Fluorouracil, Irinotecan, and Oxaliplatin). Today, there is no recommended drug targeting pancreatic cancer. The market for pancreatic cancer in the United States in 2009 totaled 781 million USD and the expected growth was -4 to +8% in 2017, (Source : Global Data Healthcare).

Chronic lymphocytic leukemia (CLL) annually affects approximately 30 000 patients in Europe and the U.S., which makes CLL to the most common chronic form of leukemia. The traditional treatment of cancers such as CLL is currently not sufficiently effective and selective. The most common type of treatment of CLL is a combination of the antibody Rituximab and chemotherapy such as Fludarabine and Cyclophosphamid. This combination of drugs is used in 19 percent of the treatments in the seven countries that represent the largest pharmaceutical markets. Following the initial treatment of patients approximately 50 percent are symptom free, but already after four years about 80 percent regained clear symptoms of cancer disease. New, increasingly tougher treatments are required in this phase of the disease, but the treatment results become progressively worse. When Fludarabine no longer has an impact on the disease, the patient is severely threatened since there is no drug available for this phase of the disease. The market for CLL is estimated at 800 million USD in 2017 (Source: Global Data Healthcare 2013). Kancera also expects good opportunities to expand into other cancers, given that ROR-1 is found in at least eight other blood cancers.

* Professor Mellstedt , along with independent researchers, have shown that the presence of ROR is higher in the aggressive stages of Chronic Lymphocytic Leukemia , Pancreas cancer and breast cancer.

Income Statement

SEK 000´s (if otherwise not specified)

Kancera AB

	1 July-30 Sept		1 Jan-30 Sept		1 Jan-31 Dec
	2013	2012	2013	2012	2012
Revenues					
Net sales	**241**	**-**	**459**	**-**	**-**
Cost of sales & services	-157	-	-299	-	-
Gross profit	**84**	**-**	**160**	**-**	**-**
Operating Expenses					
General & administrative expenses	-880	-951	-2 569	-3 313	-4 566
Selling expenses	-118	-403	-527	-1 856	-1 956
Research & development expenses	-1 822	-2 426	-5 385	-14 369	-14 723
	-	-	-	-	-
Total expenses	**-2 820**	**-3 780**	**-8 481**	**-19 538**	**-21 245**
Operating income	**-2 736**	**-3 780**	**-8 321**	**-19 538**	**-21 245**
Income from Financial Investments					
Financial income	-	12	3 001	63	61
Financial expenses	-2	-	-2	-	-2 318
Financial net	-2	12	3 001	63	-2 257
Income after financial items	**-2 738**	**-3 768**	**-5 320**	**-19 475**	**-23 502**
Taxation	**-**	**-**	**-**	**-**	-
Net income	**-2 738**	**-3 768**	**-5 320**	**-19 475**	**-23 502**
Earnings per share, before and after dilution	-0,08	-0,25	-0,16	-1,28	-1,42

Balance Sheet

SEK 000´s (if otherwise not specified)

Kancera AB

	30 June		30 Sept		31 Dec
	2013	2012	2013	2012	2012
Assets					
Non-current Assets					
Intangible assets, activated R&D expenses	6 000	6 000	6 000	6 000	6 000
Tangible assets	4 750	-	4 499	-	-
Financial assets	-	2 320	-	2 320	-
Total non-current assets	**10 750**	**8 320**	**10 499**	**8 320**	**6 000**
Current Assets					
Receivables	781	753	507	373	194
Cash and cash equivalents	3 972	7 416	2 053	2 206	5 107
Total current asstes	**4 753**	**8 169**	**2 560**	**2 579**	**5 301**
TOTAL ASSETS	**15 503**	**16 489**	**13 059**	**10 899**	**11 301**
Equity and Liabilities					
Equity					
Restricted equity	2 689	1 563	2 689	1 563	1 563
Non-restricted equity	9 397	11 426	6 661	7 658	8 662
Total equity	**12 086**	**12 989**	**9 350**	**9 221**	**10 225**
Provisions and liabilities					
Long-term liabilities	**1 500**	**-**	1 500	**-**	**-**
Short-term liabilities	1 917	3 500	2 209	1 678	1 076
Total provisions and liabilities	**3 417**	**3 500**	**3 709**	**1 678**	**1 076**
TOTAL EQUITY and LIABILITIES	**15 503**	**16 489**	**13 059**	**10 899**	**11 301**

Statement of Changes in Equity

SEK 000´s (if otherwise not specified)

Kancera AB

	2013
Total equity, opening balance on the 1st of Jan 2013	**10 225**
Proceeds on issue of shares	4 834
Costs related to issue of shares	-387
Q1 net income	690
Total equity, closing balance on the 31st of March 20	**15 362**
Q2 net income	-3 274
Total equity, closing balance on the 30th of June 201	**12 088**
Q3 net income	-2 738
Total equity, closing balance on the 30th of Sept 201	**9 350**

