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Interface to the Human Genome

Medical Prognosis Institute A/S

Annual Report 2014





MEDICAL-PROGNOSIS.COM

"We make the highest resolution bioinformatics tools used by 21st century oncologists to help patients get the best personalized treatment every time!

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Abbreviations

Terminology and abbreviations	Definition
Cell lines	Cancer cells can be grown in the Laboratory and when cells are stably growing a cell line has been established. There are thousands of such cancer cell lines and cancer drugs can be tested on a panel of different cell lines to get a pattern showing which cell lines the cancer drug kills and which cell lines it does not
Cisplatin	Cisplatin is one of the most used cancer drugs
DRP	Drug Response Prediction, MPI's gene analysis to predict which patients will respond to a given cancer drug
Indication	Here a cancer type or cancer disease
LPC	Lung cancer Prognosis Chip, MPI's Lung cancer Prognosis Chip is a gene test to predict which patient will be cured and which patient will need additional treatment after surgery for lung cancer
MPI	Medical Prognosis Institute A/S (CVR: 28106351)
Precision Medicine	In MPI context, medication originated on a deeper understanding of a cancer disease based on molecular biology
Response Prediction	Predicting the effect of a cancer drug. Effect can be measured in a variety of ways for example is the cancer tumor shrinking (response), - how long does it take before the cancer disease progresses (progression free survival) or the most important parameter, - how long the patient survives (survival)

Letter from our CEO

"We envision a future where we empower the cancer community to select the right cancer treatment to the right cancer patient."

A year with sharpened focus

In 2014, we established presence in the USA, expanded our visibility in the US market, and secured financing to accelerate further development of the company.

MPI's founder and CSO, Professor Steen Knudsen has taken residence in Arizona, and is heading the American subsidiary Medical Prognosis Inc.

One of the core activities during the first year in the United States was to establish MPI's laboratory where technical analysis on patients' biopsies are performed. Headed by our Chief Technology Officer, Thomas Jensen, the laboratory is advantageously located adjacent to MPI's strategic partner - TD2. MPI and TD2 will co-innovate to mutually fortify the business. Together, we create superior value to reach new partners that is to bring both companies near and long-term returns.

The focused effort on the US market has generated an increased awareness and interest for MPI technology and resulted in deals and collaborations. We are confident that our strategy, on focused sales efforts and at the same time building evidence through academic collaborations and own drug development, is right even though deal processes are lengthy.

In the year of 2014 we have experienced a strong attention and initiated new collaborations with Danish oncologists. We especially welcome this type of collaborations, as we believe that through such partnerships can prove our value to cancer patients and the oncology community in a very convincing way.

During the year, three significant publications that further build to the robust confirmation of the DRP-predictor were released: Together with scientists from AstraZeneca, we published an article in which we demonstrated how MPI's DRP can identify a high-responder population to AstraZeneca's successful breast cancer drug fulvestrant. LiPlaCis phase 1 trial design was presented together with LiPlasome Pharma as a poster session at the annual American Society of Clinical Oncology (ASCO), and finally data on who will benefit from the world's most used drug for colorectal cancer, 5-FU, was presented at the ESMO (European Society for Medical Oncology) annual meeting.

I think the fulvestrant data are convincing and provides evidence that MPI's DRP can be utilized as a strong drug development tool to generate patient's cancers fingerprint that can help predict response to fulvestrant. The DRP can be applied for a huge number of the many cancer drugs and cancer indications where no biomarkers are available.

I had the pleasure to see the MPI data on the anticancer agent 5-FU in colon cancer presented to more than thousand attendees at the 2014 ESMO conference in September in Madrid. These data demonstrate that our DRP multi-biomarker is the strongest ever in 5-FU. Again, it shows the strength of our DRP-tool as an interphase to the understanding of the human genome in cancer disease.

In 2014, MPI increased its presence and awareness at business- and scientific meetings like the world's largest cancer congress ASCO in Chicago and Europe's largest cancer congress ESMO in Madrid, as well as ECCO (European CanCer Organisation) in Barcelona. At all three conferences MPI was present at a booth with a tailored exhibition.

