

H1 2015 REPORT

Medical Prognosis Institute A/S



IT'S
ABOUT
PRECISION
COLLABORATION

August 31st , 2015, Hoersholm, Denmark

INTERIM REPORT FIRST HALF YEAR 2015

for the period January 1st - June 30th

Highlights	3
About MPI	5
MPI's technology	7
Collaborations and Partnerships Overview	8
Financial highlights and ratios	9
Financial Review	11
Management's Statement	12
Income Statement January 1 st – June 30 th	13
Balance June 30 th - Assets.....	14
Balance June 30 th - Liabilities and equity	15
Cash Flow Statement January 1 st – June 30 th	16
Statement of Changes in Equity.....	17
Information regarding forward-looking statements.....	18
Abbreviations.....	19

Highlights

- ✓ **Oncology Venture, MPI's spinout company is oversubscribed by 370% in its emission at AktieTorget in relation to IPO**
- ✓ **MPI's spinout Oncology Venture receives DKK 3,6 million to find anti-cancer drugs to be rescued by MPI's technology**
- ✓ **MPI's DPR technology predicts which lymphoma patients (DLBCL) respond to standard treatment (R-CHO(E)P) in a blind setting**
- ✓ **MPI's drug development arm Oncology Venture and Lantern Pharma receive USD 800,000 ICIP grant to advance Irofulven for metastatic prostate cancer**
- ✓ **MPI's spinout Oncology Venture Sweden AB IPOs at AktieTorget**
- ✓ **MPI and NemuCore announce strategic partnership**
- ✓ **MPI's drug development arm Oncology Venture and Lantern Pharma announce partnership to advance Irofulven for metastatic prostate cancer**
- ✓ **MPI's drug development arm Oncology Venture raises more than 6 million DKK from private investors**

"MPI has strengthened its collaboration with Oncology Venture which was created as a spinout from MPI. Oncology Venture will develop anti-cancer drugs using MPI's DRP™ technology. MPI's goal is to reach Proof of Concept by using the DRP™ for drug development showing we can significantly increase value of anticancer drugs and reach the market faster. The close collaboration with Oncology Venture and the 2 companies' mutual aim, empowers MPI to reach Proof of Concept faster, and thereby, the value of the DRP™ will be even better reflected in the company," **said Peter Buhl Jensen, MD, Ph.D., Professor and CEO of MPI.**

June 29th 2015

MPI's spinout, Oncology Venture Sweden AB ends subscription of new shares with a 370% oversubscription

Prior to the IPO at the AktieTorget which took place on June the 22nd, Oncology Venture ended the subscription of new shares with a 370% oversubscription. Oncology Venture received a gross proceed of approximately SEK 21 million. MPI is a major shareholder in Oncology Venture. Before the emission, MPI possessed 24,3% of the shares and after the emission the possession is 14,8%.

June 5th 2015

MPI's spinout, Oncology Venture Sweden AB announces its IPO at the Swedish AktieTorget

Oncology Venture raises capital for the use of clinical development of its anti-cancer drug APO010 and its newly in-licensed anti-cancer drug candidate Irofulven. The overall goal of Oncology Venture is to in-license a total of five drug candidates and to run 5 focused clinical phase 2 trials within a period of three years from the planned IPO on AktieTorget. Hereafter, the aim is that two drug candidates are successfully developed and can be out-licensed or sold.

Oncology Venture aims to raise at least 16 million SEK, and up to SEK 21 million during a subscription period of June 5th – 24th 2015. First day of trading on AktieTorget will be July 22nd 2015.

June 1st 2015

Medical Prognosis Institute and NemuCore Medical Innovations, Inc. Announce Strategic Partnership

Under the partnership, NemuCore Medical Innovations, Inc. will employ a DRP™ Biomarker, developed by MPI and specific for NemuCore's most advanced product, to potentially select and enroll likely responder patients in a Phase 2b trial. NemuCore has an option to obtain an exclusive, worldwide license to commercialize the DRP™ Biomarker for use as a predictive or Companion Diagnostic in connection with its drug.