	2012
Total equity, opening balance on the 1st of Jan 2012	**20 643**
Q1 net income	-7 700
Total equity, closing balance on the 31st of March 2(	**12 943**
Proceeds on issue of shares	8 299
Costs related to issue of shares	-250
Exercise of warrant	4
Q2 net income	-8 007
Total equity, closing balance on the 30th of June 201	**12 989**
Q3 net income	-3 768
Total equity, closing balance on the 30th of Sept 201	**9 221**

Cash-Flow Statement

SEK 000´s (if otherwise not specified)

Kancera AB

	1 July-30 Sept		1 Jan-30 Sept		1 Jan-31 Dec
	2013	2012	2013	2012	2012
Cash-flow from operating activities					
Operating income after financial items	-2 738	-3 768	-5 320	-19 475	-23 502
Depreciation	124	-	280	-	-
Other non-cash-flow affecting items	-	-	-3 000	-	2 320
Cash-flow from operating activities before working capital change	**-2 614**	**-3 768**	**-8 040**	**-19 475**	**-21 182**
Change in working capital	695	-1 442	-959	-930	-1 353
Cash-flow from operating activities	**-1 919**	**-5 210**	**-8 999**	**-20 405**	**-22 535**
Investment activities					
Investment in financial assets	-	-	-	-	-
Cash-flow from investment activities	**-**	**-**	**-**	**-**	**-**
FREE CASH-FLOW available to INVESTORS	**-1 919**	**-5 210**	**-8 999**	**-20 405**	**-22 535**
Financing activities					
Issue of shares	-	-	4 445	8 053	13 084
New loans	-	-	1 500	-	-
Cash-flow from financing activities	**-**	**-**	**5 945**	**8 053**	**13 084**
CASH-FLOW for the YEAR	**-1 919**	**-5 210**	**-3 054**	**-12 352**	**-9 451**
Cash and cash equivalents at the beginning of the year	3 972	7 416	5 107	14 558	14 558
Cash and cash equivalents at the end of the year	2 053	2 206	2 053	2 206	5 107

Notes

Note 1. Accounting and valuation principles

This interim report has been prepared in accordance with BFNAR 2007:1, Voluntary interim reporting. From 2013 Kancera applies the Swedish Annual Accounts Act and BFN:s supplementary regulations K3, Annual Report and consolidated accounts. The transition to K3 did not affect the income statement or the balance sheet for 2012. The result for the period January 1, 2013 - September 30, 2013 and the balance sheet as of September 30, 2013 correspond to those accounted for according to earlier principles.

The accounting principles of the company are described in the latest published Annual Report.

Unless otherwise indicated, amounts are reported in Swedish kronor and rounded off to the nearest thousand. As a result of the rounding off to the nearest thousand kronor, adding up the amounts stated may not correspond exactly to the total given. Amounts and figures in parentheses are comparison figures for the same period last year.

Note 2. Related party disclosures

During the period, Kancera paid compensation to F:a Mellstedt Medical for scientific consulting and scientific marketing services at an amount of SEK 32 500. Håkan Mellstedt, a Board member at Kancera, is the Managing Director and owner of F:a Mellstedt Medical. No other remuneration was paid to related parties.

Note 3. Incentive schemes

Following a resolution passed by the Annual General Meeting on May 26, 2011 Kancera introduced an incentive scheme for employees of the Group and certain contractors, involving the issue of 400,000 warrants. Within the incentive scheme, Carl-Henrik Heldin, newly appointed Board member of Kancera, has acquired 10 000 options at a price of 4,000 SEK in June 2012. The options have been sold at market price determined by the Black & Scholes valuation model. If all the warrants are exercised to subscribe for 400,000 new shares, the dilution of the share capital will amount to approximately 2.6 percent. All options can be exercised to purchase shares during the period 1 March to 31 May 2014.

Note 4. Financial definitions

Return on equity (ROE)
Net profit for the period as a percentage of average equity.

Return on capital employed (ROCE)
Profit before tax plus financial expenses as a percentage of average capital employed.

Equity per share
Equity divided by the number of shares on the reporting date.

Cash flow per share
Cash flow from operating activities divided by the average number of shares.

Option-based deal
Agreement between two parties giving one party the right through prepayment to later acquire sole rights to the asset concerned.

Earnings per share
Profit for the period divided by average number of shares.

Capital employed
Total assets less non-interest bearing liabilities.

Equity/assets ratio
Equity as a percentage of total assets.

The company's operations and risk factors

The Board of Directors and CEO give an assurance that the interim report provides a true and fair overview of the company's operations, financial position and results, and describes the significant risks and uncertainties faced by the company.

In assessing Kancera's future development it is important to consider risk factors alongside potential growth in earnings. Kancera's operations are affected by a number of risks that may affect Kancera's earnings and financial position to varying degrees. For further information regarding company risks, see the company's Annual Report 2012.

Stockholm, November 8, 2013

Erik Nerpin *Chairman of the Board*	Håkan Mellstedt *Director*	Bernt Magnusson *Director*
Carl-Henrik Heldin *Director*	Thomas Olin *CEO/Director*	

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

Financial calendar
- Year End Report 2013 February 22, 2014

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