Press release November 24, 2011

Interim Report for Kancera AB (publ)

January 1 – September 30, 2011

All figures relate to the Kancera Group unless otherwise specified. Kancera's acquisition of iNovacia AB was completed on February 17, 2011 and iNovacia AB's operations are therefore included in the financial statements with effect from this date.

January – September and Q3 2011 in brief

- Net sales for the period totaled SEK 3.8m, of which Q3 accounted for SEK 1.6m.
- Net sales, which refers to iNovacia's (wholly-owned subsidiary of Kancera) external contract research, will amount to approximately SEK 6.5m in 2011 and thus not reach the previously announced expected volume of SEK 10-15m.
- R&D expenses for the period totaled SEK 13.4m, of which Q3 accounted for SEK 3.1m.
- Operating income for the period totaled SEK -13.2m, of which Q3 accounted for SEK -5.3m.
- Income after net financial items for the period totaled SEK -13.4m, of which Q3 accounted for SEK -5.2m.
- Operating income and income after net financial items were affected by the release of negative goodwill of SEK 7m in connection with the acquisition of iNovacia. The entire amount was recognized as revenue during the period.
- Earnings per share were SEK -1.02, of which Q3 accounted for SEK -0.35.
- Cash flow from operating activities for the period totaled SEK -19.8m, of which Q3 accounted for SEK -7.2m.
- Equity as of September 30, 2011 totaled SEK 30.9m or SEK 2.35 per share. The equity/assets ratio on the reporting date was 67 percent.
- Cash and cash equivalents on September 30, 2011 totaled SEK 26.5m and SEK 21.6m for the Parent Company.

Significant events during the period

- Kancera's public new share issue was completed and raised SEK 25.2m for the company before issue costs. Expenses relating to the share issue amounted to SEK 2.1m for 2010 and SEK 1.0m for 2011.
- Kancera exercised its option to acquire iNovacia AB on February 17 for SEK 2.3m.
- Before Kancera acquired iNovacia, iNovacia sold its shareholding in Kancera for SEK 6m (SEK 7 per share). The sale consisted of existing shares and resulted in no dilution, but the acquisition injected liquidity into the company.
- NASDAQ OMX First North approved Kancera's listing on First North. The first day of trading was February 25, 2011.
- Results from Kancera's leukemia drug project showed that the company's active compounds may also have the potential to be of relevance in the development of therapeutics against eight other blood malignancies. Mechanisms of action for Kancera's active compounds were also mapped. Recent results have demonstrated a cancer target-specific effect. This will facilitate the further development and marketing of the leukemia project.
- Kancera has demonstrated that the company's compounds targeting the energy metabolism of cancer increase the effectiveness of chemotherapy in a cell model in cancer of the stomach. New compounds targeted at the energy metabolism of cancer were registered by Kancera in an international patent application in June 2011.
- Kancera has established a collaboration agreement with Professor Mary Hendrix of Northwestern University Feinberg School of Medicine, Chicago, USA, to develop products to combat aggressive cancers. Professor Hendrix, who is an advisor to the National Cancer Institute (NCI) and the National Institutes of Health (NIH), is contributing expertise and models to identify or attack metastasizing cancer at an early stage of the disease.
- The Annual General Meeting resolved to implement an incentive scheme for the employees of the group and certain contractors including the issuance of 400,000 warrants. If all warrants are exercised the dilution of the share capital will amount to approximately 2.6 percent.
- A new lease agreement was signed for specialized laboratories within the Karolinska Institutet Science Park for move-in in September 2011.
- Due to the success of Kancera's ROR technology, Kancera also initiated the development of drug candidates to attack solid tumors, such as in pancreatic and prostate cancer.
- A rights issue of new shares as authorized by the Annual General Meeting raised SEK 7.6m in July before issue costs. The issue price was SEK 4 and 1,900,000 shares were issued, making an increase in the number of shares of 14.3 percent. The capital raised is to be used first and foremost for further development of Kancera's ROR technology.
- In August and September Kancera and its wholly-owned subsidiary iNovacia AB moved their operations into new laboratories at the Karolinska Institutet Science Park, Solna.

Significant events after the end of the reporting period

- In partnership with researchers at the Karolinska Institute, Kancera has found active compounds that effectively kill cancer cells from the pancreas. Pancreatic cancer affects more than 100,000 patients annually in Europe and the US. Fewer than two percent of these patients live for five years or more after diagnosis.
- In 2011 Kancera registered a further international patent application (PCT/EP2011/066250) for a new class of compound targeting the energy metabolism of cancer cells within the PFKFB3 project.
- Kancera's wholly-owned subsidiary iNovacia reports that, in partnership with researchers in Europe and South America, the company has developed highly potent inhibitors of a target protein in the parasite Schistosoma. This parasite infects about 200 million individuals annually in tropical or subtropical regions, resulting in over 280,000 deaths each year from the disease schistosomiasis (also known as bilharzia or snail fever).

Statement from the CEO

A new trend can be seen in the pharmaceuticals sector: new products are being launched along with diagnostics showing how the product concerned is to be used and who will benefit from the treatment. We have seen good examples of this during Q3 2011 with the two approved cancer drugs Zelboraf from Roche and Xalkori from Pfizer. The growing interest in combining drugs with diagnostics supports Kancera's investment in products that allow treatments centered on the individual patient's particular illness and situation.

In line with our planned further development of ROR technology to target solid tumors, in Q3 we also reported that Kancera's ROR active compounds kill cancer cells from a difficult to treat type of tumor in the pancreas. The discovery was made in partnership with researchers from the Karolinska Institute and Karolinska University Hospital, and demonstrated that the target of Kancera's active compounds is present and activated in the pancreatic tumor. With diagnostics to show which patients' tumors have the active target of Kancera's drug candidate we expect the intended treatment to be used more effectively, which in turn means that our product will be more highly valued by both society and Kancera's future commercial partners.