April 21st 2015

Frank Knudsen. New Board Member and Chairman of the Board

Frank Knudsen is Director of Finance and Administration at Glycom A/S. Previously he was Director of Investment with the responsibility in investments in biotech and medico at SEED Capital Denmark K/S.

February 21st 2015

MPI's DRP™ technology predicts which lymphoma patients (DLBCL) respond to standard treatment (R-CHO(E)P) in a blind setting

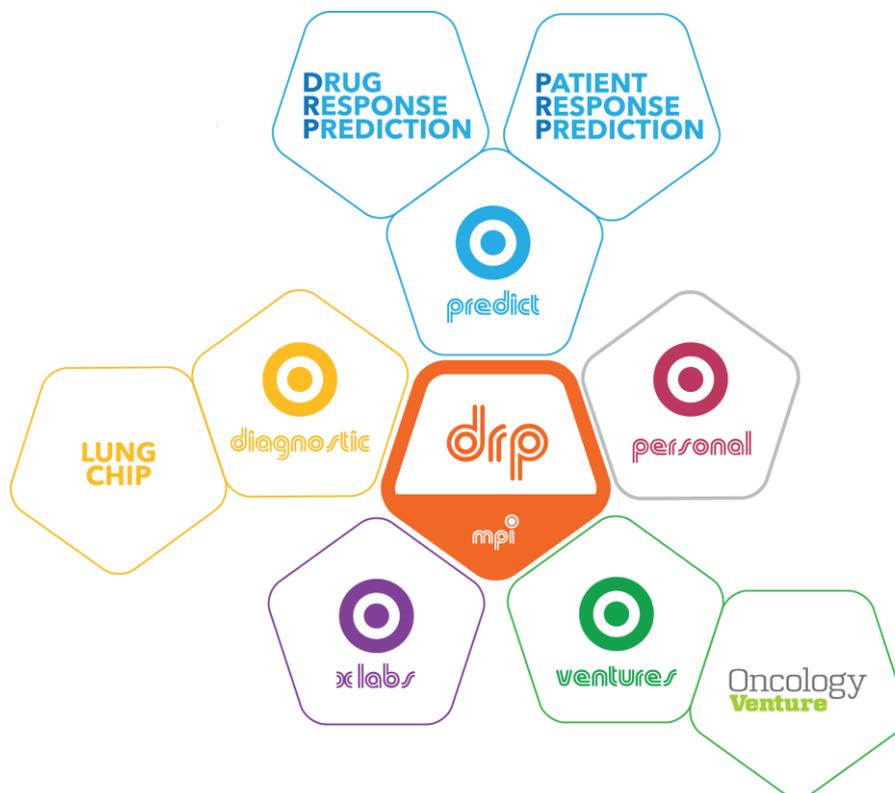
In collaboration with the Danish University Hospital Rigshospitalet, Department of Hematology, MPI has published data showing that MPI's DRP™ Biomarker may help identifying which of patients suffering from Diffuse Large B-Cell Lymphoma (DLBCL) are likely to respond to standard treatment with the combination (R-CHO(E)P).

These results have been published in PLOS ONE, an international, peer-reviewed, open-access, online publication under the title 'Development and blind clinical validation of microRNA based predictor of response to treatment with R-CHO(E)P in DLBCL'.

About MPI

MPI was founded to improve the efficacy of cancer drugs through its multi biomarker technology called Drug Response Predictor (DRP™).

The goal of the company and the turning point is to reach prospective Proof of Concept of the DRP™ technology.



MPI's business and value creation are founded around our core DRP-tool. The DRP™ can be applied in several ways:

predict is our current core business-to-business unit where we utilize the DRP-method to generate drug response reports and patient response reports for our customers. Orchestrating the contextual relationship between the patient, physicians and payors is an important touch point that we focus here.

