ONXEO

THE ORPHAN ONCOLOGY INNOVATOR

# A MAJOR PLAYER IN THE DEVELOPMENT OF ORPHAN DRUGS IN ONCOLOGY

1ER HALF YEAR OF 2014

# CONTENTS

# MESSAGE FROM JUDITH GRECIET

CEO

***" I am delighted to present to you the first half-year activity report of Onxeo, the company created by the merger of BioAlliance Pharma and Topotarget.***

The creation of Onxeo is a major step and a strategic turning point in the history of BioAlliance Pharma. The pooling of expertise applied to a portfolio of promising and innovative products is designed to give rise to a major player in the field of rare and/or orphan diseases in oncology. Today this field represents one of the most dynamic sectors of the pharmaceuticals market with a high growth rate and major requirement for effective therapeutic alternatives.

Onxeo therefore presents a significant opportunity for value creation. It benefits from a wide and balanced portfolio of orphan drugs in oncology with two programs at an advanced stage of clinical development (Livatag® and Validive®), and one product which has just been successfully registered in the United States (Beleodaq®/belinostat) which we will be able to develop over the coming years in new rare cancer indications.

A company established in France and Denmark, Onxeo also supports its international development through the strategic partnership with the American company Spectrum Pharmaceuticals, which is responsible for the co-development and marketing of belinostat in the United States. Finally, Onxeo should benefit from enhanced visibility and financial attractiveness, notably to specialized international investors.

Thanks to the motivation and ambition of our teams combined with the support provided by a Board of Directors of great quality and international calibre, I am convinced that Onxeo will very quickly be able to establish its position as a major player in the field of orphan drugs in oncology by offering patients innovative therapeutic solutions.

I pay tribute to the commitment and enthusiasm of all our staff who worked tirelessly to enable the creation of Onxeo, and I also thank our shareholders for their support and confidence during the course of the operation. "

> *" The creation of Onxeo is a major step and a strategic turning point in the history of BioAlliance Pharma "*

# MESSAGE FROM PATRICK LANGLOIS

## CHAIRMAN OF THE BOARD OF DIRECTORS

"The creation of Onxeo has been the cause of immense satisfaction for the Board of Directors. This cross-border consolidation has enabled us to create a more powerful player in the world of European biotech which now offers a balanced portfolio and independent and complementary assets with great potential. We are convinced that Onxeo will be able to generate strong growth for its shareholders over the coming years and will continue its ambitious strategy in the field of orphan drugs in oncology.

For my part, I am delighted to continue my mission as Chairman of the Board of Directors of Onxeo. We also have the great pleasure of welcoming Orfacare Consulting GmbH, represented by Bo Jesper Hansen, and Per Samuelsson of HealthCap, who will enhance the Board through their expertise and international cultural experience. "

*"The creation of Onxeo has been the cause of immense satisfaction for the Board of Directors"*

# ONXEO, A NEW IDENTITY

## FOR A MAJOR PLAYER IN ORPHAN DISEASES IN ONCOLOGY

***Onxeo was created through the merger of BioAlliance Pharma,*** a French innovation company based in Paris specializing in the development of drugs for orphan diseases in oncology, ***with Topotarget***, a Danish biopharmaceuticals company based in Copenhagen, also a specialist in the development of oncology products.

The merger was approved by the companies' shareholders at their General Meetings on 27 June and 30 June 2014. The merger was completed on 22 July 2014 and BioAlliance Pharma officially decided to adopt the name Onxeo with effect from 1 August 2014.

The company is listed on both Euronext Paris and - since August 1, 2014 - on Nasdaq OMX in Copenhagen, the dual listing reflecting its shareholder composition and the division of its activities in the two countries.

## Our mission

- The Onxeo teams are determined to develop innovative medicines to provide patients with hope and significantly improve their lives.

## Our vision

- To be a global leader and pioneer in oncology, with a focus on orphan or rare cancers, through developing innovative therapeutic alternatives to "make the difference".

