Company announcement – No. 16 / 2016

Zealand's interim report for the first quarter of 2016 (unaudited)

- **Financial results in line with full year guidance**
  - **Revenue of DKK 6.5 million / EUR 0.9 million, of which Lyxumia® royalties of DKK 6.5 million / EUR 0.9 million**
  - **Net operating expenses of DKK 70.3 million / EUR 9.4 million**
  - **Net loss of DKK -72.8 million / EUR -9.8 million**
  - **Cash position of DKK 471.5 million / EUR 63.3 million as of 31 March 2016**

- **Important events in Q1 2016 and the period thereafter:**
  - **The US FDA accepted Sanofi's New Drug Application for the lixisenatide/Lantus® fixed-ratio combination (type 2 diabetes) for priority review**
  - **FDA has called for an Advisory Committee meeting on lixisenatide and the lixisenatide/Lantus® fixed-ratio combination on 25 May 2016**
  - **Sanofi filed the lixisenatide/Lantus® combination for registration in Europe**
  - **Zealand advanced two proprietary medicines into Phase II development: ZP4207, a novel glucagon as single-dose formulation for severe hypoglycemia ("insulin shock") in diabetes patients and ZP1848, a novel GLP-2 analogue for short bowel syndrome**
  - **The enrolment of 56 diabetes patients has been completed in the single-dose glucagon Phase II trial**
  - **Helsinn's Phase IIb trial with elsiglutide (chemotherapy-induced diarrhea) missed the primary efficacy endpoint**
  - **The development of danegaptide for cardiac reperfusion injuries was ceased after the drug candidate showed no effect in a Phase II trial**

Copenhagen, 18 May 2016 – Zealand Pharma A/S ("Zealand") (CVR no. 20 04 50 78) announces financial results for the three month period 1 January - 31 March 2016, which are as expected and in line with the company's full year guidance. Zealand also reports on important regulatory events for its first-invented medicine, lixisenatide to treat type 2 diabetes, which is outlicensed to Sanofi, and on several updates for its pipeline of drug candidates.

In a comment to the report, Britt Meelby Jensen, President and CEO of Zealand, said:

"In the last quarter and thereafter, there have been important regulatory advancements for lixisenatide and in particular for the fixed-ratio combination of lixisenatide and Lantus®, which was accepted by the

US FDA for a priority review and filed for registration in Europe by Sanofi. Subsequently, the FDA called for an Advisory Committee meeting, which is coming up on 25 May, to have a discussion and recommendation on both products prior to US regulatory decisions anticipated in July and August 2016. This means we have some very important months ahead of us."

"In terms of pipeline development, I regret the negative study read-outs for danegaptide and elsiglutide. At the same time, I am very pleased with our progress with key proprietary drug candidates in Phase II; our novel glucagon analogue, ZP4207 for better treatment and management of hypoglycemia in diabetes and our GLP-2 analogue for short bowel syndrome. We have completed the enrolment of patients in our Phase II trial with ZP4207 as single-dose formulation for rescue treatment of diabetes patients with insulin shock and expect results in Q3 this year. Thereafter, we plan to start Phase II development also of our multiple-dose glucagon product intended for use in a dual-hormone artificial pancreas."

Financial highlights for Q1 2016

- Revenue of DKK 6.5 million / EUR 0.9 million (Q1 2015: DKK 6.3 million / EUR 0.8 million).
- Net operating expenses of DKK 70.3 million / EUR 9.4 million (Q1 2015: DKK 55.0 million / EUR 7.4 million).
- Net loss of DKK -72.8 million / EUR -9.8 million (Q1 2015: DKK -55.5 million / EUR -7.4 million).
- Cash amounted to DKK 471.5 million / EUR 63.3 million at 31 March 2016 (End Q1 2015: DKK 524.0 million / EUR 70.2 million).