The process for identifying and analyzing relevant drugs is ongoing and we now have DRPs for more than 80 drugs and for more than 80% of all FDA approved cancer agents.

ventures is our business arm where we focus on business development ventures. Operating within this business arm is currently Oncology Venture with the key mission to rescue, repurpose and reposition cancer drugs as well as the collaboration with LiPlasome Pharma on the phase 1/2 product, LiPlaCis, a liposomal formulation of cisplatin.

Oncology Venture has successfully IPO-ed on the Swedish stock exchange Aktietorget and raised approx. SEK 20 million. The funds will be used to acquire oncology products which has shown effect but not sufficient to obtain marketing approval. The in-licensed DRP™ from MPI will be used to screen and select the patients with the highest likelihood of response to the given drug. The two drugs, Irofulven and APO010, are the first drugs in Oncology Venture's pipeline. This is a fast route to demonstrate DRP™ Proof of Concept in a clinical prospective trial.

In relation to the LiPlasome collaboration, MPI and LiPlasome have established a robust infrastructure to analyze sensitivity to cisplatin including identification of sPLA2 by utilizing the DRP™. Metastatic breast cancer patients have been screened and 10% of the most sensitive patients to cisplatin will be offered to enter a trial with LiPlaCis.

personal is our business unit where we innovate within personal medicine with focus on developing business to consumer products and services that inform, curate and formulate personalized treatments.

The DRP™ test is believed to be of high value especially for the very large group of cancer patients for whom there are no other bio-markers available. With the current discussion regarding expensive cancer treatments in mind, MPI seeks to develop personalized medicine. The DRP™ tool may assist patients and doctors in selecting the proper treatment for each specific patient resulting in more value for the patient and payors.

We have established several collaborations with academia and hospitals aiming at evaluation our DRP™ in practice. A robot has been installed at a university hospital to collect information on: patient DRPs, the implemented treatment, and the outcome of the treatment.

x labs is our discovery business arm where we invent, prototype and prove relevant new techniques, scientific methodologies and new business models. These concepts are curated and refined with the intention to grow the core MPI business areas. It is our playground where we facilitate for the involvement of big data and good science.

In the first half of 2015, MPI has been working on methods to be able to use any type of biopsy and ensure correct prediction. This ensures the continuous potential impact of our technologies.

diagnostic is our business unit where we operate our Lung Chip diagnostics.

Our expanded phase III study regarding Lung Chip diagnostics is now in the finale stage and the unblinding and the final analysis are expected to be done before the end of Q3 2015.

The fastest way to reach Proof of Concept is to focus on ventures. In addition to Oncology Venture and LiPlasome Pharma Aps, MPI is ready to follow other opportunities in various constellations.

The DRP™ test is believed to be of high value especially for the very large group of cancer patients for whom there are no other bio-markers available. With the current discussion regarding expensive cancer treatments in mind, MPI seeks to develop personalized medicine. The DRP™ tool may assist patients and doctors in selecting the proper treatment for each specific patient resulting in more value for the patients and payors.

MPI's technology

Not all cancer patients will benefit from treatment with cancer drugs and on top of that, patients may experience negative side effects from the treatment.

Cancer is a disease of abnormal gene function. With gene technology it is now possible to analyze the tumor tissue. When combined with the MPI's technology, we can offer a more precise identification of the actual tissue, and thereby supplement the cancer drug developers with precision information useful in the selection and development of cancer drug candidates. MPI's Drug Response Prediction technology is being developed further so that it can also be implemented in the healthcare system for use by treating doctor and/or directly by the patient. As a personalized medicine tool, the MPI technology may assist the doctor and the patient in choosing the treatment with the highest efficacy.

Using the technology for drug development, the DRP™ technology can reduce development costs significantly by assisting in selection of the indication (the cancer disease) where the drug is most potent, and later select the most likely responding patients.

In treating cancer patients, the technology can assist the doctor and the patient in choosing within the plethora of treatment possibilities, and precisely select the treatment that most likely will benefit the patient.

The unique match of cell line data, and data from more than 6,000 patients tumors combined with clinical relevant information makes MPI's technology unprecedented. This different approach can be used in addition to existing algorithms and methods to increase the likelihood of success.