Further progress in our product portfolio during Q3 includes the registration of our second international patent application in 2011 for new compounds within the PFKFB3 project.

Since Kancera's business model is based on increased interest from the pharmaceutical industry in acquiring drug candidates that have demonstrated a significant effect in preclinical models of cancer, it was particularly interesting to read the report published recently by PharmaPlus in conjunction with Europe's biggest pharmaceutical trade fair in 2011 (BIO-Europe in Dusseldorf). The report summarizes deals between biotech and pharmaceutical companies in which preclinical cancer projects were sold during the past ten years. The report found increasing upfront licensing payments, as well as increasing levels of milestone payments alongside royalties. This trend supports Kancera's focus on development of groundbreaking cancer drug candidates as a sector with a future.

At the end of July time finally ran out for our operations in Kungsholmen, when Pharmacia's former laboratories were demolished to make way for apartments. This also made it possible for us to realize our aim of establishing Kancera's industrial research and development closer to the innovative clinics and researchers at the Karolinska Institute. In August and September we furnished and completed specially designed laboratories within the Karolinska Institutet Science Park. In October we had the pleasure of welcoming corporate representatives, researchers, interest groups and investors to a well-attended opening of Kancera's new center for pharmaceutical development.

Thomas Olin
CEO of Kancera

About Kancera AB (publ)
Kancera develops the basis for new therapeutics, starting with new treatment concepts and ending with a drug candidate. Kancera is currently running projects to develop treatments for leukemia and a project targeting cancer's ability to generate energy in order to survive. Kancera also develops cancer models that allow the effects of the candidates to be studied before clinical trials are started. Kancera's operations are run at the Karolinska Institutet Science Park in Solna. The Kancera Group employs around 20 people. The share is traded on NASDAQ OMX First North with ticker KAN. Kancera's Certified Adviser is Remium Nordic AB.

Kancera's history

In 2006, Pharmacia's and Biovitrum's unit for the development of drug candidates was hived off to create iNovacia AB. iNovacia AB has since delivered around 35 projects, commissioned by pharmaceutical companies in both Europe and the United States. In 2008 a partnership was started with the Karolinska Institute's cancer research center (CCK); later, a partnership was also initiated with Sprint Bioscience AB which focuses on fragment-based pharmaceutical development. 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 the contribution-in-kind of 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 February 2011, Kancera also acquired iNovacia AB, which is now a wholly-owned subsidiary of Kancera.

Financial development in brief

	Jan-March		Apr-June		July-Sept		Jan-Sept		28 Apr-31 Dec
SEK 000´s (if otherwise not specified)	2011	2010 parent company	2011	2010 parent company	2011	2010 parent company	2011	2010 parent company	2010 parent company
Net turnover	592	-	1 661	-	1 592	-	3 845	-	-
R&D expenses	-4 098	-	-6 178	-574	-3 104	-535	-13 380	-1 109	-4 763
Operating Income	868	-	-8 768	-711	-5 276	-829	-13 176	-1 540	-7 168
Income after financial items	733	-	-8 892	-711	-5 231	-829	-13 390	-1 540	-7 147
Net income	733	-	-8 892	-711	-5 231	-829	-13 390	-1 540	-7 147
Cash-flow from operating activities	-4 981	-	-7 614	-437	-6 301	-920	-18 896	-1 356	-5 764
Earnings per share, before and after dilution	0,06	-	-0,67	-0,20	-0,35	-0,23	-1,02	-0,43	-0,96
Cash on hand at closing date	34 424	-	26 810	1 613	26 495	3 494	26 495	3 494	6 572
Solvency ratio	72%	-	60%	97%	67%	97%	67%	97%	79%
Key ratios									
Return on equity, %	neg	-	neg	neg	neg	neg	neg	neg	neg
Return on capital employed, %	neg	-	neg	neg	neg	neg	neg	neg	neg
Solvency ratio	72%	-	60%	97%	67%	97%	67%	97%	79%
Net investments in tangible assets in relation to net turnover, %	-	-	-	-	929	-	929	-	-
No of employees	19	-	19	-	19	-	19	-	1
Earnings per share, before dilution	0,06	-	-0,67	-0,20	-0,35	-0,23	-1,02	-0,43	-0,96
Earnings per share, after dilution	0,06	-	-0,67	-0,20	-0,35	-0,23	-1,02	-0,43	-0,96
Equity by share, kr	3,95	-	2,22	2,58	2,35	2,58	2,35	2,58	1,16
Cash-Flow by share, kr	2,43	-	-0,57	0,45	-0,02	0,52	1,51	0,97	0,88

Sales

Following the acquisition of iNovacia AB on February 17, 2011, Kancera's future earnings will consist in part of sales of drug candidates and in part of payments for contract research. The Group's operations during the period have been financed mainly by equity capital and income from contract research in the amount of SEK 3.8m (SEK 0m) and for the third quarter in the amount of SEK 1.6m (SEK 0m).

R&D activities

Research and development expenses for the period amounted to SEK 13.4m (SEK 1.1m), of which the third quarter expenses accounted for SEK 3.1m (SEK 0.5m).

Earnings

The earnings for the period amounted to SEK -13.4m (SEK -1.5m), of which the third quarter earnings amounted to SEK -5.2m (SEK -0.8m).

