



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2011 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 980 040 461  
Organisasjonsform: Allmennaksjeselskap  
Foretaksnavn: CELLCURA ASA  
Forretningsadresse: Uniongata 18  
3732 SKIEN

### Regnskapsår

Årsregnskapets periode: 01.01.2011 - 31.12.2011

### Konsern

Mørselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler  
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Dag Dvergsten  
Dato for fastsettelse av årsregnskapet: 30.04.2012

### Grunnlag for avgivelse

År 2011: Årsregnskapet er elektronisk innlevert  
År 2010: Tall er hentet fra elektronisk innlevert årsregnskap fra 2011

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 20.11.2020



## Resultatregnskap

Beløp i: NOK	Note	2011	2010
<b>Inntekter</b>			
Salgsinntekt		339 112	2 840 620
Annen driftsinntekt		2 000	2 000
<b>Sum inntekter</b>		<b>341 112</b>	<b>2 842 620</b>
<b>Kostnader</b>			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer		123 381	1 855 721
Varekostnad		151 618	306 978
Lønnskostnad	1,2	3 747 306	1 931 785
Avskrivning av varige driftsmidler	5	5 271 738	1 750 074
Annen driftskostnad	2,3	17 422 381	10 094 517
<b>Sum kostnader</b>		<b>26 716 424</b>	<b>15 939 075</b>
<b>Driftsresultat</b>		<b>-26 375 312</b>	<b>-13 096 455</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		686 247	471 841
Annen finansinntekt		11 306	90 885
<b>Sum finansinntekter</b>		<b>697 553</b>	<b>562 726</b>
Annen rentekostnad		745 577	351 151
Annen finanskostnad		51 335	208 764
<b>Sum finanskostnader</b>		<b>796 912</b>	<b>559 915</b>
<b>Netto finans</b>		<b>-99 360</b>	<b>2 811</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-26 474 672</b>	<b>-13 093 644</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>-26 474 672</b>	<b>-13 093 644</b>
<b>Årsresultat</b>		<b>-26 474 672</b>	<b>-13 093 644</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-26 474 672</b>	<b>-13 093 644</b>
<b>Overføringer og disponeringer</b>			
Overføringer annen egenkapital	11	-26 474 672	-13 093 644
<b>Sum overføringer og disponeringer</b>		<b>-26 474 672</b>	<b>-13 093 644</b>



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2011</b>	<b>2010</b>
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## Balanse

Beløp i: NOK	Note	2011	2010
<b>EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Forskning og utvikling		18 502 431	23 498 847
Konsesjoner, patenter, lisenser o.l.		829 905	1 090 452
<b>Sum immaterielle eiendeler</b>		<b>19 332 336</b>	<b>24 589 299</b>
<b>Finansielle anleggsmidler</b>			
Lån til foretak i samme konsern	6	10 353 286	6 375 322
Investeringer i tilknyttet selskap		10 096 249	10 096 249
Andre fordringer			260 096
<b>Sum finansielle anleggsmidler</b>		<b>20 449 536</b>	<b>16 731 667</b>
<b>Sum anleggsmidler</b>		<b>39 781 872</b>	<b>41 320 966</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer		6 237 497	1 269 669
<b>Sum varer</b>		<b>6 237 497</b>	<b>1 269 669</b>
<b>Fordringer</b>			
Kundefordringer		53 734	2 830 289
Andre fordringer	8	2 067 077	7 151 785
Konsernfordringer		601 582	557 578
<b>Sum fordringer</b>		<b>2 722 392</b>	<b>10 539 652</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter o.l.	10	4 603 717	5 303 929
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>4 603 717</b>	<b>5 303 929</b>
<b>Sum omløpsmidler</b>		<b>13 563 607</b>	<b>17 113 250</b>
<b>SUM EIENDELER</b>		<b>53 345 478</b>	<b>58 434 217</b>

## EGENKAPITAL OG GJELD



## Balanse

Beløp i: NOK	Note	2011	2010
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital	9,11	3 623 951	2 739 129
Overkursfond	11	76 808 118	65 900 778
Annen innskutt egenkapital	11	1 365 487	1 298 487
<b>Sum innskutt egenkapital</b>		<b>81 797 556</b>	<b>69 938 394</b>
<b>Opptjent egenkapital</b>			
Udekket tap	11	-46 752 734	-20 278 062
<b>Sum opptjent egenkapital</b>		<b>-46 752 734</b>	<b>-20 278 062</b>
<b>Sum egenkapital</b>		<b>35 044 822</b>	<b>49 660 332</b>
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser		250 529	
<b>Sum avsetninger for forpliktelser</b>		<b>250 529</b>	
<b>Annen langsiktig gjeld</b>			
Konvertible lån	12	7 302 862	
Øvrig langsiktig gjeld	13	4 800 000	5 400 000
<b>Sum annen langsiktig gjeld</b>		<b>12 102 862</b>	<b>5 400 000</b>
<b>Sum langsiktig gjeld</b>		<b>12 353 391</b>	<b>5 400 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		3 991 365	1 726 128
Skyldig offentlige avgifter		280 323	188 196
Annen kortsiktig gjeld		1 675 577	1 459 561
<b>Sum kortsiktig gjeld</b>		<b>5 947 266</b>	<b>3 373 885</b>
<b>Sum gjeld</b>		<b>18 300 657</b>	<b>8 773 885</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>53 345 478</b>	<b>58 434 217</b>



## Konsernets resultatregnskap

Beløp i: NOK	Note	2011	2010
<b>Inntekter</b>			
Salgsinntekt		1 024 000	3 238 000
<b>Sum inntekter</b>		<b>1 024 000</b>	<b>3 238 000</b>
<b>Kostnader</b>			
Varekostnad		553 000	2 530 000
Lønnskostnad	4	8 379 000	4 558 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	8,9	7 223 000	2 827 000
Annen driftskostnad	5	16 867 000	9 800 000
<b>Sum kostnader</b>		<b>33 022 000</b>	<b>19 715 000</b>
<b>Driftsresultat</b>		<b>-31 998 000</b>	<b>-16 477 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt		125 000	197 000
<b>Sum finansinntekter</b>		<b>125 000</b>	<b>197 000</b>
Annen finanskostnad	16	2 879 000	609 000
<b>Sum finanskostnader</b>		<b>2 879 000</b>	<b>609 000</b>
<b>Netto finans</b>		<b>-2 754 000</b>	<b>-412 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-34 752 000</b>	<b>-16 889 000</b>
Skattekostnad på ordinært resultat	6	-536 000	-411 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-34 216 000</b>	<b>-16 478 000</b>
<b>Årsresultat</b>		<b>-34 216 000</b>	<b>-16 478 000</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-34 216 000</b>	<b>-16 478 000</b>
<b>Overføringer og disponeringer</b>			
Udekket tap		-34 216 000	-16 478 000
<b>Sum overføringer og disponeringer</b>		<b>-34 216 000</b>	<b>-16 478 000</b>



## Konsernets balanse

Beløp i: NOK	Note	2011	2010
<b>EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Forskning og utvikling	9	25 940 000	33 066 000
Utsatt skattefordel	6	122 000	105 000
Goodwill	9	2 588 000	2 600 000
<b>Sum immaterielle eiendeler</b>		<b>28 650 000</b>	<b>35 771 000</b>
<b>Varige driftsmidler</b>			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	8	64 000	79 000
<b>Sum varige driftsmidler</b>		<b>64 000</b>	<b>79 000</b>
<b>Sum anleggsmidler</b>		<b>28 714 000</b>	<b>35 850 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	10	6 384 000	1 401 000
<b>Sum varer</b>		<b>6 384 000</b>	<b>1 401 000</b>
<b>Fordringer</b>			
Kundefordringer	11	461 000	3 406 000
Andre fordringer	12	1 935 000	7 590 000
<b>Sum fordringer</b>		<b>2 396 000</b>	<b>10 996 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	13	4 727 000	5 467 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>4 727 000</b>	<b>5 467 000</b>
<b>Sum omløpsmidler</b>		<b>13 507 000</b>	<b>17 864 000</b>
<b>SUM EIENDELER</b>		<b>42 221 000</b>	<b>53 714 000</b>

## EGENKAPITAL OG GJELD

### Egenkapital



## Konsernets balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2011</b>	<b>2010</b>
<b>Innskutt egenkapital</b>			
Selskapskapital	14	3 624 000	2 739 000
Overkursfond		71 196 000	60 222 000
<b>Sum innskutt egenkapital</b>		<b>74 820 000</b>	<b>62 961 000</b>
<b>Opptjent egenkapital</b>			
Fond		63 000	38 000
Annen Egenkapital		-55 100 000	-20 885 000
<b>Sum opptjent egenkapital</b>		<b>-55 037 000</b>	<b>-20 847 000</b>
<b>Sum egenkapital</b>		<b>19 783 000</b>	<b>42 114 000</b>
<b>Langsiktig gjeld</b>			
Pensjonsforpliktelser	4	251 000	
Utsatt skatt	6	1 811 000	2 340 000
<b>Sum avsetninger for forpliktelser</b>		<b>2 062 000</b>	<b>2 340 000</b>
<b>Annen langsiktig gjeld</b>			
Øvrig langsiktig gjeld	16	3 600 000	4 200 000
<b>Sum annen langsiktig gjeld</b>		<b>3 600 000</b>	<b>4 200 000</b>
<b>Sum langsiktig gjeld</b>		<b>5 662 000</b>	<b>6 540 000</b>
<b>Kortsiktig gjeld</b>			
Konvertible lån	16	4 844 000	
Leverandørgjeld		4 046 000	2 021 000
Annen kortsiktig gjeld	15,16	7 886 000	3 038 000
<b>Sum kortsiktig gjeld</b>		<b>16 776 000</b>	<b>5 059 000</b>
<b>Sum gjeld</b>		<b>22 438 000</b>	<b>11 599 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>42 221 000</b>	<b>53 713 000</b>



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jan Hoelstad	20.01.2011	26.01.2011
Telefon	Deres referanse	Vår referanse
22077325	Jørgen Mørkved	2011/99749

CellCura ASA  
Unionsgata 18  
3732 SKIEN

## Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for CellCura ASA, org. nr: 980 040 461

Det vises til deres brev av 20. januar 2011 samt e-post av 26. januar 2011 med supplerende opplysninger i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for CellCura ASA.

### Bakgrunn

CellCura ASA utvikler og tilbyr tjenester og infrastrukturelle produkter innen assistert befruktning og cellebehandling. Selskapet satser globalt og retter primært sin virksomhet inn mot fertilitets- og stamcelleindustrien. Selskapet er lokalisert i Norge samt har datterselskap i USA og Danmark. Selskapet fremhever at det jobber inne en bransje som benytter engelsk språk, og dette er også arbeidsspråk internt. I selskapets styre og ledelse for øvrig, er det enkelte personer med utenlandsk bakgrunn og med begrenset norsk kunnskaper. Årsregnskap og årsberetning må derfor utarbeides på engelsk. Selskapet er notert på Oslo Axess, men har fått dispensasjon fra språkkravet i verdipapirhandelloven § 5-13. Selskapet har per i dag en klar overvekt av norske aksjonærer, men fire profesjonelle norske investorer som i dag har styrerepresentasjon, eier noe over 60 % av selskapet.

