

## Kite Pharma (KITE : US\$55.88)

### Kite Pharma continues uptrend, now soars 74% and in top 5% of the market

Kite Pharma Inc, NASDAQ's 2nd largest healthcare-products company by market cap, has now soared US\$23.73 (or 73.8%) year to date in 2014 to close at US\$55.88. This gain means the stock is among the top 5% of NASDAQ-listed stocks in 2014. The volume YTD has been 0.5 times average trading of 474,259 shares. Compared with the NASDAQ-100 Index which has risen 20.2% YTD, this represents a relative price increase of 53.6%. In 2014 the market cap has jumped US\$945 million.

### Introduction

**We are currently bullish on this stock in the short-term based on technical indicators, but are more bearish in the long-term based on fundamental metrics**

**What makes us most bullish on the stock is the following:**

- Its Moving Average Convergence Divergence indicators are rising, with its 12-day EMA higher than its 26-day EMA.
- The price to 200-day MAP ratio is 1.48, a bullish indicator.
- In the last three months the number of rises outnumbered falls 33:29 or 1.1:1.
- It is beating 99% of the market the past 6 months.

### Stock Summary

<b>Sector</b>	Healthcare-Products
<b>Market Cap</b>	US\$2.1 billion
<b>Shares Outstanding</b>	38,314,098
<b>ISIN</b>	US49803L1098
<b>Relative Strength (3 mo)</b>	99

### MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	55.9	2.1 billion

### Bullish Signals

- Rises to Falls: In the last three months the number of rises outnumbered falls 33:29 or 1.1:1.
- In the last 20 trading sessions there has been a net rise of 36.06%; the stock has advanced twelve times and the biggest one day rise was 14.7% on Dec 09.
- In the NASDAQ market of 2,417 stocks traded today, the stock has a 6-month relative strength of 99 which means it is beating 99% of the market.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 52.98 minus the 26-day EMA of 49.68 is positive suggesting a bullish signal. Both the 12-day EMA as well as the 26-day EMA are rising, another bullish signal.
- The Price/MAP of 1.48 for KITE is higher than the Price/MAP for the NASDAQ-100 Index of 0.9.
- The price to 200-day MAP ratio is 1.48, a bullish indicator. In the past 200 days this ratio has exceeded 1.48, 11 times suggesting further upside. The 50-day MAP of US\$61.05 is higher than the 200-day MAP of US\$37.83, a bullish indicator. The 200-day MAP has increased to US\$37.83. An increase is another bullish indicator.

### Other Bullish Signals:

Also, the following criteria set by Benjamin Graham:

- "Current ratio of two or more"; current assets are 16.6 times current liabilities.

### Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Relative Strength (6M)	99	In Top 2%
Price/MAP200	1.48	In Top 4%
%Prem To Vol Wtd Price	9.6	In Top Quartile
MCap	US\$2.1 billion	In Top Quartile

### Bearish Signals

- The price is at a premium of 9.6% to the 1-month volume weighted average price of US\$50.97. Given that this premium has been under 9.6% ninety-six times and over 9.6% thirty-one times in the last year, the downside:upside probability is estimated at 96:31 or 3.1:1.
- In the NASDAQ Short Selling market of 2417 stocks, short selling as a % of issued shares ranked 404th and within the top quartile of stocks. This means it was higher than market average of 0.5%, a bearish indicator.

- The current short volume is 2.2 times its own historical average of 0.4%. It soared 52.0% from the previous day, soared 21.0% from a week ago and soared 79.8% from a month ago, a significant bearish indicator.

## Other Bearish Signals:

The stock has a score of merely 1 out of 9 set by Joseph Piotroski [pass mark  $\geq 5$ ]:

Improvement in current ratio from 14.4 to 16.6.

