

Karolinska Development AB (publ)

Corporate Identity Number 556707-5048

Interim report January – March 2014

CEO's comment

The beginning of 2014 has been intense for Karolinska Development and for many of our portfolio companies. We are working focused with business development in the portfolio which has resulted in two deals in the first quarter. We have also reached some important development milestones in Aprea and Pharmanest. At the same time we have experienced a technical issue with the formulation of Akinion's candidate drug AKN-028 for acute myeloid leukemia which we currently are addressing. Although this means that the project is delayed, we have good reasons to believe that this can be resolved and our positive view of the long term potential in the program is unchanged.

During the quarter, NovaSAID initiated a partnership with Cadila Pharmaceuticals to develop innovative treatments in inflammation and pain management. The partnership agreement stipulates that Cadila will bear all costs through to Phase II, making it possible to take the business forward with substantial resources. If development is successful, licensing and sales revenue will be shared by the two companies.

In addition, Dilafor AB and Hong Kong-based Lee's Pharmaceutical Holdings Ltd entered into a license agreement that gives Lee's Pharmaceutical the right to manufacture, develop and commercialize tafoxiparin for obstetrics and gynecological indications in China, Hong Kong, Macao and Taiwan. The agreement include both upfront payment, milestone payments and royalties on future sales. Importantly, Dilafor has the right to use all data generated in the partnership to develop the product in the rest of the world including Europe and the US. We are confident that Lee's Pharmaceutical will be an excellent partner for Dilafor in the additional development and commercialization of tafoxiparin and that the agreement will enhance the value of potential future partnership agreements in markets that Dilafor has the right to.

Pharmanest AB announced positive results from a feasibility study of its local anesthetic SHACT in hysteroscopy. Pharmanest has previously presented strong data with SHACT in connection with Intra Uterine Device (IUD) insertion. Based on these positive data, Pharmanest is preparing the application for registration in the EU and at the same time seeking a partner.

In April, we announced that dosing of Aprea's APR-246 has been initiated in a Phase I/II trial after the reporting period. The study combines APR-246 with chemotherapy in patients with relapsed platinum sensitive high grade serous ovarian cancer. About 60% of all ovarian cancer patients have mutated p53 and are less responsive to platinum than patients with wild type p53, and here APR-246 potentially may have a significant role.

Now we look forward to further developing our portfolio companies and at the right time seeking partners to take the projects to market and thereby add value to the patients and to our shareholders.

Torbjörn Bjerke
Chief Executive Officer

Summary of significant events during the first quarter 2014

- NovaSAID initiated partnership with Cadila Pharmaceuticals to develop innovative treatments in inflammation and pain management
- Karolinska Development AB appointed new Chief Financial Officer
- Dilafor entered into license and partnership agreement with Lee's Pharmaceutical
- New trial data suggest that SHACT could benefit women undergoing hysteroscopies

Summary of significant events after the first quarter 2014

- Dosing initiated in Phase I/II clinical trial of APR-246 in ovarian cancer

Financial summary*

<i>Investment entity</i>	2014	2013	2013
<i>Amounts in SEKm</i>	<i>Jan-Mar</i>	<i>Jan-Mar</i>	<i>Full-year</i>
<i>Income statement</i>			
Effect of change in fair value	-6.1	14.1	-154.7
Net profit/loss	-18.4	65.9	-103.8
<i>Balance sheet</i>			
Cash and cash equivalents	17.3	414.0	35.3
Short-term investments	153.7	0.0	165.3
Total cash, cash equivalents and short-term investments	171.0	414.0	200.6
<i>Share information</i>			
Earnings per share before and after dilution (SEK)	-0.38	1.36	-2.15
Net asset value per share (SEK) (Note 1)	40.3	44.1	42.7
Equity per share (SEK) (Note 1)	40.2	44.0	40.5
Share price, last trading day in the reporting period (SEK)	26.3	29.0	30.9
<i>Portfolio company information</i>			
Portfolio companies net cash ¹	74.6	100.5	111.6
Investments in portfolio companies	15.5	15.7	266.2
Of which investments not affecting cash flow	0.0	3.8	68.1
Valuation of total portfolio holdings	1,738.9	1,652.0	1,729.5

¹Portfolio companies net cash is comprised of the sum of cash, cash equivalents and short-term investments less external loans in portfolio companies regardless of Karolinska Development's ownership interest

*For comments on the financial development, please refer to page 5

Significant events during the first quarter 2014

NovaSAID initiated partnership with Cadila Pharmaceuticals to develop innovative treatments in inflammation and pain management

NovaSAID and Cadila Pharmaceuticals announced a strategic partnership on preclinical and clinical development of a number of drug candidates that have been developed by NovaSAID. Development will be conducted at Cadila Pharmaceuticals' facility in Ahmedabad, India. All revenue generated from the sale and marketing in India, the Middle East and Africa of products covered by the agreement will be retained by Cadila and net sales in all other countries will be shared by the two companies. Cadila will bear all costs associated with the program through to Phase II.

Most of today's medical treatments for inflammation and pain are associated with unwanted side effects such as an increased risk for myocardial infarction and gastric ulcers. NovaSAID's drug candidates target an enzyme called microsomal prostaglandin E synthase -1 (mPGES-1), a critically important mediator of inflammation and pain, which theoretically should reduce the risk of side effects. The collaboration with Cadila will provide the resources to take this program into clinical development and further towards the market.

About NovaSAID AB

NovaSAID's founders, Associate Professor Per-Johan Jakobsson and Professor Ralf Morgenstern at Karolinska Institute, have developed methods to purify the enzyme mPGES-1 and to screen inhibitors for the enzyme which play a key role in pain and inflammation. The company was founded in 2003 based on these discoveries with the goal of developing drugs to treat inflammatory conditions such as rheumatoid arthritis.

Karolinska Development appointed new Chief Financial Officer

Karolinska Development announced that Christian Tange has been appointed Chief Financial Officer. Christian Tange (b. 1966) has over 15 years' experience in international growth companies. In recent years, he has acted as an industrial advisor and consultant for Private Equity funds and Corporate Finance advisors in M&A deals within life science. During the period 2003-2012, he worked as global CFO of CMC Biologics, an international biotech contract manufacturing company. Christian holds a master's degree in economics and law from Copenhagen Business School. He joined Karolinska Development on February 1, 2014 and took on the CFO role on March 1, 2014.

