

Interim Report Q1 2014

Highlights:

- On 25 February DiaGenic's Extraordinary General Meeting resolved to carry out a rights issue of NOK 50 million, by way of a rights issue with preferential rights for shareholders of DiaGenic.
- On 14 March the subscription rights for the rights issue were listed. The subscription rights were tradable until 31. March.
- On 20 March Lars Christian Stugaard was appointed as the new Chief Executive Officer (CEO) of DiaGenic ASA effective from 1st April 2014.

	2014 (unaudited)	2013 (unaudited)
<u>Key figures in million NOK</u>	<u>Q1</u>	<u>Q1</u>
Pre-tax loss	-4.4	-9.7
Total operating cost	-4.4	-9.8
Comprehensive income	0	0.07
Net cash flow from operating activities	-6.4	-8.5
Cash balance end of period	5.2	9.5

Operational Update

During the first quarter, our work has been focused on securing financing, and to optimize the company's organizational structure and cost base.

On 28 October 2013 DiaGenic announced that its management and board of directors will seek to restructure the company, or divest all or selected company assets. As a consequence, the Board decided to give notice of termination to all the staff and management, but work to finalize ongoing projects and third party collaborations commenced in the notice period.

During first quarter all the staff and management left the company, and all inventory was sold.

Financial Review

Cash balance of NOK 5,2 million at the end of the quarter. Pre-tax earnings of NOK -4.4 in Q1 2014 compared with NOK -9.7 million in Q1 2013.

Comparative figures from the corresponding period last year are shown in parentheses.

The cash balance at the end of March 2014 was NOK 5,188 (NOK 9,514) and pre-tax loss was NOK -4,381 (NOK -9,701) for the quarter.

The average number of shares in the quarter was 8,159,873. As per the end of the period, the outstanding number of shares was 8,159,873. The Company's unaudited financial statements for the first quarter of 2014 are enclosed.

Significant events after the end of the period:

The final result of the rights offering was announced on 4 April. After the close of the subscription period a total of 100,000,000 offered shares at NOK 0.50 per share were allocated. It was subscribed for a total of 238,556,562 shares. The new share capital of NOK 21,631,947.60 and a total of 108,159,873 shares were registered on 11 April and the new shares issued were listed the same day.

The board of directors of DiaGenic ASA has called for a general meeting on 22 May 2014.

Outlook

DiaGenic's goal for the next 6 months is to continue the restructuring process of the company to enable the Company to pursue growth and development in its existing business, through new opportunities within biotech/pharmaceuticals or other areas.

Statement Regarding Forward-Looking Statements

Matters discussed in this report may constitute forward looking statements. The forward looking statements in this report are based on various assumptions, many of which are based upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult to predict and beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

Oslo, 15th of May 2014

The Board of Directors

Responsibility Statement

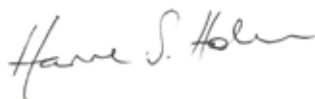
We confirm, to the best of our knowledge, that the financial statements for the period 1 January 2014 to 31 March 2014 have been prepared in accordance with IFRS, as adopted by the EU, and give a true and fair view of the Company's assets, liabilities, financial position and results of operations. Furthermore, we confirm that the Report of the Board provides a true and fair view of the development and performance of the business and the position of the Company, together with a description of the key risks and uncertainty factors that the Company is facing.

Oslo, 15th of May 2014


The Board of Directors



Øystein Stray Spetalen
Board Member



Hanne Skaarberg Holen
Chairman



Martin Nes
Board Member



Lars Christian Stugaard
CEO

Statement of comprehensive income

	Note	2014	2013	2013
<i>(figures NOK thousands)</i>		Q1	Q1	1 Jan-31 Dec
Operating Income				
Other operating income		0	69	157
Total operating revenue		0	69	157
Operating expenses				
Cost of goods sold		0	394	554
Total cost of goods sold		0	394	554
Operating costs				
Wages and social costs		1 296	5 747	20 843
Depreciation		100	223	731
Impairment		0	0	1 195
Other operating costs		3 041	3 460	14 019
Total other operating costs		4 437	9 431	36 788
Total operating costs		4 437	9 825	37 342
Operating profit (loss)		-4 437	-9 755	-37 185
Financial income		58	109	743
Financial expenses		2	55	190
Net financial income/expense		56	54	553
Pre-tax profit (loss)		-4 381	-9 701	-36 633
Income tax costs (benefits)		0	0	0
Net profit (loss)		-4 381	-9 701	-36 633
Other comprehensive income		0	0	1 030
Comprehensive income		-4 381	-9 701	-37 662
<i>Net profit per share (figures in NOK)</i>	4	-0.54	-3.59	-5.66
<i>Net profit per share after delution</i>	4	-0.54	-3.59	-5.66