## Note

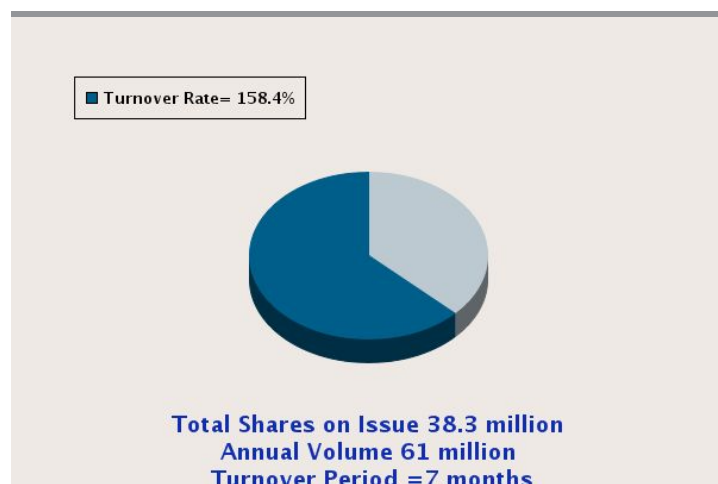
### Neutral Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$1.6 billion	In 2nd Quartile

## Short Selling to Mcap



## Turnover Rate & Turnover Period



## Trailing 3 months

Turnover	US\$1.6 billion
Volume	36,029,695
Volume Index (1 is avg)	1.2

## MCap: A Historical Perspective

	Share Price (USD)	Market Cap (US\$)
Last	55.9	2.1 billion

## Activities

Kite Pharma Inc. develops and manufacturers pharmaceuticals. The Company offers and designs cancer immunotherapeutic products and therapy designed to restoring the patient's immune system to recognize and eradicate tumors.

Further details can be found at [www.kitepharma.com](http://www.kitepharma.com).

Economic Sector	Healthcare
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## Regulatory Announcements

### December 23 2014: Kite Pharma Submits Investigational New Drug Application for Phase 1/2 Trial of KTE-C19, Anti-CD19 Chimeric Antigen Receptor (CAR) T Cell Therapy, for the Treatment of Refractory Aggressive Non-Hodgkin Lymphoma

[News Story] SANTA MONICA, Calif., Dec. 22, 2014 (GLOBE NEWSWIRE) -- Kite Pharma, Inc., (Nasdaq:KITE), a clinical-stage biopharmaceutical company focused on developing engineered autologous T cell therapy (eACT(TradeMark)) products for the treatment of cancer, today announced the Company has submitted an Investigational New Drug (IND) application to the U.S.

[For more details click here.](#)

### December 16 2014: Kite Pharma Added to the NASDAQ Biotechnology Index

[News Story] SANTA MONICA, Calif., Dec. 16, 2014 - Kite Pharma, Inc., (Nasdaq:KITE), a clinical-stage biopharmaceutical company focused on developing engineered autologous T cell therapy (eACT(TradeMark)) products for the treatment of cancer, announced today that it has been selected for addition to the NASDAQ Biotechnology Index(Registered) (Nasdaq:NBIX), which will become effective upon market open on Monday, December 22, 2014.

The NASDAQ Biotechnology Index is designed to track the performance of a set of NASDAQ-listed securities that are classified as either biotechnology or pharmaceutical according to the Industry Classification Benchmark.

[For more details click here.](#)

## December 11 2014: Kite Pharma Announces Pricing of Follow-On Offering

[News Story] SANTA MONICA, Calif., Dec. 10, 2014 (GLOBE NEWSWIRE) -- Kite Pharma, Inc. (Nasdaq:KITE), a clinical-stage biopharmaceutical company focused on developing engineered autologous T cell therapy (eACT(TradeMark)) products for the treatment of cancer, today announced the pricing of its follow-on public offering of 3,485,000 shares of its common stock, an increase of 485,000 shares from the number of shares originally offered, at a price to the public of \$54 per share.

[For more details click here.](#)

## November 26 2014: Kite Pharma Files Registration Statement for Proposed Follow-On Offering

[News Story] SANTA MONICA, Calif., Nov. 26, 2014 Kite Pharma, Inc. (Nasdaq:KITE), a clinical-stage biopharmaceutical company focused on developing engineered autologous T cell therapy (eACT(TradeMark)) products for the treatment of cancer, today announced that it has filed a registration statement on Form S-1 with the U.S.

[For more details click here.](#)

## November 25 2014: Kite Pharma: BioPharm Insight Releases Hematological Cancer Report in Advance of American Society of Hematology (ASH) Annual Meeting Next Month

[News Story] BOSTON--(BUSINESS WIRE)-- As the annual American Society of Hematology meeting in San Francisco approaches, the premier source for breaking news and forward-looking analysis of drug developments and forecasting data, BioPharm Insight, today released an Indication Report on the latest developments in leukemia, lymphoma and myeloma including expectations for Novartis' (NVS), Kite Pharma's (NASDAQ: KITE) and Juno Therapeutics' treatments for Acute Lymphoblastic Leukemia (ALL).