Dilafor entered into license and partnership agreement with Lee's Pharmaceutical

Dilafor announced that it had entered into a license agreement with Lee's Pharmaceutical to jointly develop tafoxiparin for obstetrical and gynecological indications. The joint clinical development program of tafoxiparin will initially be focused on reducing labor times for patients who do not start labor spontaneously and are induced into labor. Dilafor received an upfront payment and is entitled to future milestone payments during product development and commercialization. In addition, Dilafor is entitled to royalties on sales of the product, which will be manufactured and sold by Lee's Pharmaceutical in China, Hong Kong, Macau and Taiwan. Lee's Pharmaceutical will conduct and finance Phase II and Phase III trials in China, so that the results can be used as the basis for additional development outside the countries covered by the agreement.

About Dilafor AB

Dilafor AB was established in 2003 following the discovery that women treated with Low Molecular Weight Heparin to prevent thrombosis during pregnancy had significantly shorter labor duration and fewer complications than controls. The founders, led by Professor Gunvor Ekman-Ordeberg at Karolinska Institutet, began working on a new class of compounds derived from heparin that essentially eradicated the anticoagulant properties of heparin. The work resulted in tafoxiparin, the company's lead candidate drug in clinical development, aimed at shortening labor duration.

New trial data suggest that SHACT could benefit women undergoing hysteroscopies

Pharmanest announced the results from a study whose primary objective was to obtain information about the feasibility of administering SHACT to patients in conjunction with hysteroscopy. The non-comparative open label study was conducted at Södersjukhuset in Stockholm, Sweden. Secondary objectives included safety, tolerability and handling properties of SHACT and its instillation device. Ten patients were included in the trial and parameters such as visibility for the examiner, ease of application and time required for use of SHACT were documented. The results indicate that SHACT does not interfere negatively with the examination and that the product can be used in an outpatient setting to reduce women's pain and discomfort. No safety or tolerability issues were recorded in the study. The potential pain relief offered by SHACT was not evaluated in this particular study and has therefore to be confirmed in a forthcoming clinical trial.

About Pharmanest AB

Pharmanest is a Stockholm-based pharmaceutical company specializing in the development of new products for local pain relief in the gynecology and obstetrics field. The company was founded in 2009 and is based on research on pain nerves in the cervix and uterus conducted at the Karolinska Hospital by founders Dr. Berith Karlsson Tingåker, Professor Gunvor Ekman-Ordeberg, Associate Professor Lars Irestedt, and Associate Professor Arne Brodin, pharmaceutical formulation and topical anesthetics expert.

Significant events after the reporting period

Dosing initiated in Phase I/II clinical trial of APR-246 in ovarian cancer

Aprea announced that dosing has begun in the Phase I/II proof-of-concept clinical trial of APR-246 in combination with chemotherapy in patients with relapsed platinum sensitive high grade serous ovarian cancer. Cancers develop and spread due to the malfunction of the cells' normal growth control mechanisms. One of the best-known cancer genes is p53, which can trigger the cellular suicide program to eliminate cancer cells. In about half of all tumors, p53 is mutated and no longer functions normally. This allows cancer cell survival and rapid tumor growth. Aprea has successfully developed substances that can restore normal function to the p53 protein and thereby induce efficient cancer cell death and overcome resistance to antitumoral therapy. To the company's knowledge, APR-246 is the only compound with this mechanism of action in clinical development.

About Aprea AB

Based on prominent research on the tumor suppressor protein p53 at Karolinska Institutet, Aprea was founded in 2003. The discoveries by the founders Professor Klas Wiman, Professor Galina Selivanova, Associate Professor Vladimir Bykov, Professor Staffan Strömblad, Wenjie Bao and Natalia Issaeva regarding the restoration of function of defective p53 led to the identification of the lead drug candidate APR-246 that is now in Phase I/II clinical development.

Portfolio development

During the first quarter, Pharmanest finalized a study that confirmed the feasibility of using SHACT in connection with hysteroscopies and after the reporting period Aprea reported that the company had initiated a Phase I/II study in patients with ovarian cancer. Furthermore, Umecrine Cognition selected a candidate drug for the preclinical program, with the goal to introduce a new treatment for hepatic encephalopathy. The portfolio currently consists of 34 projects (see below), of which 17 pharmaceutical projects are in clinical trials.

PHARMACEUTICALS	Indication	Ownership*	Research Phase	Lead Optimization	Preclinical Development	Phase I	Phase II
ONCOLOGY							
Axelar AB AXL1717	Non-small cell lung cancer	43%					
Aprea AB APR-246	Ovarian cancer	62%					
Akinion Pharmaceuticals AB AKN-028	Acute myeloid leukemia	81%					
INFECTIONS AND WOUND HEALING							
Dilaforette AB Sevuparin	Malaria	60%					
Pergamum AB DPK-060	Infected eczema	56%					
Pergamum AB DPK-060	External otitis	56%					
Pergamum AB PXL01	Surgical adhesions	56%					
Pergamum AB LL-37	Venous leg ulcers	56%					
Bioergen AS BSG005	Systemic fungal infection	60%					
Pergamum AB PXL181	Skin infection	56%					
WOMEN'S HEALTH							
Dilafor AB Tafoxiparin	Protracted labor	49%					
Pharmanest AB SHACT	Pain at IUD-insertions	63%					
Umecrine Mood AB UC1010	PMDD and severe PMS	38%					
Pharmanest AB SHACT	Pain at hysteroscopies	63%					
Forendo Pharma Oy	Endometriosis	21%					
ENDOCRINOLOGY							
Forendo Pharma Oy Fispemifene	Hypogonadism	21%					
CARDIOVASCULAR AND HEMATOLOGY							
Athera Biotechnologies AB PC-mAb	Acute coronary syndrome	65%					
Dilaforette AB Sevuparin	Sickle-cell disease	60%					
OPHTHALMOLOGY							
Clanotech AB CLT28643	Glaucoma surgery	79%					
CNS							
Umecrine Cognition AB	Hepatic encephalopathy	63%					
INFLAMMATION							
NovaSAID AB	Inflammatory pain	77%					
TECHNOLOGY							
	Indication	Ownership*	Concept development	Prototype	Development	Product	Launch
IMPLANTS							
Promimic AB HA TM Surface TM	Bone implant surface	29%					
OssDsign AB Cranio PSI	Cranial implants	26%					
DIAGNOSTICS							
Athera Biotechnologies AB CVDefine [®]	Cardiovascular diagnostic kit	65%					
PHARMACEUTICAL FORMULATION							
Inhalator Sciences Sweden AB Preciselnhale TM	Respiratory precision dosing system	68%					
Lipidor AB AKVANO TM	Topical drug delivery	53%					
XSpray Microparticles AB RightSize TM	Drug formulation technology	63%					
MEDICAL EQUIPMENT							
NeoDynamics AB Fourier	Fine needle biopsy	18%					
NeoDynamics AB PRFA	Tumor ablation	18%					

