Press release May 24, 2013

Interim Report for Kancera AB (publ) Q1 2013

January 1 – March 31, 2013

All figures from the first quarter 2013 relate only to Kancera AB as a consequence of the liquidation of the subsidiary iNovacia AB. Therefore there are no consolidated accounts for the Kancera Group produced. 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 - March 31, 2013 and the balance sheet as of March 31, 2013 correspond to those accounted for according to earlier accounting principles. Comparative figures from the preceding year relate to the mother company Kancera AB.

First quarter 2013 in brief

- R&D expenses for the quarter totaled SEK 1.5m (SEK 6.0m).
- Operating income for the quarter totaled SEK -2.3m (SEK -7.7m).
- Income after financial items for the quarter totaled SEK 0.7m (SEK -7.7m).
- Earnings per share were SEK 0.04 (SEK -0.51).
- 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 period.
- Cash flow from operating activities for the quarter totaled SEK -2,2m (SEK -7.9m).
- Equity as of March 31, 2013 totaled SEK 15.4m (SEK 12.9m) or SEK 0.81 (SEK 0.85) per share. The equity/assets ratio on the reporting date was 93 percent (83 percent).
- Cash and cash equivalents totaled SEK 5.3m (SEK 6.7m) on March 31, 2013. 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. This loan was disbursed to Kancera after the end of the period and is therefore not part of the accounted cash and cash equivalents.

Significant events in the first quarter

- 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 and by the acquisition of exclusive rights to a patent application on human monoclonal antibodies (WO 2012/076727).
  - 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.

Significant events after the end of the reporting period

- 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.

Statement from the CEO

In the first quarter, we now see the result of the organizational change of Kancera that was decided in the fourth quarter of 2012. The operational costs are now less than half and have been made more flexible, while the equity ratio has increased as laboratory equipment and instruments for drug discovery have been acquired under favorable conditions.

With a core of key personnel and customized laboratories at Karolinska Institutet Science Park, our focus is now on delivering a drug candidate in the ROR project during the fourth quarter of 2013 as planned. Kancera is regularly contacted by international pharmaceutical companies and life science investors showing interest in our projects. However, in order to be successful in an out-licensing deal and to achieve our desired negotiation position we know that a few additional product development steps are required. The activity profile of our ROR inhibitors show that cancer cells that resist current drug treatments, are killed efficiently and with great accuracy. This is a source of pride for us. It remains to deal with the stability of the future drug in the body before the critical efficacy and safety trials can start. Here we have made progress. Following detailed analyses of what happen to our ROR inhibitors in liver cells, we have a clear plan of the chemical changes to be made. For some steps in the remaining development of the drug candidate in the ROR project it is possible to assume good chances of success while the outcome of other steps are still difficult to assess. This uncertainty is natural since we are developing cancer drugs that the world has never seen before.

If we allow ourselves to look beyond a future successful delivery of the ROR project, I see good possibilities for Kancera to follow up with the development and sale of more drug candidates. One of these may come from the PFKFB project where Kancera´s strategy is to block the metabolism of the tumor. The PFKFB project is currently dormant but has shown promising effects against pancreatic cancer in an animal model of the disease. The project can be activated on short notice to deliver a drug candidate within about a year. In addition, Kancera has, within the framework of a comprehensive EU-funded project together with e.g. the Pasteur Institute in France, developed highly potent substances that can be further developed against both cancer and severe parasitic diseases. Overall we see that Kancera has the potential to develop and sell drug candidates both in the short and medium term.

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 Cancer Research Center Karolinska (CCK); and later, a collaboration was initiated with Sprint Bioscience AB. In May 2010, Kancera AB was formed by iNovacia AB, Sprint Bioscience AB, expertise from the Karolinska Institute 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 Jan-31 March 2013	2012	1 Jan-31 Dec 2012
Net turnover	-	-	-
R&D expenses	-1 492	-6 013	-14 723
Operating Income	-2 311	-7 737	-21 245
Income after financial items	690	-7 700	-23 502
Net income	690	-7 700	-23 502
Cash-flow from operating activities	-2 236	-7 882	-22 535
Earnings per share, before and after dilution	0,04	-0,51	-1,42
Cash on hand at closing date	5 316	6 676	5 107
Solvency ratio	93%	83%	90%
Key ratios			
Return on equity, %	neg	neg	neg
Return on capital employed, %	neg	neg	neg
Solvency ratio	93%	83%	90%
Net investments in tangible assets	-2 000	-	-
in relation to net turnover, %	-	-	-
No. of employees	7	-	-
Earnings per share, before dilution	0,04	-0,51	-1,42
Earnings per share, after dilution	0,04	-0,51	-1,42
Equity by share, kr	0,81	0,85	0,62
Cash-Flow by share, kr	0,01	-0,52	-0,57