MPI received strong support from existing investors and raised 18,618,522 DKK (2,642,203 USD) for the further strengthening of our US activities and other ongoing activities in line with our strategy. We are thankful to our loyal investors and dedicated to increase the awareness of MPI and its wish to bring value to cancer patients and shareholders at the same time.

Our aim for 2015 is to commence the route of establishing clinical proof of concept studies. The first step on this route is the LiPlaCis study conducted in collaboration with LiPlasome pharma. Further to this Oncology Venture – MPI's drug development arm - has in the beginning of 2015 been able to raise funding. With MPI's DRP-tool Oncology Venture will pursue cancer drugs where MPI's technology can help select promising drugs, select favorable indications and screen patients for likelihood of response to the drug under development.

Financial highlights and ratios

	2014 DKK	2013 DKK	2012 DKK
Income Statement			
Revenue	4.315.459	4.049.607	3.943.474
Gross profit/loss	-4.405.010	183.601	565.804
Profit/loss before other expenses	-7.074.742	-3.295.306	-3.727.672
Profit/loss before financial income and expenses (EBIT)	-7.074.742	-4.354.298	-3.727.672
Net profit/loss for the year	**-5.347.074**	**-3.539.007**	**-2.768.795**
Balance Sheet			
Intangible assets	2.751.764	2.089.764	2.089.764
Property, plant and equipment	192.420	29.886	62.749
Fixed asset investments	505.512	505.512	200.000
Receivables	4.724.263	4.607.909	1.390.152
Cash at bank and in hand	16.020.922	5.124.082	2.183.509
Assets	**24.194.881**	**12.357.153**	**5.926.174**
Equity	22.219.208	10.417.511	4.461.672
Short term debt	1.975.674	1.939.642	1.464.502
Liabilities and equity	**24.194.882**	**12.357.153**	**5.926.174**
Cash Flow Statement			
Cash flows from operating activities	-5.355.572	-6.248.761	-2.527.547
Cash flow from investing activities	-223.138	-305.512	-200.000
Cash flows from financing activities	17.148.771	9.494.846	3.070.818
Changes in cash and cash equivalents	**11.570.062**	**2.940.573**	**343.271**
Ratios			
Gross margin (%)	-102,1	4,5	14,3
Margin before other expenses (converted to %)	-163,9	-81,4	-94,5
EBIT Margin (converted to %)	-163,9	-107,5	-94,5
Equity ratio %	99,7	84,3	75,3
Return on equity %	-31,4	-47,6	-64,2
Net asset value per share	21,6	10,9	5,2
Earnings per share	-5,3	-4,0	-3,3
Average no. of shares	1.016.989	874.600	848.303
Average no. of diluted shares	1.016.989	874.600	848.303
No. of shares at end period	1.097.770	951.372	850.363

The ratios have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations and Financial Ratios 2010'.

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

About cancer and MPI's technology

Not all cancer patients will benefit from treatment with cancer drugs, and in addition, patients may experience negative side effects from the treatment. Until now, it has been very hard to predict in which indication a cancer drug candidate will be effective and who will benefit from the treatment. There is a general acceptance of this in the market and there are examples of very expensive cancer products with effect in only a fraction of the treated patients.

The development of cancer drugs and the treatment of cancer is rapidly changing from population-based experience towards more precise individualized treatment (Precision Medicine). Cancer classification and its treatment was until recently exclusively based on population-based observations, but due to great inter-individual variation, the old methods came with low sensitivity and low specificity. MPI's pioneering approach utilizes a proprietary method to analyze the genomic fingerprint in each individual tumor, which allows us to predict whether a patient is likely to benefit from a certain drug or not. MPI's product is cutting edge and can be used together with existing methods to increase the ability to identify both responders and non-responders to a given cancer drug.