Business status and highlights in Q1 2016 and the period thereafter

Portfolio of out-licensed products:

Lixisenatide for type 2 diabetes (global license collaboration with Sanofi)
– Marketed as Lyxumia® outside the US / under regulatory review in the US

- Royalty revenue to Zealand on Sanofi's sales of Lyxumia® outside the US amounted to DKK 6.5 million / EUR 0.9 million in Q1 2016, an increase of 3% over the same period of 2015. Lyxumia® is approved in approximately 60 countries and launched by Sanofi in 42 of these. The biggest markets for Lyxumia® remain the UK, Spain, Italy and Japan.
- In the US, lixisenatide is under review by the Food and Drug Administration (FDA) with a regulatory decision anticipated in July 2016.
- In March 2016, the FDA scheduled an Advisory Committee meeting on lixisenatide to be held on 25 May 2016 in connection with a meeting on the lixisenatide/Lantus® fixed-ratio combination. The Advisory Committee meeting is expected to end with a recommendation to the FDA regarding the approval of lixisenatide.

Lixisenatide/Lantus® fixed-ratio combination for type 2 diabetes (global license collaboration with Sanofi) – Under regulatory review in the US (priority) and in Europe

- End February 2016, the US FDA accepted Sanofi's New Drug Application (NDA) of the lixisenatide/Lantus® fixed-ratio combination for a priority review, resulting from Sanofi's redemption of a Priority Review Voucher that reduces the review time by the FDA with four months. A regulatory decision by the FDA is anticipated in August 2016.

- In March 2016, the FDA scheduled an Advisory Committee meeting for 25 May 2016 to have a discussion on the combination product and a recommendation regarding its approval. A couple of days before the Advisory Committee meeting, the FDA is expected to make related filing documentation publicly available, which will include the results from Sanofi's two Phase III trials with the combination, LixiLan-L and LixiLan-O.
- In March 2016, Sanofi filed the combination product for registration in Europe.

Elsiglutide for chemotherapy-induced diarrhea (license collaboration with Helsinn)
– In clinical Phase II

- On 4 May 2016, Helsinn reported top-line results from a Phase IIb dose finding trial with elsiglutide. The results showed that elsiglutide reduced the incidence of chemotherapy-induced diarrhea in colorectal cancer patients receiving 5-FU based chemotherapy regimens, but not sufficiently to meet the primary endpoint for statistical significance.
- Helsinn is currently analyzing and evaluating all data from the Phase IIb trial to gain a full understanding of the results and define and decide next possible steps in the development of elsiglutide. A decision by Helsinn is expected in H2 2016.

Progress under Boehringer Ingelheim license collaboration

- Under the collaboration between Zealand and Boehringer Ingelheim covering novel glucagon/GLP-1 dual acting agonists for the treatment of type 2 diabetes and/or obesity, Boehringer Ingelheim in February 2016 advanced a new lead drug candidate into preclinical development. Zealand has two ongoing collaborations with Boehringer Ingelheim.

Pipeline of proprietary drug candidates (Zealand retains all rights):

ZP4207 (single-dose rescue treatment) for severe hypoglycemia in diabetes
– In clinical Phase II development

- In February 2016, Zealand dosed the first patients in a Phase II trial with ZP4207 as a single-dose rescue treatment for acute severe hypoglycemia, also called "insulin shock", associated with insulin treatment in diabetes.
- In May Zealand completed the enrolment of 56 patients with type 1 diabetes for the Phase II trial, and results are expected in Q3 2016.
- The readout from the Phase II trial will be an important step for the continued dual-track development plans for ZP4207: 1) As single-dose formulation to offer a more convenient rescue treatment for severe hypoglycaemia and; 2) Multiple-dose formulation for use as an essential component in a dual-hormone artificial pancreas system.

ZP1848 (long-acting GLP-2 analogue) for short bowel syndrome
– In clinical Phase II development

- In February 2016, Zealand dosed the first patients with short bowel syndrome in a clinical Phase II Proof-of-Concept trial with ZP1848. The trial is planned to enrol 18 patients and is progressing in accordance with plan.

- An update on patient enrolment and expected timelines for trial completion will be provided in H2 2016. Currently, Phase II results are expected in 2017.