"We anticipate this year's ASH conference will be particularly significant for developments in these indication areas," said BioPharm Insight's Editor-in-Chief Querida Anderson.

[For more details click here.](#)

## November 18 2014: Kite Pharma Announces Presentations at the Upcoming 56th American Society of Hematology Annual Meeting

[News Story] SANTA MONICA, Calif., Nov. 18, 2014 Kite Pharma, Inc., (Nasdaq:KITE), a clinical-stage biopharmaceutical company focused on developing engineered autologous T cell therapy (eACT(TradeMark)) products for the treatment of cancer, today announced upcoming oral presentations related to KTE-C19, the Company's most advanced product candidate, that will take place at the 56th American Society of Hematology (ASH) Annual Meeting in San Francisco, California, December 6-9, 2014.

[For more details click here.](#)

## November 17 2014: Kite Pharma Receives Positive Opinion for Orphan Drug Designation in the European Union for KTE-C19, Kite's Lead Investigational Cancer Immunotherapy

[News Story] SANTA MONICA, Calif., Nov. 17, 2014 (GLOBE NEWSWIRE) -- Kite Pharma, Inc., (Nasdaq:KITE), a clinical-stage biopharmaceutical company focused on developing engineered autologous T cell therapy (eACT(TradeMark)) products for the treatment of cancer, today announced that the European Medicines Agency (EMA) Committee for Orphan Medicinal Products (COMP) has adopted a positive opinion recommending KTE-C19 for designation as an orphan medicinal product for the treatment of diffuse large B cell lymphoma (DLBCL).

[For more details click here.](#)

## 8-K other news

### November 14: Kite Pharma: Results of Operations and Financial Condition

[News Story]  
[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1510580\\_000119312514413107\\_0001193125-14-413107.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1510580_000119312514413107_0001193125-14-413107.txt)

Source: 8-K United States Securities and Exchange Commission

### October 14: Kite Pharma: Changes in Registrant's Certifying Accountant

[News Story]  
[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1510580\\_000119312514370879\\_0001193125-14-370879.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1510580_000119312514370879_0001193125-14-370879.txt)

Source: 8-K United States Securities and Exchange Commission

### August 15: Kite Pharma: Results of Operations and Financial Condition

[News Story]  
[http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=\\_Archives\\_edgar\\_data\\_1510580\\_000119312514310452\\_0001193125-14-310452.txt](http://www.buysellsignals.net/hbn/8kviewer.jsp?doc=_Archives_edgar_data_1510580_000119312514310452_0001193125-14-310452.txt)

Source: 8-K United States Securities and Exchange Commission

## Issued Capital

Based on 38,314,098 issued equity shares the market capitalisation is US\$2.1 billion.

## Price Volume Trend: Trailing Quarter

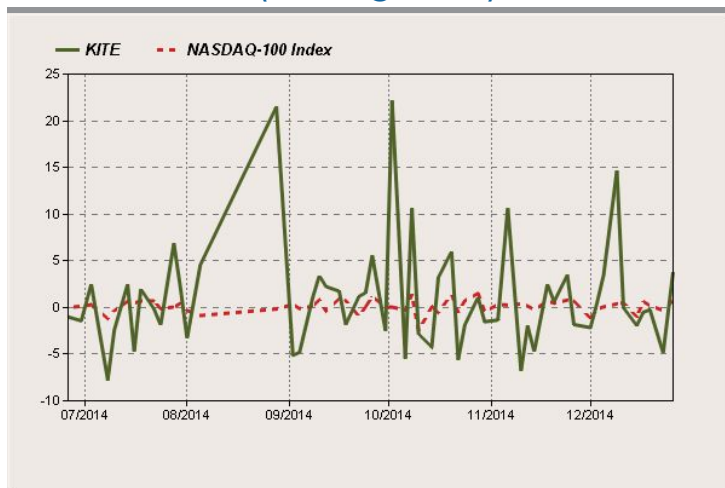


## Weekly Price Volume Dynamics (Last 12 Weeks)



- Price increase fuelled by above average Volume
- Price increase on below average Volume
- Price decrease fuelled by above average Volume
- Price decrease on below average Volume
- Price unchanged on above average Volume
- Price unchanged on below average Volume
- Untraded