Following the sequencing of the Human Genome, quantitative methods have advanced and our understanding of complex biological signals have improved substantially. This science has enabled a search for new and more efficacious genomic biomarkers, which reflect certain biological or disease-generating processes in the cancer cell. With MPI's approach, we share the anticipation that these methods, which provide increased understanding of the complexity of the molecular mechanisms underlying the development of cancer, will allow us to identify both responders and non-responders to a given cancer drug therapy. Consequently, the value proposition of MPI´s technology delivers the following win-win-win situation:

Win for the individual patient who receives guidance on which drugs are likely to kill the cancer and/or which drugs are unlikely to eliminate the cancer. If the patient starts early therapy with an efficacious drug, this may have strong impact on outcome.

Win for payors if MPI's technology can identify non-responders it may reduce costs associated with in-efficacious first-line therapy and subsequent rescue medication and bring more value for money.

Win for drug development companies. A study has shown that only 4.7% [1] of cancer drugs in clinical development are expected to lead to a marketing approval. The costs for clinical studies are very high. It is estimated that the cost for investigating a cancer drug per patient in clinical phase 1-, 2- and 3 trials is USD 45-65,000. It is seldom a cancer drug is approved with data from less than 1,000 patients. The development costs for cancer drugs marketed in USA and Europe has on average been over USD 1 billion[2]. The interest from cancer drug developers is therefore expected to be significant as the DRP-technology can reduce development costs significantly.

MPI is constantly building evidence with its DRP-technology to create value to the oncology community to help identify the right patients for the right cancer drug. Below is presented this last year's effort in doing so.

Fulvestrant in breast cancer

As mentioned, not all cancer patients benefit from cancer drugs. The PLOS ONE publication from February 2014 shows that it is possible to utilize MPI's DRP-tool to generate a signature that may help identify breast cancer patients that may benefit from pre-surgical treatment with the agent fulvestrant. The prediction method is based on observations of differences in gene expression between cancer cell lines that are sensitive and those that are resistant to fulvestrant. The differential gene expression signature from cell lines was applied to tumor tissue from a small cohort of breast cancer patients who participated in a clinical trial that involved neoadjuvant treatment of the patients with fulvestrant. Additional retrospective testing of this gene signature in a larger cohort of patients with early stage breast cancer will be required to gain a greater understanding of the predictive power of the signature in identifying patients with tumors more likely to respond to fulvestrant. The goal is to develop the gene signature into a diagnostic that may aid in the identification of patients more likely to benefit from treatment with fulvestrant.

5-FU in colon cancer

There is a clinical need for biomarkers of response to adjuvant 5-FU (5-fluorouracil) in colon cancer. Data published on the 2014 ESMO conference in Madrid used data from tissue from 636 stage III colon cancer patients treated adjuvantly with 5-FU with or without irinotecan and tissue from 359 stage II colon cancer patients who did not receive adjuvant treatment was tested. It was concluded that data could suggest that the present 5-FU signature provides independent predictive

[1] Bill Berkrot, Reuters, New York, 14 February, 2011
[2] Paul et Al, "Drug Discovery", Nature Reviews, Supplementary Information, March 2010

information regarding benefit from adjuvant 5-FU in colon cancer patients. This predictor is the strongest ever documented for the 5-FU product.

Standard treatment with combinations (R-CHO(E)P) in Lymph node cancer

Medical Prognosis Institute has in collaboration with the Danish University Hospital Rigshospitalet, Department of Hematology published data showing that MPI's biomarker DRP may help to identify which patients suffering from Diffuse Large B-Cell Lymphoma (DLBCL) are likely to respond to standard treatment with combination therapy (R-CHO(E)P). Our aim is our DRP-tool can support doctors selecting the most optimal treatment for the benefit of the individual patient. The results achieved in collaboration with leading Danish cancer doctor's shows that we with high probability can help patients with relapsed lymph node cancer.