## Our strengths

- A broad and balanced orphan oncology portfolio with two programs at a very advanced stage of clinical development, Livatag® and Validive®, and one product recently registered in the United States, Beleodaq®, which furthermore offers the opportunity for clinical development in several other indications of rare cancers;
- Development in a dynamic market with strong growth potential, estimated to reach US$ 80 billion by 2018;
- A U.S. anchorage with an established American partner: Spectrum Pharmaceuticals Inc.
- A highly skilled scientific team divided between Paris and Copenhagen, who on several occasions successfully developed and brought programs to registration, in both Europe and the United States;
- A strong position to pursue strategic partnerships with major pharmaceuticals players;
- A critical mass and strengthened market capitalisation providing enhanced visibility with international investors, notably in Europe and the U.S. Onxeo is listed on the Euronext Paris and Nasdaq OMX Copenhagen stock exchanges in order to facilitate market transactions for all of its shareholders;
- International dimension with development under the leadership of an experienced and dynamic management team, supervised by a highly skilled international Board of Directors.

# KEY FIGURES

**€19.1M**
cash position as of 30 June 2014

**€5.7M**
invested in R&D as of 30 June 2014

**$25M**
expected H2 2014
(milestone triggered by FDA's approval of the Beleodaq® NDA)

**A loan €10M**
granted by Financière de la Montagne, Onxeo's top shareholder

## SUBSTANTIAL ASSETS

- **3** programs in an advanced clinical development phase
- **Over 70** active clinical centers in **9** countries
- **1** Phase II with completed recruitment (preliminary results expected in Q4 2014)
- **1** U.S. New Drug Approval
- **1** product launched on the U.S. market
- **3** international agreements with Innocutis (U.S.), EMS S/A (Brazil), Daewoong Pharmaceutical (South Korea)
- **3** drugs registered and marketed in Europe and/or the United States
- **2** Fast Track designations obtained
- **424** patents and published patent applications at 31 July 2014
- **60** employees, all experts in their field
- **9** directors,
- **1** international and balanced Board of Directors

# A PORTFOLIO OF ADVANCED DEVELOPMENT PRODUCTS IN ORPHAN DISEASES, THE CENTREPIECE OF OUR GROWTH STRATEGY

## Orphan diseases: a significant and unsatisfied medical need

- 7,000 rare or orphan diseases identified;
- Less than 5% of the known orphan diseases currently benefit from an available treatment;
- A growth market: $45.5 billion in 2013, estimated to reach $80.6 billion by 2018 (Source: Evaluate Pharma);
- Optimised market access through specific measures: optimization of development plans, regulatory review periods, more favourable pricing and reimbursement, commercial exclusivity.

The company has deliberately focused its strategy on developing its position in this field, with its strong future growth potential, by accelerating its high value-added programs dedicated to rare cancers.

## THE ONXEO PORTFOLIO: ADVANCED PROGRAMS UNDER ACTIVE DEVELOPMENT

# BELEODAQ® (BELINOSTAT)

MARKETING AUTHORIZATION RECEIVED IN THE UNITED STATES FOR THE TREATMENT OF PERIPHERAL T-CELL LYMPHOMA (PTCL), RESISTANT OR IN RELAPSE AFTER AT LEAST ONE INITIAL TREATMENT THROUGH SYSTEMIC ADMINISTRATION

## Beleodaq® overview

Lymphoma is the most common blood cancer*. Hodgkin's and non-Hodgkin's lymphoma are the main two forms of lymphoma. The lymphoma survives when the lymphocytes, a type of white blood cell, increase abnormally and accumulate in one or more lymphatic ganglion's or in lymphatic tissue. Two types of lymphocytes may develop: B lymphocytes (B cells) and T lymphocytes (T cells). Peripheral T-Cell Lymphoma (PTCL) is a sub-type of non-Hodgkin's lymphoma. In the United States, PTCL accounts for around 10 to 15% of non-Hodgkin's lymphoma and its global incidence is estimated at 12,000 cases each year.

