Paris, 30 August 2013, 6.00 pm

Half-year information - First semester 2013

49% turnover increase compared to half-year 2012

Initiation of a phase 3 clinical trial in the treatment of Alzheimer's disease with masitinib, with a 5.9 M€ financing from Bpifrance (ex-OSEO)

Cash reserves amount to more than €28 million, following a bond loan issue of 12.5 M€

Initiation of two phase 2 clinical trials with masitinib in the treatment of head and neck cancer and glioblastoma

AB Science SA (NYSE Euronext - FR0010557264 - AB), a pharmaceutical company specializing in the research, development and commercialization of protein kinase inhibitors (PKIs), today reports its financial information for the first half-year of 2013 and presents key highlights on its activities.

I. Key events of first half-year 2013

In human medicine

- AB Science initiated a phase 3 clinical trial with masitinib in the treatment of Alzheimer's disease and has recruited the first patients in this study in several countries.

  This is an international, multicenter, randomized (1:1:1 ratio), double-blind, placebo controlled, three parallel group phase 3 study to compare the efficacy and safety of masitinib at two different doses in the treatment of patients with mild to moderate Alzheimer's disease. Study treatment will be given as add-on therapy to patients who have been treated for a minimum of 6 months with a stable dose of cholinesterase inhibitors (rivastigmine) and/or memantine, with no changes foreseen in therapy throughout the study.

  The study aims at evaluating the effect of masitinib after 24 weeks of treatment on cognition and memory assessed by Alzheimer's Disease Assessment Scale (ADAS-Cog) and on self-care and activities of daily living assessed by Alzheimer's Disease Assessment Cooperative Study Activities on Daily Living (ADCS-ADL) at week-24.

  This study, for which recruitment has started in Europe and other countries, will enroll approximately 400 patients.

- AB Science initiated two phase 2 clinical trials with masitinib in oncology and has recruited the first patients in these studies:

  - ✓ The first one is a multicenter phase 2 study to compare efficacy and safety of masitinib in combination with irinotecan, or masitinib in combination with

gemcitabine in patients with a recurrent and/or metastatic head and neck squamous cell carcinoma in second or third line of treatment

- ✓ The second one is a multicenter phase 2 study to compare efficacy and safety of masitinib in combination with lomustin, or masitinib in combination with irinotecan in patients with glioblastoma multiforme and who relapsed after a first line chemotherapy with temozolomide

- As of 30 June 2013, the clinical development program of masitinib includes the following studies:

AREA	INDICATION	STUDY	STATUS
Solid tumors in monotherapy	GIST in first-line treatment	Phase 3	On-going
	GIST in second-line treatment	Phase 3 confirmatory	On-going
	Metastatic melanoma with JM mutation of c-KIT	Phase 3	On-going
Solid tumors in association with chemotherapy	Relapsed metastatic non small cell lung cancer	Phase 2	On-going
	Relapsed metastatic prostate cancer	Phase 2	On-going
	Relapsed metastatic colorectal cancer	Phase 2	On-going
	Relapsed metastatic triple negative breast cancer	Phase 2	On-going
	Relapsed metastatic non triple negative breast cancer	Phase 2	On-going
	Relapsed metastatic melanoma	Phase 2	On-going
	Relapsed metastatic liver cancer	Phase 2	On-going
	Relapsed metastatic stomach cancer	Phase 2	On-going
	Relapsed metastatic head and neck cancer	Phase 2	On-going
	Relapsed glioblastoma multiforme	Phase 2	On-going
Hematology Oncology	Relapsed multiple myeloma	Phase 3	On-going
	Relapsed peripheral T-cell lymphoma	Phase 2	On-going
Inflammatory diseases	Mastocytosis with handicap	Phase 3	On-going
	Non controlled severe persistent asthma	Phase 3	On-going
	Refractory rheumatoid arthritis	Phase 3	On-going
Neurology	Alzheimer disease	Phase 3	On-going
	Progressive forms of multiple sclerosis	Phase 3	On-going

Other events

- A bond loan agreement, convertible or reimbursable in ordinary shares, for a total nominal value of 12,508,232 €, authorized by the Board of Directors on 24 May 2013, making use of the delegation given by the General Shareholder's Meeting of 30 March 2012, has been fully subscribed and paid beginning June 2013. The bonds are convertible into shares, or repayable in ordinary shares or in cash under certain conditions; if not, they will be repaid in cash on the seventh anniversary of the issue date at their nominal value.