Comments on financial development

The reduced costs and decreased negative cash flow in the first quarter compared with the same period in 2012 can be attributed to the concentration of operations and the liquidation of the subsidiary conducted in the first quarter 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 only included internal drug development projects and therefore the net sales in the first quarter totaled SEK 0 (SEK 0).

Expenses

Expenses in the first quarter totaled SEK 2.3m (SEK 7.7m), which breaks down into costs of services sold of SEK 0 (SEK 0), research and development expenses of SEK 1.5m (SEK 6.0m) and other sales and administrative expenses of SEK 0.8m (SEK 1.7m).

Earnings
Income after financial items for the first quarter totaled SEK 0.7m (SEK -7.7m).

Cash flow and liquidity
Cash flow totaled SEK 0.2m (SEK -7.9m) in the first quarter. Cash flow from operating activities for the first quarter totaled SEK 0.7m (SEK -7.9m). Cash flow from financing activities for the first quarter amounted to SEK 4.4m (SEK 0).

Kancera´s cash and cash equivalents as of March 31, 2013 totaled SEK 5.3m (SEK 6.7m).

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 after the end of the period and is therefore not part of the accounted cash and cash equivalents.

It is the Board's opinion that additional capital needs to be obtained in order to pursue planned projects during 2013.

Investments
Investments in property, plant and equipment in the first quarter totaled SEK 5.0m (SEK 0) as instruments and the library of prototype drugs were acquired from the iNovacia bankrupt´s estate.

Investments in intangible assets in the first quarter 2013 totaled SEK 0 (SEK 0). Current investments in intangible assets, R & D costs, are expensed as R & D and these amounted to SEK 1.5m (SEK 6.0m) for the first quarter.

Equity and share data
Total equity as of March 31, 2013 was SEK 15.4m (SEK 12.9m).

Share capital as of March 31, 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 0.04 (SEK -0.51). 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 March 31, 2013 was 93 percent (83 percent). Equity per share was SEK 0.89 (SEK 0.85), 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 is 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 March 31, 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.

The product development in the ROR project has advanced so far that the company now sets the goal to deliver a drug candidate in 2013 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 it was decided to focus the activities on one project. The ROR project, where the company has an internationally unique leadership position, was prioritized.

Thus 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.

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, Sunifinib) in order to examine the competitiveness of ROR inhibitors. The results show that these four drugs are unable to inhibit ROR1 and that they kill cancer cells from leukemia patients less selectively. Further, the study shows that these drugs also kill healthy white blood cells, which may 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 ROR-inhibiting substances are capable of killing leukemia cells from 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.

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.

International research shows that also 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 in the laboratory. Pancreatic cancer affects more than 100,000 patients annually 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.

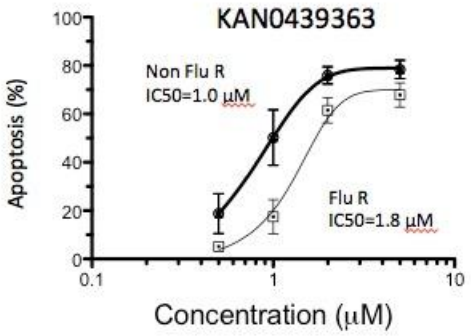
In parallel, independent researchers from the U.S. and Japan have shown that ROR is a promising target for development of drugs also against breast cancer and lung cancer (Yamaguchi et al, Cancer Cell 2012, Zhang et al, PLoS One 2012), indicating a potentially wide range of use for a future ROR inhibiting 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 the 2012 patent application (EP12153357) has entered the international phase and further audit in January 2013. The patent application covers a chemical series of ROR-inhibiting small molecules with drug-like properties.