Da selskapet trenger en engelsk språklig versjon av årsregnskap og årsberetning, og det mener at ingen av selskapets regnskapsbrukere vil bli skadelidende dersom årsregnskapet ikke også foreligger på norsk, søkes det om dispensasjon.

### Skattedirektoratets vurdering og konklusjon

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det*

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>		22 17 08 60



*vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Selskapet virksomhet er i en internasjonal bransje og arbeidsspråket er engelsk. Alle sentrale aktører innen den bransje selskapet jobber, antas å måtte beherske og benytte engelsk språk. Selskapet er innvilget dispensasjon fra Oslo Børs vedrørende språkravet i verdipapirhandelloven § 5-13. En vesentlig andel av selskapet er eid av profesjonelle investorer.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering CellCura ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Torstein Kinden Helleland  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Jan Hoelstad



**Brønnøysundregistrene - regnskapsregisteret**

**Oversendelse av årsregnskap 2011**

Vedlagt er årsregnskap til CellCura ASA. Dokumentene ble innsendt i papirversjon, med tilhørende "Vedlegg til Årsregnskap" den 23. juli 2012, men vi kan ikke se at regnskapet er registrert som mottatt. Videre opplyser selskapet at det ikke har mottatt tilbakemelding fra Regnskapsregisteret at det var noe feil med oversendelsen. Vi forøker med dette å sende over via Altinn.

Som det fremkommer av oversendt regnskap, er rapporteringsspråket Engelsk. Dette er i samsvar med 2010-regnskapet, og i henholdt til godkjenning fra skattedirektoratet.



PARENT COMPANY INCOME STATEMENT

(NOK '000)	Note	2011	2010
<b>Operating income</b>			
Revenue		341	2 843
<b>Operating expenses</b>			
Cost of sales		(275)	(2 638)
Personnel expenses	3	(3 747)	(1 932)
Depreciation and amortisation	6	(5 272)	(1 750)
Other operating expenses	4	(17 476)	(9 619)
<b>Total operating expenses</b>		<b>(26 770)</b>	<b>(15 939)</b>
<b>Operating profit</b>		<b>(26 429)</b>	<b>(13 097)</b>
<b>Financial items</b>			
Interest income	17	686	472
Other financial income		11	91
<b>Total finance income</b>		<b>698</b>	<b>563</b>
<b>Finance cost</b>			
Interest expense	13	(742)	(351)
Other finance expense		(55)	(209)
<b>Total finance cost</b>		<b>(797)</b>	<b>(559)</b>
<b>Net from finance</b>		<b>(99)</b>	<b>3</b>
<b>Profit before tax</b>		<b>(26 528)</b>	<b>(13 093)</b>
Income tax expense	5	-	-
<b>Profit for the period</b>		<b>(26 528)</b>	<b>(13 093)</b>
<b>Attributable to:</b>			
Retained earnings		(26 528)	(13 093)



## PARENT COMPANY STATEMENT OF FINANCIAL POSITION

(NOK '000)	Note	31.12.11	31.12.10
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	6	19 332	24 589
Loans to group companies	17	10 955	6 933
Investment in subsidiaries	16	10 096	10 096
<b>Total non-current assets</b>		<b>40 383</b>	<b>41 618</b>
<b>Current assets</b>			
Trade receivables	7	54	2 705
Other short term assets	9	2 014	7 537
Inventory	8	6 237	1 270
Cash and cash equivalents	10	4 604	5 304
<b>Total current assets</b>		<b>12 909</b>	<b>16 816</b>
<b>Total assets</b>		<b>53 292</b>	<b>58 434</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued capital	11	3 624	2 739
Share premium		76 808	65 901
Other paid in capital		1 365	1 298
Retained earnings		(46 806)	(20 277)
<b>Total equity</b>		<b>34 992</b>	<b>49 661</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations	3	251	-
Borrowings	13	3 600	4 800
<b>Total non-current liabilities</b>		<b>3 851</b>	<b>4 800</b>
<b>Current liabilities</b>			
Current portion of non-current debt	13	1 317	600
Convertible loan	13	7 460	-
Trade payables	14	3 991	1 726
Other short term liabilities	12	1 682	1 647
<b>Total current liabilities</b>		<b>14 450</b>	<b>3 973</b>
<b>Total equity and liability</b>		<b>53 292</b>	<b>58 434</b>

Oslo, 30<sup>th</sup>, of April 2012

Board of Directors CellCura ASA

Geir O. Løseth  
board memberSøren Ziebe  
board memberCornelia Horn  
board memberAndrea Log  
board memberDag Dvergsten  
chairmanLars Bredahl  
CEO



## PARENT COMPANY STATEMENT OF CASH FLOWS

(NOK '000)	Note	2011	2010
<b>Cash flow from operating activities</b>			
Ordinary profit before tax		(26 528)	(13 093)
Depreciation and amortisation	6	5 272	1 750
Accrued interest income		(639)	(443)
Accrued interest expenses		530	149
Share based payments	3	67	394
Changes in accounts receivable, creditors and inventory		(51)	(1 646)
Changes in other accruals		5 817	(6 572)
<b>Net cash flow from operating activities</b>		<b>(15 533)</b>	<b>(19 461)</b>
<b>Cash flows from investing activities</b>			
Net cash from acquisition of subsidiary	16	-	(1 086)
Loans to group companies	17	(3 383)	(2 639)
Investment in intangible assets	6	(15)	(4 519)
<b>Net cash flow from investing activities</b>		<b>(3 398)</b>	<b>(8 244)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of convertible loans	13	7 038	1 000
Repayment of loans	13	(600)	(600)
Proceeds from issue of share capital	11	11 792	29 652
<b>Net cash flow from financing activities</b>		<b>18 231</b>	<b>30 052</b>
<b>Net changes in cash and cash equivalents</b>		<b>(700)</b>	<b>2 346</b>
Cash and cash equivalents at the beginning of the period		5 304	2 958
<b>Cash and cash equivalents at the end of the period</b>	10	<b>4 604</b>	<b>5 304</b>
Interest paid		347	173



PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

<i>(NOK '000)</i>	<b>Share Capital</b>	<b>Share premium</b>	<b>Other paid in capital</b>	<b>Retained earnings</b>	<b>Total Equity</b>
Equity at 01.01.2010	205	-	904	(7 184)	(6 075)
- Profit for the year	-	-	-	(13 093)	(13 093)
Conversion of convertible loans	1 023	28 130	-	-	29 153
Cash emissions	1 356	33 235	-	-	34 591
Transaction costs	-	(4 319)	-	-	(4 319)
Acquisition of subsidiary	155	8 855	-	-	9 010
Share based payments	-	-	394	-	394
<b>Equity at 31.12.2010</b>	<b>2 739</b>	<b>65 901</b>	<b>1 298</b>	<b>(20 277)</b>	<b>49 661</b>

<i>(NOK '000)</i>	<b>Share Capital</b>	<b>Share premium</b>	<b>Other paid in capital</b>	<b>Retained earnings</b>	<b>Total Equity</b>
Equity at 01.01.2011	2 739	65 901	1 298	(20 277)	49 661
- Profit for the year	-	-	-	(26 528)	(26 528)
Cash emissions	885	11 653	-	-	12 538
Transaction costs	-	(746)	-	-	(746)
Share based payments	-	-	67	-	67
<b>Equity at 31.12.2011</b>	<b>3 624</b>	<b>76 808</b>	<b>1 365</b>	<b>(46 806)</b>	<b>34 992</b>



## NOTES TO PARENT COMPANY FINANCIAL STATEMENT 2011

### Note 1 General information

CellCura ASA (the company) is a public limited liability company incorporated and domiciled in Norway, with its main office in Skien. CellCura's business is development of novel equipment and products for use in Assisted Reproductive Technology (ART) and Stem Cell Research throughout the world.

### Note 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### 2.1 Basis for preparation

The financial statements for CellCura ASA have been prepared in accordance with the provisions of the Norwegian Accounting Act and generally accepted accounting practices in Norway.

#### 2.2 Subsidiaries

Subsidiaries are measured using the cost method of accounting in the parent company accounts. Investments are valued at the acquisition cost of the shares unless impairment losses have been necessary. Such assets are impaired to fair value when the decrease in value is for reasons not considered to be of a temporary nature and must be deemed necessary based on generally accepted accounting principles. Impairment loss is reversed when the reason for the impairment no longer applies.

#### 2.3 Foreign currency

The functional currency of the Company is NOK. Monetary assets and liabilities denominated in other currencies are translated at the year-end exchange rates. Foreign currency revenues and expenses are translated at transaction date exchange rates. Exchange gains and losses are included in the determination of net income.

#### 2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment charges. Depreciated are calculated on a straight line basis over the assets expected useful life and adjusted for any impairment charges. Expected useful lives of long-lived assets are reviewed annually and where they differ significantly from previous estimates, depreciation periods are changed accordingly.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit.

#### 2.5 Intangible assets

##### *Intangible assets acquired*

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### *Internally-generated intangible assets – research and development expenditure*

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;



- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

## **2.6 Impairment of tangible and intangible assets excluding goodwill**

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

## **2.7 Leases (as lessee)**

### *Financial leases*

Leases where the company assumes most of the risk and rewards of ownership, are classified as financial leases. The company does not have any such leases.

### *Operating leases*

Leases in which most of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

## **2.8 Short term receivables (current assets)**

Short term receivables are initially recognized at fair value plus any transaction costs. The receivables are subsequently carried at amortised cost using the effective interest method, if the amortisation effect is material, and the carrying amount is subsequently reduced by any impairment losses.

## **2.9 Cash and cash equivalents**

Cash and the equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

## **2.10 Government grants**

Government grants, such as "Skattefunn" is recognized in profit and loss on a systematic basis over the periods in which the company recognizes expenses the related cost for which the grant are intended to compensate.



Government grants related to assets is presented in the balance by deducting the grant in arriving at the carrying amount of the asset.

## **2.11 Borrowings**

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of transaction/issue costs associated with the borrowing. After initial recognition, interests-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Any difference between the consideration received net of transaction/issue costs associated with the borrowing and the redemption value, is recognized in the income statement over the term of the loan.

## **2.12 Taxes**

Income taxes for the period comprise tax payable and changes in deferred tax.

Deferred tax assets and liabilities are calculated on the basis of existing temporary differences between the carrying amounts of assets and liabilities in the financial statement and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to exist when the assets are realized or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

## **2.13 Pension plans**

The Company has a defined contribution plan for its employees. A defined benefit and defined contribution plan is a plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions. The contributions are recognized as employee benefit expenses when they are due.