Collaborations

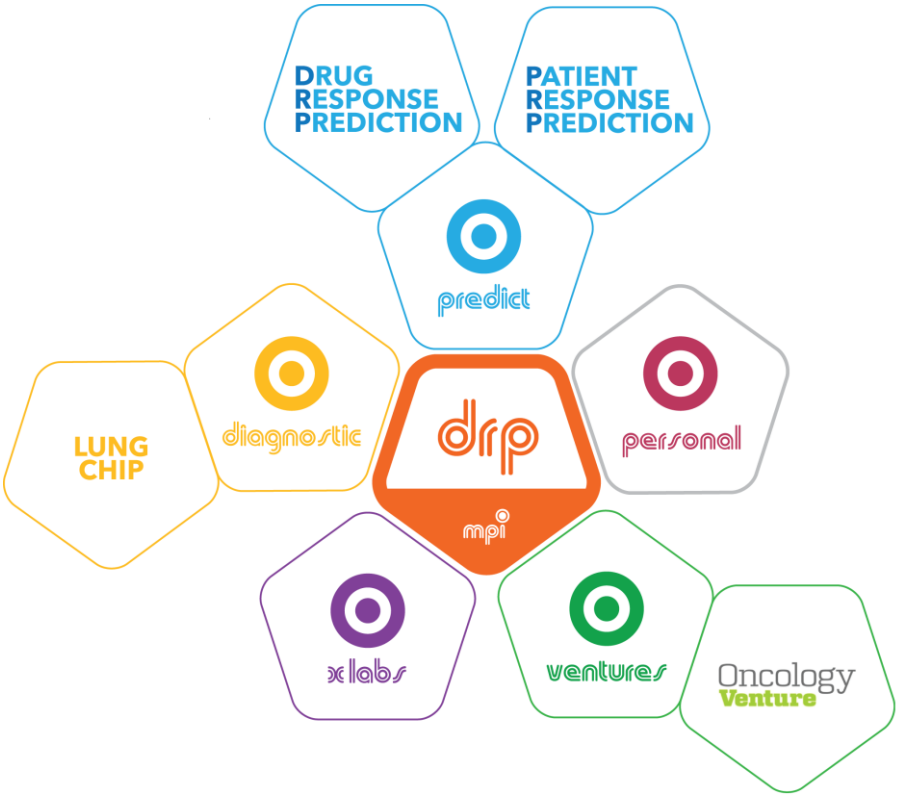
TD2

MPI and TD2 joined in strategic collaboration to provide drug developers with a unique Multi Biomarker direct path to drug approval. In the collaboration MPI's DRP-tool can generate new and unique clinically relevant gene signatures - a strong complementary drug development tool, which can be used to identify the initial clinical cancer indication would most likely lead to drug approval. This technology can dramatically increase the probability of early clinical success and is easily integrated into TD2's business. TD2 is an oncology drug development company that customizes clinical trial design and execution for its customers by applying rigorous and high-throughput translational preclinical development, with best-in-class regulatory and clinical expertise. There seems to be great synergy between MPI and TD2 services and the companies share the common goal to providing data and clinically relevant insight to support the global pharmaceutical and biotech industry.

Alion Pharmaceuticals Inc.

MPI and Alion Pharmaceuticals, entered into partnership to develop a specific DRP useful to identify cancer patients likely to respond to an undisclosed ion channel inhibitor for the treatment of certain cancers. Under the partnership, MPI will employ its DRP platform technology to identify a predictive biomarker specific for Alion's lead ion channel inhibitor, and the developed biomarker may then be used to select and enroll likely-responder patients in a Phase I trial for the drug.

MPI's Business Ecosystem



MPIs business and value creation are founded around our core DRP-tool, which we can apply to serve five different purposes:

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

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

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

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

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

Patent strategy and status

The MPI patent policy is to file all new inventions and subsequently evaluate the commercial potential. If the cost is justified a worldwide patent coverage will be pursued. Apart from patents the company has an expert knowledge, which will not be patented because this will then be public knowledge.

MPI has filed more than 20 patent applications since 2005. A few have been selected for national applications in the most important markets, USA, Europe and Asia. Two patents have been through the full application process and a patent has been granted in USA and England in 2013.