The MPI method can be used in almost all targets and types of cancers. Seemingly it is a method that can be used for optimizing more than 80% of all cancer drugs.

MPI's DRP™ is a multiple biomarker technology that reflects and deals with the complex data of cancer cells.

Collaborations and Partnerships Overview

- ✓ Oncology Venture: to make use of the MPI's DRP™ for the development of phase 2 drugs having shown efficacy but not sufficient to obtain authorities approval
- ✓ Nemucore: Use the DRP™ for selection and enrollment of likely responder patients in a Phase 2b trial. The endpoint is to commercialize the DRP™ Biomarker specific for the Nemucore drug as a predictive or Companion Diagnostic
- ✓ DBCG: In collaboration with MPI and LiPlasome Pharma screened metastatic Breast Cancer patients DRP data are in the DBCG database with access to all hospital sites
- ✓ TD2: Strategic collaboration with TD2 who have a business of panels of cell lines including rare diseases
- ✓ LiPlasome: the first prospective clinical trial using the DRP™ initiated for patient screening for sensitivity of LiPlaCis

For further information please contact

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Financial highlights and ratios

	H1 2015	H1 2014	Annual report 2014
	DKK	DKK	DKK
Income Statement			
Revenue	681,080	1,241,113	4,315,459
Gross profit/loss	-6,350,226	-1,905,525	-4,405,010
Profit/loss before other expenses	-7,759,588	-3,309,696	-7,074,742
Profit/loss before financial income and expenses (EBIT)	-7,759,588	-3,401,176	-7,074,742
Net profit/loss for the period	-6,085,542	-2,643,767	-5,347,074
Assets			
Intangible assets	2,684,442	2,089,764	2,751,764
Property, plant and equipment	251,943	155,137	192,420
Fixed asset investments	798,512	505,512	505,512
Receivables	5,737,872	3,153,824	4,941,984
Cash at bank and in hand	8,093,508	11,453,868	16,020,922
Assets	17,566,276	17,358,105	24,412,602
Equity	16,404,746	16,338,276	22,219,208
Short term debt	1,161,530	1,019,829	2,193,395
Liabilities and equity	17,566,276	17,358,105	24,412,603
Cash Flow Statement			
Cash flows from operating activities	-7,805,892	-2,080,604	-5,355,572
Cash flow from investing activities	-392,610	-154,142	-223,138
Cash flows from financing activities	271,080	8,564,532	17,148,771
Changes in cash and cash equivalents	-7,927,422	6,329,786	11,570,062
Ratios			
Gross margin (%)	-932.4	-153.5	-102.1
Margin before other expenses (converted to %)	-1139.3	-266.7	-163.9
EBIT Margin (converted to %)	-1139.3	-274.0	-163.9
Equity ratio %	93.4	94.1	91.0
Return on equity %	-31.5	-19.8	-32.8
Net asset value per share	14.9	15.7	20.2
Earnings per share	-6.3	-2.7	-5.3
Average no. of shares	1,099,148	973.563	1,016,989
Average no. of diluted shares	1,099,148	973.563	1,016,989
No. of shares at end period	1,099,770	1,040,646	1,097,770

The interim report for H1 2014 and for H1 for 2013 has not been audited or reviewed; the accounting policies have been applied consistently with the annual report for 2013. The key figures have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2010'.

<p>Gross margin : $\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$</p> <p>EBIT margin : $\frac{\text{Profit/loss before financial income and expenses (EBIT)} \times 100}{\text{Revenue}}$</p> <p>Equity ratio % : $\frac{\text{Equity year-end} \times 100}{\text{Liabilities and equity}}$</p>	<p>Return on equity % : $\frac{\text{Net profit/loss for the year} \times 100}{\text{Average equity}}$</p> <p>Net asset value per share : $\frac{\text{Equity year-end}}{\text{No. of shares at year-end}}$</p> <p>Earnings per share : $\frac{\text{Net profit/loss for the year}}{\text{Average no. of shares}}$</p>
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Financial Review

The Report includes the Parent Company Medical Prognosis Institute A/S. No consolidated financial statements have been prepared with reference to section 110 of the Danish Financial Statements Act.