ZP4207 (multiple-dose formulation for use in an artificial pancreas) for better hypoglycemia management and glucose control
– In preparation for Phase II development

- Zealand is developing a multiple-dose formulation of ZP4207 that is intended for use as an essential component in a dual-hormone artificial pancreas device. Such a device is expected to be able to help diabetes patients on insulin therapy achieve a generally better hypoglycemia management. This in turn is expected to lead to a tighter glucose control and reduce long-term diabetes co-morbidities.
- In a Phase Ib trial, ZP4207 showed a favourable safety and tolerability profile after multiple ascending doses. Several activities are ongoing and Zealand expects in H2 2016 to be able to advance the multiple-dose glucagon product into Phase II development.

Danegaptide (reperfusion injuries)
– Development ceased after Phase II

- In March 2016, Zealand ceased the development of danegaptide for reperfusion injuries following the negative read-out from a Phase II trial. Results from the trial showed the drug candidate had no effect in reducing cardiac injuries in patients with an ST-elevation myocardial infarction undergoing PCI (percutaneous coronary intervention).

Pre-clinical activities and other business

- Zealand has focus on innovation and continues to leverage its validated peptide chemistry and pharmacology expertise to discover and develop novel preclinical drug candidates. In accordance with its growth strategy of building a portfolio of proprietary specialty medicines, the majority of Zealand's preclinical R&D projects target unmet medical needs in disease areas, where Zealand has the necessary resources to undertake the clinical development all the way through to registration.

Financial guidance for 2016 unchanged

Zealand maintains its financial guidance for 2016 as announced in its full year release and annual report for 2015 on 16 March 2016.

This includes expectations of growing royalties from Sanofi on sales of Lyxumia® outside the US and potentially royalties on US sales of lixisenatide and the lixisenatide/Lantus® combination, pending positive US regulatory decisions in Q3 2016 and subsequent commercial launches by Sanofi also in 2016. No specific guidance on the level of royalties can be provided, as Sanofi has given no guidance on 2016 sales for any of the two products.

Zealand expects additional revenue of up to DKK 200 million / EUR 27 million from partners, pending the achievement of related development or regulatory milestones.

Net operating expenses in 2016 are expected to increase to a range of DKK 340-360 million / EUR 45-48 million. The increase compared to 2015 relates to a higher level of clinical development costs associated with the advancement of Zealand's proprietary clinical pipeline.

Operating loss before royalty income/expenses is therefore expected at a range of DKK 140-160 / EUR 19-21 million.

Expected news flow outlook for 2016

H1 2016 Lixisenatide and the lixisenatide/Lantus® fixed-ratio combination: US FDA Advisory Committee meetings and recommendations regarding approval in the US (25 May)

Lixisenatide/Lantus® fixed-ratio combination: Presentation of results from the two Phase III trials, LixiLan-O and LixiLan-L, at a medical conference

H2 2016 Lixisenatide: US regulatory decision (July)

Lixisenatide/Lantus® fixed-ratio combination: US regulatory decision (August)

ZP4207 (single-dose rescue pen): Top-line results from Phase II trial

ZP1848: Update on Phase II patient enrolment and timeline for trial completion

ZP4207 (multiple-dose use in artificial pancreas): Initiation of Phase II trial

Elsiglutide: Helsinn decision regarding possible further Phase II development

Conference call with Zealand's management today at 9:00 am CET / 3:00 am EDT

Zealand's management will host a conference call today at 9:00 am CET/ 3:00 am EDT to present the Interim report for Q1 2016. Participating in the call will be Britt Meelby Jensen, President and Chief Executive Officer, Mats Blom, Senior Vice President and Chief Financial Officer, Adam Steensberg, Chief Medical and Development Officer and Hanne Leth Hillman, Senior Vice President and Head of IR and Communications. The presentation will be followed by a Q&A session.

The conference call will be conducted in English and the dial-in numbers are:

DK standard access	+45 38 32 28 69
UK and international	+44 (0) 203 364 5381
US (free dial-in from NYC)	+1 718 354 1157
Passcode	42 06 940

A live audio webcast of the call including an accompanying slide presentation will be available via the following link, http://edge.media-server.com/m/p/u2fanvb7, accessible also from the investor section of Zealand's website (www.zealandpharma.com). Participants are advised to register for the webcast approximately 10 minutes before the start.