Belinostat is a histone deacetylase inhibitor (HDACi). It has been assessed in several clinical trials as a sole treatment (mono-therapy) or in combination with other anti-cancer treatments for hematological cancers and solid tumours. Its anti-cancer activity is associated with the inhibition of cell proliferation, the induction of apoptosis (programmed cell death), the inhibition of angiogenesis and the induction of cellular differentiation.

Since 2010, Beleodaq® has been licensed to an American partner, Spectrum Pharmaceuticals, Inc. (SPPI), for the USA and India. Spectrum Pharmaceuticals is responsible for the co-development of Beleodaq® and for promoting it to oncology and hematology specialists.

The terms of the agreement stipulate milestone payments by Spectrum Pharmaceuticals to the company on the successful completion of certain regulatory stages, as well as milestone payments on sales and royalties.

Accordingly, at the start of the year the company received US$ 10m and 1 million Spectrum Pharmaceuticals shares when the Food and Drug Administration (FDA) agreed to assess the PTCL file. A second milestone payment of US$ 25m was programmed with the successful FDA registration in early July 2014.

Beleodaq® benefits from industrial protection until 2021 with possible extension until 2026. Its protection (commercial exclusivity) is furthermore strengthened by its status as an orphan drug in Europe and the United States.

*Lymphoma Research Foundation (www.lymphoma.org)

## Beleodaq®, the advances

Developed to tackle peripheral T-cell lymphoma (PTCL), refractory or relapsed against the standard treatment (CHOP polytherapy) with a positive Phase II, in early July 2014 Beleodaq® obtained New Drug Authorization from the Food and Drug Administration for this indication. This registration is based on the results of the BELIEF clinical trial of 129 patients suffering from peripheral T-cell lymphoma, resistant or in relapse after at least one initial systemic treatment which showed a response level of 25% with a median duration of response of 8.3 months and a good tolerance profile.

Beleodaq® has been available to patients since July 2014, promoted by specialist Spectrum Pharmaceuticals oncology sales teams in the United States.

The clinical Phase III trial is planned to commence during the 2nd quarter of 2015 to assess the efficacy of Beleodaq® in combination with the CHOP treatment, against CHOP in the 1st line of treatment of peripheral T-cell lymphoma (PTCL).

In the mid-term, the company also plans to instigate in the coming months a development program on one or more potential indications based on the clinical results already obtained.

# LIVATAG® (DOXORUBICINE TRANSDRUG™)

## ACTIVE PURSUAL OF THE 'RELIVE' INTERNATIONAL PHASE III CLINICAL TRIAL IN HEPATOCELLULAR CARCINOMA

## › Livatag® overview

Hepatocellular carcinoma (HCC) or hepatocarcinoma is the most common of the primary liver cancers (85% to 90%). It is an aggressive cancer which is resistant to chemotherapy. It is the second highest cause of death from cancer worldwide. It is commonly diagnosed at an advanced stage at which time few therapeutic alternatives exist, presenting a strong therapeutic need. The risk factors are well known: infection by hepatitis viruses (B and C), overconsumption of alcohol (another major cause of cirrhosis) and metabolic diseases, especially obesity, a growing cause of cirrhosis and HCC.

Livatag® is an innovative treatment designed to overcome the mechanisms of resistance from hepatic tumor cells thanks to its innovative formulation, in the form of nanoparticles, to deliver doxorubicin into chemotherapy-resistant cells.

Acting as a Trojan horse, the chemotherapy (doxorubicin) in the form of nanoparticles is not recognized by the efflux pumps on the surface of the cancerous cells which normally reject chemotherapy. It is therefore able to penetrate the interior of the cell and deploy its cytotoxic agent activity.

The product's sales potential is estimated at 800 million euros worldwide.

## › Livatag®, the advances

Having carried out a Phase II trial which demonstrated some particularly interesting results in terms of efficacy, in mid-2012 the company initiated a Phase III trial (ReLive) designed to confirm the efficacy of Livatag® in the 2nd line treatment of HCC, after failure or intolerance to the only currently approved treatment, Sorafenib, against the best standard of care.