Statement of financial position

	Note	2014	2013	2013
<i>(figures NOK thousands)</i>		31. March	31. March	31 Dec
Assets				
Fixed assets				
Software		0	469	0
Fixed assets		0	1 577	335
Total non-current assets		0	2 046	335
Current assets				
Inventory	3	0	343	0
Trade receivables		0	58	56
Other receivables		2 482	4 005	3 340
Cash and cash equivalents		5 188	9 514	11 492
Total current assets		7 670	13 919	14 888
Total assets		7 670	15 965	15 223
Equity and liabilities				
Equity				
Share capital	2	1 632	13 512	1 632
Paid in equity	2	44 909	37 313	44 705
Retained earnings		-42 353	-45 628	-37 662
Total equity		4 188	5 197	8 675
Provisions				
Pension liabilities		0	1 138	0
Total provisions		0	1 138	0
Liabilities				
Accounts payable		803	1 655	277
Social security, VAT etc. payable		578	1 123	1 673
Other current liabilities		2 101	6 851	4 600
Total current liabilities		3 482	9 630	6 549
Total current equity and liabilities		7 670	15 965	15 223

Cash flow statement

	Note	2014	2013	2013
<i>(figures NOK thousands)</i>		Q1	Q1	1.1.-31.12.
Cash flow from operating activities				
Pre-tax profit (loss)		-4 381	-9 701	-37 662
Ordinary depreciation		0	223	731
Impairment of fixed assets		100	0	1 195
Fair value granted option rights		0	183	-310
Change in pension scheme liabilities		0	-156	-1 294
Change in inventories, accounts receivable and accounts payable		582	402	924
Change in other short-term receivables and other short-term liabilities		-2 735	533	923
<i>Net cash flow from operating activities</i>		-6 433	-8 515	-35 493
Cash flow from investment activities				
Proceeds from sale of fixed assets		235	0	8
<i>Net cash flow from investing activities</i>		235	0	8
Cash flow from financing activities				
Contribution of share capital/Transaction cost		-107	0	30 198
Payment of short/long term liabilities		0	-417	-1 667
<i>Net cash flow from financing activities</i>		-107	-417	28 531
<i>Net change in cash and cash equivalents</i>		-6 304	-8 932	-6 953
			0	0
Cash and cash equivalents		5 188	9 514	11 492

Statement of changes in Equity and Number of Shares:

<i>(figures in NOK/numbers)</i>	Note	Share capital	Share premium	Other reserves	Other equity	Total equity	Number of shares
As at 1st January 2013		13 512	38 497	368	-35 927	16 450	27 023 652
Allocation of comprehensive loss			-35 559	-368	35 927	0	
Fair value granted option rights			0	-310	0	-310	
Transaction cost			-2 547	0	0	-2 547	
Increase of capital 8.4.13		25 000	5 000	0	0	30 000	50 000 000
Increase of capital 8.5.13		2 288	458	0	0	2 745	4 575 078
Reduction of share capital 16.8.13 *)		-39 167	39 167	0	0	-0	-73 438 857
Comprehensive income 1.1.-31.12.2013			-0	0	-37 662	-37 663	
As at 31st December 2013		1 632	45 015	-310	-37 662	8 675	8 159 873
Transaction cost			-107			-107	
Comprehensive income 1.1.-31.3.2014					-4 381	-4 381	
As at 31st March 2014		1 632	44 909	-310	-42 043	4 188	8 159 873

*) Reversed share split with ratio 10:1 on the same day of the share capital reduction.

Note 1: Presentation

The financial information is prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). This financial information should be read together with the financial statements for the year ended 31st of December 2013 prepared in accordance with International Financial Reporting Standards ("IFRS").

The accounting policies used and the presentation of the Interim Financial Statements are consistent with those used in the latest Annual Financial Statements.

The preparation of the Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the Interim Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Note 2: Going concern

The financial statement is presented on the going concern assumption under International Financial Reporting Standards. Accordingly, the financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts, the amounts and classification of liabilities, or any other adjustments that might arise, should the Company be unable to continue as going concern. Tangible assets and software are recognized at cost price after deduction for accumulated depreciation and any write downs. Should the Company be unable to continue as going concern then the recoverability and classification of recorded asset amounts might have to be adjusted.

As per the date of this report the Company does have sufficient working capital for its planned business activities over the next twelve month period

Note 3: Inventory – figures in thousand NOK

	Q1 2014	Q1 2013
Inventory	0	343

Inventory is valued at lower of cost and net selling price. Inventory is recorded at cost in the financial statements.