FINANCIAL/PASSIVE INVESTMENTS

PHARMACEUTICALS	Indication	Ownership*	Research Phase	Lead optimization	Preclinical development	Phase I	Phase II
BioArctic Neuroscience AB BAN2401	Alzheimer's	3%					
NephroGenex Inc. Pyridorin TM	Kidney failure	<1%					
Pergamum AB Laurantis Pharma Oy, cis-UCA	Atopic dermatitis	3%					
Pergamum AB Laurantis Pharma Oy, cis-UCA	Bladder cancer	3%					
Pergamum AB Laurantis Pharma Oy, ad-VEGF-C	Lymph edemas	3%					

*Includes indirect ownership
Status as per May 7, 2014

Solid color = Completed phase
Shaded color = Current phase

Financial development – Investment entity *

Revenue

During the first quarter, the effect of fair value change amounted to SEK -6.1m (SEK 14.1m).

Value development

During the first quarter, the investment entity's operating loss amounted to SEK -18.6m (SEK 66.5m), a change of SEK -85.1m compared with the same period in 2013. Operating profit for the comparative period includes a capital gain of SEK 68.2m on the sale of shares in KDev Investments AB to Rosetta as part of the Rosetta transaction. During the first quarter, several projects within the portfolio met development milestones which had a positive effect on fair values for these portfolio companies. A number of projects within the portfolio developed at a slower rate than previously projected which resulted in negative effects on fair values. Other external expenses have decreased by SEK 3.5m due to one-time expenses in the first quarter 2013 related to the Rosetta transaction. The portion of the change in fair value during the first quarter amounted to SEK -6.1m (SEK 14.1m).

Results

The investment entity's loss before tax during the first quarter amounted to SEK -18.4m (SEK 65.9m).

Investments in portfolio companies

Investments in portfolio companies during the first quarter amounted to SEK 15.5m (SEK 15.7m).

The largest investments during the first quarter were in KDev Investments' portfolio at SEK 8.4m (of which Umecrine Mood AB, SEK 4.8m; Dilaforette Holding AB, SEK 2.7m; and Inhalation Sciences Sweden AB, SEK 0.9m) as well as in Umecrine Cognition AB, SEK 6.0m, and KCIF Co-Investment Fund KB, SEK 1.1m.

Financial position

The investment entity's equity to total assets ratio was 99% (99%) on 31 March 2014 and equity amounted to SEK 1,940.0m (SEK 1,957.6m).

Cash, cash equivalents and short-term investments in the investment entity amounted to SEK 171.0m (SEK 200.6m), of which SEK 94.0m is provisionally allocated for expected follow-on investments in the KDev Investments portfolio. In addition, SEK 75.0m shall be allocated these portfolio companies as additional liquidity becomes accessible to Karolinska Development. Total assets amounted to SEK 1,960.0m (SEK 1,979.6m).

Change in accounting principle to investment entity

Karolinska Development is an investment entity according to IFRS 10 Consolidated Financial Statements, which took effect for financial years beginning on or after 1 January 2014. Karolinska Development has applied the amended accounting principle retroactively in accordance with IAS 8. Note 3 shows the effects of the amended accounting principle on the comparative figures for 2013.

Financial development – Parent Company

During the first quarter, the Parent Company's operating loss amounted to SEK -12.6m (SEK 102.8m), a change of SEK -115.4m compared with the same period in 2013. Operating profit for the comparative period includes a capital gain of SEK 123.7m on the sale of shares in KDev Investments AB to Rosetta as part of the Rosetta transaction. Other external expenses have decreased by SEK 3.5m due to one-time expenses in the first quarter 2013 related to the Rosetta transaction.

The Parent Company's net loss during the first quarter amounted to SEK -11.9m (SEK 100.8m).

*investment entity refers to the parent company, Karolinska Development AB, and all portfolio companies valued at fair value with fair value changes recognized in the income statement

Information on risks and uncertainties

Parent Company and investment entity

Valuation risks

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

Project development risks

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

Financial risks

Financial risks consist of investments in portfolio companies as well as risks in the management of liquid assets.

Future financing needs

Future investments in new and current portfolio companies will require capital. Investments in portfolio companies will decrease compared to the prior year as several portfolio companies have entered into license agreements with partners, expected increase in EU-subsidies and increased share of third party financing. The portfolio company projects are continuously evaluated and prioritizations are made in order to assure that investments are made with the intention of increasing the long term value of the portfolio. However, as an investor, we can make no guarantees that the necessary capital to fund the projects can be obtained on favorable terms or that such capital can be obtained at all.

For a detailed description of risks and uncertainties, see the annual report 2013.

The CEO hereby certifies that this interim report gives a true and fair view of the operations, financial position and results of operations of the parent company and the investment entity and describes the material risks and uncertainties faced by the company.

Solna, 8 May 2014

Torbjörn Bjerke
CEO

Dates for publication of financial information

Annual General Meeting	14 May 2014
Interim report January-June 2014	21 August 2014
Interim report January-September 2014	20 November 2014
Year-end report January-December 2014	February 2015
Annual report 2014	April 2015

Karolinska Development is required to make public the information in this interim report in accordance with the Securities Market Act. The information was released for publication on 8 May 2014.