At the end of June 2014, over 100 of the planned 390 patients had been recruited in the ReLive Phase III trial. The company widened recruitment to 8 European countries (including France) during the second half of 2013 and began to open clinical centres in the U.S. in 2014, following authorization from the Food and Drug Administration (FDA) in December 2013. Recruitment is planned to be completed in late 2015 with preliminary results at the end of 2016.

A number of important steps were completed during the first half of 2014:

Livatag® already enjoyed orphan drug status in Europe and the United States, enabling optimization of the product's development plan in terms of cost and duration, as well as strengthening its protection (market exclusivity). Livatag® also received Fast-Track status from the Food and Drug Administration (FDA) for the treatment of hepatocellular carcinoma after treatment with Sorafenib. This status recognizes that a drug is being developed for a severe or life-threatening pathology with a significant medical need. It will allow enhanced interaction with the FDA and optimize the evaluation schedule of the product during development and right up to registration.

The industrial protection of Livatag® has been enhanced and prolonged by a new family of patents protecting its specific administration scheme until 2032.

Finally, the Phase III trial 'ReLive' is monitored as far as tolerance is concerned by an independent European experts' committee (Data Safety Monitoring Board, DSMB) which meets every six months.

For the fourth time, in April 2014 the experts' committee unanimously recommended continuation of the study without modification, thereby confirming the product's good tolerance profile.

# VALIDIVE® (CLONIDINE LAURIAD®)

## COMPLETION OF THE RECRUITMENT OF THE 183 PATIENTS IN THE PHASE II CLINICAL TRIAL IN THE TREATMENT OF SEVERE ORAL MUCOSITIS INDUCED BY RADIOTHERAPY AND CHEMOTHERAPY IN PATIENTS SUFFERING FROM A HEAD AND NECK CANCER

## › Validive® overview

Oral mucositis consists of erythematous and ulcerative lesions of the oral mucous membrane. It is one of the most common complications of radiotherapy and chemotherapy.

This severe pathology affects nearly 80% of patients suffering from a head and neck cancer treated by radiotherapy or chemotherapy (120,000 new patients per year estimated in Europe and the United States). Oral mucositis currently has no proven cure. The consequences of severe oral mucositis are significant pain, difficulty ingesting solid and even liquid food which may require parenteral or enteral feeding, hospitalization in 30% of cases, degraded general condition and sometimes the cessation for a longer or shorter period of the cancer treatment protocol which has a direct impact on patients' 5-year survival rates.

Onxeo is developing Validive® (clonidine Lauriad®) for the treatment of severe oral mucositis induced by radiotherapy or chemotherapy in patients suffering from a head and neck cancer. It consists of a novel therapeutic application of clonidine (an agonist of the alpha-2 adrenergic receptors traditionally used to counter hypertension) as an anti-inflammatory, based on Lauriad® mucoadhesive technology. Clonidine acts on the release of pro-inflammatory cytokines which cause mucositis and on anti-inflammatory mechanisms. Its presentation in the form of a mucoadhesive tablet applied daily by the patient to the gum makes it possible to deliver high concentrations of clonidine over several hours directly in the oral cavity. Its efficacy is currently being assessed within the context of an international Phase II clinical trial with 183 patients, the results of which are expected during the fourth quarter of this year.

The product's sales potential is estimated at between 200 and 400 million euros worldwide.

Validive® is protected until 2029 by a family of patents covering the treatment and prevention of inflammation, and especially mucositis, through clonidine.

## › Validive®, the advances

Validive® already enjoyed orphan drug status in Europe and the United States, enabling optimization of the product's development plan in terms of cost and duration, as well as strengthening its protection (market exclusivity). Validive® also received Fast-Track status in January 2014 from the Food and Drug Administration (FDA) in the prevention and treatment of oral mucositis induced by radiotherapy and/or chemotherapy for patients being treated for cancer. This status shows Agency recognition of oral mucositis severity and medical needs that Validive® could address. It will allow enhanced interaction with the FDA and optimize the evaluation schedule of the product during development and right up to registration.