Comments on financial development

This Interim Report covers the quarter July 1 – September 30, 2011 and the period January 1 – September 30, 2011. Kancera's acquisition of iNovacia AB was completed on February 17, 2011 and iNovacia's operations are therefore included in the financial statements with effect from this date.

Net sales
Kancera's consolidated net sales in the third quarter 2011 totaled SEK 1.6m (SEK 0m) and for the period, SEK 3.8m (SEK 0m).

Expenses
In conjunction with the Company's move into new premises, reporting of the cost of services sold was reviewed. As a result of this review, earlier quarters of the year have also been recalculated. The cost of services sold within contract research operations (CRO) is based on hourly expenses for research staff on client projects multiplied by the time spent on these projects. Expenses in the third quarter 2011 (July 1 – September 30) totaled SEK 6.8m (SEK 0.8m), which breaks down into costs of services sold of SEK 1.1m (SEK 0.0m), research and development expenses of SEK 3.1m (SEK 0.5m) and other sales and administrative expenses of SEK 2.6m (SEK 0.3m). For the January – September 2011 period expenses totaled SEK 17.1m (SEK 1.5m), of which costs of services sold accounted for SEK 2.8m (SEK 0m) and R&D expenses for SEK 13.4m (SEK 1.1m). Other expenses totaled SEK 7.9m (SEK 0.4m) and negative goodwill was SEK +7.0m (SEK 0m).

Earnings
The income after financial items for the third quarter 2011 (July 1 – September 30) totaled SEK -5.2m (SEK -0.8m), and for the period, SEK -13.4m (SEK -1.5m).

Cash flow and liquidity
Cash flow totaled SEK -0.3m (SEK 1.9m) in the third quarter. Cash flow from operating activities for the quarter totaled SEK -7.2m (SEK -0.9m). Cash flow from financing activities for the quarter totaled SEK 6.9m (SEK 2.8m). Cash flow for the period totaled SEK 19.9m (SEK 13.5m). For operating activities the cash flow was SEK -19.8m (SEK -1.4m) and for financing activities, SEK 31.1m (SEK 4.9m).

The Kancera Group cash and cash equivalents as at September 30, 2011 totaled SEK 26.5m, of which SEK 21.6m (SEK 3.5m) for the Parent Company.

Investments
Investments in property, plant and equipment in the quarter totaled SEK 0.9m (SEK 0m). Through the acquisition of iNovacia AB the Group gained property, plant and equipment during the period with a value of SEK 8.7m (SEK 0m) – see note 5.

Investments in intangible assets in the third quarter 2011 totaled SEK 0m (SEK 6.0m) and for the period, SEK 0m (SEK 6.0m).

Equity and share data
Total equity as at September 30, 2011 was SEK 30.9m (SEK 9.3m).

Share capital as at September 30, 2011 amounted to SEK 1,262,333, spread over 15,148,000 shares with a quotient value (rounded off) of SEK 0.0833 per share.

Earnings per share for the period, based on a weighted average of the number of outstanding shares, were SEK -1.02 and SEK -0.35 for the quarter.

Kancera's equity/assets ratio as at September 30, 2011 was 67 percent (97 percent). Equity per share was SEK 2.35 (SEK 2.58), based on the fully diluted number of shares at the end of the period.

On March 31 it was noted that Biovitrum had not made use of its right to exercise warrants issued to it.

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. No established loss carry-forwards for the Parent Company exist at this time as the Company only launched its operations in 2010.

Personnel
Kancera AB (the Parent Company) had 1 employee (0) as at September 30, 2011. Following the acquisition of iNovacia AB the number of people employed in the Group is 19; 10 are men and 9 are women.

Segment report

Operating segments are reported in a way that corresponds with the internal reporting provided to the highest executive decision-maker. The highest executive decision-maker is the body responsible for allocating resources and assessing the results of the operating segments. Within Kancera this body has been identified as Kancera's Board of Directors. Kancera's operations consist of two segments: Pharmaceutical Development and Industrial Research & Development.

Segmentreport, 2011 *SEK 000´s (if otherwise not specified)* **Kancera Group**	Jan-Sept, 2011				Jan-Sept, 2010				Apr-Dec, 2010			
	Drug-develop-ment	CRO business	Central Costs & Other	Total	Drug-develop-ment	CRO business	Central Costs & Other	Total	Drug-develop-ment	CRO business	Central Costs & Other	Total
Net sales		3 845		3 845		-		-		-		
Cost of sales & services		-2 768		-2 768		-		-		-		
Gross profit	0	1 077	0	1 077	0	0	0	-	0	-	0	0
General & administrative expenses	-1 271	-596	-4 089	-5 956	-431	-		-431	-452	-	-1 953	-2 405
Selling expenses	-987	-722	-190	-1 899	-	-		-		-		-
Research & development expenses	-13 380			-13 380	-1 109			-1 109	-4 763	-		-4 763
Total operating expenses	-15 639	-1 318	-4 279	-21 235	-1 540	0	0	-1 540	-5 215	-	-1 953	-7 168
Negative Goodwill			6 982	6 982			-	-				-
Operating income	**-15 639**	**-241**	**2 703**	**-13 176**	**-1 540**	**0**	**0**	**-1 540**	**-5 215**	**-**	**-1 953**	**-7 168**

Earnings
In conjunction with the Company's move into new premises, reporting of the cost of services sold was reviewed. As a result of this review, earlier quarters of the year have also been recalculated. The cost of services sold within CRO operations is based on hourly expenses for research staff on client projects multiplied by the time spent on these projects. The Pharmaceutical Development segment operating income during the period amounted to SEK -15.6m (SEK -1.5m), and for the quarter, SEK -2.0m (SEK -0.9m). Negative goodwill affected the operating income in the amount of SEK 7.0m. This is not allocated by segment. During the period, the Pharmaceutical Development segment has been charged with expenses for research and development, which included patent expenses and cost of ingredients, of SEK 1.2m. Research and development expenses of SEK 0.4m, were charged to the result for the third quarter.