The USA patent on the DRP is broad and unique and covers gene signatures to predict the sensitivity on 60 cancer drugs including approximately 80% of all cancer drugs marketed.

Our patent covering Exercise Guidance is developed in collaboration with researchers in Sweden, UK and USA. The patent has been granted exclusively to XRGenomics in the UK.

MPI is planning filing for marketing approval for the LPC in USA as well as in Europe.

Clark & Elbing LLP in Boston is the primary patent office of MPI.

Announcements and News 2014

Date	Title
December 17th	MPI issues warrants
November 5th	MPI and Alion Pharmaceuticals INC. establish partnership
September 17th	MPI abstract published on the ESMO homepage shows that the MPI's genetic respose profile can predict efficacy of adjuvant 5-FU in colon cancer
September 9th	MPI publishing Prospectus
June 11th	MPI's Lung Prognostic Chip study expanded with new gene test – publication of data consequently postponed to H1 2015
May 27th	MPI and LiPlasome present the phase 1 study with LiPlaCis at the ASCO congress Monday 2nd in Chicago at 8am local time
May 23rd	MPI increases share capital
April 3rd	MPI and TD2 join in strategic collaboration to provide drug developers a unique Multi Biomarker direct path to drug approval
February 5th	MPI Publishes data showing that MPI's DRP may predict response to fulvestrant

Shareholders, Share Information, Development in Share Price in 2014

MPI has been listed at NASDAQ OMX First North since October 2013 at an introduction price of DKK 94 per share.

In April 2014, as a consequence of the exercise of warrants by employees the share capital was increased by nominally DKK 21,500, from DKK 951,372 to DKK 972,872.

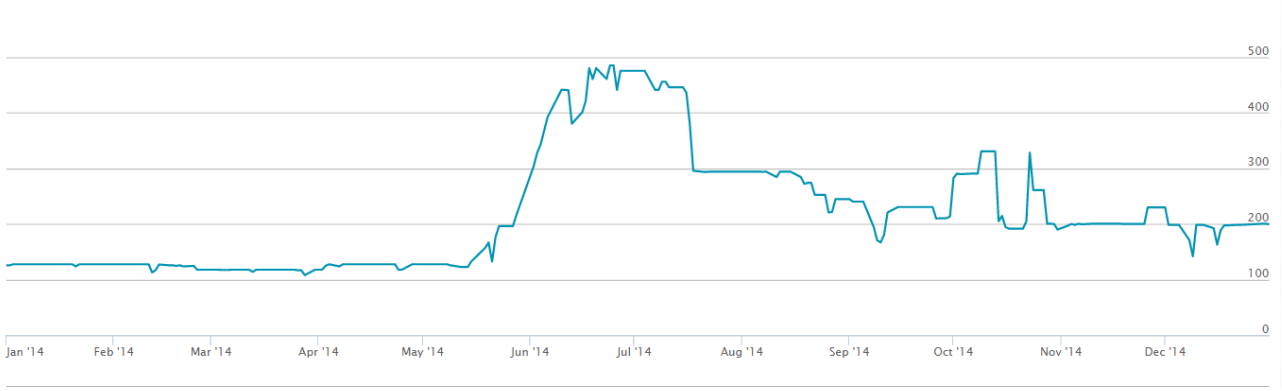
At the Annual General Meeting in April it was resolved to increase the share capital at market price by a direct placement without any pre-emption rights for existing shareholders. This resulted in an increase in share capital by nominally DKK 67,774 at a price of DKK 123 per share.

In September a Prospectus was published offering shares at a share price of DKK 180 and in October the company could announce that 57.124 new shares had been issued. Total number of shares end of the year was 1,097,770.

MPI's shareholder base is the Management, the employees and private investors.

Small shareholders had a 36% combined stake in the Company while large shareholders (excluding the Board of Directors and Management) held a total of 23%. The Board of Directors and Management own the remaining 41%. The commitment and belief of the Board and Management in the company's future is supported by their major holdings.