In early May 2014, the recruitment of the 183 patients planned for the Phase II clinical trial was completed, enabling to confirm the plan of preliminary trial results announcement on Q4 2014.

# NON-STRATEGIC PRODUCTS DEDICATED TO PARTNERSHIPS

## VALORIZATION OF SITAVIG® AND LORAMYC®/ORAVIG®, TWO PRODUCTS DEVELOPED AND REGISTERED IN EUROPE AND THE UNITED STATES, THROUGH PARTNERSHIP AGREEMENTS AND LAUNCH OF SITAVIG® IN THE UNITED STATES

### › SITAVIG®

Sitavig® is a mucoadhesive tablet of acyclovir, based on proprietary Lauriad® technology, and developed for the treatment of labial herpes. Beyond its efficacy, Sitavig® offers the major advantage of a particularly discreet and simple formulation with a single application for the entire duration of the episode, especially suitable for patients suffering from recurrent labial herpes.

The company developed Sitavig® and registered it with the European and American authorities in 2013. It is the second drug for which the development teams have been able to obtain approval, notably from the Food and Drug Administration (FDA), representing not only a success for the company but also major proof of its expertise.

Within the framework of its partnership strategy, a licensing agreement was entered into in March 2014 with Innocutis for the marketing of Sitavig® in the United States; a few weeks later, in July, Innocutis launched Sitavig® on the US market with dermatologists specializing in such pathologies. At the same time, a new American patent was granted, protecting the commercial exclusivity of the product.

Two other licensing agreements were signed with Daewoong Pharmaceutical Co. Ltd and EMS S/A for the marketing of Sitavig® in South Korea and Brazil respectively, including the responsibility for registering the product with each country's regulatory authorities.

### › LORAMYC® / ORAVIG®

Loramyc® (Oravig® in the United States) is an original mucoadhesive tablet of miconazole Lauriad®, indicated for the treatment of oropharyngeal candidiasis (OPC).

Oropharyngeal candidiasis (OPC) is a mycosis of the oropharynx induced by yeast-type fungi: Candida albicans and non-albicans. OPC is an opportunistic disease that takes advantage of a deficiency in the immune system and/or a local imbalance in order to infect patients.

Loramyc® is registered in Europe, the United States and Korea and marketed in several European countries by the partner company Therabel.

In April 2014, Onxeo regained full U.S. commercialization rights for Oravig® as well as the New Drug Application, as the sales performance of the American partner Vestiq Pharmaceuticals was not meeting the expectations.

The company has also pursued the development of Loramyc® in Japan through the pivotal Phase III trial conducted by the partner company Sosei, the final stage prior to registration with the Japanese authorities, and in China with the continuation of the Phase III clinical program initiated by the partner company SciClone during 2013. These two trials constitute the final stage prior to product registration.

# GOVERNANCE

## AN INTERNATIONAL BOARD OF DIRECTORS EXPANDED WITH TWO NEW DIRECTORS FROM TOPOTARGET, IN ORDER TO REFLECT THE SPIRIT OF THE MERGER AND TO HELP ONXEO IMPLEMENT ITS STRATEGY

With the approval of the merger between BioAlliance Pharma and Topotarget on 27 and 30 June, the companies' shareholders also approved the appointment of two new members to the Onxeo Board of Directors:

- ***Orfacare Consulting GmbH,*** represented by ***Bo Jesper Hansen***
- ***Per Samuelsson,*** of HealthCap, previously main shareholder of Topotarget

Judith Greciet is the CEO of Onxeo and Patrick Langlois is Chairman of the Board of Directors.