Income statement 1H 2015

Revenue amounted to DKK 681,080 (last year DKK 1,241,113).

Gross profit amounted to DKK -6,350,226 (last year DKK -1,905,525). The development in gross profit margin amounted to -932,4% (last year -153.2%). The reduction is mainly caused by focus on validating and strengthening the DRP™ technology in order to reach Proof of Concept faster. This has effected revenue and other external cost.

Staff expenses amounted to DKK -1,301,961 (last year DKK 1,375,280).

Profit/loss before other operating expenses showed a loss of DKK -7,759,588 (last year a loss of DKK 3,309,696).

Other operating expenses amounted to DKK 0 (last year DKK 91,480).

Profit/loss before tax amounted to a loss of DKK -7,801,977 (last year a loss of DKK 3,469,167).

The Company realized a net loss of DKK 6,085,542 (last year a net loss of DKK 2,643,767).

Balance sheet

Total assets amounted to DKK 17,566,276 (last year DKK 17,358,105) and primarily consist of receivables and cash at bank and in hand.

Total liabilities amounted to DKK 17,566,276 (last year DKK 17,358,105) and primarily consist of the Company's equity, DKK 16,404,746 (last year DKK 16,338,276).

Cash flows

The Company's cash flows from operating activities were a negative DKK 7,805,892 (last year a negative DKK 2,080,604).

The Company's cash flows from financing activities amounted to DKK 271,080 (last year DKK 8,564,532).

Expectations for 2015

The Company expects a result before other operating expenses of around Million DKK -12 to -15.

Subsequent events

No events materially affecting the assessment of the Report have occurred after the balance sheet date.

Financial Calendar

Annual Report to be presented March 24th 2016

Annual General Meeting to be held April 20th 2016

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Report of Medical Prognosis Institute A/S for the financial period 1 January - 30 June 2015.

The Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at June 30th 2015 of the Company and of the results of the Company operations for H1 2015.

Hoersholm, August 31st 2015

Executive Board

Peter Buhl Jensen
CEO

Board of Directors

Frank Knudsen
Chairman

Peter Buhl Jensen

Steen Meier Knudsen

Niels Johansen

Magnus Persson

Income Statement January 1st – June 30th

	H1 2015	H1 2014 DKK	H1 2013 DKK
Revenue	681,080	1,241,113	1,894,707
Other external expenses	-7,031,306	-3,146,638	-1,286,735
Gross profit/loss	-6,350,226	-1,905,525	607.972
Staff expenses	-1,301,961	-1,375,280	-1,383,434
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-107,400	-28,891	-16,432
Profit/loss before other expenses	-7,759,588	-3,309,696	-791,894
Other expenses	0	-91,480	0
Profit/loss before financial income and expenses	-7,759,588	-3,401,176	-791,894
Financial income	6,294	0	9.249
Financial expenses	-48,684	-67,991	-5.368
Profit/loss before tax	-7,801,977	-3.469,167	-788.013
Tax on profit/loss for the period	1,716,435	825,400	198,750
Net profit/loss for period	-6,085,542	-2,643,767	-589,263

Balance June 30th - Assets

	30.06.2015	30.06.2014
	DKK	DKK
	DKK	DKK
Development projects in progress	2,684,442	2,089,764
Intangible assets	2,684,442	2,089,764
Plant and machinery	251,943	155.137
Property, plant and equipment	251,943	155.137
Investments in subsidiaries	5,512	5.512
Investments in associates	793,000	500,000
Fixed asset investments	798,512	505.512
Fixed assets	3,734,896	2,750,413
Receivables from subsidiaries	43,978	609,400
Trade receivables	-6,831	416.525
Other receivables	2,282,308	462.722
Corporation tax	3,418,416	1,665,117
Receivables	5,737,872	3,153,824
Cash at bank and in hand	8,093,508	11,453,868
Currents assets	13,831,379	14,607,692
Assets	17,566,276	17,358,105