- The bonds are categorized according to their main characteristics:
  - ✓ A first group of bonds for a total nominal value of 10,658,148.80 € bears a 0.21% average annual interest rate, a 2.5% accrued interest rate (payable only in case of repayment at maturity) and a price per share of 23.53 € in case of conversion
  - ✓ A first group of bonds for a total nominal value of 1,850,119.20 € bears a 0.00% average annual interest rate, a 2.5% accrued interest rate (payable only in case of repayment at maturity) and a price per share of 29.30 € in case of conversion

- Following the exercise of stock options, 48,780 shares of 0.01 € nominal value were issued during the first half of 2013, resulting in a 487.80 € capital increase. As at 30 June 2013, AB

Science equity is composed of 32,331,437 shares out of which 21,416,239 shares present double voting rights.

II. Recent events since half-year closing

The consortium created by AB Science for the development of an innovative therapy in Alzheimer's disease which gathers together the Brain and Spine Institute (ICM), the Atomic Energy Commission (CEA), the National Institute of Health and Medical Research (Inserm), Imagine Foundation and the biotechnology company Skuldtech receives 8.6 M€ from Bpifrance (ex OSEO) within the framework of the Industrial Strategic Innovation (ISI) program. AB Science will receive a total amount of 5,924 K€ from Bpifrance in the form of grants (160 K€) and repayable advances (5,764 K€).

In case of project success, materialized by the marketing authorization of masitinib in neurology, the reimbursement by AB Science covers :

- ✓ Repayment of 5,764 K€ over a period of four years from 30 June 2020
- ✓ Payment of a 1% interest on turnover within the limit of 7 M€ over the following three years

III. Consolidated financial statements for the first half-year of 2013

The company turnover amounts to 995 K€ for the first half-year 2013, as compared with 666 K€ one year earlier, which represents a growth of 49.4%. It is entirely generated by the commercialization of a drug in veterinary medicine.

Operating expenses as at 30 June 2013 amounted to 7,028 K€, as compared with 6,081 K€ as at 30 June 2012, which is an increase of 15.6%. These expenses include in particular:

- The Company's marketing expenses amounted to 682 K€ as at 30 June 2013, as compared with 597 K€ as at 30 June 2012, which is an increase of 14.2%.

- Administrative expenses remained stable. They amounted to 874 K€ to 30 June 2013 as at 30 June 2012.

- Research and development expenses increased by 21.2%, up from 4.418 K€ as at 30 June 2012 to 5,354 K€ as at 30 June 2013. This increase (+936 K€) is mainly explained by the following factors:

  - ✓ Increase of research and development expenses (+2,328 K€) due to the continuation of the clinical development plan, and in particular the launch of phase 3 clinical trials

  - ✓ Increase of research tax credit up from 860 K€ as at 30 June 2012 to 2,252 K€ as at 30 June 2013 (+1,392 K€).
    In fact, as at 30 June 2012, the basis for research tax credit calculation decreased by 3,056 K€ after taking into account in the basis for calculation the grants and the conditional advances received during the period, leading to a decrease of 917 K€ on research tax credit. Advances will be added to the basis for calculation of the tax credit in the year of potential repayment.
    In addition, research and development expenses eligible for the research tax credit increased by 1,582 K€, leading to an increase of 475 K€ on research tax credit as at 30 June 2013.

Operating profit/loss

The operating loss as at 30 June 2013 amounted to 6,033 K€, as compared with 5,415 K€ as at 30 June 2012, which is an increase of the operating loss by 618 K€ (11.4%) for the reasons provided above.

Financial profit/loss

The financial loss as at 30 June 2013 was 336 K€, as compared with 371 K€ a year earlier.

Financial expenses, excluding currency effects and discounting effect, decreased from 488 K€ as at 30 June 2012 down to 433 K€ as at 30 June 2013. This decrease is primarily due to lower capitalized interests for the new bond issuances.

Over the period, interests earned from the investment of the obligations exceeded the interests payable annually.

Net profit/loss

The total net loss as at 30 June 2013 amounted to 6,349 K€, as compared with 5,755 K€ as at 30 June 2012, increasing by 10.3 %, for the reasons provided above.

IV. Consolidated balance sheet information

Assets

Given the expected sales perspective which are difficult to evaluate, development costs were expensed. Fixed assets correspond essentially to the cost for registration of the Company's patents. Registration costs of the Company's patents booked as net fixed assets increased by 2.1%, from 1,254 K€ as at 31 December 2012 up to 1,280 K € as at 30 June 2013.