The international Board of Directors therefore consists of nine high-level professionals in the pharmaceutical, biotechnology, orphan drug and finance sectors, including six independent directors and two representatives of the Company's main shareholders:

- ***Chairman: Patrick Langlois***
- ***Chief Executive Officer: Judith Greciet***
- ***Russel Greig***
- ***Danièle Guyot-Caparros***
- ***Thomas Hofstaetter***
- ***Orfacare Consulting GmbH,*** represented by ***Bo Jesper Hansen***
- ***Per Samuelsson***
- ***David Solomon***
- ***Société Financière de la Montagne,*** represented by ***Nicolas Trebouta***

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED INCOME STATEMENT

| € | 30/06/2014 (6 months) | 30/06/2013 (6 months) | 31/12/2013 |
|---|---|---|---|
| **TOTAL REVENUE** | **652,824** | **844,880** | **1,466,712** |
| Miscellaneous revenue | 10 | 10 | 16 |
| Purchased goods | (113,820) | (136,428) | (264,271) |
| Payroll expense | (2,879,564) | (3,034,001) | (5,346,986) |
| Purchased services | (5,853,194) | (5,129,349) | (10,687,094) |
| Taxes (other than corporate income taxes) | (280,918) | (229,450) | (297,740) |
| Net charges for/reversal of depreciation and amortisation | 113,782 | (131,744) | (232,994) |
| Net releases of impairment and provisions | 150,862 | 294,179 | 60,417 |
| Other operating income | 0 | 0 | 5,381 |
| Other operating expense | (325,196) | (63,317) | (125,028) |
| *Operating costs* | (9,188,048) | (8,430,109) | (16,893,696) |
| *Current operating loss* | (8,535,213) | (7,585,219) | (15,421,585) |
| Share of results of associates | (43,642) | 0 | (28,556) |
| Other operating income and expense | (4,396,969) | 0 | 0 |
| **OPERATING LOSS INCLUDING SHARE OF RESULTS OF ASSOCIATES** | **(12,975,823)** | **(7,585,219)** | **(15,450,141)** |
| Income from cash and cash equivalents | 77,968 | 217,660 | 281,173 |
| Other financial income | 15,256 | 50,465 | 127,037 |
| Financial expense | (68,897) | (170,835) | (282,683) |
| *Net financial income* | 24,327 | 97,290 | 125,527 |
| **LOSS BEFORE TAX** | **(12,951,497)** | **(7,487,929)** | **(15,324,614)** |
| Corporate income tax | 0 | 0 | |
| **Net loss** | **(12,951,497)** | **(7,487,929)** | **(15,324,614)** |
| Net loss attributable to equity holders of the parent company | (12,951,497) | (7,487,929) | (15,324,614) |
| Non-controlling interests | | | |
| Basic earnings per share | (0.41) | (0.41) | (0.74) |
| Diluted earnings per share | (0.41) | (0.41) | (0.74) |

The full condensed interim consolidated financial statements are available at www.onxeo.com

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

| ASSETS (€) | 30/06/2014 | 31/12/2013 |
|---|---|---|
| **Non-current assets** | | |
| Intangible assets | 74,987,549 | 22,785 |
| Tangible assets | 832,390 | 908,313 |
| Financial assets | 295,298 | 368,998 |
| Other non-current assets | 0 | 0 |
| *Total non-current assets* | 76,115,237 | 1,300,096 |
| **Current assets** | | |
| Inventory and work in progress | 2,375 | 3,145 |
| Trade and similar receivables | 431,621 | 338,113 |
| Other receivables | 3,386,216 | 4,762,374 |
| Investment securities | 6,642,244 | 7,357,014 |
| Cash | 12,428,043 | 3,971,707 |
| Total current assets | 22,890,499 | 16,432,355 |
| **TOTAL ASSETS** | **99,005,736** | **17,732,451** |