## Stock v Index (Trailing Year)



## Price/Moving Average Price [P/MAP]





## Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
15-Dec-2014	Stifel Nicolaus	Boost Price Target	-	Buy	45	71
17-Nov-2014	Jefferies Group	Boost Price Target	-	Buy	35	46
07-Nov-2014	Canaccord Genuity	Reiterated Rating	-	Buy	42	51
28-Oct-2014	Canaccord Genuity	Initiated Coverage	-	Buy	-	42
21-Oct-2014	Stifel Nicolaus	Boost Price Target	-	Buy	31	45

## Board and Management

### Arie Beldegrun CEO & President & Chairman & Director



Dr. Beldegrun has been closely involved with the founding and advancement of several successful private and public biopharmaceutical companies. In 1996 he founded Agensys, Inc., a biotechnology company, and served as its founding Chairman of the board of directors and as a board member until 2007, when it was acquired by Astellas Pharma Inc. Dr. Beldegrun was also the founding Vice-Chairman of the board of directors and Chairman of the scientific advisory board of Cougar Biotechnology, Inc., a biotechnology company, from 2003 to 2009 when it was acquired by Johnson & Johnson. He currently serves as Chairman of Arno Therapeutics, Inc., Two River Group, and TheraCoat Ltd., and as a board member of SonaCare Medical, LLC and Teva Pharmaceutical Industries Ltd. Dr. Beldegrun is Professor of Urology, holds the Roy and Carol Doumani Chair in Urologic Oncology, and Director of the UCLA Institute of Urologic Oncology at the David Geffen School of Medicine at UCLA. Prior to joining UCLA, he was at the National Cancer Institute/NIH, as a research fellow in surgical oncology and immunotherapy under Dr. Steven A. Rosenberg. Dr. Beldegrun completed his M.D. at the Hebrew University Hadassah Medical School in Jerusalem, his post graduate studies in Immunology at the Weizmann Institute of Science, and his residency in Urologic Surgery at Harvard Medical School. He has authored several books in Oncology and more than 400 scientific and medical papers related to urological cancers, immunotherapy, gene therapy, and cancer vaccines. He is certified by the American Board of Urology, and is a Fellow of the American College of Surgeons and the American Association of Genitourinary Surgeons (AAGUS).

### Cynthia M. Butitta CFO & Chief Operating Officer



Ms. Butitta has over 20 years of leadership experience in both the biotechnology and high-technology industries. She was most recently Senior Vice-President and Chief Financial Officer of NextWave Pharmaceuticals, Inc., which was recently acquired by Pfizer in 2012 for \$700 million. Prior to NextWave, Ms. Butitta served as Chief Operating Officer from 2001 to 2010 and Chief Financial Officer from 1998 to 2010 of Telik Inc., a public biotechnology company focused on the development of small molecule drugs for the treatment of cancer. While at Telik, Ms. Butitta was responsible for securing over \$450 million through an IPO and subsequent follow-on offerings. In addition to capital raising, she also was responsible for SEC Reporting, financial controls, investor relations, information technology, manufacturing, quality, project management and commercial operations. Ms. Butitta also served as Vice President of Finance and Administration and Chief Financial Officer from 1995 to 1997 for Connetics, Inc., a public biotechnology company. Ms. Butitta received a B.S. degree with honors in Business and Accounting from Edgewood College in Madison, Wisconsin and a MBA degree in Finance from the University of Wisconsin, Madison.

### Steven Ruchefsky Director

Mr. Ruchefsky is President of Commercial Street Capital LLC, a private investment company and significant stockholder in Kite Pharma. For the last decade, Mr. Ruchefsky has been working as a private investment manager for the founder and CEO of a multi-billion dollar hedge fund. Mr. Ruchefsky began his career at a prominent New York City law firm where he became a partner, member of management and chair of a specialized litigation group. Upon leaving his law firm and prior to his current employment, Mr. Ruchefsky was a principal of an early stage venture capital operation. Mr. Ruchefsky currently sits on the boards of several public and private companies, including Arno Therapeutics Inc., MD Solar Sciences and Energy Pioneer Solutions. Mr. Ruchefsky is a graduate of The George Washington University Law School.