## **2.14 Share-based payment**

The Company has an equity settled share-based compensation plans, under which the company receives services as consideration for equity instruments. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognized over the vesting period, which is the period over which all of the specific vesting conditions are to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest, and recognizes the impact of the revision to original estimates, if any, in the income statement. The corresponding entry to expenses is increase in equity (other paid in capital).

## **2.15 Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognized as finance cost.

## **2.16 Contingent liabilities**

Contingent liabilities are not recognized in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

## **2.17 Cost of equity transactions**

Transaction costs directly linked to an equity transaction are recognized directly in equity, net after deducting tax.

## **2.18 Cash flow statement**

The cash flow statement is prepared by using the indirect method.



### Note 3 - Salary costs and remunerations

(NOK '000)	2011	2010
Salary	2 956	1 448
Social security tax	500	121
Pension costs	513	222
Share based payment	67	394
Other expenses	61	52
<b>Total personnel expenses before capitalisation</b>	<b>4 097</b>	<b>2 237</b>
Capitalized as research and development cost	-	(305)
Cost of inventories	(350)	-
<b>Total personnel expenses</b>	<b>3 747</b>	<b>1 932</b>

  

	2011	2010
Average number of man-labour years:	3	2

#### Pension

The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Company's defined benefit plan satisfy the requirements of this law.

#### Remuneration to management and share based payments

See note 4 in the Consolidated financial statement.

### Note 4 - Other operating expenses

(NOK '000)	2011	2010
Travel expenses	1 434	887
Rental expenses	389	384
Research and development	9 095	6 463
Consultants and auditors fee	1 081	1 407
Dag Dvergsten AS (Ref. note 18, related parties)	6 180	6 574
Other expenses	1 373	3 513
Government grants	(1 017)	(6 620)
<b>Total operating expenses before capitalization</b>	<b>18 535</b>	<b>12 608</b>
Capitalized as research and development cost	-	(2 990)
Cost of inventories	(1 060)	-
<b>Total other operating expenses</b>	<b>17 476</b>	<b>9 619</b>

**Specification of basis for deferred tax:**

<i>(NOK '000)</i>	<b>2011</b>	<b>2010</b>
Fixed assets	(116)	(164)
Other temporary differences	(251)	(125)
Tax losses carry forward	(109 370)	(82 091)
<b>Basis deferred tax asset</b>	<b>(109 737)</b>	<b>(82 380)</b>
<b>Deferred tax asset - 28% - Not recognised</b>	<b>(30 726)</b>	<b>(23 066)</b>

Capitalisation of deferred income tax assets is subject to strict requirements in respect of the ability to substantiate that sufficient taxable profit will be available against which the unused tax losses can be utilised. Based on these requirements deferred tax asset has not been recognised.



**Note 6 - Intangible assets**

(NOK '000)

	Patents	Web design	Other intangible assets	Total
<b>Acquisition cost</b>				
Accumulated 1 January 2010	-	-	20 469	20 469
Additions of the year	837	387	4 513	5 737
Disposals of the year	-	-	-	-
Accumulated 31 December 2010	837	387	24 982	26 206
Additions of the year	15	-	-	15
Disposals of the year	-	-	-	-
Accumulated 31 December 2011	852	387	24 982	26 221
<b>Amortisation</b>				
Accumulated 1 January 2010	-	-	-	-
Disposals of ordinary amortisation	-	-	-	-
This year's ordinary amortisation	70	64	1 483	1 617
Accumulated 31 December 2010	70	64	1 483	1 617
Disposals of ordinary amortisation	-	-	-	-
This year's ordinary amortisation	146	130	4 996	5 272
Accumulated 31 December 2011	216	194	6 479	6 889
<b>Book value</b>				
Book value at 31 December 2010	768	323	23 499	24 589
Book value at 31 December 2011	636	193	18 503	19 332
Economic life	5 years	5 years	5 years	
Depreciation method	linear	linear	linear	

**Intangible assets:**

Other intangible assets became available for use late in 2010, and was subject to amortisation from that time.



#### Note 7 - Trade receivables

(NOK '000)	2011	2010
Gross trade receivables	54	2 830
Provision for bad debt	-	(125)
Net trade receivables	54	2 705

#### Note 8 - Inventories

Inventories include:

(NOK '000)	2011	2010
Cost of materials and work in progress	2 672	1 270
Finished goods	3 566	-
Total inventories at the lower of cost and net realisable value	6 237	1 270

No impairment has been recognised in the financial statement.

#### Note 9 - Other short-term receivables

(NOK '000)	2011	2010
VAT- receivables	654	920
Government grants	300	4 700
Prepaid expenses	1 060	1 532
Other short term receivables	-	125
Deposits	-	260
Total other short-term receivables	2 014	7 537

#### Note 10 - Cash and cash equivalents

(NOK '000)	2011	2010
Cash in hand and at bank - unrestricted funds	4 510	5 164
Employee withheld taxes - restricted funds	94	140
Cash and cash equivalents in the balance sheet	4 604	5 304

#### Note 11 - Share capital, shareholder information

See note 14 in the consolidated financial statements.



**Note 12 - Other short-term liabilities**

<i>(NOK '000)</i>	<b>2011</b>	<b>2010</b>
Accrued expenses	1 044	1 233
Debt to employees	333	125
Public duties payable	305	289
<b>Total</b>	<b>1 682</b>	<b>1 647</b>

**Note 13 - Long term debt and convertible loans**

See note 16 in the consolidated financial statement.

**Note 14 - Financial risk management, objectives and policies**

See note 17 in the consolidated financial statement.

**Note 15 - Leases**

**Operating leases**

The Company has entered into several different operating leases for vehicles and office machines. The agreements related to office machines contain an option to extend.

The lease costs included:

<i>(NOK '000)</i>	<b>2011</b>	<b>2010</b>
Ordinary lease payments	389	383

Future payments related to non-cancellable leases fall due for payment as follows:

	<b>2011</b>	<b>2010</b>
Within 1 year	181	-
1 to 5 years	-	-
<b>Future lease commitment<sup>1)</sup></b>	<b>181</b>	<b>-</b>

<sup>1)</sup> Since the amounts is immaterial, lease commitments related to office machinery are not included. 2011.



### Note 16 - Overview of subsidiaries

The following subsidiaries are included in the consolidated accounts:

Company	Country	Stake	Voting share
CellCura Inc	USA	100 %	100 %
CellCura Software Solution A/S	Denmark	100 %	100 %

### Note 17 - Related parties transactions

#### (a) Purchases from related parties

(NOK '000)	Description of purchase	2011	2010
Dag Dvergsten AS <sup>1)</sup>	Business Service Agreement	6 180	6 574
CellCura Software Solution A/S <sup>2)</sup>	Goods and other operating services	4 341	1 780

<sup>1)</sup> Refer to note 19 in the consolidated financial statement for further information regarding this agreement.

<sup>2)</sup> Regarding the purchase in 2010 NOK 660 purchased before CellCura ASA acquired CellCura Software Solutions A/S.

#### (b) Income from and sales to related parties

(NOK '000)	Description of income	2011	2010
CellCura Software Solution A/S	Interest income	44	6
CellCura Inc	Interest income	595	388
CellCura Inc	Services	24	-

#### (c) Balance with related parties:

(NOK '000)	2011	2010
<b>Assets:</b>		
Loan to CellCura Inc	10 353	6 399
Loan to CellCura Software Solutions	602	534
<b>Total receivables from related parties</b>	<b>10 955</b>	<b>6 933</b>
<b>Liabilities:</b>		
Trade payables to Dag Dvergsten AS	-	41
Trade payables to CellCura Software Solutions	625	-
<b>Total liabilities to related parties</b>	<b>625</b>	<b>41</b>

### Note 18 - Events after the balance sheet date

There are no subsequent events.



## CORPORATE GOVERNANCE

CellCura strives to practice good corporate governance to help strengthen confidence in the company and help ensure the greatest possible value creation over time in interest of shareholders, employees and other stakeholders.

CellCura has adopted "The Norwegian Code of Practice for Corporate Governance" dated 21 October 2010. The objective of this Code of Practice is that companies listed on regulated markets in Norway will practice corporate governance that regulates the division of roles between shareholders, the board of directors and executive management more comprehensively than is required by legislation.

CellCuras Corporate Governance policy is based on this code of practice

### **Implementation and reporting on corporate governance:**

The board of CellCura ASA is responsible for the implementation of the company's corporate guidelines. These guidelines are reviewed annually by the board and executive management, and discussed in the annual report.

CellCura's Corporate Governance Principles and Ethical Guidelines are available under the investor relations section on our website [CellCura.com](http://CellCura.com)

### **Business**

The business of CellCura is defined in article 3 of its Articles of Association and the company conducts its business within this definition.

"The object of the company is to develop and provide services and products related to biotechnology and health care."

### **Equity and dividends**

The board of directors continuously monitors the equity needs of the company. CellCura intends to follow a dividend policy favorable to the shareholders. The amount of any dividends to be distributed will be dependent on the company's investment requirements and rate of growth as well as the general development and financing of the Company.

At the Ordinary general meeting on 17 June 2011 the shareholders authorized the Board to issue up to 10.000.000 shares raising additional capital or acquiring companies/ assets, and thus give the board a tool that will enable share capital increase in favor of shareholders, private placements and to acquire assets within the core business of the company with consideration, in whole or in part, by way of shares.

### **Equal treatment of shareholders and transactions with close associates**

The Company has one class of shares and each share gives the owner the right to cast one vote at the general meeting. All shareholders will be treated equally no matter their share-holding or connection to the company. The company has not traded in own shares and do not plan on doing so in the near future.

All transactions between CellCura, other group companies, affiliated companies and persons and other customers or suppliers, shall be made on market terms.

Members of the Board of Directors of CellCura and its employees must behave impartially in all business dealings and not give other companies, organizations or persons improper advantages. If a member of the Board of Directors or the executive management has a material interest in a transaction or other matter involving the company, he or she shall ensure that the Board of Directors is notified of the situation immediately.

In the event of any not immaterial transactions between the company and its shareholders, members of the Board of Directors, members of the leading management or close affiliated persons or companies, the Board of Directors will ensure that a valuation is obtained from an independent third

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party. This also applies to transactions between companies within the CellCura group where any of the companies involved have minority interests.

#### **Freely negotiable shares**

The shares in CellCura ASA are listed on Oslo Axess and all shares are freely negotiable.

#### **General meetings**

The general meeting is CellCura ASA's supreme body. Notice of the annual general meeting is sent to shareholders, and documentation will be available at the company's website CellCura.com at least 21 days before the meeting.

All shareholders registered in the Norwegian Central Securities Depository (VPS) will receive an invitation to the general meeting. They are entitled to vote at the meeting or by proxy. A proxy form will be sent with the notice.