This interim report, together with additional information, is available on Karolinska Development's website, www.karolinskadevelopment.com

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This interim report has not been reviewed by the company's auditors.

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

Financial statements

Condensed income statement for the investment entity

<i>Amounts in SEK 000</i>	<i>Note</i>	2014 <i>Jan-Mar</i>	2013 <i>Jan-Mar</i>	2013 <i>Full-year</i>
Revenue		1,249	1,252	4,948
Other external expenses		-3,668	-7,128	-25,292
Personnel costs		-10,410	-10,017	-38,290
Depreciation of tangible non-current assets		-53	-2	-114
Change in fair value of shares in portfolio companies	2	-6,088	14,137	-154,713
Result from sale of shares in portfolio companies		347	68,232	68,232
Operating profit/loss		-18,623	66,474	-145,229
Financial net		253	-539	41,429
Profit/loss before tax		-18,370	65,935	-103,800
Deferred taxes		0	0	0
Current taxes		0	0	0
NET PROFIT/LOSS FOR THE PERIOD		-18,370	65,935	-103,800

Earnings per share

<i>Amounts in SEK</i>	<i>Note</i>	2014 <i>Jan-Mar</i>	2013 <i>Jan-Mar</i>	2013 <i>Full-year</i>
Earnings per share, weighted average, before and after dilution		-0.38	1.36	-2.15
Number of shares, weighted average		48,287,132	48,380,817	48,350,016

Condensed statement of comprehensive income for the investment entity

<i>Amounts in SEK 000</i>	<i>Note</i>	2014 <i>Jan-Mar</i>	2013 <i>Jan-Mar</i>	2013 <i>Full-year</i>
Net profit/loss for the period		-18,370	65,935	-103,800
Total comprehensive income for the period		-18,370	65,935	-103,800

Condensed balance sheet for the investment entity

<i>Amounts in SEK 000</i>	<i>Note</i>	31 Mar 2014	31 Mar 2013	31 Dec 2013
Assets				
Non-current assets				
Tangible non-current assets		476	6	529
Shares in portfolio companies	2	1,738,878	1,652,010	1,729,465
Loans receivable from portfolio companies		6,823	38,058	5,894
Other financial assets		38,113	38,113	38,113
Total non-current assets		1,784,290	1,728,187	1,774,001
Current assets				
Accounts receivable		0	106	3
Receivables from portfolio companies		564	946	254
Other short-term receivables		2,160	1,926	3,225
Prepaid expenses and accrued income		2,016	2,422	1,477
Short-term investments		153,703	0	165,334
Cash and cash equivalents		17,310	414,048	35,323
Total current assets		175,753	419,448	205,616
TOTAL ASSETS		1,960,043	2,147,635	1,979,617
Equity and liabilities				
Equity				
Share capital		24,266	24,266	24,266
Share premium		1,768,179	1,768,179	1,768,179
Retained earnings including net profit/loss for the period		147,540	335,829	165,159
Total equity		1,939,985	2,128,274	1,957,604
Long-term liabilities				
Other financial liabilities		9,895	9,422	9,438
Total long-term liabilities		9,895	9,422	9,438
Current liabilities				
Accounts payable		1,354	1,195	2,426
Liabilities to portfolio companies		442	453	442
Other current liabilities		1,378	1,446	1,593
Accrued expenses and prepaid income		6,989	6,845	8,114
Total current liabilities		10,163	9,939	12,575
Total liabilities		20,058	19,361	22,013
TOTAL EQUITY AND LIABILITIES		1,960,043	2,147,635	1,979,617

Condensed statement of changes in the investment entity's equity

Equity attributable to Parent Company's shareholders							
<i>Amounts in SEK 000</i>	Note	Share capital	Share premium	Retained earnings incl. current year result	Total	Non-controlling interests	Total equity
Opening equity at 1 Jan 2014		24,266	1,768,179	165,159	1,957,604	0	1,957,604
<i>Net profit/loss for the period</i>				-18,370	-18,370	0	-18,370
Total comprehensive income for the period		0	0	-18,370	-18,370	0	-18,370
Effect of incentive programs				751	751		751
Closing equity at 31 Mar 2014		24,266	1,768,179	147,540	1,939,985	0	1,939,985
Opening equity at 1 Jan 2013		24,266	1,768,179	-122,547	1,669,898	354,294	2,024,192
Effect of change in accounting principle to investment entity	3			392,092	392,092	-354,294	37,798
Adjusted opening equity at 1 Jan 2013		24,266	1,768,179	269,545	2,061,990	0	2,061,990
<i>Net profit/loss for the period</i>				65,935	65,935	0	65,935
Total comprehensive income for the period		0	0	65,935	65,935	0	65,935
Effect of incentive programs				349	349		349
Closing equity at 31 Mar 2013		24,266	1,768,179	335,829	2,128,274	0	2,128,274
Opening equity at 1 Jan 2013		24,266	1,768,179	-122,547	1,669,898	354,294	2,024,192
Effect of change in accounting principle to investment entity	3			392,092	392,092	-354,294	37,798
Adjusted opening equity at 1 Jan 2013		24,266	1,768,179	269,545	2,061,990	0	2,061,990
<i>Net profit/loss for the year</i>				-103,800	-103,800		-103,800
Total comprehensive income for the year		0	0	-103,800	-103,800		-103,800
Effect of incentive programs				1,897	1,897		1,897
Share repurchase				-2,483	-2,483		-2,483
Closing equity at 31 Dec 2013		24,266	1,768,179	165,159	1,957,604	0	1,957,604