Development in Share Price



Financial Review

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

Income statement

Revenue amounted to DKK 4,315,459 in 2014 (last year DKK 4,049,607).

Gross profit amounted to DKK -4,405,010 (last year DKK 183,601). The development in gross profit margin amounted to -102.1 % (last year 4.5 %). The gross profit reflects the establishing of the US operation and marketing and sales activities.

Staff expenses amounted to DKK 2,597,908 (last year DKK 3,446,044). The cost reduction of 25 % is primarily attributable to the reallocation of staff from Denmark to USA.

Profit/loss before other operating expenses showed a loss of DKK 7,074,742 (last year a loss of DKK 3,295,306). This loss was in line with the guidance given together with the half year interim report.

Other operating expenses amounted to DKK 0 (last year DKK 1,058,992).

Profit/loss before tax amounted to a loss of DKK 7,074,742 (last year a loss of DKK 4,376,071).

Tax income amounted to DKK 1,701,981 (last year DKK 837,064) and relates to payment of the tax base of losses from research and development costs.

The Company realized a net loss of DKK 5,347,074 (last year a net loss of DKK 3,539,007).

Balance sheet

Total assets amounted to DKK 24,412.603 (last year DKK 12,357,153) and primarily consist of other receivables and cash at bank and in hand.

Total liabilities amounted to DKK 24,412.603 (last year DKK 12,357,153) and primarily consist of the Company's equity, DKK 22,219,208 (last year DKK 10,417,511).

Cash flows

The Company's cash flows from operating activities were a negative DKK 5,355,572 (last year a negative DKK 6,248,761).

The Company's cash flows from financing activities amounted to DKK 17,148,771 (last year DKK 9,494,846).

Outlook for 2015

The Company expects the positive development to continue in line with the Company's Prospectus published September 2014.

Subsequent events

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

Distribution of profit

The Board of Directors proposes that the loss for the year be transferred to retained earnings.

Financial calendar 2015

April 21st	Annual General Meeting 2015
September 16th	Publication of The Interim Report for the first half 2015
Dececember 31st	Financial calendar year end

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Medical Prognosis Institute A/S for the financial year January 1st - December 31st 2014.

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

In our opinion the Financial Statements give a true and fair view of the financial position at December 31st 2014 of the Company and of the results of the Company operations for 2014.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hoersholm, March 26th 2015

Executive Board

Peter Buhl Jensen
CEO

Board of Directors

Jørgen Søberg Petersen
Chairman

Peter Buhl Jensen

Steen Meier Knudsen

Niels Johansen

Magnus Persson

Independent Auditor's Report

To the Shareholders of Medical Prognosis Institute A/S

Report on the Financial Statements

We have audited the Financial Statements of Medical Prognosis Institute A/S for the financial year January 1st - December 31st 2014, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2014 and of the results of the Company operations for the financial year January 1st – December 31st 2014 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, March 26th 2015

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Torben Jensen	Thomas Lauritsen
State Authorized Public Accountant	State Authorized Public Accountant

Income Statement January 1st – December 31st

	Note	2014 DKK	2013 DKK
Revenue		4.315.459	4.049.607
Other external expenses		8.720.469	3.866.006
Gross profit/loss		**-4.405.010**	**183.601**
Staff expenses		2.597.908	3.446.044
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		71.824	32.863
Profit/loss before other expenses		**-7.074.742**	**-3.295.306**
Other expenses	1	0	1.058.992
Profit/loss before financial income and expenses		**-7.074.742**	**-4.354.298**
Financial income		32.115	23.758
Financial expenses		-6.428	-45.531
Profit/loss before tax		**-7.049.055**	**-4.376.071**
Tax on profit/loss for the year	2	1.701.981	837.064
Net profit/loss for the year		**-5.347.074**	**-3.539.007**
Distribution of profit			
Proposed distribution of profit			
Proposed dividend for the year		0	0
Retained earnings		-5.347.074	-3.539.007
		-5.347.074	**-3.539.007**