The deadline for registration is 5 days prior to the general meeting. Shareholders that do not send such notification may be refused entrance to the general meeting.

The annual general meeting shall approve the company's annual accounts and the annual report, including distribution of dividend and all other matters that by law shall be considered by the general meeting.

The Board of Directors and management must attend the general meeting. A person to chair the meeting is elected at the meeting.

The minutes of the general meeting is published in a notice to the stock exchange and made available on the company's website after the meeting.

#### **Election committee**

The Company has an election committee consisting of 3 members elected by the general meeting. Members of the election committee shall, at the time of election, be shareholders of the company or appointed by shareholders of the company. The election committee shall put forward suggestions on new board members and deputy board members to the general meeting and also suggest the remuneration to the board members. The members of the election committee shall be elected for a period of two years. The board members elected by the general meeting shall prepare recommendations and instructions for the election committee.

#### **Corporate Assembly and Board of Directors, composition and independence**

The Company does not have a corporate assembly as it is exempt from the duty.

The Board of Directors shall be composed so as to ensure that the Board of Directors can attend to the common interests of all shareholders and meet the company's need for expertise, capacity and diversity.

The composition of the Board of Directors shall ensure that it can operate independently of any special interests. A majority of the shareholder-elected members of the Board of Directors shall be independent of the leading employees and material business contacts.

At least two of the members of the Board of Directors elected by the shareholders shall be independent of the company's main shareholders. At present only one Board member is independent of the main shareholder.

The present board consists of two women and three men. The Board of Directors does not include leading employees.

#### **The work of the board of directors**

Every year the board adopts a meeting schedule for the coming year. Meetings will otherwise be held as required. 21 board meetings were held in 2011.



The board is responsible for the overall control and management of the company and to ensure that relevant controls and guidelines related to the overall operations are implemented.

The board of directors will evaluate its performance and expertise annually.

#### **Risk management and internal control**

The Board of Directors is responsible for ensuring that CellCura has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of CellCura's activities.

There will be an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

#### **Remuneration of the board of directors**

Remuneration of the board of directors is decided by the annual general meeting after being proposed by the election committee.

The remuneration of the Board of Directors shall reflect the responsibility, expertise, time commitment and the complexity of CellCura's activities and will not be linked to the company's performance.

Members of the Board of Directors or their affiliated companies shall not take on specific assignments for CellCura in addition to their appointment as a member of the Board of Directors, unless the assignments and the remuneration for these have been approved by the Board of Directors.

CellCura has entered into a business service agreement with Dag Dvergsten AS, a company owning 16,25 % of the shares in CellCura. Dag Dvergsten AS is owned 100% by Dag Dvergsten who is also chairman of the board in CellCura ASA. See note 19 to the consolidated financial statement for more details.

#### **Remuneration of executive personnel**

The Board of Directors in CellCura is responsible for determining the remuneration of the Chief Executive Officer. The Chief Executive Officer is - together with the Board of Directors – again responsible for the remuneration of the management team.

The underlying principle when determining the remuneration is that the total compensation package reflects the responsibility and duties resting with the team members - and that the employee contributes to the long-term value creation in CellCura. It is important that CellCura can offer a competitive remuneration package that enables CellCura to attract the skills and competences needed to support the strategic development of CellCura both nationally as well as internationally.

CellCura has adopted an option scheme for leading employees of which up to 1,415,000 options may be issued.

#### **Information and communications**

All information, including financial information, given by CellCura will be communicated accurately and fully, both internally and externally. The communication will be based on openness and the requirement for equal treatment of all participants in the market.

Every year, the company publishes a financial calendar that contains scheduled dates for periodic publication of information.

All information distributed to the shareholders will also be published on the web side of CellCura at the same time as it is sent the shareholders.

The periods of reporting of financial information will be as set out in applicable rules and regulations, and no other financial information will be communicated to participants in the market unless the market is simultaneously informed through the publishing of presentation to analysts and similar.

**Take-overs**

In a take-over situation the board of directors will focus on and use its best efforts to ensure equal treatment of the shareholders, and further to have the best interest of the shareholders in mind regarding price and other conditions.

Transactions that in effect have as a consequence a sale of CellCura's business as a whole will be subject to approval by the general meeting.

**Auditor**

The auditor is appointed by the general meeting that also approves the auditor's fee. Auditor's fee is reported annually to the general meeting and annual accounts specified on audit work and other assignments.

BDO AS is appointed as the company's auditor. BDO does not perform assignments for CellCura that may lead to conflict of interest.

The auditor will participate in the board meeting where the board of directors deals with the annual accounts and otherwise as needed. When the audit committee is established the auditor will be present in meetings with the committee.



## RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the year 2011 which has been prepared in accordance relevant accounting and reporting standards and gives a true and fair view of the assets, liabilities, financial position and results of operations for the entity and the group as a whole. We also confirm that the board of directors report includes a true and fair review of the development and performance of the business and the position of the entity and the group, and a description of the main risks and uncertainties facing the entity and the group.

Oslo, 30<sup>th</sup>, of April 2012

Board of Directors CellCura ASA

Geir O. Løseth  
board member

Andrea Log  
board member

Søren Ziebe  
board member

Dag Dvergsten  
chairman

Cornelia Horn  
board member

Lars Bredahl  
CEO



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BDO AS  
Munkedamsveien 45  
Postboks 1704 Vikå  
0121 Oslo

To the General Meeting of  
CellCura ASA

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of CellCura ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2011, the statements of income showing a loss of NOK 26 528 000 and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated balance sheet as at 31 December 2011, the statements of income and comprehensive income showing a loss of NOK 34 216 000, cash flow statement and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors and the Management's responsibility for the financial statements*

The Board of Directors and The Managing director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by , and for such internal control as the Board of Directors and The Managing director determine 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 these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing 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 entity's preparation and fair presentation of the financial statements 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 entity'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.



*Opinion on the financial statements of the Parent Company*

In our opinion, the financial statements give a true and fair view of the financial position of the CellCura ASA as of 31st December 2011 and of its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

*Opinion on the financial statements of the Group*

In our opinion, the financial statements give a true and fair view of the financial position of the CellCura ASA Group as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

**Report on other legal and regulatory requirements**

*Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss are consistent with the financial statements and complies with the law and regulations.

*Opinion on registration and documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 30. April 2012

BDO AS

Tommy Bentum

State Authorised Public Accountant (Norway)





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## BOARD OF DIRECTORS REPORT 2011

### Company background

CellCura is dedicated to development and commercialization of cell technologies such as novel equipment and products for use in assisted reproductive technology (ART) and stem cell research. The technologies and products represent unprecedented levels of safety and efficacy.

CellCura is headquartered in Skien with branch office in Oslo and subsidiaries in the US and in Denmark, and has a combined team of specialists including leading ART experts. CellCura is listed on the Oslo Axess market at the Oslo Stock Exchange (ticker: CELL).

### 2011 highlights

- CellCura has two provisional patent applications issued that extend the area of application of the company's unique Protein Free Medium (PFM) for Assisted Reproductive Technologies (ART). The patents include usage of Protein Free Medium in vaccine manufacturing and stem cell research.
- Started distribution and marketing for the Protein Free Media through trials in selected markets in Asia, Middle East and Europe.
- CellCura has entered into agreement with a leading vaccine producer, which is a milestone for the use of CellCura media technology.
- Completion of installation of several integrated ART lab solutions at clinics in Europe. The clinics have operated with great satisfaction on the CellCura ART lab solutions through most of 2011.
- A recent published PhD study is showing the usage of the CellCura software gives better prediction of live birth rates in IVF (In Vitro Fertilization). The data was presented in a Doctoral thesis in Medical Science and represents a milestone for the company.
- CellCura has entered into a reseller agreement with Cerner Corporation (NASDAQ: CERN), related to sales of the ART Lab Solution for the Middle East.

### Operational review

CellCura is dedicated to the development and commercialization of technologies for use in assisted reproductive technology (ART) and stem cell research worldwide. The core technology has been created through numerous of years of research and development with the objective to improve efficiency in both clinical and research environments.

CellCura is offering:

- A unique protein-free cell culture medium that eliminates risks of transmission of blood borne diseases
- An integrated laboratory solutions that secures a safe, ergonomic and controlled environment for cellular treatment
- Software solutions specifically developed for use in ART laboratories to secure an optimization of workflow, tracking and documentation of environment as well as storage. The solution also offers extensive data management possibilities.

#### The CellCura ART lab solution:

The CellCura ART lab solution is the first of its kind combining all the steps in the ART process into one integrated workplace. The laboratory solution combines technology in innovative ways and offers a more efficient and safe workflow. The solution improves ergonomics and requires less space than traditional laboratory layouts. It also optimize the ART treatment cycle in the laboratory and creating a safer and regulatory compliant environment for all ART procedures, minimizing embryos exposure to external factors.

The research and development of the laboratory solution has been ongoing since 2006 and has been done in close co-operation with leading embryologists from all parts of the world. Building on core



technologies, CellCura is also developing equipment and solutions for global stem cell laboratories within the regenerative medicine industry.

#### **CellCura Protein Free Media:**

CellCura is the first player globally to launch a unique and complete range of protein-free media products. The media products have been developed through more than 15 years of research and more than 50 children have been born, based on ART clinics using CellCura's medium. CellCura has started distribution of the Protein Free Media to selected markets in Europe, Asia and Middle-East for test purposes. Furthermore, we expect to have the final approval and test results ready in 2013.

The uniqueness of CellCura's media products is the absence of biological origin components in the formulation. All current culture media products in the market today depend on the presence of protein in the formulation. These products, with biological origin components, represent a potential risk of transmission of blood-borne diseases (e.g. HIV, Hepatitis, Creutzfeldt-Jacob disease), which is totally eliminated using the CellCura medium. The absence of protein further secures a superior product quality control, improved product stability and unrivalled product consistency.

The PFM have applications in both human and animal ART and stem cell industry. Within CellCura's areas of operation, ART and stem cells are closely related fields. Both require culture media (liquids designed to support the preservation and growth of cells) for cultivation of stem cells/egg cells etc., and both require safe and sterile environments for handling and evaluating the cells as well as advanced software solutions to document, control and store data related to work performed. Both the ART and the stem cell industries are global markets experiencing strong growth, which represents a substantial market potential for CellCura going forward.

#### **CellCura Software Solutions:**

CellCura Software Solutions develops and commercializes software solutions for use in ART clinics and hospitals. The system offers a complete workflow environment including full audit trail ensures maximum documentation, safety and integrity for the patient and the clinic, as well as extensive imaging capabilities.

The system is compliant with the latest EU Cell & Tissue Directive and can be integrated to Hospital Information System (HIS) or other systems when required. Software developed by the company is applied by CellCura in its integrated laboratory solutions and CellCura believes that the integration of software in the ART clinics will continue to grow in importance in the near future. There is also a strong demand in the market for stand-alone software solutions which the company is in position to benefit from.