Condensed statement of cash flows for the investment entity

		2014	2013
<i>Amounts in SEK 000</i>	<i>Note</i>	<i>Jan-Mar</i>	<i>Jan-Mar</i>
Operating activities			
Operating profit/loss		-18,623	66,474
Adjustments for depreciation and amortization		53	2
Adjustments for changes in fair value	2	6,088	-14,137
Result from sale of portfolio companies		-347	-68,232
Realized change in value of short-term investments		252	1,010
Interest received		27	412
Cash flow from operating activities before changes in working capital		-12,550	-14,471
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		262	-1,205
Increase (+)/Decrease (-) in operating liabilities		-2,413	-61
Cash flow from operating activities		-14,701	-15,737
Investing activities			
Investments in shares in portfolio companies		-15,509	-11,891
Sale of shares in portfolio companies		347	190,793
Loans provided to portfolio companies		-929	-31,996
Change in short-term investments		12,779	174,199
Cash flow from investing activities		-3,312	321,105
Financing activities			
Share repurchase		0	0
Cash flow from financing activities		0	0
Cash flow for the period		-18,013	305,368
Cash and cash equivalents at beginning of the year		35,323	108,680
CASH AND CASH EQUIVALENTS AT END OF PERIOD		17,310	414,048

Supplemental disclosure

CASH AND CASH EQUIVALENTS AT END OF PERIOD	17,310	414,048
Short-term investments, market value at closing date	153,703	0
CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS AT END OF PERIOD	171,013	414,048

Condensed income statement for the Parent Company

		2014	2013	2013
<i>Amounts in SEK 000</i>	<i>Note</i>	<i>Jan-Mar</i>	<i>Jan-Mar</i>	<i>Full-year</i>
Net sales		1,249	1,252	4,948
Revenue		1,249	1,252	4,948
Other external expenses		-3,668	-7,128	-25,293
Personnel costs		-10,410	-10,017	-38,290
Depreciation of tangible non-current assets		-53	-2	-114
Impairment losses on shares in subsidiaries, joint ventures, associated companies and other long-term securities holdings		-69	-4,987	-24,701
Result from sale of shares in portfolio companies		347	123,678	90,909
Operating profit/loss		-12,604	102,796	7,459
Financial net		711	-2,006	39,855
NET PROFIT/LOSS FOR THE PERIOD		-11,893	100,790	47,314

Condensed statement of comprehensive income for the Parent Company

		2014	2013	2013
<i>Amounts in SEK 000</i>	<i>Note</i>	<i>Jan-Mar</i>	<i>Jan-Mar</i>	<i>Full-year</i>
Net profit/loss for the period		-11,893	100,790	47,314
Total comprehensive income for the period		-11,893	100,790	47,314

Condensed balance sheet for the Parent Company

<i>Amounts in SEK 000</i>	<i>Note</i>	31 Mar 2014	31 Mar 2013	31 Dec 2013
Assets				
Non-current assets				
Tangible non-current assets		476	6	529
Shares in subsidiaries, joint ventures, associated companies and other long-term securities holdings		1,086,030	876,899	1,070,597
Loans receivable from portfolio companies		6,823	38,058	5,894
Other financial assets		32,596	31,902	32,522
Total non-current assets		1,125,925	946,865	1,109,542
Current assets				
Accounts receivable		0	853	202
Receivables from Group companies		564	199	55
Other receivables		2,160	1,926	3,225
Prepaid expenses and accrued income		2,016	2,422	1,477
Short-term investments		153,703	0	165,334
Cash and cash equivalents		17,310	414,048	35,323
Total current assets		175,753	419,448	205,616
TOTAL ASSETS		1,301,678	1,366,313	1,315,158
Equity and liabilities				
Equity				
Restricted equity				
Share capital		24,266	24,266	24,266
Unrestricted equity				
Share premium reserve		1,778,253	1,778,253	1,778,253
Retained earnings		-502,501	-549,631	-550,566
Net profit/loss for the period		-11,893	100,790	47,314
Total equity		1,288,125	1,353,678	1,299,267
Long-term liabilities				
Pension obligations		3,390	2,696	3,315
Total long-term liabilities		3,390	2,696	3,315
Current liabilities				
Accounts payable		1,354	1,195	2,426
Liabilities to Group companies		442	453	442
Other current liabilities		1,378	1,446	1,594
Accrued expenses and prepaid income		6,989	6,845	8,114
Total current liabilities		10,163	9,939	12,576
Total liabilities		13,553	12,635	15,891
TOTAL EQUITY AND LIABILITIES		1,301,678	1,366,313	1,315,158

Pledged assets and contingent liabilities

<i>Amounts in SEK 000</i>	<i>Note</i>	31 Mar 2014	31 Mar 2013	31 Dec 2013
Pledged assets		3,390	77,771	3,315
Contingent liabilities		0	1,000	0
Total		3,390	78,771	3,315

Condensed statement of changes in equity for the Parent Company

	Restricted equity		Unrestricted equity		
	Note	Share capital	Share premium reserve	Retained earnings	Net profit/loss for the period Total equity
<i>Amounts in SEK 000</i>					
Opening equity at 1 Jan 2014		24,266	1,778,253	-550,566	47,314 1,299,267
Appropriation of loss				47,314	-47,314 0
Net profit/loss for the period					-11,893 -11,893
Total		24,266	1,778,253	-503,252	-11,893 1,287,374
Effect of incentive programs				751	751
Closing equity at 31 Mar 2014		24,266	1,778,253	-502,501	-11,893 1,288,125
Opening equity at 1 Jan 2013		24,266	1,778,253	-397,269	-152,711 1,252,539
Appropriation of profit				-152,711	152,711 0
Net profit/loss for the period					100,790 100,790
Closing equity at 31 Mar 2013		24,266	1,778,253	-549,980	100,790 1,353,329
Effect of incentive programs				349	349
Closing equity at 31 Mar 2013		24,266	1,778,253	-549,631	100,790 1,353,678
Opening equity at 1 Jan 2013		24,266	1,778,253	-397,269	-152,711 1,252,539
Appropriation of profit				-152,711	152,711 0
Net profit/loss for the year					47,314 47,314
Total		24,266	1,778,253	-549,980	47,314 1,299,853
Effect of incentive programs				1,897	1,897
Share repurchase				-2,483	-2,483
Closing equity at 31 Dec 2013		24,266	1,778,253	-550,566	47,314 1,299,267

Notes to the financial statements

Note 1 Accounting principles

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

New and revised accounting principles 2014

KDev Investments is an investment entity according to IFRS 10 *Consolidated Financial Statements*, which took effect for financial years beginning on 1 January 2014. Pursuant to the rules for investment companies, Karolinska Development will not prepare consolidated financial statements. Separate financial statements are instead prepared for the investment entity (the Group), where subsidiaries, joint ventures, associated companies and other financial investments are measured at fair value in the statement of financial position with changes in value in profit or loss in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. According to the Swedish Financial Reporting Board, these separate financial statements meet the requirements for consolidated financial statements according to the Annual Accounts Act. Karolinska Development will also apply the other new and amended consolidation standards in the "package of five" as of 1 January 2014: IFRS 11 *Joint Arrangements*, IFRS 12, *Disclosure of Interests in Other Entities*, IAS 27 *Separate Financial Statements*, and IAS 28 *Investments in Associates and Joint Ventures*. Karolinska Development has applied the amended accounting principles retroactively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Note 3 shows the effects of the changed accounting principle on the comparative figures for 2013.