A replay of the event will be made available from the investor section of Zealand's website following the call.

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For further information, please contact:

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About Zealand Pharma A/S

Zealand Pharma A/S (Nasdaq Copenhagen: ZEAL) ("Zealand") is a biotech company with leading scientific expertise in turning peptides into medicines. Zealand has a growing proprietary pipeline of novel investigational medicines and a portfolio of products and projects under license collaborations with Sanofi, Helsinn and Boehringer Ingelheim.

The company's first invented medicine, lixisenatide, a once-daily prandial GLP-1 analogue for the treatment of type 2 diabetes, is licensed to Sanofi who markets the product globally (ex-US) as Lyxumia® and has it under regulatory review in the US. The license agreement with Sanofi covers also a fixed-ratio combination of lixisenatide with basal insulin glargine (Lantus®) that is under regulatory review in both the US and Europe.

Zealand's pipeline of proprietary product candidates include: *ZP4207 (single-dose rescue treatment*) for acute, severe hypoglycemia (Phase II); *ZP1848* for Short Bowel Syndrome (Phase II); *ZP4207 (multiple-dose version)* for better hypoglycemia management in diabetes (Phase I); *ZP2929* for diabetes/obesity (Phase I); and several preclinical peptide therapeutics.

The company is based in Copenhagen (Glostrup), Denmark. For further information about Zealand's business and activities, please visit: www.zealandpharma.com or follow us on Twitter @ZealandPharma

Key figures for the group

DKK thousand	1.1 - 31.3.16	1.1 - 31.3.15	1.1-31.12.15
	Unaudited	*Unaudited*	*Audited*
Revenue	6,512	6,339	187,677
Royalty expenses	-877	-854	-22,267
Gross profit	**5,635**	**5,485**	**165,410**
Research and development expenses	-63,162	-51,796	-214,959
Administrative expenses	-8,001	-7,490	-44,606
Other operating income	853	4,288	12,828
Operating loss	**-64,675**	**-49,513**	**-81,327**
Net financial items	-9,238	-6,035	-38,505
Loss before tax	**-73,913**	**-55,548**	**-119,832**
Tax benefit	1,121	0	5,875
Net loss for the period	**-72,792**	**-55,548**	**-113,957**
Comprehensive loss for the period	**-72,792**	**-55,548**	**-113,957**
DKK			
Basic earnings (loss) per share	-3.05	-2.45	-4.82
Diluted earnings (loss) per share	-3.05	-2.45	-4.82

STATEMENT OF FINANCIAL POSITION	1.1 - 31.3.16	1.1 - 31.3.15	1.1-31.12.15
Cash and cash equivalents	358,763	499,679	418,796
Restricted cash [1)]	112,779	24,299	21,403
Total assets	534,949	569,235	634,688
Share capital ('000 shares)	24,399	23,314	24,353
Shareholder's equity	178,636	209,175	252,231
Equity/assets ratio	0.33	0.37	0.40
Royalty bond	301,931	303,686	312,951

CASH FLOW	1.1 - 31.3.16	1.1 - 31.3.15	1.1-31.12.15
Depreciation	1,472	1,546	6,215
Change in working capital	112,989	341	-138,871
Investments in fixed assets	-80	-455	-4,040
Free cash flow [2)]	39,521	-61,514	-221,373

OTHER	1.1 - 31.3.16	1.1 - 31.3.15	1.1-31.12.15
Share price (DKK)	135	104	151.5
Market capitalization (DKKm)	3,294	2,425	3,689
Equity per share (DKK) [3)]	7.49	9.19	10.60
Average number of employees	122	103	110
Drug candidates in clinical development (end period)	5	5	6
Products under regulatory review (end period)	2	0	2
Medicines on the market	1	1	1

1) Restricted cash: DKK 112.8 million (24.3) is restricted as collateral under the royalty bond agreement until the royalty bond has been fully repaid

2) Free cash flow is calculated as cash flow from operating activities less purchase of property, plant and equipment

3) Equity per share is calculated as shareholders equity divided by total number of shares less treasury shares

Financial review

(Comparative figures for the same period 2015 are shown in brackets)

Income statement

The net result for the first three months of 2016 was a loss of DKK 72.8 million compared to a loss of DKK 55.5 million for the same period of 2015. The lower net result is a consequence of an increase in net operating expenses versus the same period 2015 mainly due to an increased level of development activities.