Kancera reported further progress in the development of a drug candidate against ROR. Kancera´s most recently developed ROR1 inhibitors (see example in figure 1) are now more effective in killing cancer cells from leukemia patients than comparable reversible cancer drugs currently under clinical development (inhibitors of PI3K and SYK) whilst inhibitors binding permanently to BTK is more potent but, according to our study, less selective against cancer cells. The Kancera ROR1 inhibitors are also far more selective against cancer cells compared to the other tested competitors in development (inhibitors of PI3K and SYK).

Figure 1. Figure 1 shows the effect in percent cancer cells (from patients suffering from chronic leukemia) that are killed via cellular suicide (apoptosis) after exposure to various concentrations of Kancera´s ROR inhibiting substance KAN0439363. This substance is an example of a group of ROR inhibitors that is developed by Kancera. In the figure it can be seen that the maximum effect is about 70% cell death and that 50% of the killing effect (IC50) is achieved at 1 µM in cells from patients with stable disease and 1.8 µM in cells from patients not longer helped by today´s most widely used drug for chronic lymphocytic leukemia. The studies are based on samples of 7 patients in each group. Each value in the graph represents a mean + / - standard error of mean.	

Kancera 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 with a company that specializes in antibody-based drugs.

Events after the end of the reporting period

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. Since Professor Kipps research group has published leading research on the significance of ROR in breast cancer and acute myeloid leukemia, the cooperation is expected to increase the knowledge of how Kancera´s ROR inhibitors can be used to treat an increasing number of severe cancer forms.

Further, Kancera has reported that new knowledge has been generated on how Kancera´s ROR inhibitors are metabolized in the liver. This 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. The final report of the successful EU-project has now been submitted and the partners are currently investigating promising opportunities to fund the further development of the compounds into candidate drugs. Inhibitors against the corresponding epigenetic human target proteins (target proteins that control genome activity) also constitute possible therapies for cancer and neurodegenerative diseases.

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.

However, there will be no significant additional investments in the PFKFB3 project until adequate funding has been secured. 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.

Market outlook for Kancera's development projects

The international pharmaceutical industry organization "BIO Industry Organization (http://www.bio.org/) reports that 2012 has been a great year for the approval of new drugs by the FDA. Not since 1990 have there been so many new drugs approved as in 2012, when 40 new products were made available to patients. Given that Kancera is focused on developing small molecule drugs against cancer it is interesting to note that out of the 40 new drugs as many as 35% were targeted against cancer and 70% were small molecule drugs. A large percentage of the approved products, more than 50%, are directed against rare diseases, so-called "Orphan designations." The industry's interest in these rare diseases has increased since the patient group is clearly defined, which facilitates clinical studies and since they still represents significant medical needs. This has prompted the authorities to facilitate the development and protection of products against these diseases. Kancera´s ROR project has been shown in preclinical studies to be a possible way to treat a number of blood cancers that meet the requirements for classification as "Orphan" (in the United States fewer than 200,000 affected individuals).

In April 2012 an agreement between Boston-based Epizyme and Celgene regarding a preclinical drug development project against gene regulation in cancer was announced. The agreement involved an upfront payment of USD 90m 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.

Deals in preclinical development, as exemplified between Epizyme and Celgene above, dominated over deals in the clinical phase in 2012 and represented 46% of global partnering agreement according to the analyst Burrill & Company (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´s projects, continues.

That the pharmaceutical industry is in great need of innovation is clear from a report with the heading "lemming migration" that was referenced by Bruce Booth from the venture capital firm Atlas Ventures (lifescivc.com/2012/06/cancer-drug-targets-the-march-of-the-lemmings /). The report found that out of 990 cancer projects in the industry worldwide, some 200 projects are targeted against only eight targets in the cancer cell. In contrast, ROR1 represents a new target in the cancer cell, in addition to these eight, which means that a drug directed against ROR1 can result in a drug that is unique.

Kancera operational plan for 2013 includes the delivery of a ROR inhibitor as a candidate for an entirely new class of drugs for sale to the pharmaceutical industry and further clinical trials against intractable cancers.