Earnings for the Industrial Research & Development segment during the period amounted to SEK 3.8m (SEK 0m), of which the third quarter accounted for SEK 1.6m (SEK 0m). Earnings are commented below (p. 7) under the heading "Market outlook" under "Industrial Research & Development segment". Operating income from contract research during the period amounted to SEK -0.2m (SEK 0m), of which the third quarter accounted for SEK -0.5m (SEK 0m). Kancera acquired iNovacia AB on February 17 and accordingly, sales and earnings from this segment only include 7.5 months of the period January 1 – September 30.

Pharmaceutical Development segment

Kancera develops cancer drugs, starting with a new treatment concept and ending with a patent-pending drug candidate that is offered for sale before it has reached the clinical phase in the product development chain. Kancera is currently running three projects aimed at developing new effective treatments for hematological malignancies (leukemia) and solid tumors. What links the projects is the goal to develop effective drugs which increase effectiveness and reduce unwanted side effects from treatment by being aimed directly at tumors and not at the surrounding healthy tissue. The goal over the next two years is to deliver drug candidates for cancer that attack the properties that currently result in tumors spreading and in some cases returning in a more malignant and resistant form.

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

Events during the period

ROR technology – two candidates for the treatment of chronic 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.

During the period Kancera generated results suggesting that the future drug candidates may be effective in the treatment of other blood malignancies. This would reduce the project's clinical risk and increase its market potential. Also, mechanisms of action for Kancera's treatment for leukemia are being documented. The studies show that the cancer cell's "power switch" for survival and cellular suicide is turned off and on respectively by Kancera's active compounds. Results support the idea that Kancera's active compounds are cancer target-specific. This will facilitate the further development and marketing of the project. Kancera has also generated research results showing how the structure of the company's active compounds is linked with their ability to kill cancer cells. This knowledge provides new tools to further develop Kancera's future drug candidate.

During the period, progress within Kancera's ROR technology has made it possible to attack ROR-2 as well. This is a receptor on solid tumor cells that is closely related to ROR-1. Combined with new biological knowledge on Kancera's current target ROR-1, development work on a drug candidate against solid tumors, such as pancreatic and prostate cancer, has been initiated.

It is possible to run this parallel development more cost effectively than is normally the case for new projects because the ROR technology developed for ROR-1 can be re-used for a drug candidate aimed at ROR-2.

Events after the end of the reporting period
In cooperation with researchers at the Karolinska Institute, Kancera has found active compounds that block ROR's survival signal and effectively kill cancer cells from the pancreas. Pancreatic cancer affects more than 100,000 patients annually in Europe and the US. The survival rate among these patients five years after diagnosis is less than two percent.

Figure 1.

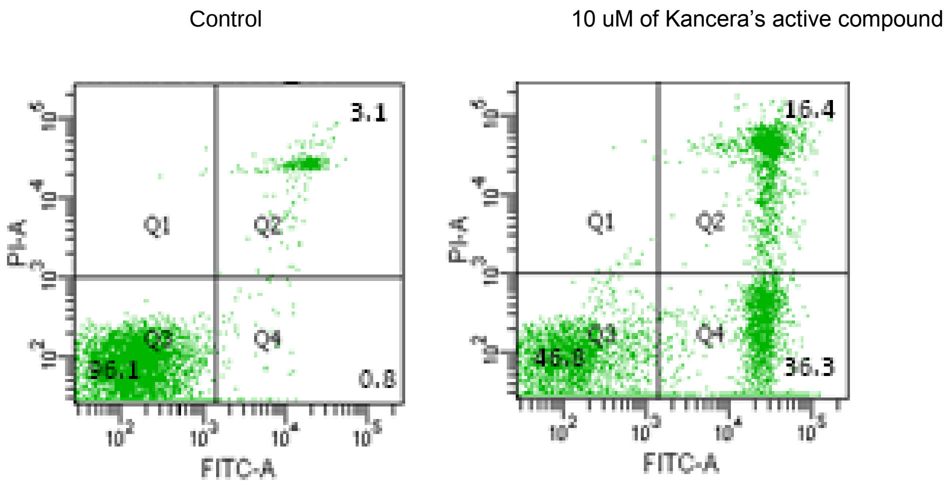

Figure 1 shows – with the aid of a cell sorter – the number of human cancer cells from the pancreas (PACA II cells) surviving in the bottom left square and dead cells in the two squares on the right 48 hours after experimental treatment of these cells was started in the laboratory. The control (untreated) is shown in (a) and Kancera's active compound is shown in (b). After 48 hours Kancera's active compound has killed around 50 percent of the cancer cells. Data not shown here indicates that the effect is dose-dependent.

PFKFB3 project – a candidate that blocks glycolysis in solid tumors
The project aims to develop a PFKFB3 enzyme inhibitor to block glycolysis in cancer cells without significantly affecting healthy cells, rendering the cancer cells more sensitive to chemotherapy and radiotherapy.

New active compounds were developed during the period, strengthening the company's existing domestic patent application. This resulted in an international patent application being filed in June. In addition, ten new crystal structures of PFKFB3 combined with Kancera's active compounds were added during the quarter. The company has now generated 25 so-called cocrystals in total. This places Kancera in a strong position for continued development towards delivery of a drug candidate in 2012.