Inventories amounted to 374 K€ as at 30 June 2013, as compared with 523 K€ as at 31 December 2011. They are related to the inventory of raw materials and principal ingredient (193 K€), to the inventory of work-in-progress products (78 K€) and to the inventory of finished products (103 K€).

Trade receivable increased from 149 K€ at the end of 2012 to 219 K€ as at 30 June 2013. This increase was induced by the increase in sales.

Current financial assets decreased by 4.5% between 31 December 2012 and 30 June 2013, from 11,706 K€ to 11,177 K€. These financial assets correspond mainly to cash instruments, the term of which is beyond 3 months.

Other current assets of the Company increased from 3,837 K€ as at 31 December 2012 up to 6,263 K€ as at 30 June 2013, which is an increase of 63.2 % (+2,426 K€) over the period. This increase is explained primarily by the research tax credit (2 810 €) not reimbursed as at 30 June 2013. Our case is being processed.

Cash increased by 45.5% between 31 December 2012 and 30 June 2013, from 11,746 K€ up to 17,092 K€, mainly because of a bond loan agreement fully subscribed and paid in June 2013 for a nominal value of 12.5 M€.

Total of cash and current financial assets amounted to 28,269 K€ as at 30 June 2013, as compared with 23,452 K€ as at 31 December 2012.

Liabilities

Funding used by the Company comes mainly from issue of bond loan agreements and various public aids (research tax credits, reimbursable advances and subsidies).

As at 30 June 2013, the Company’s net equity stood at -1,184 K€.

Current liabilities amounted to 10,638 K€ as at 30 June 2013, as compared with 9,710 K€ at the end of 2012, which is an increase of 9.6%. The increase (928 K€) is explained in particular by the following factors :

- Increase in current accruals (247 K€), related to the adjustment of tax and litigation accruals
- Increase in trade payable (725 K€)
- Increase in current financial liabilities (77 K€)
- Decrease of other current liabilities (120 K€), mainly related to the increase of social debts

Non-current liabilities mainly included bond loans (20,897 K€), two bank debts for 1,084 K€ and conditional advances. They amount to 27,208 K€ as at 30 June 2013, as compared with 15,373 K€ as at 31 December 2012, which is a 12,302 K€ increase, related to the issue of the new bond loan (12,508 K€). The bonds are convertible into shares at any time at the initiative of the bondholder, may be reimbursed by anticipation in cash at the option of AB Science under certain conditions, or they will be repayable in full in cash on the seventh anniversary of the issue date at their nominal value.

Risk factors and uncertainties

The main risks and uncertainties to which the Company is exposed for the first six months and the remaining six months of 2013 are the risks and uncertainties described in Chapter 5 of the annual financial report as at 31 December 2012.

About AB Science

Founded in 2001, AB Science is a pharmaceutical company specializing in the research, development and commercialization of protein kinase inhibitors (PKIs), a new class of targeted molecules whose action is to modify signaling pathways within cells. Through these PKIs, the Company targets diseases with high unmet medical needs (cancer, inflammatory diseases, and central nervous system diseases), in both human and veterinary medicines.

AB Science has developed a proprietary portfolio of molecules and the Company's lead compound, masitinib, has already been registered for veterinary medicine in Europe and in the USA, and is pursuing nine on-going phase 3 studies in human medicine in GIST in 1st and 2nd line of treatment, metastatic melanoma expressing JM mutation of c-Kit, multiple myeloma, mastocytosis, severe persistent asthma, rheumatoid arthritis, Alzheimer disease and progressive multiple sclerosis. The company is headquartered in Paris, France, and listed on Euronext Paris (ticker: AB).

More information is available on our website: www.ab-science.com.

Disclaimer

This press release does not constitute an offer to sell or a solicitation of an offer to buy AB Science shares. If you wish to obtain more comprehensive information about AB Science, please refer to documents available on our website www.ab-science.com. This release may contain certain forward-looking statements. Although the Company believes that these statements are based upon reasonable assumptions at the date of publication of this document, they are inherently subject to risks and uncertainties which could cause actual results to differ from the present figures and those expressed or implied in these statements.