| LIABILITIES (€) | 30/06/2014 | 31/12/2013 |
|---|---|---|
| **Equity** | | |
| Share capital | 7,872,661 | 5,170,748 |
| Less: treasury shares | (223,432) | (58,512) |
| Premiums | 208,756,401 | 128,044,120 |
| Reserves | (125,003,285) | (109,943 374) |
| Minority interests | 0 | 0 |
| Income | (12,951,497) | (15,324,614) |
| *Total equity* | 78,450,848 | 7,888,368 |
| **Non-current liabilities** | | |
| Provisions | 444,845 | 456,878 |
| Other debts | 3,930,295 | 3,030,220 |
| *Total non-current liabilities* | 4,375,140 | 3,487,098 |
| **Current liabilities** | | |
| Loans and short-term financial debt | 109,292 | 91,182 |
| Trade and other payables | 10,842,599 | 4,095,749 |
| Other liabilities | 5,227,856 | 2,170,054 |
| *Total current liabilities* | 16,179,748 | 6,356,984 |
| **TOTAL LIABILITIES** | **99,005,736** | **17,732,451** |

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# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## STATEMENT OF CONSOLIDATED CASH FLOW

| | 30/06/2014 | 31/12/2013 | 30/06/2013 |
|---|---|---|---|
| **Consolidated net loss** | **(12,951,497)** | **(15,320,256)** | **(7,487,928)** |
| +/- Net charges for/reversal of depreciation, amortisation and impairment (1) (with the exception of that applicable to current assets) | (36,265) | 3,419 | -222,551 |
| -/+ Unrealised fair value gains and losses | (7,690) | (44,944) | (20,523) |
| +/- Accrued income/expense for stock options etc. | 145,909 | 300,075 | 94,574 |
| -/+ Other accrued income and expense | 87,200 | (14,542) | 0 |
| -/+ Gains and losses on disposal | 0 | 0 | 0 |
| -/+ Profits and losses arising as a result of dilution | | | |
| +/- Share of results of associates | | | |
| - Dividends relating to non-consolidated investments | | | |
| *Net cash devoted to operating activities after net borrowing costs and income taxes* | (12,762,343) | (15,076,248) | (7,636,428) |
| + Net borrowing costs | (16,638) | (71,532) | (76,652) |
| +/- Corporate income tax (including deferred tax) | | | |
| *Net cash devoted to operating activities before net borrowing costs and income taxes* | (12,778,980) | (15,147,781) | (7,713,080) |
| - Corporate income tax paid | | | |
| +/- Change in working capital (including employee benefit obligations) | 5,042,532 | 1,055,915 | 2,497,480 |
| **NET CASH DEVOTED TO OPERATING ACTIVITIES** | **(7,736,448)** | **(14,091,866)** | **(5,215,600)** |
| - Acquisition of tangible and intangible non-current assets | (1,968) | (58,254) | (45,594) |
| + Disposal of tangible and intangible non-current assets | 0 | 12,540 | 0 |
| - Acquisition of non-current financial assets (non-consolidated investments) | | | 523 |
| + Disposal of non-current financial assets (non-consolidated investments) | 0 | 2,973 | (116) |
| +/- Impact of changes in consolidation scope | | | |
| + Dividends received (associates, non-consolidated investments) | | | |
| +/- Change in loans and advances granted | | | |
| + Investment grants received | | | |
| +/- Other investing cash flows | | | |
| **NET CASH FLOW FOR INVESTING ACTIVITIES** | **(1,968)** | **(42,741)** | **(45,187)** |
| Cash flows arising on merger | 14,198,204 | | |
| + Amounts received for share capital increases | | | |
| • Subscribed by the equity holders of the parent company | 43,281 | 10,718,574 | 2,247,840 |
| • Subscribed by minority interests in consolidated entities | | | |
| + Amounts received following the exercise of stock options | | | |
| -/+ Purchase and resale of treasury shares | 41,355 | (51,538) | (99,039) |
| - Dividends paid during the year | | | |
| • Dividends paid to the equity holders of the parent company | | | |
| • Dividends paid to minority interests in consolidated entities | | | |
| + Proceeds of new borrowings | 1,174,658 | 83,148 | 25,671 |
| - Repayment of borrowings (including finance lease obligations) | (11,890) | 75,456 | 249,288 |
| - Net interest received (including finance leases) | | 71,532 | 76,652 |
| +/- Other financing cash flows | 16,638 | 14,838 | 137,562 |
| **NET CASH FLOW FROM INVESTING ACTIVITIES** | **15,462,246** | **10,912,010** | **2,637,973** |
| +/- Impact of foreign exchange differences | 17,736 | 48,490 | 39,688 |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | **7,741,566** | **(3,174,107)** | **(2,583,125)** |
| **Opening cash and cash equivalents** | **11,328,721** | **14,503,134** | **14,503,134** |
| **CLOSING CASH AND CASH EQUIVALENTS** | **19,070,287** | **11,329,027** | **11,920,009** |