#### **Future Outlook**

CellCura experience a strengthening of the regulatory environment for ART clinics. This will increase the demand for documentation and assurance of the ART process for each embryo handled by the clinics. CellCura offers a complete lab solution that meets all regulatory requirements and we expect to see an increasing demand for solutions that meets these standards. In addition to the general market growth at almost 13% a year, CellCura also receive increasing attention from clinics within the Middle East. This is most lightly due to political changes in this region during the past year that have caused increased investments in HealthCare. This attention is both on ART lab solutions as well as the Protein Free Medium, and there are several trial initiatives within this region.

Despite a slower progress than first anticipated in sales, we see a growing pipeline and attention on solutions provided by CellCura, and thus expect the Company to grow sales significantly the next coming years.



## Corporate Governance

CellCura has adopted "The Norwegian Code of Practice for Corporate Governance" dated 21 October 2010. A detailed statement covering Corporate Governance is included as a separate section on page 51 of this annual report.

## Working environment and human resources

CellCura is conscious when it comes to expectations regarding equal opportunities and ensures that all applicants to positions are treated equally. At the end of the year 2011 two women is employed by the group of which one is employed by CellCura ASA.

The Board of CellCura ASA is made up of three men and two women and meets the requirements stated by asal § 6-6a.

The working environment in CellCura is considered good and no significant sick leave is reported. No working accidents or injuries occurred in 2011 and the company will continue to focus on HMS activities going forward.

## Environment

CellCura do not pollute the environment more than what is normal in this kind of business hitch is not considered to be material. The main source of strain on the environment is related to transportation of components and finished goods as well as travel by air and road.

CellCura will strengthen its focus on environmental issues and ensure continued focus on this area in the future.

## Financial review

### Profit and Loss

CellCura started the first phase of commercialization at the end of 2010 and beginning of 2011. A new CEO was hired in order to bring CellCura through this early phase where the cooperation both sell and do outplacement of equipment with selective customers in order to create the statistical foundation for the unique selling points (USP). The revenue for 2011 was NOK 1.0 million for the full year. Comparable figures for 2010 were NOK 3.2 million.

The Groups operating expenses for 2011 amounted to NOK 33.0 million for the full year, compared to NOK 19.7 million for 2010. The 2011 numbers reflects an increase in personnel expenses as a result of establishing a new organization during the commercialization period.

Net loss for the year was NOK 34,2 million compared to a net loss of NOK 16.4 million for 2010.

EBITDA for the group was minus NOK 24.8 million for the year 2011 compared to minus NOK 13.7 million in 2010. For the parent company the EBITDA was minus NOK 21.2 million for the year 2011 compared to minus NOK 11.4 million in 2010.

### Cash flow and balance sheet

CellCura's total consolidated financial positions as of 31 December 2011 was NOK 42.2 million compared to NOK 53.7 million at year end 2010. Total intangible assets and goodwill as per 31 December 2011 amounted to NOK 28.5 million. Total intangible asset at year end 2010 was NOK 35.7 million.

Total loans as per 31 December 2011 were NOK 9.8 million compared to NOK 5.4 million at year end 2010. CellCura ASA also raised NOK 12.5 million in new equity as cash contribution (gross proceeds) during 2011.

Total equity as of 31 December 2010 was NOK 42.1 million compared to an equity of NOK 42.1 million at year end 2010. The registered share capital of CellCura ASA as of 31 December 2011 was NOK 3.623.958 divided into 36.239.580 shares, each with a nominal value of NOK 0.10.



The cash balance at 31 December 2011 was NOK 4.7 million compared to NOK 5.5 million at year end 2010.

#### **Going concern assumption**

In accordance with the Norwegian accounting act section § 3-3a these financial statements is prepared based on the going concern assumption. CellCura raised NOK 12,5 million in new equity at the end of 2011, together with a long term loan of NOK 10 million. The group has thus secured substantial financing for the future, and will continue to develop and financing new and ongoing projects also in the future. However, the Board expects that the group will need additional funds during 2012. The board confirms that the requirements for the going concern assumption are fulfilled.

#### **Financial risk**

CellCura is exposed to financial risk in various areas. The long term goal is to reduce this exposure where possible. For the time being the company uses no financial derivatives as measures to control this risk.

#### **Currency risk**

CellCura deals in an international market with exposure to different currencies both when it comes to earnings and expenses. Most of the exposure is related to transactions in USD, Euro, Danish kroner and GBP. Expecting both earnings and expenses in these currencies helps create an inherent hedge to some of this exposure.

#### **Interest risk**

CellCura has one long term loan from Innovasjon Norge with floating interest. The interest risk associated with this loan is not considered material at present and no measures has been made to mitigate this risk.

#### **Liquidity risk**

CellCura is exposed through significant liquidity risk through the capital intensive development projects. The group will seek to minimize this risk by securing long term financing facilities that enable the group both to grow and expand current business, but also enables the group to expand into new project within the limits of the current strategy. The listing at Oslo Axess provides possibilities for access to capital through regulated equity markets to ensure financing of further growth and business expansion.

#### **Market risk**

CellCura operates in an international market and is exposed to market fluctuations across the world. The general economic situation may influence the demand in some markets but as the general need for ART treatment is increasing we do expect the overall impact on our total market to fluctuate less than the underlying economic trends.



### Allocation of the net result for the year

The CellCura ASA group generated net loss for the year 2011 of minus NOK 34.216.000 after tax while the parent company's loss for the year was minus NOK 26.528.000. The parent company's have no distributable reserves as of 31 December 2011. The Board proposes the following allocation of the result for CellCura ASA for the year:

Net profit/-loss	-26,528,000
Transferred to/-from Other Equity	-26,528,000
Total allocated	-26,528,000

Oslo, 30<sup>th</sup>, of April 2012

Board of Directors CellCura ASA

Geir O. Løseth  
board member

Andrea Log  
board member

Søren Ziebe  
board member

Dag Dvergsten  
chairman

Cornelia Horn  
board member

Lars Bredahl  
CEO



## GROUP CONSOLIDATED INCOME STATEMENT

(NOK '000)	Note	2011	2010
<b>Operating income</b>			
Revenue		1 024	3 238
<b>Total operating income</b>		<b>1 024</b>	<b>3 238</b>
<b>Operating expenses</b>			
Cost of sales		(553)	(2 530)
Personnel expenses	4	(8 379)	(4 558)
Depreciation and amortisation	8,9	(7 223)	(2 827)
Other operating expenses	5	(16 867)	(9 800)
<b>Total operating expenses</b>		<b>(33 023)</b>	<b>(19 715)</b>
<b>Operating profit/(loss)</b>		<b>(31 998)</b>	<b>(16 477)</b>
<b>Financial income/(expenses)</b>			
Financial income		125	197
Financial expenses	16	(2 879)	(609)
<b>Total finance income/ (expenses)</b>		<b>(2 754)</b>	<b>(413)</b>
<b>Profit/ (loss) before tax</b>		<b>(34 752)</b>	<b>(16 890)</b>
Income tax	6	536	412
<b>Profit/ (loss) for the period</b>		<b>(34 216)</b>	<b>(16 478)</b>
<b>Earnings per share: (in NOK)</b>			
Basic earnings per share	7	(1,18)	(0,96)
Diluted earnings per share	7	(1,18)	(0,96)

## Consolidated statement of comprehensive income

(NOK '000)	2011	2010
Profit/ (loss) for the year	(34 216)	(16 478)
<i>Other comprehensive income:</i>		
Exchange difference on translating foreign operations	25	(234)
<b>Total comprehensive income</b>	<b>(34 191)</b>	<b>(16 712)</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK '000)	Note	31.12.2011	31.12.2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax asset	6	122	105
Goodwill	9	2 588	2 600
Intangible assets	9	25 940	33 066
Property, plant and equipment	8	64	79
<b>Total non-current assets</b>		<b>28 713</b>	<b>35 849</b>
<b>Current assets</b>			
Trade receivables	11	461	3 406
Other short term assets	12	1 935	7 590
Inventory	10	6 384	1 401
Cash and cash equivalents	13	4 727	5 467
<b>Total current assets</b>		<b>13 507</b>	<b>17 863</b>
<b>Total assets</b>		<b>42 220</b>	<b>53 713</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued capital	14	3 624	2 739
Additional paid in capital		71 196	60 222
Retained earnings		(55 100)	(20 885)
Currency translation adjustments		63	38
<b>Total equity</b>		<b>19 782</b>	<b>42 114</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations	4	251	-
Borrowings	16	3 600	4 200
Deferred tax liability	6	1 811	2 340
<b>Total non-current liabilities</b>		<b>5 662</b>	<b>6 540</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	16	1 317	1 200
Convertible loans	16	4 844	-
Derivative liability	16	4 633	-
Trade payables	17	4 046	2 021
Other short term liabilities	15	1 937	1 838
<b>Total current liabilities</b>		<b>16 776</b>	<b>5 059</b>
<b>Total equity and liabilities</b>		<b>42 220</b>	<b>53 713</b>

Oslo, 30<sup>th</sup>, of April 2012

Board of Directors CellCura ASA

Geir O. Løseth  
board member

Andrea Log  
board member

Søren Ziebe  
board member

Dag Dvergsten  
chairman

Cornelia Horn  
board member

Lars Bredahl  
CEO



## CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK '000)	Note	2011	2010
<b>Cash flow from operating activities</b>			
Ordinary profit/ (loss) before tax		(34 752)	(16 890)
Accrued interest expense		803	149
Depreciation and amortisation	8,9	7 223	2 720
Derivative liability	16	1 752	-
Share based payments	4	67	394
Changes in accounts receivable, creditors and inventory		(12)	(6 610)
Changes in other accruals		6 066	(2 758)
<b>Net cash flow from operating activities</b>		<b>(18 853)</b>	<b>(22 995)</b>
<b>Cash flows from investing activities</b>			
Investment in intangible assets	9	(98)	(4 365)
Investment in property plant and equipment	8	(19)	(64)
Net cash from acquisition of subsidiary	3	-	(121)
<b>Net cash flow from investing activities</b>		<b>(116)</b>	<b>(4 550)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of convertible loans	16	7 039	1 000
Repayment of loans	16	(600)	(600)
Proceeds from issue of share capital	14	11 792	29 652
<b>Net cash flow from financing activities</b>		<b>18 231</b>	<b>30 052</b>
<b>Net changes in cash and cash equivalents</b>		<b>(740)</b>	<b>2 508</b>
Cash and cash equivalents at the beginning of the period		5 467	2 959
Non restricted cash		4 633	5 327
Restricted cash		94	140
<b>Cash and cash equivalents at the end of the period</b>	13	<b>4 727</b>	<b>5 467</b>
Interest paid		379	212