Certain active compounds have, in cell studies, demonstrated an improvement in the effectiveness of cisplatin, a clinically well-tested chemotherapy targeting a number of types of cancer. This has moved the project a step closer to reaching the intended product profile.

Events after the end of the reporting period
Kancera has reported that the second international patent application (PCT/EP2011/066250) was registered in 2011 for a new class of compound targeting the energy metabolism of cancer cells within the PFKFB3 project. Kancera has been invited to present this project at the World Cancer Metabolism Summit in Washington in February 2012.

Market outlook for Kancera's development projects
The Company has noted that from 2009 to 2011 there was an increase in the number of international option-based deals between established pharmaceutical companies and innovative providers of drug candidates in the same early phase as Kancera's projects. Examples that indicate that this trend is continuing include the agreements between Epizyme and GlaxoSmithKline and then Eisai as published in Q2 2011, covering joint preclinical development of new cancer drugs. It is also noted that two new cancer drugs approved during Q3 2011 (Zelboraf from Roche and Xalkori from Pfizer) were launched along with a diagnostic which indicates how the preparation is to be used in order to be most effective. This trend supports Kancera's investment in products that provide individually tailored treatments. Also if interest is Daichii-Sankyo's acquisition of Plexxikon, the biotech company that originally developed Zelboraf and that retains co-promotion rights in the US, for close to USD 1 billion. At Europe's biggest pharmaceutical trade fair in 2011 (BIO-Europe in Dusseldorf) PharmaPlus published a report on deals made in the past ten years for early stage R&D projects in the field of oncology. The report found an increase in upfront cash payments, as well as increasing milestone payments alongside royalties. Furthermore, higher payment per project was noted in deals where the big pharmaceutical companies are the buyer compared with deals made with smaller pharmaceutical companies.

Industrial Research & Development segment

This segment consists primarily of the operations of the acquired company iNovacia. With the aim of further strengthening relations with selected clients and covering costs, Kancera is providing expertise on a consultancy basis for drug candidate development. Kancera is also developing stem cell based cancer models for third party collaborations.

Events during the period and the third quarter
The acquisition of iNovacia AB was completed on February 17, since when iNovacia AB has been a wholly-owned subsidiary of Kancera. During the period iNovacia delivered specialized drug analysis and developed new active compounds to further develop drugs for clients in Europe and the US. Specialized laboratories within the Karolinska Institutet Science Park were completed and the move-in has been accomplished within the budget of SEK 2m. The companies moved in on September 1, 2011.

Events after the end of the reporting period
In partnership with researchers in Europe and South America, highly potent inhibitors of a target protein in the parasite Schistosoma have been developed. This parasite infects about 200 million individuals annually in tropical or subtropical regions, resulting in over 280,000 deaths each year from the disease schistosomiasis (also known as bilharzia or snail fever).

Market outlook
As Kancera previously has announced, the segment is expected to generate revenues of 10-15 million in 2011, but that the present international financial uncertainty may have a negative impact on the pharmaceutical and biotech companies' willingness to invest and thereby decrease the revenues. During the period, revenues amounted to 3.8 million of which 1.6 million during the third quarter. The Board estimates that the revenues for 2011 will amount to

approximately SEK 6.5m and thus not reach the expected range of SEK 10-15m. The Board will consider any future consequences of this trend in more detail in connection with the preparation of the budget for 2012.

Income Statement		Jan-March		Apr-June		July-Sept		Jan-Sept		28 Apr-31 Dec
SEK 000´s (if otherwise not specified)		2011	2010	2011	2010	2011	2010	2011	2010	2010
Kancera Group					parent company		parent company		parent company	parent company
Revenues										
Net sales		**592**	**-**	**1 661**	**-**	**1 592**	**-**	**3 845**	**-**	**-**
Cost of sales & services		-426	-	-1 196	-	-1 146	-	-2 768	-	-
Gross profit		**166**	**-**	**465**	**-**	**446**	**-**	**1 077**	**-**	**-**
Operating Expenses										
General & administrative expenses		-1 654	-	-2 316	-137	-1 985	-294	-5 956	-431	-2 405
Selling expenses		-528	-	-739	-	-633	-	-1 899	-	-
Research & development expenses		-4 098	-	-6 178	-574	-3 104	-535	-13 380	-1 109	-4 763
Negative Goodwill		6 982	-	0	-	0	-	6 982	-	
Total expenses		**702**	**-**	**-9 233**	**-711**	**-5 722**	**-829**	**-14 253**	**-1 540**	**-7 168**
Operating income		**868**	**-**	**-8 768**	**-711**	**-5 276**	**-829**	**-13 176**	**-1 540**	**-7 168**
Income from Financial Investments										
Financial net		**-135**	**-**	-124	**-**	45	**-**	**-214**	**-**	**21**
Income after financial items		**733**	**-**	**-8 892**	**-711**	**-5 231**	**-829**	**-13 390**	**-1 540**	**-7 147**
Taxation		-	-	-	-	-	-	-	-	-
Net income		**733**	**-**	**-8 892**	**-711**	**-5 231**	**-829**	**-13 390**	**-1 540**	**-7 147**
Income attributable to:		733	-	-8 892	-711	-5 231	-829	-13 390	-1 540	-7 147
The shareholders of the parent company			-		-		-		-	
Earnings per share, before and after dilution	kr	0,06	-	-0,67	-0,20	-0,35	-0,23	-1,02	-0,43	kr -0,96