Revenue

Zealand received DKK 6.5 million (6.3) in royalty revenue on Sanofi's sales of Lyxumia® in the first three months of 2016, representing an increase of 3% versus the same period last year.

Royalty expenses

Royalty expenses for the first three months of 2016 were DKK 0.9 million (0.9). Royalty expenses are payments by Zealand to third parties on the bases of license payments received for Lyxumia®.

Research and development expenses

Research and development expenses for the first three months of 2016 amounted to DKK 63.2 million (51.8) which was in line with expectations. The increase of DKK 11.4 million compared to 2015 is due to increased development costs of DKK 15.0 million mainly related to the clinical development of ZP4207 as both single and multiple dose formulations and of ZP1848 for SBS. The increase is partly offset by lower personnel costs caused by a decrease in one-off severance costs of DKK 6.4 million.

Administrative expenses

Administrative expenses for the first three months of 2016 amounted to DKK 8.0 million (7.5).

Other operating income

Other operating income for the first three months of 2016 amounted to DKK 0.9 million (4.3). Other operating income for the first three months of 2016 consisted of funding of research costs under the previous research collaboration with Boehringer Ingelheim.

Operating loss

The operating result for the first three months of 2016 was a loss of DKK -64.7 million (-49.5).

Net financial items

Net financial items consist of interest expenses on the royalty bond, amortization of costs relating to the royalty bond, interest income, banking fees and adjustments based on changes in exchange rates. Net financial items for the first three months of 2016 amounted to DKK -9.2 million (-6.0).

Loss before tax

Loss before tax for the first three months of 2016 came to DKK -73.9 million (-55.5).

Tax benefit

With a negative result in the first three months of 2016 and financial guidance pointing towards a negative result also for the full year, Zealand expects to be eligible to receive up to DKK 5.5 million in corporate tax income for 2016 of which DKK 1.1 (0.0) million have been recognized for the period.

No deferred tax asset has been recognized in the statement of financial position due to uncertainty whether tax losses carried forward can be utilized.

Net loss and comprehensive loss
Net loss and comprehensive loss for the first three months of 2016 amounted to DKK -72.8 million (-55.5).

Equity
Equity stood at DKK 178.6 million (209.2) at the end of the period, corresponding to an equity ratio of 33% (37).

Capital expenditure
Investments in new laboratory equipment for the period amounted to DKK 0.1 million (0.5).

Cash flow
Cash flow from operating activities amounted to DKK 39.4 million (-61.1), cash flow from investing activities to DKK -0.1 million (-0.4) and cash flow from financing activities to DKK 3.9 million (6.9) relating to exercise of warrants. The total cash flow for the first three months of 2016 amounted to DKK 43.3 million (-54.6).

Cash and cash equivalents
As of 31 March 2016, Zealand had cash and cash equivalents of DKK 471.5 million (524.0) of which DKK 112.8 million (24.3) are restricted as it is held as collateral for a royalty bond.

Significant events after the end of the reporting period
On 5 April 2016, Zealand announced the grant of 447,250 new warrants to executive management, other members of senior management and employees. The warrants give the holders the right to subscribe to 447,250 new Zealand shares with a nominal value of DKK 1 each and corresponding to 1.8% of the company´s total outstanding share capital. The exercise price is fixed at DKK 142.5 reflecting the closing price of Zealand´s shares on Nasdaq Copenhagen on Monday 4 April 2016 plus 10%.

The total market value of the granted warrants was announced to be DKK 27.9 million (Company Announcement no. 9/2016 on 5 April 2016). The calculation was based on the Black-Scholes valuation model and using a 180 days historic Zealand share price volatility of 61.1%, a share price of DKK 129.50 and a 5-year risk free interest rate of -0.04%, all as of the date of the grant.