Other new or revised IFRS standards and interpretations by IFRIC have had no impact on the investment entity or, to the extent that these recommendations are applied to legal entities, on the Parent Company's income or financial position.

Definitions

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

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

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

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

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

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

Reporting period: Current quarter.

Note 2 Fair value

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

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

Level 2- Fair value determined based on valuation models based on observable data for the asset or liability other than quoted prices included in Level 1

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

The carrying amounts of financial assets and liabilities at amortized cost equate to fair value.

Fair value as of 31 March 2014

Amounts in SEK 000	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in portfolio companies	0	0	1,738,878	1,738,878
Loans receivable from portfolio companies	0	6,823	0	6,823
Other financial receivables	0	0	38,113	38,113
Accounts receivable	0	0	0	0
Receivables from portfolio companies	0	564	0	564
Short-term investments	153,703	0	0	153,703
Cash and cash equivalents	17,310	0	0	17,310
Total	171,013	7,387	1,776,991	1,955,391
Financial liabilities				
Other financial liabilities	0	0	9,895	9,895
Accounts payable	0	1,354	0	1,354
Liabilities to portfolio companies	0	442	0	442
Total	0	1,796	9,895	11,691

Fair value as of 31 March 2013

Amounts in SEK 000	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in portfolio companies	0	0	1,652,010	1,652,010
Loans receivable from portfolio companies	0	38,058	0	38,058
Other financial receivables	0	0	38,113	38,113
Accounts receivable	0	106	0	106
Receivables from portfolio companies	0	946	0	946
Short-term investments	0	0	0	0
Cash and cash equivalents	414,048	0	0	414,048
Total	414,048	39,110	1,690,123	2,143,281
Financial liabilities				
Other financial liabilities	0	0	9,422	9,422
Accounts payable	0	1,195	0	1,195
Liabilities to portfolio companies	0	453	0	453
Total	0	1,648	9,422	11,070

Fair value (level 3) as of 31 March 2014

<i>Amounts in SEK 000</i>	Shares in portfolio companies	Other financial assets	Other financial liabilities
At beginning of the year	1,729,465	38,113	9,438
Transfers to and from level 3	-	-	-
Acquisitions	15,509	0	0
Disposals	-8	0	0
Gains and losses recognized through profit or loss	-6,088	0	458
Closing balance 31 Mar 2014	1,738,878	38,113	9,896
Total unrealized gains and losses for the period included in profit/loss	-6,088	0	458
Gains and losses in profit/loss for the year for assets and liabilities included in the closing balance	-6,088	0	458

Fair value (level 3) as of 31 March 2013

<i>Amounts in SEK 000</i>	Shares in portfolio companies	Other financial assets	Other financial liabilities
At beginning of the year	1,773,675	8,907	10 889
Transfers to and from level 3	-	-	-
Acquisitions	15,676	29,206	0
Disposals	-219,710	0	0
Gains and losses recognized through profit or loss	82,369	0	-1,467
Closing balance 31 Mar 2013	1,652,010	38,113	9,422
Total unrealized gains and losses for the period included in profit/loss	14,137	0	-1,467
Gains and losses in profit/loss for the year for assets and liabilities included in the closing balance	14,137	0	-1,467

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

Information on fair value measurement in level 3

The valuation of the company's portfolio is based on the International Private Equity and Venture Capital Valuation Guidelines (IPEV) and IFRS 13. Based on the valuation criteria provided by these rules, an assessment is made of each company to determine a valuation method. This takes into account whether the companies have recently been financed or involved with a transaction that includes an independent third party. If there is no valuation available based on a similar transaction, risk adjusted net present value (rNPV) calculations are made of the portfolio companies whose projects are suitable for this type of calculation. Present value calculations are made with discounted cash flows which comprise:

- Estimated revenue, which generally consist of one-time milestone payments and royalty payments on sales. The estimated contract value (including royalties) is based on an estimate of sales potential and the buyer's development, manufacturing and marketing costs for the particular project. Contract value is based on a value allocation principle in which the seller's portion of the total value increases with the maturation of the project. In the model, the portfolio company receives approximately 40% of the total rNPV after Phase II.
- Sales forecasts are made by estimating the total patient population, target patient population, prevalence and treatable patients, market penetration and treatment costs in the US, Europe and the Japanese market. These markets represent approximately 80% of global pharmaceutical sales in 2010 (IMS).
- Estimates are made regarding product launch year and time of exit based on development plans. Drug licensing is usually assumed to be carried out after Phase II. For medical technology companies, an exit is usually assumed after launch of the product. Sales are then based on these estimated times together with the product's expected patent expiry, after which sales are assumed to decrease sharply.
- Estimates are made of the cost of each phase of development based either on the companies' forecasts or according to industry standards.
- Revenue and expenses are probability adjusted for each phase of development according to accepted statistics.
- Two different discount rates (WACC) are calculated to discount net cash flow from each project: a "Biotechnology WACC" for the in-house development period and a lower discount rate from the time the project is expected to be licensed to global pharmaceutical companies, a "Pharma WACC." The components of the discount rates are (i) the risk-free interest, represented by the Swedish Riksbank's 10-year government bond, (ii) the market risk premium, defined as the difference between the expected annuity quote and risk-free interest on the NASDAQ OMX stock exchange, and (iii) the premium supplement for private/small cap companies, which is a supplement to the market risk premium which represents the risk supplement for project companies with illiquid shares. The premium is collected from companies with a market capitalization under SEK 100m on the NASDAQ OMX stock exchange. The premium supplement for private/small cap companies constitutes the difference between the Biotechnology WACC and Pharma WACC.