Balance December 31st – Assets

	Note	2014 DKK	2013 DKK
Patents		662.000	
Development projects in progress		2.089.764	2.089.764
Intangible assets		**2.751.764**	**2.089.764**
Plant and machinery		192.420	29.886
Property, plant and equipment		**192.420**	**29.886**
Investments in subsidiaries	3	5.512	5.512
Investments in associates	4	500.000	500.000
Fixed asset investments		**505.512**	**505.512**
Fixed assets		**3.449.696**	**2.625.162**
Payables from subsidiaries		0	1.215.580
Trade receivables		646.825	152.613
Other receivables		2.593.178	2.399.999
Corporation tax		1.701.981	839.717
Receivables		**4.941.984**	**4.607.909**
Cash at bank and in hand		**16.020.922**	**5.124.082**
Currents assets		**20.962.907**	**9.731.991**
Assets		**24.412.603**	**12.357.153**

Balance December 31st – Liabilities and Equity

	Note	2014 DKK	2013 DKK
Share capital		1.097.770	951.372
Share premium account		29.442.380	12.440.007
Retained earnings		-8.320.942	-2.973.868
Equity	5	**22.219.208**	**10.417.511**
Receivables from subsidiaries		217.721	0
Trade payables		1.239.812	1.191.830
Payables to owners and Management		0	2.975
Other payables		422.202	427.402
Deferred income		313.660	317.435
Short-term debt		**2.193.395**	**1.939.642**
Debt		**2.193.395**	**1.939.642**
Liabilities and equity		**24.412.603**	**12.357.153**

Cash Flow Statement January 1st – December 31st

	Note	2014 DKK	2013 DKK
Net profit/loss for the year		**-5.347.074**	**-3.539.007**
Adjustments of items with no cash flow effect	A	-1.630.157	-806.854
Income tax received		839.717	948.998
Changes in working capital	B	781.942	-2.851.898
Cash flow from operating activities		**-5.355.572**	**-6.248.761**
Investments in fixed assets		-223.138	0
Investments in financial assets		0	-305.512
Cash flow from investing activities		**-223.138**	**-305.512**
Capital increase share capital and Share premium account		17.148.771	9.494.846
Cash flows from financing activities		**17.148.771**	**9.494.846**
Changes in cash and cash equivalents		**11.570.062**	**2.940.573**
Cash and cash equivalents, beginning of year		5.124.082	2.183.509
Cash and cash equivalents at year-end		**16.694.144**	**5.124.082**
Note A: Adjustment of items with no cash flow effect			
Effect depreciation and amortization		71.824	32.863
Tax on profit for the year		-1.701.981	-839.717
		-1.630.157	**-806.854**
Note B: Changes in working capital			
Changes in receivables		-687.391	-2.111.458
Changes in balances with group companies		1.433.301	-1.215.580
Changes in trade payables etc.		36.032	475.140
		781.942	**-2.851.898**

Statement of Changes in Equity

	Share capital DKK	Share premium account DKK	Retained earnings DKK	Total DKK
Equity at January 1st	951.372	12.440.007	-2.973.868	10.417.511
Cash capital increase	146.398	17.002.373		17.148.771
Net profit/loss for the year			-5.347.074	-5.347.074
Equity at December 31st	**1.097.770**	**29.442.380**	**-8.320.942**	**22.219.208**

Cost related to the capital increase in 2014 amounts to DKK 1,448,241.