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# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | | | | Changes in reserves and results | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **€** | **Share capital** | **Treasury shares** | **Share premium** | **Translation reserves** | **Share-based payments** | **Consolidated reserves and retained earnings** | **Total** | **Non-controlling interests** | **TOTAL** |
| Equity as at 31/12/2012 | 4,414,929 | (25,147) | 118,081,365 | 9,584 | 715,847 | (111,454,189) | (110,728,758) | 0 | 11,742,389 |
| Total comprehensive income for the period | | | | (690) | 94,574 | (7,487,928) | (7,394,044) | | (7,394,044) |
| Share capital increase | 125,000 | | 2,122,840 | | | | 0 | | 2,247,840 |
| Share capital decrease | | | | | | | 0 | | 0 |
| Treasury shares | | (63,832) | | | | (35,207) | (35,207) | | (99,039) |
| Other changes | | | | | | 40,378 | 40,378 | | 40,378 |
| Dividends | | | | | | | 0 | | 0 |
| **EQUITY AS AT 30/06/2013** | **4,539,929** | **(88,979)** | **120,204,205** | **8,894** | **810,421** | **(118,936,946)** | **(118,117,631)** | **0** | **6,537,524** |
| Total comprehensive income for the period | | | | (93) | 205,501 | (7,832,328) | (7,626,920) | | (7,626,920) |
| Share capital increase | 630,819 | | 7,839,915 | | | | 0 | | 8,470,734 |
| Share capital decrease | | | | | | | 0 | | 0 |
| Treasury shares | | 30,467 | | | | 17,034 | 17,034 | | 47,501 |
| Other changes | | | | | | 8,895 | 8,895 | | 8,895 |
| Dividends | | | | | | | 0 | | 0 |
| **EQUITY AS AT 31/12/2013 (PUBLISHED)** | **5,170,748** | **(58,512)** | **128,044,120** | **8,801** | **1,015,922** | **(126,743,345)** | **(125,718,622)** | **0** | **7,437,734** |
| **Impact of changes in accounting policies** | | **,** | **,** | **,** | **,** | **450,634** | **450,634** | | **450,634** |
| **EQUITY AS AT 31/12/2013 (RESTATED)** | **5,170,748** | **(58,512)** | **128,044,120** | **8,801** | **1,015,922** | **(126,292,711)** | **(125,267,988)** | **0** | **7,888,368** |
| Total comprehensive income for the period | | | | 446 | 145,909 | (12,951,497) | (12,805,142) | | (12,805,142) |
| Share capital increase | 2,701,913 | | 80,712,281 | | | | 0 | | 83,414,194 |
| Share capital decrease | | | | | | | 0 | | 0 |
| Treasury shares | | (164,920) | | | | 41,354 | 41,354 | | (123,566) |
| Other changes | | | | | | 76,995 | 76,995 | | 76,995 |
| Dividends | | | | | | | 0 | | 0 |
| **EQUITY AS AT 30/06/2014** | **7,872,661** | **(223,432)** | **208,756,401** | **9,247** | **1,161,831** | **(139,125,859)** | **(137,954,781)** | **0** | **78,450,849** |

The full condensed interim consolidated financial statements are available at www.onxeo.com

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