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CARDIO3 BIOSCIENCES ANNOUNCES HALF YEAR FINANCIAL RESULTS AND BUSINESS UPDATE

Mont-Saint-Guibert, Belgium - The biotechnology company, Cardio3 BioSciences SA ("Cardio3" or the "Company"), a leader in the discovery and development of regenerative, protective and reconstructive therapies for the treatment of cardiac diseases, today announces a business update and its financial results for the six-month period ending 30 June 2013.

Highlights

- Cardio3 initiated the CHART-1 clinical trial of its lead product candidate, C-Cure[®]. This is the world's first Phase III clinical trial of a regenerative medicine for the treatment of heart failure. First patients were treated in June 2013.
- In April 2013, the results of the Phase II study of C-Cure[®], completed in January 2012, were published in the Journal of the American College of Cardiology (JACC). The publication reported a significant improvement in treated patients.
- In May, Cardio3 completed a €19.0 million capital increase through a contribution in kind of shareholders' debt for €12.0 million and new cash for €7.0 million.
- In June, Cardio3 announced its intention to raise additional funding through an Initial Public Offering on NYSE Euronext Brussels and NYSE Euronext Paris. The IPO was successfully closed in early July with a total of €26.5 million raised.

Dr Christian Homsy, CEO of Cardio3 BioSciences, said: "Since the beginning of 2013 Cardio3 has achieved several important milestones to extend its leadership in regenerative medicine for the treatment of heart failure. In receiving approval in several European countries for our CHART-1 trial we have advanced the development of our lead candidate, C-Cure[®], a unique therapy which we believe could represent a significant step forward in the treatment of heart failure. We have also successfully raised the funds needed to take the CHART-1 trial through to completion and this places us in a very strong position."

C-Cure[®] Development

Initiation of CHART-1 trial

Cardio3 is developing its most advanced therapy, C-Cure[®], for the treatment of heart failure, one of the world's greatest unmet medical needs. During the first half of 2013, Cardio3 received approval from several European competent authorities for the initiation of the CHART-1 (Congestive Heart failure Cardiopoietic Regenerative Therapy) trial following authorization from the Belgian Ministry of Health received at the end of November 2012. This is the world's first Phase III clinical trial of a regenerative medicine for the treatment of heart failure.

As of 30 June 2013, the CHART-1 trial was approved in Belgium, UK, Serbia, Hungary and Israel. First patients were treated in the trial at the CHU Charleroi, Belgium.



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The Company is actively working with authorities of other EU countries to secure approval to treat patients in additional geographies. As of June 30th, the Company was on target for its patient enrolment with the goal to complete enrolment in CHART-1 by the end of 2014.

Publication of C-Cure Phase II data in JACC

In April 2013, the Phase II data of the C-Cure trial completed in January 2012 were published in the Journal of American College of Cardiology (JACC). The publication reported statistically significant improvement in cardiac function and exercise capacity of the treated patients.

R&D pipeline

Cardio3 BioSciences has two additional programs in its R&D pipeline beyond C-Cure[®], both non-cellular therapeutic programs in development for the treatment of acute myocardial infarction (AMI) or “heart attack”. GQR-1 is a protein-based product candidate for myocardial regeneration comprising a group of proteins. Previous preliminary preclinical studies have showed very encouraging data in large animals in a model of AMI. Additional GLP preclinical studies will soon be initiated aiming at preparing GQR-1 for a first in man trial by end of 2014. GQR-4 is an early stage preclinical protein based product candidate for the prevention of warm reperfusion injury. GQR-4 will soon be tested *in-vivo* in an ischemia reperfusion injury animal model.

Corporate and Financial Review

At the end of May 2013, Cardio3 successfully completed a €19.0 million capital increase through a contribution in kind of shareholders debt for €12.0 million and new cash for €7.0 million.

In June 2013, the Company announced its intention to raise additional funding through an Initial Public Offering on NYSE Euronext Brussels and NYSE Euronext Paris. The IPO was successfully closed in early July 2013 with a total of €26.5 million raised. The proceeds of the IPO are intended to secure operations of the Company until the readout of the primary endpoint of the CHART-1 clinical trial.