Note 4: Earnings per share - figures in NOK

The following table shows the changes in number of shares in 2014:

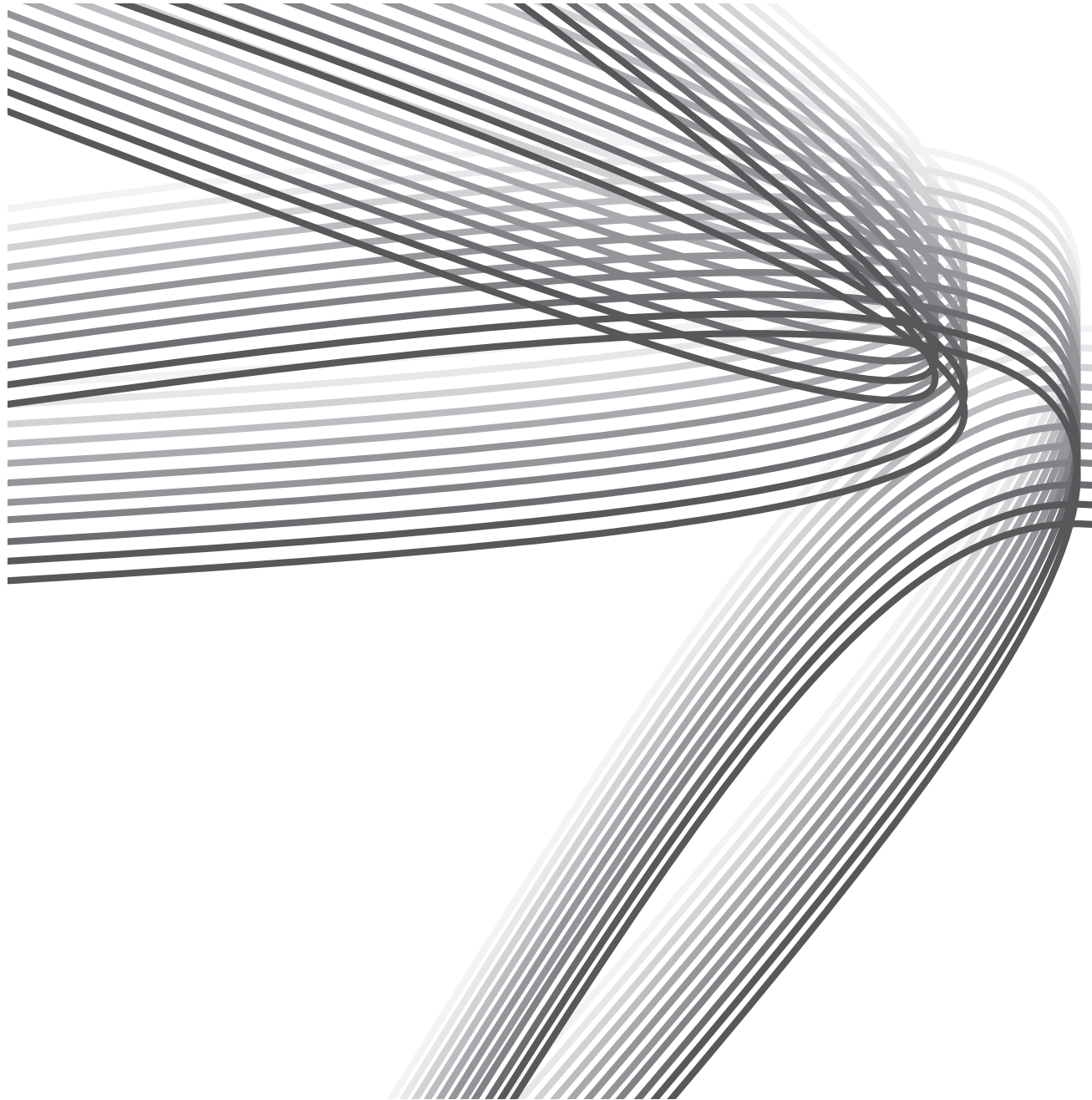
	Ordinary shares
Number of shares as of 1 st of January	8 159 873
Number of shares as of 31 st of March	8 159 873
Average number of shares per 31 st of March	8 159 873

Note 5: Events after the balance sheet date

At the date of this report, there are no events, except for the items listed below, after the balance sheet date that will affect the Company's position on the balance sheet date which is essential for the Company's future financial position:

The final result of the rights offering was announced on 4 April. After the close of the subscription period a total of 100,000,000 offered shares at NOK 0.50 per share were allocated. It was subscribed for a total of 238,556,562 shares. The new share capital of NOK 21,631,947.60 was registered on 11 April and the new shares issued were listed the same day.

Lars Christian Stugaard (32) has been appointed as acting Chief Executive Officer (CEO) of DiaGenic ASA on an interim basis effective from 1st April 2014. Mr. Stugaard holds the position as CEO in Strata Marine & Offshore AS and has worked in the Ferncliff group since 2003. During his 11 year tenure with Ferncliff, he has been working with financial management, general business development and analysis. He holds a BSc from the Norwegian School of Management in Oslo.



DiaGenic ASA
Sjølyst Plass 2
NO - 0278 Oslo
+47 23 24 89 50
www.diagenic.com