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2010 (NOK '000)	Additional paid in capital			Currency translation effects	Retained earnings	Total Equity
	Share Capital	Share premium	Other paid in capital			
Equity at 01.01.2010	205	-	2 352	271	(4 407)	(1 578)
- Profit/ (loss) for the period	-	-	-	-	(16 478)	(16 478)
- Currency translation effects	-	-	-	(234)	-	(234)
<i>Total comprehensive income</i>	-	-	-	(234)	(16 478)	(16 712)
Issue of shares	1 356	33 235	-	-	-	34 591
Transaction costs	-	(4 319)	-	-	-	(4 319)
Conversion of convertible loan	1 023	21 152	(1 448)	-	-	20 728
Acquisition of subsidiary	155	8 855	-	-	-	9 010
Share based payments	-	-	394	-	-	394
<b>Equity at 31.12.2010</b>	<b>2 739</b>	<b>58 924</b>	<b>1 298</b>	<b>38</b>	<b>(20 885)</b>	<b>42 114</b>

2011 (NOK '000)	Additional paid in capital			Currency translation effects	Retained earnings	Total Equity
	Share Capital	Share premium	Other paid in capital			
Equity at 01.01.2011	2 739	58 924	1 298	38	(20 885)	42 114
- Profit/ (loss) for the period	-	-	-	-	(34 216)	(34 216)
- Currency translation effects	-	-	-	25	-	25
<i>Total comprehensive income</i>	-	-	-	25	(34 216)	(34 191)
Issue of shares	885	11 653	-	-	-	12 538
Transaction costs	-	(746)	-	-	-	(746)
Share based payments	-	-	67	-	-	67
<b>Equity at 31.12.2011</b>	<b>3 624</b>	<b>69 831</b>	<b>1 365</b>	<b>63</b>	<b>(55 101)</b>	<b>19 782</b>

Cellcura raised NOK 12,5 million in new equity at the end of 2011, together with a long term loan of NOK 10 million. The group has thus secured substantial financing for the future, and will continue to develop and financing new and ongoing projects also in the future. However, the Board expects that the group will need additional funds during 2012. The board confirms that the requirements for the going concern assumption are fulfilled.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT 2011

### Note 1 General information

CellCura ASA (the company) which is the parent company of the CellCura Group is a public limited liability company incorporated and domiciled in Norway, with its main office in Skien. The Group's business is development of novel equipment and products for use in Assisted Reproductive Technology (ART) and Stem Cell Research throughout the world.

The Board of Directors adopted CellCura's consolidated financial statements for the year ended at 31 December 2011 at its meeting on 30 April 2012.

### Note 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### 2.1 Basis for preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with the additional requirements following the Norwegian Accounting Act.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

#### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statement of CellCura ASA and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed are included in the consolidated financial statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions have been eliminated upon consolidation or combination.

#### *Business combinations*

Acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. Acquisition-related costs are recognized in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, and the amount of any non-controlling interest in the acquire (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities incurred.

#### 2.3 Foreign currency

The functional currency of the parent company and the presentation currency for the group is NOK. Monetary assets and liabilities denominated in other currencies are translated at the year-end exchange rates. Foreign currency revenues and expenses are translated at transaction date exchange rates. Exchange gains and losses are included in the determination of net income.

Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expense for each income statement are translated at the average exchange rate, and



- All resulting exchange differences are recognized as a separate component of equity.

## 2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment charges. Depreciated are calculated on a straight line basis over the assets expected useful life and adjusted for any impairment charges. Expected useful lives of long-lived assets are reviewed annually and where they differ significantly from previous estimates, depreciation periods are changed accordingly.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit.

## 2.5 Intangible assets

### *Intangible assets acquired*

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

### *Internally-generated intangible assets – research and development expenditure*

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

## 2.6 Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined



had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

## **2.7 Leases (as lessee)**

### *Financial leases*

Leases where the company assumes most of the risk and rewards of ownership, are classified as financial leases. The company does not have any such leases.

### *Operating leases*

Leases in which most of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

## **2.8 Short term receivables (current assets)**

Short term receivables are initially recognized at fair value plus any transaction costs. The receivables are subsequently carried at amortised cost using the effective interest method, if the amortisation effect is material, and the carrying amount is subsequently reduced by any impairment losses.

## **2.9 Cash and cash equivalents**

Cash and the equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

## **2.10 Government grants**

Government grants, such as "Skattefunn" is recognized in profit and loss on a systematic basis over the periods in which the company recognises expenses the related cost for which the grant are intended to compensate.

Government grants related to assets is presented in the balance by deducting the grant in arriving at the carrying amount of the asset.

## **2.11 Borrowings**

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of transaction/issue costs associated with the borrowing. After initial recognition, interests-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the consideration received net of transaction/issue costs associated with the borrowing and the redemption value, is recognized in the income statement over the term of the loan.

### *Convertible loans*

The company has issued convertible loans. The Lenders has the right to convert parts of or the entire loan, including accrued interest to shares in CellCura ASA. The conversion price can vary depending on the terms of share issues that has or will be issued in the period in which the convertible loans are outstanding. Since the conversion price was not fixed at the date of issue, the embedded conversion right represents a derivative financial liability. Thus, at initial recognition the convertible loans was separated into two separate components; a loan, and a option to issue shares (derivative liability). The derivative liability is recognized at fair value, with changes in fair value recognized in the income statement.

## **2.12 Revenue**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

### *Sale of goods*

Revenue from the sale of goods is recognized in the income statement when the significant risk and rewards of ownership has been transferred to the buyer, usually once delivery has taken place.

### *Sale of services*

Revenue from a contract to provide services is recognized by reference to the labour hours delivered and direct expenses are incurred.



## 2.12 Taxes

Income taxes for the period comprise tax payable and changes in deferred tax.

Deferred tax assets and liabilities are calculated on the basis of existing temporary differences between the carrying amounts of assets and liabilities in the financial statement and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to exist when the assets are realized or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

## 2.13 Pension plans

The company has a defined contribution plan for its employees. A defined benefit and defined contribution plan is a plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions. The contributions are recognized as employee benefit expenses when they are due.

## 2.14 Share-based payment

The company has an equity settled share-based compensation plans, under which the company receives services as consideration for equity instruments. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognized over the vesting period, which is the period over which all of the specific vesting conditions are to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest, and recognizes the impact of the revision to original estimates, if any, in the income statement. The corresponding entry to expenses is increase in equity (other paid in capital).

## 2.15 Provisions

A provision is recognized when the company has a present legal or constructive obligation as a result of past events, it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognized as finance cost.

## 2.16 Contingent liabilities

Contingent liabilities are not recognized in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

## 2.17 Segment reporting

The company does only have one business segment, and is consequently not reporting segment information.

## 2.18 Cost of equity transactions

Transaction costs directly linked to an equity transaction are recognized directly in equity, net after deducting tax.

## 2.19 Cash flow statement

The cash flow statement is prepared by using the indirect method.

## 2.20 Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Areas where significant judgment has been applied are:

- a) Recognition and subsequent measurement of intangible assets: The criteria for when development costs qualify for recognition as an intangible asset are subject to substantive judgment. Further, even if the projects to where cost has been



activated progress in a satisfactory manner, uncertainty exist regarding future market and anticipated margins on these products. Consequently the estimates regarding recoverable amount, related to impairment testing, is uncertain.

b) Share based compensation: Expenditures related to stock based compensation is sensitive to assumptions used in calculation fair value, however the total expenditures related to stock based compensation is small.

c) Convertible loans: The company's convertible loans are subject to decomposing into loans and equity or derivative components. The measurement of the different components is sensitive to assumptions used.

#### **New and amended standards and interpretations**

The following new and amended standards and interpretations effective for the accounting periods starting 1 January 2011, but the adoption did not have any impact on the company's financial statement.

IAS 24 Related Party Transactions (Amendment)

IAS 32 Financial Instruments: Presentation (Amendment)

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Improvements to IFRSs, issued May 2010

#### **IFRS and IFRIC issued but not adopted by the company**

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group are listed below. Except for the amendment to IFRS 7 no one of the below items has been adopted by EU yet.

It is assessed that none of the standards, amendments and interpretation to existing standards will have material impact on the financial statements, except for IAS 19, as the currently is presented, however they may have impact in the future.

- *IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (Amendment)* The amendment becomes effective for annual periods beginning on or after 1 July 2012.

- *IAS 12 Income Taxes – Recovery of Underlying Assets (Amendment)*. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

- *IAS 19 Employee Benefits (Amendment)*. The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

- *IAS 27 Separate Financial Statements (as revised in 2011)*. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

- *IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)*. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

- *IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements (Amendment)*. The amendment becomes effective for annual periods beginning on or after 1 July 2011.

- *IFRS 9 Financial Instruments: Classification and Measurement*. According to IASB the standard is effective for annual periods beginning on or after 1 January 2013. EU has not yet decided on effective date.

- *IFRS 10 Consolidated Financial Statements*. This standard becomes effective for annual periods beginning on or after 1 January 2013.



- *IFRS 11 Joint Arrangements*. IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. This standard becomes effective for annual periods beginning on or after 1 January 2013.

- *IFRS 12 Disclosure of Involvement with Other Entities*. This standard becomes effective for annual periods beginning on or after 1 January 2013.

- *IFRS 13 Fair Value Measurement*. This standard becomes effective for annual periods beginning on or after 1 January 2013.



### Note 3 - Business combinations

#### *Business combinations in 2011*

There has been no business combination in 2011.

#### *Business combinations in 2010*

In June 2010 CellCura acquired 100% of the shares in IH Medical A/S (now CellCura Software Solutions). The company is located in Denmark, and its business mainly relates to development of software and related consultancy. The software developed by IH Medical A/S is applied by CellCura in its products.

#### Consideration for the shares in IHMedical (in NOK '000)

Cash consideration	1 086
Shares in CellCura ASA	9 010
<u>Total consideration</u>	<u>10 096</u>

The major part of the consideration was allocated to intangible assets. No changes has been made in 2011 to the purchase price allocation recognised in 2010. Details regarding assets acquired and liabilities assumed was provided in the 2010 financial statements.



## Note 4 - Salary costs and remunerations

(NOK '000)	2011	2010
Salary	7 352	4 015
Social security tax	555	187
Pension costs	631	291
Share based payment	117	394
Other expenses	74	85
<b>Total personnel expenses before capitalisation</b>	<b>8 729</b>	<b>4 972</b>
Capitalized as research and development cost	-	(415)
Cost of inventories	(350)	-
<b>Total personnel expenses</b>	<b>8 379</b>	<b>4 558</b>
Average number of man-labour years:	5	3,5

### COMPENSATION TO KEY MANAGEMENT 2011

Name	Salary	Pension contribution	Share options	Other remuneration	Total 2011
Lars Kristian Bredahl (CEO) <sup>1)</sup>	1 329	297	220	128	1 974
Jørgen Mørkved (CFO) <sup>2)</sup>	642	-	-	54	696
	1 971	297	220	182	2 670

<sup>1)</sup> The CEO joined the Company 1 January 2011. The former CEO was employed in Dag Dvergsten, and expenses for the CEO function in 2010 was part of the management agreement with Dag Dvergsten AS (ref. note 19).