## Board and Management (continued)

### Roy Doumani Director

Roy Doumani is Executive Director of the Business of Science Center and a professor at the David Geffen School of Medicine at UCLA teaching "The Business of Science", "Advancing Bioengineering Innovations", and "Healthcare Technology" to graduate students. He currently serves as Co-Chairman of the Zhejiang California NanoSystems Institute in the People's Republic of China.

With a background in international finance and banking, Roy holds an equity position in and served as Vice Chairman of the first joint venture bank in the PRC, Xiamen International Bank and has been involved with numerous financial institutions: Founder and Director of First Los Angeles Bank; Chairman of First Interstate Bank of Hawaii; Director of HonFed Bank; one of the Founders of Agensys, Inc.; Investor and Board Member of Kite Pharma; Chairman of World Trade Bank in Los Angeles. Roy has served as a board member and advisor to companies in the United States, Asia, Europe and the Middle East.

Roy is a member of RAND's Center for Asia Pacific Policy's advisory board and Chairman of the Pacific Pension Institute's advisory board. He has established endowed chairs at UCLA, in the Departments of Medical and Molecular Pharmacology and Urological Oncology. Roy is also a Trustee at the Norton Simon Museum.

Roy Doumani graduated from the University of California at Los Angeles (UCLA) with a degree in Business and Finance and received a law degree from the University of Southern California.

### David Bonderman Director

David Bonderman is a founding partner of TPG, one of the world's largest private equity investment firms. TPG generally makes significant investments in operating companies through acquisitions and restructurings across a broad range of industries throughout the United States, Europe and Asia.

Prior to forming TPG in 1992, Mr. Bonderman was Chief Operating Officer of the Robert M. Bass Group, Inc. (now doing business as Keystone Group, L.P.) in Fort Worth, Texas. Prior to joining RMBG in 1983, Mr. Bonderman was a partner in the law firm of Arnold & Porter in Washington, D.C., where he specialized in corporate, securities, bankruptcy and antitrust litigation. From 1969 to 1970, Mr. Bonderman was a Fellow in Foreign and Comparative Law in conjunction with Harvard University, and from 1968 to 1969, he was Special Assistant to the U.S. Attorney General in the Civil Rights Division. From 1967 to 1968, Mr. Bonderman was Assistant Professor at Tulane University School of Law in New Orleans. Mr. Bonderman graduated magna cum laude from Harvard Law School in 1966. He was a member of the Harvard Law Review and a Sheldon Fellow. He is a 1963 graduate of the University of Washington in Seattle. In addition to serving on the board of directors of several private and public companies, Mr. Bonderman also serves on the boards of The Wilderness Society, the Grand Canyon Trust, The University of Washington Foundation and the American Himalayan Foundation.

### Ran Nussbaum Director

Ran Nussbaum is a managing partner and the co-founder of The Pontifax Group, who has established three funds with over \$220M under management and over 30 portfolio companies. Over the past ten years, Mr. Nussbaum has been managing the group's activity alongside Mr. Tomer Kariv. He also served as CEO of Biomedix and Spearhead Ltd. as well as Ocon chairman of the board. Mr. Nussbaum's real life experience in the life sciences arena coupled with a 10-year experience in the business intelligence field create a unique blend of skills, enabling him to support companies from inception to commercialization. His work revolves around constant and active involvement in companies, providing them with strategic and business development oversight. Mr. Nussbaum serves as a board member of many of the group's portfolio companies including, c-CAM, Insuline (public co.), Eloxx, Bioblast, TheraCoat, CollPlant (public), Protab, Quiet, Fusimab Ltd and Ocon.

## Board and Management (continued)

### Jon Peacock Director

Jon Peacock was chief financial officer of Amgen from 2010 to 2014. In this role, he was responsible for finance, investor relations, strategy, corporate development and procurement.

Prior to Amgen Mr. Peacock served as chief financial and administration officer for Novartis Pharmaceutical AG since 2005. He was responsible for Finance, strategic planning, mergers and acquisitions, IT and procurement. In addition, Mr. Peacock was responsible for Novartis' malaria program, a corporate citizenship initiative in conjunction with the major donor organizations, to supply the company's malaria medicine at cost to countries throughout Africa.