On 31 March 2014, the Biotechnology WACC was 11.90% (11.68%) and the Pharma WACC was 8.20% (7.78%).

To estimate the effect of changes in the discount rate on the portfolio valuation, WACC has been adjusted by -1 percent and +1 percent.

Sensitivity analysis WACC	WACC adjustment -1%		31 March 2014 Biotech WACC: 11.90% Pharma WACC: 8.20%	WACC adjustment +1%	
	Fair value	Change	Fair value	Amounts in SEKm	Fair value
Fair value difference for shares in portfolio companies	1,942.7	203.8	1,738.9	1,560.6	-178.3

- Current tax rates are used and exchange rates calculated according to historical averages.

A change in any of these assumptions affects the valuation and may if significant have a material effect on the Group's results.

The Group has a team responsible for the fair value measurements of the valuation of portfolio company holdings required for the financial reporting according to IPEV, including fair values according to Level 3. All valuations in Level 3 are based on assumptions and judgments that management considers reasonable under current circumstances. This team reports directly to the CFO. Significant events that have occurred since the above-mentioned time of measurement have been taken into account in the measurement to the extent they would have affected the value on the closing date. Companies that have not been valued after transactions that have included third parties or present value calculations have been valued either at net asset value or, for early-stage development projects, the amount invested by Karolinska Development.

Note 3 Transition to investment entity

Karolinska Development considers itself to be an investment entity according to IFRS 10 *Consolidated Financial Statements*, which took effect for financial years beginning on or after 1 January 2014.

Karolinska Development AB obtains funds from investors/shareholders in connection with the issuance or sale of equity instruments/shares for the purpose of investing these funds in medical innovations and in that way generating a return to shareholders. Moreover, Karolinska Development monitors investments in all portfolio companies on the basis of fair value.

Pursuant to the rules for investment entities, Karolinska Development will not prepare consolidated financial statements. Separate financial statements are prepared for the investment entity (the Group), where subsidiaries, joint ventures, associated companies and other financial investments are measured at fair value in the balance sheet with changes in value in profit or loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement. According to the Swedish Financial Reporting Board, these separate financial statements meet the requirements for consolidated financial statements according to the Annual Accounts Act. Karolinska Development will also apply the other new and amended consolidation standards in the "package of five" as of 1 January 2014: IFRS 11 Joint Arrangements, IFRS 10 Consolidated Financial Statements, IFRS 12, Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements, and IAS 28 Investments in Associates and Joint Ventures. The change in accounting principle has been made in accordance with the transitional provisions in IFRS 10, whereby that the rules for investment entities are applied retroactively.

Change in accounting principle for shares in portfolio companies

Shares in portfolio companies as well as receivables from and liabilities to portfolio companies will be categorized as financial assets/liabilities at fair value through profit or loss. These assets and liabilities are recognized at estimated fair value on each closing date, while changes in value are recognized in the operating result. Transaction costs are recognized through profit or loss.

Summary of effects of change in accounting principle to investment entity

The largest effects of the change in accounting principle are that:

- Investment entities do not consolidate subsidiaries. This means that the income statements, balance sheets and cash flows of previously consolidated subsidiaries are not included in the investment entity's financial statements
- Deferred tax liabilities related to surplus values from subsidiary acquisitions are no longer recognized
- Karolinska Development no longer recognizes non-controlling interests
- The portfolio companies' fair values are estimated based on Karolinska Development's ownership interest
- Of the previously recognized result from the transaction with Rosetta Capital IV LP of SEK 404,646 thousand, SEK 336,414 thousand relates to the revaluation to fair value of the remaining holdings. This amount is recognized by the investment entity as an adjustment to opening equity at 1 January 2013, since all portfolio company holdings are measured at fair value

The effects of the change in accounting principles on the Group's financial position, comprehensive income and cash flow for the first quarter 2013 are reported in the following tables (see the Annual Report for year 2013).

Effects of change in accounting principle on income statement for Q1 2013

<i>Amounts in SEK 000</i>	2013 <i>Jan-Mar</i>	<i>Change in accounting principle</i>	2013 <i>Jan-Mar (restated)</i>	2013 <i>Full-year</i>	<i>Change in accounting principle</i>	2013 <i>Full-year (restated)</i>
Revenue	1,935	-683	1,252	9,940	-4,992	4,948
Other external expenses	-23,108	15,980	-7,128	-53,772	28,480	-25,292
Personnel costs	-17,385	7,368	-10,017	-58,745	20,455	-38,290
Depreciation and amortization of tangible and intangible non-current assets	-1,009	1,007	-2	-2,627	2,513	-114
Change in fair value of shares in portfolio companies	0	14,137	14,137	0	-154,713	-154,713
Change in fair value of shares in joint ventures and associated companies	18,442	-18,442	0	-153,711	153,711	0
Change in fair value of other long-term securities holdings	3,965	-3,965	0	-2,289	2,289	0
Result from sale of subsidiary	0			834	-834	0
Result from transaction with Rosetta Capital IV LP	404,646	-336,414	68,232	404,646	-336,414	68,232
Operating profit/loss	387,486	-321,012	66,474	144,276	-289,505	-145,229
Financial net	-999	460	-539	40,890	539	41,429
Profit/loss before tax	386,487	-320,552	65,935	185,166	-288,966	-103,800
Deferred taxes	2,926	-2,926	0	2,926	-2,926	0
Current taxes	0		0	0		0
NET PROFIT/LOSS FOR THE PERIOD	389,413	-323,478	65,935	188,092	-291,892	-103,800
Attributable to:						
Parent Company's shareholders	394,705	-328,770	65,935	197,163	-300,963	-103,800
Non-controlling interests	-5,292	5,292	0	-9,071	9,071	0
TOTAL	389,413	-323,478	65,935	188,092	-291,892	-103,800

Effects of change in accounting principle on statement of comprehensive income Q1 2013