<sup>2)</sup> The CFO was employed until June 2011. In 2010 the CFO was appointed effective from 1. August 2010, and received TNOK 563 in salary, and TNOK 53 in other remunerations.

### COMPENSATION TO THE BOARD

The board of directors has not received any remuneration from the company in 2011 and 2010.

#### Pension

The company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenstepensjon"). The company's pension schemes satisfy the requirements of this law.

#### Share based payment

CellCura has established a share option program whereby employees and other parties that delivers services to CellCura have been granted share options. The options, if vested and executed, will be settled in shares. The changes in fair value of the options granted does not affect the assessments regarding ordinary remuneration.

	Number of options	Vesting date	Expiry	Exercise price (NOK)	Fair value at grant date
Issued in Nov. 2009	900 000	nov. 12	At General meeting 2012	1	0,39
Issued in May 2007	15 000	18. May 2010	At General meeting 2012	0,1	29,91
Issued in June 2011	100 000	June 2011	16. December 2012	2,3	2,20

Movements in share options during the year:	Number of options	Weighted average exercise price
Number of options outstanding at the beginning of the year:	915 000	0,99
Granted during the year	100 000	2,2
Forfeited or exercised during the year	-	-
Number of options outstanding at the end of the year:	1 015 000	1,10

#### Fair value of share options:

The fair value of options granted in the period 2007 to 2011 where calculated using Black-scholes model. Factors used for the calculation of fair value, in addition to the information provided above for the 2011 grant were a volatility of 64 % and risk free interest rate of 2,95 %.

#### Policy on salary for management

CellCura has developed a policy for regulating salary for management within the group according to the norwegian rules. Management salary are to be competetive and reflect the responsibility, position, industry and the size of the company.



**Note 5 - Other operating expenses**

<i>(NOK '000)</i>	<b>2011</b>	<b>2010</b>
Travel expenses	2 014	1 210
Rental expenses	662	576
Research and development	6 341	5 753
Consultants and auditors fee	1 754	1 820
Dag Dvergsten AS (See note 19 Related parties)	6 180	6 574
Other expenses	1 994	3 476
Government grants	(1 017)	(6 620)
<b>Total operating expenses before capitalization</b>	<b>17 927</b>	<b>12 790</b>
Capitalized as research and development cost	-	(2 990)
Cost of inventories	(1 060)	-
<b>Total other operating expenses</b>	<b>16 867</b>	<b>9 800</b>

**Remuneration to Auditors:**

<i>(NOK '000)</i>	<b>2011</b>		<b>2010</b>	
	<b>Auditors of the parent company</b>	<b>Other auditors</b>	<b>Auditors of the parent company</b>	<b>Other auditors</b>
Statutory audit	172	37	198	24
Other assurance services	52	-	-	-
Tax assistance	-	-	-	-
Other services	-	-	148	-
<b>Total, excl. VAT <sup>1)</sup></b>	<b>224</b>	<b>37</b>	<b>346</b>	<b>24</b>

<sup>1)</sup> Of the total remuneration to Auditors in 2010, TNOK 41 is recognised directly in equity as part of the transaction costs related to the IPO.



## Note 6 - Income taxes

<b>Tax expense/ (income)</b> <i>(NOK '000)</i>	<b>2011</b>	<b>2010</b>
Current tax	-	-
Changes in deferred tax	(536)	(412)
<b>Total tax expense/(income)</b>	<b>(536)</b>	<b>(412)</b>

<b>Specification of basis for deferred tax:</b> <i>(NOK '000)</i>	<b>2011</b>	<b>2010</b>
Intangible assets	6 523	8 476
Fixed assets	(142)	(220)
Convertible loan	2 016	-
Other temporary differences	(251)	(125)
Tax losses carry forward	(110 318)	(83 132)
<b>Total basis for net tax asset</b>	<b>(102 172)</b>	<b>(75 001)</b>
Net tax basis asset not recognised	(96 139)	(67 020)
<b>Net deferred tax basis recognised</b>	<b>(6 033)</b>	<b>(7 981)</b>
<b>Net deferred tax liability recognised</b>	<b>1 689</b>	<b>2 235</b>

Capitalisation of deferred income tax assets is subject to strict requirements in respect of the ability to substantiate that sufficient taxable profit will be available against which the unused tax losses can be utilised. Based on these requirements deferred tax asset from CellCura ASA has not been recognised. The deferred tax asset in the balance sheet with NOK 122 thousand is from Cellcura Software Solutions A/S in Denmark.

<b>Reconciliation of effective tax rate:</b> <i>(NOK '000)</i>	<b>2011</b>	<b>2010</b>
Profit before tax	(34 752)	(16 890)
Tax based on tax rate of the domestic tax rate	(9 731)	(4 729)
<i>Effects from:</i>		
Transaction costs recognised in equity	(209)	(1 209)
Other permanent differences	1 143	364
Acquisition of subsidiary	-	(412)
Deferred income tax asset not recognised	8 260	5 575
	<b>(536)</b>	<b>(412)</b>



## Note 7 - Earnings per share

### Basic

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

### Diluted

Diluted earnings per share is calculated by adjusting the number of shares for the effects of dilutive options, if they have a dilutive effect.

	<u>2011</u>	<u>2010</u>
Profit attributable to equity holders of the company (in NOK '000)	(34 216)	(16 478)
Weighted average number of ordinary shares in issue	<u>28 958 199</u>	<u>17 103 713</u>
Basic earnings per share (in NOK)	(1,18)	(0,96)
Diluted earnings per share (in NOK) <sup>1)</sup>	<u>(1,18)</u>	<u>(0,96)</u>
<i>Shares with potential dilutive effect:</i>		
- Share options	1 015 000	915 000
- Convertible loans	6 260 987	-
Weighted average number of ordinary shares used for calculation of dilutive earnings per share	<u>36 234 184</u>	<u>18 018 711</u>

<sup>1)</sup> Potential dilutive shares from share options and convertible loans, are not included in the calculation of Diluted earnings per share for 2011 and 2010 since they do not have a dilutive effect.



**Note 8 - Property, plant and equipment and intangible assets**

<i>(NOK '000)</i>	<b>Fixtures and office machines</b>
<b>Acquisition cost</b>	
Accumulated 1 January 2010	588
Additions of the year	113
Disposals of the year	-
Accumulated 31 December 2010	701
Additions of the year	19
Disposals of the year	-
Accumulated 31 December 2011	720
<b>Depreciation</b>	
Accumulated 1 January 2010	455
Disposals of ordinary depreciation	-
This year's ordinary depreciation	167
Accumulated 31 December 2010	622
Disposals of ordinary depreciation	-
This year's ordinary depreciation	33
Accumulated 31 December 2011	655
<b>Book value</b>	
Book value at 31 December 2010	79
Book value at 31 December 2011	64
<b>Fixtures and office machines:</b>	
Economic life	3 years
Depreciation method	linear



**Note 9 - Intangible assets and Goodwill**

(NOK '000)

	Patents	Web design	Other intangible assets	Total	Goodwill
<b>Acquisition cost</b>					
Accumulated 1 January 2010	-	-	20 469	<b>20 469</b>	-
Additions of the year	837	387	14 147	<b>15 371</b>	2 637
Disposals of the year	-	-	-	-	-
Currency effects	-	-	(115)	<b>(115)</b>	(37)
Accumulated 31 December 2010	837	387	34 501	<b>35 725</b>	2 600
Additions of the year	15	-	83	<b>98</b>	-
Disposals of the year	-	-	-	-	-
Currency effects	-	-	(33)	<b>(33)</b>	(12)
Accumulated 31 December 2011	852	387	34 551	<b>35 790</b>	2 588
<b>Amortisation</b>					
Accumulated 1 January 2010	-	-	-	-	-
Disposals of ordinary amortisation	-	-	-	-	-
This year's ordinary amortisation	70	64	2 526	<b>2 660</b>	-
Accumulated 31 December 2010	70	64	2 526	<b>2 660</b>	-
Disposals of ordinary amortisation	-	-	-	-	-
This year's ordinary amortisation	146	130	6 915	<b>7 191</b>	-
Accumulated 31 December 2011	216	194	9 441	<b>9 850</b>	-
<b>Book value</b>					
Book value at 31 December 2010	768	323	31 975	<b>33 066</b>	2 600
Book value at 31 December 2011	636	193	25 110	<b>25 940</b>	2 588
Economic life	5 years	5 years	5 years		
Depreciation method	linear	linear	linear		

**Intangible assets:**

The intangible assets became available for use late in 2010, and started its amortisation from that time.

**Impairment testing of goodwill**

Goodwill and IVF Solutions are subject to impairment in Q4 each year. CellCura's goodwill arose solely due to the initial recognition of deferred tax liability from the acquisition of CellCura Software Solutions A/S and consequently represents an accounting technical goodwill. However if the carrying amount is included in the CGU with the acquired assets, an impairment test demonstrate that the calculated value in use is substantial above the carrying amount of the CGU. This is the case even if the assumption used is assessed very conservative, only considering a discount period from 2012-2014 and with a discount rate of 16,9 percent.



### Note 10 - Inventories

Inventories include:

(NOK '000)	2011	2010
Cost of materials and work in progress	2 818	1 401
Finished goods	3 566	-
Total inventories at the lower of cost and net realisable value	6 384	1 401

No impairment of inventory has been recognised in the financial statement.

### Note 11 - Trade receivables

(NOK '000)	2011	2010
Gross trade receivables	461	3 531
Provision for bad debt	-	(125)
Net trade receivables	461	3 406

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

Movements in the provision for impairment of receivables:

(NOK '000)	Individually impaired
At 1 January 2010	-
Charge for the year	125
Utilised	-
Unused amounts reversed	-
At 31 December 2010	125
Charge for the year	-
Utilised	-
Unused amounts reversed	(125)
At 31 December 2011	-

As of 31 December, the ageing analysis of trade receivables is as follows:

(NOK '000)	Past due but not impaired					
	Total	Neither past due nor impaired	<30 days	30-60 days	61-90 days	> 90 days
31. Dec 2011	461	461	-	-	-	-
31. Dec 2010	3 406	3 406	-	-	-	-



**Note 12 - Other short-term receivables**

<i>(NOK '000)</i>	<b>2011</b>	<b>2010</b>
VAT- receivables	654	920
Government grants	300	4 700
Prepaid expenses	978	1 547
Other short term receivables	4	133
Deposits	-	290
<b>Total other short-term</b>	<b>1 935</b>	<b>7 590</b>

**Note 13 - Cash and cash equivalents**

<i>(NOK '000)</i>	<b>2011</b>	<b>2010</b>
Cash in hand and at bank - unrestricted funds	4 602	5 327
Employee withheld taxes - restricted funds	94	140
Rental deposits - restricted funds	32	-
<b>Cash and cash equivalents in the balance sheet</b>	<b>4 727</b>	<b>5 467</b>



## Note 14 - Share capital, shareholder information

Number of shares 1 January 2011	27 391 358
June share issue	2 400 000
December share issue	6 448 222
Number of shares 31 December 2011	36 239 580

Ordinary shares, nominal value NOK 0,10

All shares in the company have equal voting rights and are equally entitled to dividend.