Previously, Mr. Peacock was a partner at McKinsey and Company, working for the consulting firm's Amsterdam, Zurich and London offices. He also was a partner at Price Waterhouse in New York and London. He has an MA degree in Economics from the University of St. Andrews in Scotland and is a chartered accountant.

### Farah Champsi Director

Farah Champsi is a Managing Director at Alta Partners. She also currently serves on the board of directors of Chimerix, Trevena and Allakos. Prior to joining Alta in 2000, Ms. Champsi was an investment banker at Robertson Stephens & Company where she focused on biotechnology and other life sciences companies. She was elected a General Partner in 1992 and head of the global life sciences investment banking group in 1995. During that time, she was responsible for building one of the most successful life sciences investment banking franchises on Wall Street. She holds a Master of Business Administration from Stanford University and a Bachelor of Arts in Economics from Smith College.

### Joshua Kazam Director

Joshua Kazam is a director and co-founder of Kite, which was incorporated in 2009 by Two River, a New York merchant bank that focuses on the life science sector. Mr. Kazam is a co-founder and managing member of Two River. Prior to Two River, Mr. Kazam served as the Director of Investment Management for the Orion Biomedical Fund, a New York based private equity fund focused on biotechnology investments. Mr. Kazam is a member of the Board of Directors of Capricor Therapeutics (NASDAQ:CAPR), Tranzutary Holdings LLC and also serves as an Officer and Director of Riverbank Capital Securities, Inc., a FINRA member broker dealer. Mr. Kazam holds a BsC in Economics from Wharton School of the University of Pennsylvania, and currently resides in New York City.



# Financial Results (Annual)

31 December, 2013

## Annual Report for the year ended December 31, 2013

year-on-year comparisons with previous corresponding period

### Favourable Changes

- Total liabilities to total assets down 50.0% to 0.1
- Current ratio up 15.2% to 16.6.

### Unfavourable Changes

- Operating cash flow is negative
- Working capital to total assets down 0.2% to 92.4%.

### Major Common Size Ratios

- Total current assets to total assets down from 99.5% to 98.3%
- Cash to total assets up from 97.3% to 97.3%
- Fixed assets to total assets up from 0.2% to 1.2%
- Other non-current assets to total assets up from 0.4% to 0.5%.

## INCOME STATEMENT

Currency in USD	2013-12-31	2012-12-31	Change %
Operating expenses:			
Research and development	5,088,313	1,811,048	Up 181.0
General and administrative	1,339,034	770,098	Up 73.9
Total operating expenses	6,427,347	2,581,146	Up 149.0
Loss from operations	-6,427,347	-2,581,146	Deterioration 149.0
Other income (expense):			
Interest income	52,109	36,005	Up 44.7
Interest expense	3,562	849	Up 319.6
Other income (expense)	13,270	-26,700	Recovery
Total other income (expense)	61,817	8,456	Up 631.0
Net loss	-6,365,530	-2,572,690	Deterioration 147.4
Series A Preferred Stock dividend	-1,435,723		
Net loss available to common stockholders	-7,801,253	-2,572,690	Deterioration 203.2
Net loss per share, basic and diluted	-143.0c	-48.0c	Deterioration 197.9
Weighted-average shares outstanding, basic and diluted	5,473,384	5,314,214	Up 3.0
Pro forma net loss (unaudited)	-6,365,530		
Pro forma net loss per share, basic and diluted (unaudited)	-0.22		
Pro forma weighted-average shares outstanding, basic and diluted (unaudited)	29,238,018		

## BALANCE SHEET

Currency in USD	2013-12-31	2012-12-31	Change %
ASSETS			

# Financial Results (Annual) (continued)

31 December, 2013

## Current assets

Cash and cash equivalents	22,357,478	8,651,390	Up 158.4
Prepaid expenses	240,023	192,965	Up 24.4
Total current assets	22,597,501	8,844,355	Up 155.5
Property and equipment, net	273,641	16,758	Up 1,532.9
Other assets	111,266	31,497	Up 253.3
Total assets	22,982,408	8,892,610	Up 158.4