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FINANCIAL STATEMENTS AS OF 30 JUNE 2013

Assets (in thousands of euros)	30/06/2013	31/12/2012
Intangible assets	1 290	1 266
Tangible assets	133	106
Non-current financial assets	581	649
Other non-current assets	0	0
Deferred tax assets	0	0
Non-current assets	2 004	2 020
Inventories	374	523
Trade receivable	219	149
Current financial assets	11 177	11 706
Other current assets	6 263	3 837
Cash and cash equivalents	17 092	11 746
Current assets	35 125	27 962
TOTAL ASSETS	**37 129**	**29 982**

Liabilities (in thousands of euros)	30/06/2013	31/12/2012
Share capital	323	323
Additional paid-in capital	75 645	75 493
Translation reserve	(2)	5
Other reserves and results	(77 150)	(70 922)
Total equity attributable to equity holders of the Company	(1 184)	4 899
Non-controlling interests		
Total equity	(1 184)	4 899
Non-current provisions	351	292
Non-current financial liabilities	26 603	14 373
Other non-current liabilities	0	0
Deferred tax liabilities	722	708
Non-current liabilities	27 675	15 373
Current provisions	1 065	818
Trade payable	6 511	5 786
Current financial liabilities	1 265	1 188
Tax liabilities / Tax payable	0	0
Other current liabilities	1 798	1 918
Current liabilities	10 638	9 710
TOTAL EQUITY AND LIABILITIES	**37 129**	**29 982**

STATEMENT OF COMPREHENSIVE INCOME AS OF 30 JUNE 2013

(in thousands of euros)	30/06/2013	30/06/2012
Revenue	**995**	**666**
Other operating revenues	0	0
Total revenues	**995**	**666**
Cost of sales	(118)	(191)
Marketing expenses	(682)	(597)
Administrative expenses	(874)	(874)
Research and development expenses	(5 354)	(4 418)
Other operating expenses	-	-
Operating income (loss)	**(6 033)**	**(5 415)**
Financial income	135	233
Financial expenses	(471)	(604)
Financial income (loss)	**(336)**	**(371)**
Income tax expense	20	31
Net income (loss)	**(6 349)**	**(5 755)**
including: Items which will not be later reclassified in net income : … Items which could be later reclassified in net income: Currency effects – Foreign activities	(6)	(26)
Other items of the Total Comprehensive income for the period net from taxes	**(6)**	**(26)**
Total Comprehensive income for the period	**(6 355)**	**(5 781)**
Net income for the period attributable to: - Non-controlling interests - Equity holders of the parent company	- (6 349)	- (5 755)
Total comprehensive income for the period attributable to: - Non-controlling interests - Equity holders of the parent company	- (6 355)	- (5 781)
Basic earnings per share - in euros	(0,20)	(0,18)
Diluted earnings per share - in euros	(0,20)	(0,18)

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	30/06/2013	30/06/2012
Net income (loss)	(6 349)	(5 755)
- Depreciation, amortization and charges to provisions	460	178
- Income (loss) from asset sale	0	0
- Non-cash income and expenses linked to share-based payments	39	26
- Other non-cash income and expenses	54	100
- Income tax expense	(27)	32
- Change in deferred tax	0	0
- Impact of change in working capital requirement generated by operating activities	(1 742)	4 605
- Income from interest on financial assets	294	288
Cash flow from operations before tax and interest	**(7 270)**	**(526)**
Income Tax (paid)/received	0	(64)
Net cash flow from operating activities	**(7 270)**	**(590)**
Acquisitions of fixed assets	(244)	(148)
Sales of tangible and intangible assets	0	0
Acquisitions of financial assets	(4 200)	(10 300)
Proceeds from the sale of financial assets	4 800	8 500
Changes in loans and advances	0	0
Interest received/(paid)	20	83
Other cash flow related to investing activities	0	0
Net cash flow from investing activities	**376**	**(1 865)**
Dividends paid		
Capital increase (decrease)	153	26
Issue of loans and receipt of conditional advances	12 508	11 201
Repayments of loans and conditional advances	(415)	(1 300)
Other cash flows from financing activities	0	85
Net cash flow from financing activities	**12 246**	**10 012**
Effect of exchange rate fluctuations	(6)	(26)
Effect of assets held for sale	0	0
Impact of changes in accounting principles	0	0
Net increase (decrease) in cash and cash equivalents – by cash flows	**5 346**	**7 530**
Cash and cash equivalents – opening balance	11 746	11 808
Cash and cash equivalents – closing balance	17 092	19 338
Net increase / decrease in cash and cash equivalents – by change in closing balances	**5 346**	**7 530**