With a view to better reflect the maturity of the granted warrants, it has been decided to base the calculation of their market value on a 5-year rather than a 180 days historic Zealand share price volatility. On the day of the grant, the 5-year historic volatility measure for Zealand's share price was 43.5%, which gives a market value of the warrants of DKK 19.9 million. The same volatility period will be applied in the assessments of the market value of any future warrant grants as it matches the duration of the warrant program.

Risk factors
This interim report contains forward-looking statements, including forecasts of future expenses as well as expected business related events. Such statements are subject to risks and uncertainties as various factors, some of which are beyond the control of Zealand, may cause actual results and performance to differ materially from the forecasts made in this interim report. Without being exhaustive, such factors include e.g. general economic and business conditions, including legal issues, scientific and clinical results, fluctuations in currencies etc. A more extensive description of risk factors can be found in the 2015 Annual Report under the section Risk management and internal control.

Management's statements on the interim report

The Board of Directors and the Executive Management have today considered and adopted the interim report of Zealand Pharma A/S for the period 1 January – 31 March 2016. The interim report has not been audited or reviewed by the company's auditor.

The report is prepared in accordance with IAS 34 as endorsed by the EU and the additional Danish disclosure requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets, equity and liabilities and financial position at 31 March 2016 as well as of the results of the Group's operations and cash flow for the period 1 January – 31 March 2016.

Moreover, in our opinion, the Management's Review gives a true and fair view of the development in the company's operations and financial conditions, of the net result for the period and the financial position while also describing the most significant risks and uncertainty factors that may affect the Group.

Copenhagen, 18 May 2016

Executive Management

Britt Meelby Jensen	Mats Blom
President and CEO	Senior Vice President and CFO

Board of Directors

Martin Nicklasson Chairman	Rosemary Crane Vice Chairman	Catherine Moukheibir
Alain Munoz	Peter Benson	Michael Owen
Hanne Heidenheim Bak	Rasmus Just	Jens Peter Stenvang

Condensed consolidated interim financial statements

Consolidated income statements for the three month periods ended March 31, 2016 and 2015 and the twelve month period ended December 31, 2015

DKK thousand	Note	1.1 - 31.3.16	1.1 - 31.3.15	1.1-31.12.15
		Unaudited	*Unaudited*	*Audited*
Revenue		6,512	6,339	187,677
Royalty expenses		-877	-854	-22,267
Gross profit		**5,635**	**5,485**	**165,410**
Research and development expenses		-63,162	-51,796	-214,959
Administrative expenses		-8,001	-7,490	-44,606
Other operating income		853	4,288	12,828
Operating loss		**-64,675**	**-49,513**	**-81,327**
Financial income		722	2,460	3,889
Financial expenses		-9,960	-8,495	-42,394
Loss before tax		**-73,913**	**-55,548**	**-119,832**
Tax benefit		1,121	0	5,875
Net loss for the period		**-72,792**	**-55,548**	**-113,957**
Earnings (loss) per share (EPS) – DKK				
Basic earnings (loss) per share		-3.05	-2.45	-4.82
Diluted earnings (loss) per share		-3.05	-2.45	-4.82

Consolidated statements of comprehensive income (loss) for the three month periods ended March 31, 2016 and 2015 and the twelve month period ended December 31, 2015

DKK thousand	Note	1.1 - 31.3.16	1.1 - 31.3.15	1.1-31.12.15
		Unaudited	*Unaudited*	*Audited*
Net loss for the period		**-72,792**	**-55,548**	**-113,957**
Other comprehensive income (loss)		0	0	0
Comprehensive loss for the period		**-72,792**	**-55,548**	**-113,957**

Consolidated statements of financial position as of March 31, 2016 and 2015 and December 31, 2015