1 Other expenses

Other costs related to the Company's listing on Nasdaq OMX First North	0	1.058.992
	0	**1.058.992**

2 Other expenses Tax on profit/loss for the year

Current tax for the year	1.701.981	837.064
Adjustment previous year tax	0	0
	1.701.981	**837.064**

3 Investments in subsidiaries

Cost at January 1st	5.512	5.512
Additions for the year	0	0
	5.512	**5.512**

Investments in subsidiaries are specified as follows:

Name		Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Medical Prognosis Institute Inc	:	Arizona, USA	USD 1.000	100%	USD 1.576 (2013 report)	USD 576 (2013 report)

4 Investments in associates

Cost at January 1st	500.000	200.000
Additions for the year	0	300.000
	500.000	**500.000**

Investments in associates are specified as follows:

Name		Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Oncology Venture ApS	:	Farum, Denmark	DKK 1.169.592	42.75%	DKK 907.671 (2013 report)	DKK -622.682 (2013 report)

5 Equity

The share capital consists of 1.097.770 shares of a nominal value of DKK 1.
No shares carry any special rights.

The share capital has developed as follows:

	2014 DKK	2013 DKK	2012 DKK	2011 DKK	2010 DKK
Share capital at January 1st	951.372	850.363	825.715	803.746	803.746
Capital increase	146.398	101.009	24.648	21.969	0
Capital decrease				0	0
Share capital at December 31st	**1.097.770**	**951.372**	**850.363**	**825.715**	**803.746**

Earnings per share (EPS):

	2014 DKK	2013 DKK
Net profit/loss for the year	-5.347.074	-3.539.007
Average no. of outstanding shares	1.016.989	874.600
Average no. of diluted shares	1.016.989	874.600
Earnings per DKK 1 share (EPS) in DKK	-5,26	-4,05
Diluted earnings per DKK 1 share (EPS-D) in DKK	-5,26	-4,05

6 Contingent assets, liabilities and other financial obligations

Rental agreements and leases:

Within 1 year	199.419	199.630
Between 1 and 5 years	0	63.160
	199.419	262.790

7 Related parties and ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

MPI Holding ApS
SASS & LARSEN ApS
Buhl Krone Holding ApS
Pennehave Invest Aps. in bankrupcy

Accounting Policies

Basis of Preparation

The Annual Report of Medical Prognosis Institute A/S for 2014 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

According to the Danish Financial Statements Act § 110, Medical Prognosis Institute A/S has not prepared Consolidated Financial Statements.

The accounting policies applied remain unchanged from last year.

The Annual Report is presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortized cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortized cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortization of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognized in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognized in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognized exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, office expenses, etc.

Other external expenses also include research and development costs that do not qualify for capitalization.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature to the core activities of the enterprises.

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortization. Goodwill is amortized on a straight line basis over its useful life, which is assessed at 5 years.

Patents and licenses are measured at the lower of cost less accumulated amortization and recoverable amount. Patents are amortized over the remaining patent period, and licenses are amortized over the license period; however not exceeding 8 years.

Development costs and costs relating to rights developed by the Company are recognized in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight line basis over the expected useful lives of the assets, which are:

Production buildings:	5 years
Other fixtures and fittings, tools and equipment:	3 - 5 years

Assets costing less than DKK 12,300 are expensed in the year of acquisition.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Where cost exceeds the recoverable amount, write down is made to this lower value.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Current asset investments

Current asset investments, which consist of bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Financial debts

Other debts are measured at amortized cost, substantially corresponding to nominal value.

Cash flow statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning of the year and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and noncash operating items such as depreciations, amortization and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise “Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Information regarding forward-looking statements

This Annual Report contains forward-looking statements. Forward-looking statements include statements regarding the Company's intentions , assessments or current expectations concerning, for instance result of operations, liquidity , prospects and strategies in which the Company operates, and can be identified by the use of forward-looking terminology , including terms "believes, " "estimates, " "predicts, " "expect, " "intend, " " may, " " will, " "seeks" or " should" or the negatives thereof or other variations or comparable terminology. These forward- looking statements include all matters that are not historical facts. They appear in a number of locations throughout the Annual Report. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may not occur in the future. The Company cautions that forward-looking statements are no guarantee of future accuracy of the statements and the development of the Company may differ materially from those stated or implied in the forward-looking statements in this Annual Report. Although the development of the Company corresponds to the forward- looking statements in this Annual Report, this development may not be indicative of developments in subsequent periods.