As at June 30, 2013 Cardio3 had €3.9 million in cash and cash equivalents compared to €1.6 million at 31 December 2012.

For the six month period ending 30 June 2013, total operating expenses of the Company amounted to €5.2 million compared to €6.2 million for the same period in 2012.

In the first six months of 2013, the loss from operations before interest and taxes was €6.0 million versus €6.5 million in the first half of 2012. The net loss for period was €6.4 million versus a net loss of €6.7 million for same period in 2012.

The complete “Half-year Financial Report” is available on the company’s website.



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Conference call details

The company will host a conference call to present its 2013 half year financial results on Wednesday August 28, 2013 at 2:00 pm CET – 1:00 pm UK – 8:00 am EST.

Dial in numbers: International +44 (0) 1452 555566 / UK 08444933800 / Belgium 081700061 / France 0176742428 / USA 16315107498.

Conference ID: 43157826

Access to the conference call 10 minutes prior to its start time

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About Cardio3 BioSciences

Cardio3 BioSciences is a leading Belgian biotechnology company focused on the discovery and development of regenerative and protective therapies for the treatment of cardiac diseases. The company was founded in 2007. Cardio3 BioSciences leverages research collaborations in the US and in Europe with, amongst other, Mayo Clinic and the Cardiovascular Centre Aalst, Belgium.

The Company's lead product candidate C-Cure[®] is an innovative pharmaceutical product that is being developed for heart failure indication. C-Cure[®] consists of a patient's own cells that are harvested from the patient's bone marrow and engineered to become new cardiac progenitor cells that behave like those cells lost to heart disease. This reprogramming process is known as Cardiopoiesis.

Cardio3 BioSciences has also developed C-Cath^{®ez}, a technologically advanced injection catheter with superior efficiency of delivery of biotherapeutic agents into the myocardium.

Cardio3 BioSciences' shares are listed on NYSE Euronext Brussels and NYSE Euronext Paris under the ticker symbol CARD.

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risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. These forward-looking statements are further qualified by important factors, which could cause actual results to differ materially from those in the forward-looking statements, including timely submission and approval of anticipated regulatory filings; the successful initiation and completion of required Phase III studies; additional clinical results validating the use of adult autologous stem cells to treat heart failure; satisfaction of regulatory and other requirements; and actions of regulatory bodies and other governmental authorities.



1 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – FIRST HALF RESULTS 2013

1.1 Condensed consolidated statement of comprehensive income

(€'000)	For the 6 months period ended 30 June	
	2013 (reviewed)	2012 (unaudited)
Revenue	-	-
Manufacturing expenses	(992.57)	(1,342.86)
Clinical, Quality & Regulatory expenses	(2,199.11)	(1,807.97)
Research and Development expenses	(1,083.36)	(2,078.05)
General administrative expenses	(890.00)	(998.51)
Other operating income	167.71	1,456.34
Other operating expenses	(1,020.00)	(1,729.20)
Operating profit (Loss) – EBIT	(6,017.33)	(6,500.25)
Financial income	11.64	1.41
Financial expenses	(422.08)	(252.75)
Profit (Loss) before taxes	(6,427.77)	(6,751.59)
Income taxes	-	-
Profit (Loss) for the period ^[1]	(6,427.77)	(6,751.59)
Net result per share (in €) ^[2]	(3.43)	(5.58)

[1] As there is no other Comprehensive Income, profit/loss for the period equals total comprehensive income.

[2] Basic and diluted loss per share. As the Company is suffering operating losses, warrants and the convertible loan have an anti-dilutive effect. As such, there is no difference between the basic and the diluted earnings per share. In case the Warrants would be included in the calculation of the loss per share, this would decrease the loss per share.