Income Statement

SEK 000´s (if otherwise not specified)

Kancera AB

	1 Jan-31 March 2013	1 Jan-31 March 2012	1 Jan-31 Dec 2012
Revenues	**-**	**-**	**-**
Net sales	**-**	**-**	**-**
Cost of sales & services	-	-	-
Gross profit	**-**	**-**	**-**
Operating Expenses			
General & administrative expenses	-704	-961	-4 566
Selling expenses	-115	-763	-1 956
Research & development expenses	-1 492	-6 013	-14 723
	-	-	-
Total expenses	**-2 311**	**-7 737**	**-21 245**
Operating income	**-2 311**	**-7 737**	**-21 245**
Income from Financial Investments			
Financial income	3 001	37	61
Financial expenses			-2 318
Financial net	3 001	37	-2 257
Income after financial items	**690**	**-7 700**	**-23 502**
Taxation	**-**	**-**	-
Net income	**690**	**-7 700**	**-23 502**
Earnings per share, before and after dilution	0,04	-0,51	-1,42

Balance Sheet

SEK 000´s (if otherwise not specified)	31 March 2013	31 March 2012	31 Dec 2012
Kancera AB			
Assets			
Non-current Assets			
Intangible assets, activated R&D expenses	6 000	6 000	6 000
Tangible assets	5 000	-	-
Financial assets	0	2 320	0
Total non-current assets	**11 000**	**8 320**	**6 000**
Current Assets			
Receivables	137	688	194
Cash and cash equivalents	5 316	6 676	5 107
Total current asstes	**5 453**	**7 364**	**5 301**
TOTAL ASSETS	**16 453**	**15 684**	**11 301**
Equity and Liabilities			
Equity			
Restricted equity	2 689	1 262	1 563
Non-restricted equity	12 671	11 681	8 662
Total equity	**15 360**	**12 943**	**10 225**
Provisions and liabilities			
Short-term liabilities	1 093	2 741	1 076
Total provisions and liabilities	**1 093**	**2 741**	**1 076**
TOTAL EQUITY and LIABILITIES	**16 453**	**15 684**	**11 301**

Statement of Changes in Equity

SEK 000´s (if otherwise not specified)

Kancera AB

	2013		**2012**
Total equity, opening balance on the 1st of Jan 2013	**10 225**	**Total equity, opening balance on the 1st of Jan 2012**	**20 643**
Proceeds on issue of shares	4 834	Q1 net income	-7 700
Costs related to issue of shares	-389	**Total equity, closing balance on the 31st of March 2012**	**12 943**
Q1 net income	690		
Total equity, closing balance on the 31st of March 2013	**15 360**		

Cash-Flow Statement

SEK 000´s (if otherwise not specified)	1 Jan-31 March 2013	1 Jan-31 March 2012	1 Jan-31 Dec 2012
Kancera AB			
Cash-flow from operating activities			
Operating income after financial items	690	-7 700	-23 502
Depreciation	-	-	-
Other non-cash-flow affecting items	-3 000	-	2 320
Cash-flow from operating activities before working capital change	**-2 310**	**-7 700**	**-21 182**
Change in working capital	74	-182	-1 353
Cash-flow from operating activities	**-2 236**	**-7 882**	**-22 535**
Investment activities			
Investment in financial assets	-2 000	-	-
Cash-flow from investment activities	**-2 000**	**-**	**-**
FREE CASH-FLOW available to INVESTORS	**-4 236**	**-7 882**	**-22 535**
Financing activities			
Issue of shares	4 445	-	13 084
Cash-flow from financing activities	**4 445**	**-**	**13 084**
CASH-FLOW for the YEAR	**209**	**-7 882**	**-9 451**
Cash and cash equivalents at the beginning of the year	5 107	14 558	14 558
Cash and cash equivalents at the end of the year	5 316	6 676	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. The transition to K3 did not affect the income statement or the balance sheet for 2012. The result for the period January 1,2013 - March 31, 2013 and the balance sheet as of March 31, 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 a paid compensation to F:a Mellstedt Medical for scientific consulting and scientific marketing services at an amount of SEK 17,500. Håkan Mellstedt, a Board member at Kancera, is the Managing Director and owner of F:a Mellstedt Medical.

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 4000 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.

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Stockholm, May 24, 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

- Interim Report January – June 2013 August 23, 2013
- Interim report January – September 2013 November 22, 2013

For further information, please contact:

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