Statement of Comprehensive Income	Jan-March		Apr-June		July-Sept		Jan-Sept		28 Apr-31 Dec
SEK 000´s (if otherwise not specified)	2011	2010	2011	2010	2011	2010	2011	2010	2010
Net Income	733	-	-8 892	-711	-5 231	-829	-13 390	-1 540	-7 147
Other comprehensive income	-	-	-	-	-	-	-	-	-
The period´s comprehensive income	733	-	-8 892	-711	-5 231	-829	-13 390	-1 540	-7 147
Income attributable to:	733	-	-8 892	-711	-5 231	-829	-13 390	-1 540	-7 147
The shareholders of the parent company	-	-	-	-	-	-	-	-	-

Balance Sheet

SEK 000´s (if otherwise not specified) **Kancera Group**	31 Mars 2011	31 Mars 2010 parent company	30 June 2011	30 June 2010 parent company	30 Sept 2011	30 Sept 2010 parent company	31 Dec 2010 parent company
Assets							
Non-current Assets							
Intangible assets, activated R&D expenses	6 000	-	6 000	6 000	6 000	6 000	6 000
Tangible assets	7 283	-	6 561	-	6 834	-	-
Financial assets	-	-	-	-	-	-	-
Total non-current assets	**13 283**	**-**	**12 561**	**6 000**	**12 834**	**6 000**	**6 000**
Current Assets							
Inventories	2 017	-	5 215	-	5 009	-	-
Receivables	2 843	-	3 747	178	1 923	58	1 562
Cash and cash equivalents	34 424	-	26 810	1 613	26 495	3 494	6 572
Total current asstes	**39 284**	**-**	**35 772**	**1 791**	**33 427**	**3 552**	**8 134**
TOTAL ASSETS	**52 567**	**-**	**48 333**	**7 791**	**46 261**	**9 552**	**14 134**
Equity and Liabilities							
Equity							
Total equity	**38 091**	**-**	**29 199**	**7 340**	**30 884**	**9 310**	**11 189**
Provisions and liabilities							
Long-term liabilities	8 214	-	7 996	-	7 635	-	-
Short-term liabilities	6 262	-	11 138	451	7 742	242	2 945
Total provisions and liabilities	**14 476**	**-**	**19 134**	**451**	**15 377**	**242**	**2 945**
TOTAL EQUITY and LIABILITIES	**52 567**	**-**	**48 333**	**7 791**	**46 261**	**9 552**	**14 134**

Cash-Flow Statement

SEK 000´s (if otherwise not specified) **Kancera Group**	Jan-March 2011	Jan-March 2010	Apr-June 2011	Apr-June 2010 parent company	July-Sept 2011	July-Sept 2010 parent company	Jan-Sept 2011	Jan-Sept 2010 parent company	28 Apr-31 Dec 2010 parent company
Cash-flow from operating activities									
Operating income after financial items	733	-	-8 892	-711	-5 231	-829	-13 390	-1 540	-7 147
Depreciation	879	-	1 279	-	806	-	2 964	-	-
Other non-cash-flow affecting items	-6 982	-	0	-	0	-	-6 982	-	-
Cash-flow from operating activities before working capital change	**-5 370**	**-**	**-7 613**	**-711**	**-4 425**	**-829**	**-17 408**	**-1 540**	**-7 147**
Change in working capital	389	-	-1	274	-1 876	-91	-1 488	184	1 383
Cash-flow from operating activities	**-4 981**	**-**	**-7 614**	**-437**	**-6 301**	**-920**	**-18 896**	**-1 356**	**-5 764**
									-
Investment activities	-	-	-	-		-	-	-	-
Net investments in tangible assets	-	-	-	-	-929	-	-929	-	-
Acquisition of operations	8 664		0		0		8 664	-	-
Cash-flow from investment activities	**8 664**	**-**	**0**	**0**	-929	**0**	**7 735**	**-**	**-**
FREE CASH-FLOW available to INVESTORS	**3 683**	**-**	**-7 614**	**-437**	**-7 230**	**-920**	**-11 161**	**-1 356**	**-5 764**
Financing activities									
Issue of shares	24 169	-	-	2 051	6 915	2 800	31 084	4 850	12 336
Cash-flow from financing activities	**24 169**	**-**	**0**	**2 051**	**6 915**	**2 800**	**31 084**	**4 850**	**12 336**
CASH-FLOW for the YEAR	**27 852**	**-**	**-7 614**	**1 614**	**-315**	**1 880**	**19 923**	**3 494**	**6 572**
Cash and cash equivalents at the beginning of the year	6 572	-	34 424	-	26 810	1 614	6 572	-	0
Cash and cash equivalents at the end of the year	34 424	-	26 810	1 614	26 495	3 494	26 495	3 494	6 572

Statement of Changes in Equity

SEK 000´s (if otherwise not specified)

Kancera Group

	2011
Total equity, opening balance on the 31st of Dec 2010	**11 189**
Proceeds on issue of shares	25 200
Costs related to issue of shares	-1 031
Exercise of warrant	2 000
Q1 net income	733
Total equity, closing balance on the 31st of March 2011	38 091
Q2 net income	-8 892
Total equity, closing balance on the 30th of June 2011	29 199
Proceeds on issue of shares	7 600
Costs related to issue of shares	-684
Q3 net income	-5 231
Total equity, closing balance on the 30th of Sept 2011	**30 884**

Parent Company

	2010
Total equity, opening balance on the 31st of Dec 2010	-
Total equity, closing balance on the 31st of March 2010	-
Capital Introduction	50
On-going Capital Introduction	8 001
Q2 net income	-711
Total equity, closing balance on the 30th of June 2010	7 340
Proceeds on issue of shares	2 799
Q3 net income	-829
Total equity, closing balance on the 30th of Sept 2010	**9 310**