Balance June 30th - Liabilities and equity

	30.06.2015 DKK	30.06.2014 DKK
Share capital	1,099,770	1,040,646
Share premium account	29,711,460	20,915,265
Retained earnings	-14,406,484	-5,617,635
Equity	16,404,746	16,338,276
Trade payables	521,879	133.475
Payables to owners and Management	0	2.975
Other payables	325,991	427.284
Deferred income	313,660	456.095
Short-term debt	1,161,530	1,019,829
Debt	1,161,530	1,019,829
Liabilities and equity	17,566,276	17,358,105

Cash Flow Statement January 1st – June 30th

	H1 2015 DKK	H1 2014 DKK
Net profit/loss for the period	-6,085,542	-2,643,767
Adjustments of items with no cash flow effect	-1,609,035	-796,509
Income tax received		
Changes in working capital	-111,315	1,359,672
Cash flows from operating activities	-7,805,892	-2,080,604
Investments in fixed assets	-99,610	-154,142
Investments in financial assets	-293,000	0
Cash flow from investing activities	-392,610	-154,142
Capital increase share capital and Share premium account	271,080	8,564,532
Cash flows from financing activities	271,080	8,564,532
Changes in cash and cash equivalents	-7,927,422	6,329,786
Cash and cash equivalents, beginning of year	16,020,922	5,124,082
Cash and cash equivalents at year-end	8,093,500	11,453,868
Note A: Adjustment of items with no cash flow effect		
Effect depreciation and amortisation	107,400	28891
Tax on profit for the period	-1,716,435	-825,400
	-1,609,035	-796,509
Note B: Changes in working capital		
Changes in receivables	964,526	1,672,631
Changes in balances with group companies	-261699	606,120
Changes in trade payables etc.	-814,142	-919,079
	-111,315	1,359,672

Statement of Changes in Equity

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at January 1 st	1,097,770	29,442,380	-8,320,942	22,219,208
Cash capital increase	2,000	269,080	0	271,080
Net profit/loss for the period	0	0	-6,085,542	-6,085,542
Equity at June 30th 2015	1,099,770	29,711,460	-14,406,484	16,404,746

Information regarding forward-looking statements

This Half year Report contains forward-looking statements. Forward-looking statements include statements regarding the Company's intentions , assessments or current expectations concerning, for instance result of operations, liquidity , prospects and strategies in which the Company operates, and can be identified by the use of forward-looking terminology , including terms "believes, " "estimates, " "predicts, " "expect, " "intend, " " may, " " will, " "seeks" or " should" or the negatives thereof or other variations or comparable terminology. These forward- looking statements include all matters that are not historical facts. They appear in a number of locations throughout the Annual Report.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may not occur in the future. The Company cautions that forward-looking statements are no guarantee of future accuracy of the statements and the development of the Company may differ materially from those stated or implied in the forward- looking statements in this Half year Report. Although the development of the Company corresponds to the forward- looking statements in this Half year Report, this development may not be indicative of developments in subsequent periods.

Abbreviations

Terminology and abbreviations	Definition
Cell lines	Cancer cells can be grown in the Laboratory and when cells are stably growing a cell line has been established. There are thousands of such cancer cell lines and cancer drugs can be tested on a panel of different cell lines to get a pattern showing which cell lines the cancer drug kills and which cell lines it does not
Cisplatin	Cisplatin is one of the most used cancer drugs
Companion Diagnostics	Devices/tests designed to help doctors choosing the correct treatment
DBCG	Danish Breast Cancer Cooperative Group is a Danish organization which goal is to secure optimal diagnostic and treatment of breast cancer
DRP™	Drug Response Prediction, MPI's gene analysis to predict which patients will respond to a given cancer drug
Indication	Here a cancer type or cancer disease
MPI	Medical Prognosis Institute A/S (CVR: 28106351)
Response Prediction	Predicting the effect of a cancer drug. Effect can be measured in a variety of ways for example is the cancer tumor shrinking (response), - how long does it take before the cancer disease progresses (progression free survival) or the most important parameter, - how long the patient survives (survival)