## LIABILITIES AND STOCKHOLDERS' EQUITY

### Current liabilities

Accounts payable	382,428	127,621	Up 199.7
Accrued expenses and other current liabilities	909,012	456,666	Up 99.1
Due to related party	70,899	30,051	Up 135.9
Total current liabilities	1,362,339	614,338	Up 121.8
Deferred rent	38,952	40,121	Down 2.9
Convertible notes		250,000	
Derivative liabilities		140,940	
Total liabilities	1,401,291	1,045,399	Up 34.0

## COMMITMENTS AND CONTINGENCIES

### STOCKHOLDERS' EQUITY

Securities convertible into equity, net of issuance costs		14,193,129	
Series A Preferred stock, 0.001 par value, 20,474,452 shares authorized,			
20,315,397 and 0 shares issued and outstanding (liquidation value of			
39,082,185 as of December 31, 2013)	20,315		
Common stock, 0.001 par value, 75,000,000 shares authorized, 5,527,816 and			
5,415,316 shares issued and outstanding	5,528	5,415	Up 2.1
Additional paid-in capital	36,989,743	70,636	Up 52,266.7
Deficit accumulated during the development stage	-15,434,469	-6,421,969	Deterioration 140.3
Total stockholders' equity	21,581,117	7,847,211	Up 175.0
Total liabilities and stockholders' equity	22,982,408	8,892,610	Up 158.4

## CASH FLOW

Currency in USD	2013-12-31	2012-12-31	Change %
Cash flows from operating activities			
Net loss	-6,365,530	-2,572,690	Deterioration 147.4

# Financial Results (Annual) (continued)

31 December, 2013

Adjustment to reconcile net loss to net cash from operating activities			
Depreciation and amortization	16,790	8,552	Up 96.3
Stock-based compensation	125,302	29,930	Up 318.7
Change in fair value of derivative liability	-18,440	26,700	Deterioration
Noncash interest expense on convertible notes	3,562	849	Up 319.6
Deferred rent	-1,169	-5,969	Reduced 80.4
Loss on disposal of assets	5,170		
Changes in operating assets and liabilities			
Prepaid expenses	-47,058	-179,235	Reduced 73.7
Other assets	-79,769	-17,664	Deterioration 351.6
Accounts payable	254,807	52,288	Up 387.3
Accrued expenses	453,195	-98,867	Recovery
Due to related party	40,848	-28,920	Recovery
Net cash from operating activities	-5,612,292	-2,785,026	Deterioration 101.5
Cash flows from investing activities			
Purchase of property and equipment	-278,843	-1,919	Deterioration 14,430.6
	-278,843	-1,919	Deterioration 14,430.6
Cash flows from financing activities			
Proceeds from exercise of stock options	376	4,583	Down 91.8
Proceeds from issuance of common stock to founders			
Proceeds from issuance of preferred stock, net	19,596,847		
Proceeds from issuance of securities convertible into equity, net			
Proceeds from issuance of convertible notes		250,000	
Proceeds from related party loans			
Repayment of related party loans			
Net cash from financing activities	19,597,223	254,583	Up 7,597.8
Net change in cash and cash equivalents	13,706,088	-2,532,362	Recovery
Cash and cash equivalents at beginning of period	8,651,390	11,183,752	Down 22.6
Cash and cash equivalents at end of period	22,357,478	8,651,390	Up 158.4

## PERFORMANCE RATIOS

	2013-12-31	2012-12-31	Change %
Return on Assets (%)	-33.94	-28.93	Deterioration 17.3
Total Liabilities to Operating Cash Flow	-0.25	-0.38	Reduced 33.5
Total Liabilities/Total Assets	0.06	0.12	Down 48.1
Current Ratio	16.59	14.4	Up 15.2

# Financial Results (Annual) (continued)

31 December, 2013

## PER SHARE FIGURES

	2013-12-31	2012-12-31	Change %
Cash	US\$4.08	US\$1.63	Up 150.9
Working Capital	US\$3.88	US\$1.55	Up 150.5
Shareholders' Funds	US\$3.94	US\$1.48	Up 167.0
Total Liabilities	25.60c	19.67c	Up 30.1
Total Assets	US\$4.20	US\$1.67	Up 150.9
Net Tangible Assets	US\$3.94	US\$1.48	Up 167.0
EPS Final	-143.0c	-48.0c	Deterioration 197.9



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