Income Statement

SEK 000´s (if otherwise not specified)	Jan-March 2011	Jan-March 2010	Apr-June 2011	Apr-June 2010	July-Sept 2011	July-Sept 2010	jan-sept 2011	jan-sept 2010	28 Apr-31 Dec 2010
Parent Company									
Revenues									
Net sales	-	-	-	-	-	-	-	-	-
Cost of sales & services	-	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-	-
Operating Expenses									
General & administrative expenses	-1 110	-	-886	-137	-412	-294	-2 408	-431	-2 405
Selling expenses	-49	-	-155	-	0	-	-204	-	-
Research & development expenses	-5 171	-	-5 427	-574	-2 655	-535	-13 253	-1 109	-4 763
	-	-	-	-	-	-	-	-	-
Total expenses	**-6 330**	**-**	**-6 468**	**-711**	**-3 067**	**-829**	**-15 865**	**-1 540**	**-7 168**
Operating income	**-6 330**	**-**	**-6 468**	**-711**	**-3 067**	**-829**	**-15 865**	**-1 540**	**-7 168**
Income from Financial Investments									
Financial net	**-180**	**-**	47	**-**	98	**-**	**-35**	**-**	**21**
Income after financial items	**-6 510**	**-**	**-6 421**	**-711**	**-2 969**	**-829**	**-15 900**	**-1 540**	**-7 147**
Taxation	-	-	-	-	-	-	-	-	-
Net income	**-6 510**	**-**	**-6 421**	**-711**	**-2 969**	**-829**	**-15 900**	**-1 540**	**-7 147**
Income attributable to:	-6 510	-	-6 421	-711	-2 969	-829	-15 900	-1 540	-7 147
The shareholders of the parent company		-		-		-		-	
Minority interests									

Statement of Comprehensive Income

SEK 000´s (if otherwise not specified)	jan-march 2011	jan-march 2010	apr-june 2011	apr-june 2010	july-sept 2011	july-sept 2010	jan-sept 2011	jan-sept 2010	28 apr-31 dec 2010
Net Income	-6 510	-	-6 421	-711	-2 969	-829	-15 900	-1 540	-7 147
Other comprehensive income	-	-	-	-	-	-	-	-	-
The period´s comprehensive income	-6 510	-	-6 421	-711	-2 969	-829	-15 900	-1 540	-7 147

Balance Sheet

SEK 000´s (if otherwise not specified)	30 Sept 2011	30 Sept 2010	31 Dec 2010
Parent Company			
Assets			
Non-current Assets			
Intangible assets, activated R&D expenses	6 000	6 000	6 000
Tangible assets	-	-	-
Financial assets	2 320	-	-
	-	-	-
Total fixed assets	**8 320**	**6 000**	**6 000**
Current Assets			
Receivables	575	58	1 562
Cash and cash equivalents	21 563	3 494	6 572
Total current asstes	**22 138**	**3 552**	**8 134**
TOTAL ASSETS	**30 458**	**9 552**	**14 134**
Equity and Liabilities			
Equity			
Restricted equity	1 262	150	804
Non-restricted equity	27 111	**9 160**	10 385
Total equity	**28 373**	**9 310**	**11 189**
Provisions and liabilities			
Short-term liabilities	2 085	242	2 945
Total provisions and liabilities	**2 085**	**242**	**2 945**
TOTAL EQUITY and LIABILITIES	**30 458**	**9 552**	**14 134**

Notes

Note 1. Accounting and valuation principles

This interim report has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting,* and the International Financial Reporting Standards (IFRS) as adopted by the EU. With respect to the Parent Company, this interim report has been prepared in accordance with the Swedish Annual Accounts Act and in compliance with RFR 2, *Accounting for Legal Entities*.

The accounting principles of the Parent Company are described in the latest published Annual Report. As a consequence of the acquisition of iNovacia AB, consolidated financial statements have also been prepared starting from Q1 2011.

Below is a description of both the additional accounting principles in respect of the consolidated financial statements, and the areas where the accounting principles applied in the consolidated financial statements differ from the accounting principles applied by the Parent Company, where RFR 2 has been applied.

Basis of consolidation
The consolidated financial statements consist of the annual report for Kancera AB and its subsidiary as at December 31 each year.

The annual report for the subsidiary is prepared for the same reporting year as the Parent Company, using the same accounting principles. All intra-group transactions, income and expenses, profits and losses and balance sheet items resulting from intra-group transactions are eliminated in full in the consolidated financial statements.

A subsidiary is a company over which the Parent Company has a controlling influence, generally as a consequence of a holding of shares that, directly or indirectly, provides the Parent Company with control over more than 50 percent of the voting power. A subsidiary is included in the consolidated financial statements as of the date of its acquisition, being the day on which the Parent Company acquires a controlling influence, and is included in the financial statements until the date on which the controlling influence ceases.

Business combinations and goodwill
Business combinations are accounted for using the acquisition accounting method.

The acquisition is considered to be a transaction by which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities and other obligations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is reported as an asset in the balance sheet.

If the difference is a negative amount, it is recognized directly in the income statement. The shareholders' equity in the subsidiary is entirely eliminated upon acquisition. The Group's equity consists of the equity in the Parent Company and the portion of equity in the subsidiaries earned after the acquisition.

Cost of services sold
In conjunction with the Company's move into new premises, reporting of the cost of services sold was reviewed. As a result of this review, earlier quarters of the year have also been recalculated. The cost of services sold within CRO operations is based on hourly expenses for research staff on client projects multiplied by the time spent on these projects.