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1.2 *Condensed consolidated statement of financial position*

(€'000)	As of 30 June 2013 (reviewed)	As of 31 December 2012 (audited)
NON-CURRENT ASSETS	10,051.21	10,148.41
Intangible assets	9,561.55	9,614.76
Property, Plant and Equipment	290.30	383.12
Other non-current assets	199.36	150.53
CURRENT ASSETS	4,994.34	2,336.62
Trade and Other Receivables	302.98	442.84
Other current assets	748.30	248.75
Cash and cash equivalents	3,943.06	1,645.03
TOTAL ASSETS	15,045.55	12,485.03
EQUITY	(1,121.95)	(2,259.89)
Share Capital	16,484.97	9,974.51
Share premium	12,434.56	-
Convertible loan	-	11,406.35
Share-based payments	428.51	1,006.11
Retained loss	(30,469.99)	(24,646.86)
NON-CURRENT LIABILITIES	12,212.81	11,265.92
Finance leases	64.89	108.89
Advances repayable	12,147.92	11,157.03
CURRENT LIABILITIES	3,954.69	3,479.00
Finance leases	102.29	160.49
Advances repayable	633.78	684.66
Trade payables	2,626.10	1,770.31
Other current liabilities	563.95	807.23
Current tax liabilities	28.57	56.31
TOTAL EQUITY AND LIABILITIES	15,045.55	12,485.03

1.3 *Condensed consolidated statement of cash flows*

(€'000)	For the 6 months period ended 30 June	
	2013 (reviewed)	2012 (unaudited)
Net Profit/(loss) for the period	(6,427.77)	(6,751.59)
Non-cash adjustments		
Depreciation of Property, Plant & Equipment	125.89	150.82
Amortisation of Intangible Assets	330.97	319.32
Interests on convertible loans	357.33	226.00
Advances received – previously derecognized	1,020.00	1,729.20
Share-based payments	27.04	88.64
Change in working capital		
Trade receivables, other receivables	(742.72)	(1,205.09)
Trade payables, other payable and accruals	584.78	720.03
Net cash (used)/from in operations	(4,724.48)	(4,722.67)
Cash flows from investing activities		
Acquisitions of Property, Plant & Equipment	(33.08)	(50.40)
Acquisitions of Intangible assets	(277.76)	(246.62)
Net cash used in investing activities	(310.84)	(297.02)
Cash flows from financing activities		
Repayments of finance leases	(102.19)	(120.95)
Proceeds from issuance of shares and warrants (net of costs)	6,931.34	
Proceeds from convertible loans	250.00	1,840.00
Proceeds from advances and subsidies	284.20	1,646.80
Repayment of advances	(30.00)	-
Net cash used in financing activities	7,333.35	3,365.85
Change in net cash and cash equivalents	2,298.03	(1,653.84)
Net cash and cash equivalents at beginning of the period	1,645.03	1,751.38
Net cash and cash equivalents at the end of the period	3,943.06	97.54



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1.4 Condensed consolidated statement of change in shareholder's equity

(€'000)	Share capital	Share premium	Convertible Loans	Share-based payments	Retained loss	Total Equity
Balance as of 1 January 2012	9,974.51	-	4,036.10	855.33	(11,122.61)	3,743.33
Proceeds from convertible loans			1,840.00			1,840.00
Interests on convertible loans			226.00			226.00
Share-based payments				88.64		88.64
Loss of the period					(6,751.59)	(6,751.59)
Balance as of 30 June 2012	9,974.51	-	6,102.10	943.97	(17,874.20)	(853.62)
Balance as of 1 January 2013	9,974.51	-	11,406.35	1,006.11	(24,646.86)	(2,259.89)
Capital increase in cash	1,552.73	5,447.02				6,999.75
Exercise of warrants	24.09					24.09
Issuance of convertible loan			250.00			250.00
Interests on convertible loans			357.33			357.33
Contribution in kind of convertible loans	5,026.14	6,987.54	(12,013.68)			-
Transaction costs associated with capital increases	(92.50)					(92.50)
Shares-based payments				(577.60)	604.64	27.04
Loss of the period					(6,427.77)	(6,427.77)
Balance as of 30 June 2013	16,484.97	12,434.56	-	428.51	(30,469.99)	(1,121.95)