### The 20 main shareholders at 31.12.2011 are:

Shareholder	Number of shares	Ownership interest
DAG DVERGSTEN AS	5 889 671	16,25 %
SINGLE HOLDING AS	5 085 297	14,03 %
SCORPIO KAPITAL AS	3 926 208	10,83 %
BUSKERUD TELEMARKE VESTFOLD	3 500 000	9,66 %
CONCITO AS	1 242 521	3,43 %
SYLTE EIENDOM KAPITAL AS	925 000	2,55 %
R.ULSTEIN LOEN A/S	777 333	2,14 %
MP PENSJON PK	700 000	1,93 %
PERSHING LLC	635 311	1,75 %
BSN AS	550 000	1,52 %
K.M.R. APS	531 423	1,47 %
HUTCHINS, LESLEY PAMELA	528 058	1,46 %
STOLOS AS	351 678	0,97 %
GRØNDAHL, LARS KRISTIAN	323 750	0,89 %
VEKST I GRENLAND	281 666	0,78 %
MIRASOL VERDI AS	278 917	0,77 %
MIRAA VERDI AS	250 000	0,69 %
FRØNSVOLDEN AS	220 292	0,61 %
LOFTUS, THOMAS ADOLPH	202 625	0,56 %
ZIEBE, SØREN	199 073	0,55 %
Total for 20 main shareholders	26 398 823	72,85 %
Other shareholders	9 840 757	27,15 %
Total number of shares	36 239 580	100,00 %

In addition there are potential shares issued through the share based payment program.

### Shared owned directly or indirectly by the management and the board at 31.12.2011

Name	Role	Number of shares
Dag Dvergsten <sup>1)</sup>	Chairman	5 889 671
Cornelia Horn <sup>3)</sup>	Board member	3 926 208
Søren Ziebe	Board member	199 073
Geir Løseth <sup>2)</sup>	Board member	351 678

1) Dag Dvergsten owns 100% of Dag Dvergsten AS.

2) Geir Løseth owns 50% of Stolos AS.

3) Cornelia Horn owns 100% of Scorpio Kapital AS

### Share options owned by the management and the board at 31.12.2011

Name		Share options	Strike
Dag Dvergsten AS (100% owned by COB)	Chairman	100 000	1,00
Søren Ziebe	Board Member	200	0,10
Lars Bredahl	CEO	100 000	2,30
Bent Nordbø	COO	100 000	1,00
Bent Nordbø	COO	8 000	0,10



## Note 15 - Other short-term liabilities

(NOK '000)	2011	2010
Accrued expenses	1 044	1 233
Debt to employees	574	256
Public duties payable	292	328
Other short-term debt	27	21
<b>Total</b>	<b>1 937</b>	<b>1 838</b>

## Note 16 - Long term debt and convertible loans

### a) Other long term debt

The company was granted a loan promise from Innovasjon Norge 2008, and received the funds in 2009. Remaining nominal amount outstanding is TNOK 4.800 of which 1.200 is classified as current portion of non-current borrowings in the balance sheet. According to an updated repayment schedule, the remaining part of the loan shall be repaid with TNOK 1.200 each of the next four years. As at 31 December 2011 the effective interest is 5,84%.

An additional loan promise of TNOK 10.000 has been granted by Innovasjon Norge. Provided that certain documentation requirements are met by the company, the first installment (75%) will most likely be paid in March 2012.

### b) Convertible loans

CellCura has issued convertible loans for a total nominal value of TNOK 7 725 in 2011. The loans expires at 31 December 2012 and carries an interest of 12% p.a. which fall due at the expiry of the loan.

The Lenders has the right to convert parts of or the entire loan, including accrued interest to shares in CellCura ASA. The conversion price can vary depending on the terms of share issues that has or will be issued in the period in which the convertible loans are outstanding. Based on conditions as of 31 December 2011, and the latest share issue, the conversion price will be NOK 1,20 per share.

At initial recognition the convertible loans has been separated into two separate components; a loan, and a option to issue shares (derivative liability). The derivative liability is recognised at fair value, with changes in fair value recognised in the income statement.

#### Summary of initial recognition:

Proceeds from issue of convertible loans	7 725
<i>Allocated to:</i>	
Option (derivative) component	2 881
Loan component	4 844
<b>Total amount at initial recognition</b>	<b>7 725</b>

### Assets pledged as security

The loan from Innovasjon Norge has a first priority pledge in equipment, receivables (factoring) and inventory in CellCura ASA. The carrying amount of these assets are:

(NOK '000)	2011	2010
Equipment	-	79
Inventory	6 237	1 401
Trade receivables	54	3 406
	<b>6 291</b>	<b>4 886</b>



## Note 17 - Financial risk management, objectives and policies

### (a) Categories of financial instruments

(NOK '000)	Category	2011	2010
<b>Financial assets:</b>			
Trade receivables	Loans and receivables	461	3 406
Other receivables <sup>1)</sup>	Loans and receivables	303	5 124
Cash and cash equivalents	Loans and receivables	4 727	5 467
<b>Total financial assets</b>		<b>5 492</b>	<b>13 996</b>
<b>Financial liabilities:</b>			
Borrowings	Financial liabilities measured at amortised cost	3 600	4 200
Current borrowings	Financial liabilities measured at amortised cost	6 160	1 200
Derivative liability	Fair value through profit or loss	4 633	-
Trade payables	Financial liabilities measured at amortised cost	4 046	2 021
Other current liabilities <sup>2)</sup>	Financial liabilities measured at amortised cost	601	277
<b>Total financial liabilities</b>		<b>19 040</b>	<b>7 698</b>

<sup>1)</sup> VAT receivable and prepaid expenses are excluded since they are not defined as financial instruments.

<sup>2)</sup> Accruals for incurred costs and Public duties payable are excluded since they are not defined as financial instruments.

### (b) Financial risk management

The company's principal financial liabilities consist of long term debt and convertible loans. The main purpose of these financial liabilities is to finance the company's operations. The company's financial assets mainly comprise trade receivables, receivables on government grants and cash.

The company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, commodity price risk and other price risk.

#### a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The loan from Innovasjon Norge has a floating rate, and thus gives exposure to interest rate risk. If the interest increase with 50 basis points, the profit before tax in 2011 would have been TNOK 24 lower (2010 TNOK 27). Convertible loans has fixed rate conditions and consequently not subject to interest rate risk.

#### b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year end 2011 the company had only immaterial financial assets and liabilities in foreign currency, and consequently no material currency exposure. At year end 2010 the Company had trade receivables and trade payables in EUR. A 10% strengthening of the EUR against NOK at 31 December 2010 would have increased profit or loss by TNOK 192. Other currencies only represent minor exposures.



## Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company is exposed to credit risk primarily through deposits with banks and receivables on government and trade receivables. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting dates was:

	2011	2010
Cash and cash equivalents	4 727	5 467
Trade receivables	461	3 406
Other receivables	303	5 124
<b>Maximum credit exposure</b>	<b>5 492</b>	<b>13 996</b>

## Liquidity

The company monitors its risk to a shortage of funds by continuously monitoring maturity of financial assets and liabilities and projected cash flows from operations. The possibility of additional share issue is an integrated part of these assessments.

The following are contractual maturities of financial liabilities, including estimated interest payments on an undiscounted basis. Convertible loans is disclosed at their nominal amount including accrued interest.

### Year ended December 31, 2011

(NOK '000)	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Other long term borrowing	(724)	(720)	(3 963)	-	(5 407)
Convertible loan <sup>1)</sup>	-	(8 381)	-	-	(8 381)
Trade payables	(4 046)	-	-	-	(4 046)
	(4 770)	(9 101)	(3 963)	-	(17 834)

<sup>1)</sup> The amount is calculated based on the assumption that the conversion right is not exercised.

### Year ended December 31, 2010

(NOK '000)	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Other long term borrowing	(757)	(737)	(4 684)	-	(6 178)
Trade payables	(2 121)	-	-	-	(2 121)
	(2 878)	(737)	(4 684)	-	(8 299)

## Capital management

A key objective in relation to capital management is to ensure that the company maintains a strong capital structure in order to support its business development. The company evaluates its capital structure in light of current and projected cash flow, new business opportunities and the company's financial commitments. In order to maintain or adjust the capital structure, the company may issue new shares or sell assets to reduce debt.

## Fair value of financial instruments

The carrying amount of cash and cash equivalents, short term financial receivables and trade debtors is approximately equal to fair value due to a short term to maturity. For other long term borrowing, the interest rate is a floating rate, and it is assessed that the carrying amount reflects the fair value.

The fair value of derivative liabilities is calculated with Black & Scholes option pricing model. Input to the model is subject to substantial judgement. Input used for calculating fair value of the derivatives is similar to those used for calculating fair value of the share options (refer to note 4). Several of the inputs are derived from other than quoted prices such as interest rate and volatility, and consequently the calculated fair value correspond to level 2 in the fair value hierarchy as defined in IFRS 7.



## Note 18 - Leases

### Operating leases

The group has entered into several different operating leases for vehicles and office machines. The agreements related to office machines contain an option to extend.

The lease costs included:

(NOK '000)	2011	2010
Ordinary lease payments	654	552

Future payments related to non-cancellable leases fall due for payment as follows:

	2011	2010
Within 1 year	309	265
1 to 5 years	539	675
More than 5 years	136	136
<b>Future lease commitment<sup>1)</sup></b>	<b>984</b>	<b>1 076</b>

<sup>1)</sup> Since the amounts is immaterial, lease commitments related to office machinery are not included.

## Note 19 - Related parties transactions

To provide the company with access to important knowledge, the company has entered into agreements with related parties:

Related party	Time of contract	Service
Dag Dvergsten AS	03.09.2007	Business Service Agreement*

\* The agreement includes business development, strategically advising, Chief Operating Officer, Chief Financial Officer (parts of 2010), project management, IT and administrative services. The appointment can be cancelled subject to a 12 month notice. Fees are disclosed in note 5.

### (b) Balance with related parties:

(NOK '000)	2011	2010
<b>Liabilities:</b>		
Trade payables to Dag Dvergsten AS	0	41
Total liabilities to related parties	0	41



**Note 20 - Overview of subsidiaries**

The following subsidiaries are included in the consolidated accounts:

<b>Company</b>	<b>Country</b>	<b>Stake</b>	<b>Voting share</b>
CellCura Inc	USA (Madison)	100 %	100 %
CellCura Software Solution A/S	Denmark	100 %	100 %