Research and development costs
As stipulated by IAS 38 *Intangible Assets*, costs relating to development activities are capitalized and reported in the balance sheet if certain criteria are met, while research costs are expensed as incurred. An intangible asset arising from capitalized development expenditure is recognized only when the Group can demonstrate the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete and its ability to use or sell the asset; how the asset will generate future economic benefits; the availability of resources to complete the asset; and the ability to reliably measure development expenditure.

To date the Group has expensed all development costs as incurred since they mainly consist of research investment and the recognition criteria for capitalization have not been met.

Lease agreements

Kancera has entered into lease agreements with third parties in the ordinary course of business. These agreements are for office and laboratory space, laboratory equipment, automobiles and other equipment.

Lease agreements are classified as either financial or operating depending on the terms of the lease. A financial lease transfers substantially all the financial risks and benefits incidental to ownership of the leased asset to Kancera. All other lease agreements are considered operating leases.

Financial leases are capitalized at the inception of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Thus, the leased equipment is recorded as an asset and the net present value of future minimum lease payments is recorded as a liability. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Kancera Group will obtain ownership by the end of the lease term. Property, plant and equipment are depreciated.

Operating lease payments are recognized in the income statement over the lease term in the period they relate to.

Note 2. Related party disclosures

Up to and including September 30, 2011 Kancera had paid compensation to Sprint Bioscience at an amount of around SEK 1,252,300 for services including protein production and structural studies of Kancera's targets for pharmaceutical development. Anders Åberg, a Board member at Kancera until May 26, 2011, is the founder, Managing Director and part-owner (16 percent) of Sprint Bioscience AB.

Note 3. Incentive schemes

Further to a decision taken by the Extraordinary General Meeting held on May 27, 2010, Kancera issued 250,000 share warrants which, following a split, will entitle the holders to subscribe for 500,000 new shares at an issue price of SEK 7 per share. The warrants can be exercised during the period August 1, 2012 – October 31, 2012. The Extraordinary General Meeting held on October 14, 2010 resolved to allocate the share warrants to members of the Board of Directors and senior executives of Kancera at market value.

A total of 150,000 share warrants were subsequently allocated to the directors Anders Essen-Möller (75,000) and Bernt Magnusson (75,000) at a price of SEK 0.80 per warrant (each warrant entitles the holder to subscribe for two shares). The price corresponds to the estimated market price based on a valuation according to the Black & Scholes formula for option valuation. The remaining 100,000 warrants remain in the custody of the company. The Board does not intend to allocate these warrants.

If all of the outstanding warrants are exercised to subscribe for 300,000 new shares, the result would be a dilution of approximately 2.0 percent based on the current number of shares (15,148,000).

Further, Kancera's Annual General Meeting held on May 26, 2011 resolved to implement an incentive scheme for the employees of the group and certain contractors including the issuance of 400,000 warrants. If all warrants are exercised to subscribe for 400,000 new shares the dilution of the share capital will amount to approximately 2.6 percent. The warrant premiums were valued according to the Black & Scholes model for valuation of warrants.

Note 4. Financial definitions

Risk-bearing capital, %
The sum of equity and deferred tax liabilities as a percentage of total assets.

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.

Return on total capital (ROTC)
Profit before tax plus financial expenses as a percentage of average total assets.

Gross margin
Operating profit before depreciation and amortization as a percentage of net sales.

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.

Operating capital
Property, plant and equipment plus trade receivables plus inventories minus accounts payable.

Option-based deal
An agreement, between two parties, that gives one party the right through pre-payment to secure the future sole right to the asset in question.

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

Net interest-bearing liabilities
The net value of interest-bearing liabilities minus financial assets including cash and cash equivalents.

Interest coverage ratio
Profit before tax plus financial expenses excluding exchange losses, divided by financial expenses excluding exchange losses.

Operating margin
Operating profit as a percentage of net sales.

Debt/equity ratio
Interest-bearing liabilities divided by equity.

Capital employed
Total assets less non-interest bearing liabilities.

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

Profit margin
Profit before tax as a percentage of net sales.

Note 5. Acquisition of iNovacia AB

The acquisition analysis below relating to the acquisition of iNovacia AB in 2011 is based on a preliminary balance sheet on the date of acquisition, which was February 17, 2011.

	Feb 17, 2011
Non-current assets	7,626
Current assets	6,617
Cash and cash equivalents	8,984
Total assets	23,227
Equity	9,302
Long-term liabilities	8,367
Current liabilities	5,558
Total equity and liabilities	23,227

Acquired net assets (equity) as stated above total SEK 9,302,000.

The estimated consideration for all of the shares in iNovacia AB is SEK 320,000 and the value of warrants issued to Biovitrum at the time of acquisition totals SEK 2,000,000; i.e. SEK 2,320,000 in total. This means that the acquired net assets exceed the total consideration. The difference of SEK 6,982,000 was reported as negative goodwill and was recognized through profit and loss at the time of the acquisition in Q1 2011.

As at March 31, 2011 Biovitrum had not utilized its right to exercise warrants issued to it. These were measured in the acquisition analysis at a value of SEK 2m.

iNovacia has a debt to Biovitrum in the amount of SEK 4m, which is due on 1 October, 2014. The debt is non-interest bearing and without amortization.

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 and the Group's operations, financial position and results, and describes the significant risks and uncertainties faced by the company and the companies in the Group.

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, and the degree to which the company is able to influence the impact of these on its earnings and financial position varies. For further information regarding company risks, see the company's Annual Report 2010.

Stockholm, November 24, 2011

Erik Nerpin *Chairman of the Board*	Anders Essen-Möller *Director*	Håkan Mellstedt *Director*
Bernt Magnusson *Director*	*Thomas Olin* *CEO/Director*	

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

Financial calendar
- Full Year Report 2011 February 23, 2012

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