<i>Amounts in SEK 000</i>	2013 <i>Jan-Mar</i>	<i>Change in accounting principle</i>	2013 <i>Jan-Mar (restated)</i>	2013 <i>Full-year</i>	<i>Change in accounting principle</i>	2013 <i>Full-year (restated)</i>
Net profit/loss for the period	389,413	-323,478	65,935	188,092	-291,892	-103,800
Total comprehensive income for the period	389,413	-323,478	65,935	188,092	-291,892	-103,800
Attributable to:						
Parent Company's shareholders	394,705	-328,770	65,935	197,163	-300,963	-103,800
Non-controlling interests	-5,292	5,292	0	-9,071	9,071	0
TOTAL	389,413	-323,478	65,935	188,092	-291,892	-103,800

Effects of change in accounting principle on earnings per share Q1 2013

<i>Amounts in SEK</i>	2013 <i>Jan-Mar</i>	<i>Change in accounting principle</i>	2013 <i>Jan-Mar (restated)</i>	2013 <i>Full-year</i>	<i>Change in accounting principle</i>	2013 <i>Full-year (restated)</i>
Earnings per share attributable to Parent Company's shareholders, weighted average, before and after dilution	8.16	-6.80	1.36	4.08	-6.22	-2.15
Number of shares, weighted average	48,380,817		48,380,817	48,350,016		48,350,016

Effects of change in accounting principle on consolidated balance sheet Q1 2013

<i>Amounts in SEK 000</i>	<i>31 Mar 2013</i>	<i>Change in accounting principle</i>	<i>31 Mar 2013 (restated)</i>	<i>31 Dec 2013</i>	<i>Change in accounting principle</i>	<i>31 Dec 2013 (restated)</i>
Assets						
Non-current assets						
Intangible non-current assets	8,816	-8,816	0	8,340	-8,340	0
Tangible non-current assets	4,718	-4,712	6	529		529
Shares in joint ventures and associated companies	1,542,880	-1,542,880	0	1,605,469	-1,605,469	0
Other long-term securities holdings	30,914	-30,914	0	24,568	-24,568	0
Shares in portfolio companies	0	1,652,010	1,652,010	0	1,729,465	1,729,465
Loans receivable from portfolio companies	38,058		38,058	5,894		5,894
Other financial assets	38,113		38,113	38,113		38,113
Total non-current assets	1,663,499	64,688	1,728,187	1,682,913	91,088	1,774,001
Current assets						
Accounts receivable	1,087	-981	106	258	-255	3
Receivables from portfolio companies	0	946	946	0	254	254
Other short-term receivables	4,530	-2,604	1,926	3,803	-578	3,225
Prepaid expenses and accrued income	4,681	-2,259	2,422	1,767	-290	1,477
Short-term investments	0		0	165,334		165,334
Cash and cash equivalents	419,587	-5,539	414,048	41,639	-6,316	35,323
Total current assets	429,885	-10,437	419,448	212,801	-7,185	205,616
TOTAL ASSETS	2,093,384	54,251	2,147,635	1,895,714	83,903	1,979,617
Equity and liabilities						
Equity						
Share capital	24,266		24,266	24,266		24,266
Share premium	1,768,179		1,768,179	1,768,179		1,768,179
Retained earnings including net profit/loss for the year	272,747	63,082	335,829	74,380	90,779	165,159
Equity attributable to Parent Company's shareholders	2,065,192	63,082	2,128,274	1,866,825	90,779	1,957,604
Non-controlling interests	3,696	-3,696	0	3,514	-3,514	0
Total equity	2,068,888	59,386	2,128,274	1,870,339	87,265	1,957,604
Long-term liabilities						
Other financial liabilities	9,422		9,422	9,438		9,438
Total long-term liabilities	9,422		9,422	9,438		9,438
Current liabilities						
Accounts payable	3,207	-2,012	1,195	3,779	-1,353	2,426
Liabilities to portfolio companies	0	453	453	0	442	442
Other current liabilities	2,809	-1,363	1,446	2,636	-1,043	1,593
Accrued expenses and prepaid income	9,058	-2,213	6,845	9,522	-1,408	8,114
Total current liabilities	15,074	-5,135	9,939	15,937	-3,362	12,575
Total liabilities	24,496	-5,135	19,361	25,375	-3,362	22,013
TOTAL EQUITY AND LIABILITIES	2,093,384	54,251	2,147,635	1,895,714	83,903	1,979,617

Effects of change in accounting principle on statement of cash flows Q1 2013

	2013 Jan-Mar	Change in accounting principle	2013 Jan-Mar (restated)
<i>Amounts in SEK 000</i>			
Operating activities			
Operating profit/loss	387,486	-321,012	66,474
Adjustments for depreciation and amortization	1,009	-1,007	2
Adjustments for changes in fair value	-22,407	8,270	-14 137
Result from transaction with Rosetta Capital IV LP	-404,646	336,414	-68,232
Realized change in value of short-term investments	1,010		1,010
Interest paid	-64	64	0
Interest received	402	10	412
Cash flow from operating activities before changes in working capital	-37,210	22,739	-14,471
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables	3,579	-4,784	-1,205
Increase (+)/Decrease (-) in operating liabilities	1,918	-1,979	-61
Cash flow from operating activities	-31,713	15,976	-15,737
Investing activities			
Investments in intangible non-current assets	-627	627	0
Investments in tangible non-current assets	-174	174	0
Investments in shares in portfolio companies	0	-11,891	-11,891
Investments in shares in joint ventures and associated companies		5,791	0
Cash and cash equivalents which have been transferred to KDev Investments Group		51,723	0
Change in short-term investments	174,199		174,199
Sale of shares in portfolio companies	190,793		190,793
Loans provided to associated companies	-31,996		-31,996
Cash flow from investing activities	274,681	46,424	321,105
Financing activities			
Share repurchase	0		0
Cash flow from financing activities	0	0	0
Cash flow for the year	242,968	62,400	305,368
Cash and cash equivalents at beginning of the year	176,619	-67,939	108,680
CASH AND CASH EQUIVALENTS AT YEAR-END	419,587	-5,539	414,048