DKK thousand	Note	1.1 - 31.3.16	1.1 - 31.3.16	1.1-31.12.15
		Unaudited	*Unaudited*	*Audited*
Assets				
Non-current assets				
Plant and machinery		13,471	14,865	14,672
Other fixtures and fittings, tools and equipment		1,088	1,435	1,153
Leasehold improvements		502	893	628
Fixed assets under construction		0	343	0
Deposits		2,666	2,633	2,666
Total non-current assets		**17,727**	**20,169**	**19,119**
Current assets				
Trade receivables		24,605	3,017	141,120
Prepaid expenses		11,194	2,537	2,262
Income tax receivable		6,996	6,250	5,875
Other receivables		2,885	13,284	26,113
Restricted cash		112,779	24,299	21,403
Cash and cash equivalents		358,763	499,679	418,796
Total current assets		**517,222**	**549,066**	**615,569**
Total assets		**534,949**	**569,235**	**634,688**
Liabilities and equity				
Share capital	2	24,399	23,314	24,353
Retained earnings		154,237	185,861	227,878
Equity		**178,636**	**209,175**	**252,231**
Royalty bond		301,931	303,686	312,951
Non-current liabilities		**301,931**	**303,686**	**312,951**
Trade payables		14,232	16,850	21,676
Royalty bond		0	5,000	0
Deferred revenue		2,063	14,404	2,091
Other liabilities		38,087	20,120	45,739
Current liabilities		**54,382**	**56,374**	**69,506**
Total liabilities		**356,313**	**360,060**	**382,457**
Total equity and liabilities		**534,949**	**569,235**	**634,688**

Consolidated statements of cash flow for the three month periods ended March 31, 2016 and 2015 and the twelve month period ended December 31, 2015

DKK thousand	1.1 - 31.3.16	1.1 - 31.3.15	1.1-31.12.15
	Unaudited	*Unaudited*	*Audited*
Net loss for the year	-72,792	-55,548	-113,957
Adjustments for non-cash items	4,994	673	43,553
Change in working capital	112,989	341	-138,871
Financial income received	1,041	296	1,269
Financial expenses paid	-6,791	-6,821	-23,657
Tax received	0	0	6,250
Cash flow from operating activities	**39,441**	**-61,059**	**-225,413**
Change in deposit	0	60	27
Purchase of property, plant and equipment	-80	-455	-4,040
Cash flow from investing activities	**-80**	**-395**	**-4,013**
Capital increases	3,902	6,877	96,413
Cash flow from financing activities	**3,902**	**6,877**	**96,413**
Decrease / increase in cash, restricted cash and cash equivalents	**43,263**	**-54,577**	**-133,013**
Cash, restricted cash and cash equivalents at January 1	440,199	538,273	538,273
Exchange rate adjustments	-11,920	40,282	34,939
Cash, restricted cash and cash equivalents at end of period	**471,542**	**523,978**	**440,199**
Cash can be specified as:			
Cash and cash equivalents	358,763	499,679	418,796
Restricted cash	112,779	24,299	21,403
Cash, restricted cash and cash equivalents at end of period	**471,542**	**523,978**	**440,199**

Consolidated statements of changes in equity at March 31, 2016 and 2015

DKK thousand	Share capital	Retained earnings	Total
Equity at January 1, 2015	**23,193**	**229,635**	**252,828**
Comprehensive loss for the year			
Net loss for the year	0	-55,548	-55,548
Exchange rate adjustments		1,240	1,240
Transactions with owners			
Warrants compensation expenses	0	3,778	3,778
Capital increases	121	6,756	6,877
Equity at March 31, 2015	**23,314**	**185,861**	**209,175**

DKK thousand	Share capital	Retained earnings	Total
Equity at January 1, 2016	**24,353**	**227,878**	**252,231**
Comprehensive loss for the year			
Net loss for the year	0	-72,792	-72,792
Exchange rate adjustments	0	-4,705	-4,705
Transactions with owners			
Capital increases	46	3,856	3,902
Equity at March 31, 2016	**24,399**	**154,237**	**178,636**

Note 1 - Significant accounting policies and significant accounting estimates and assessments

The condensed consolidated interim financial statements of Zealand have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by EU and the additional Danish requirements for submission of interim reports for companies listed on Nasdaq Copenhagen.

The condensed consolidated interim financial statements are presented in Danish kroner (DKK) which is the functional currency of the parent company.

The interim report has not been audited or reviewed by the company's auditor.

Accounting policies

The accounting policies used in the condensed consolidated interim financial statements are consistent with those used in the consolidated financial statements for 2015 and in accordance with International Financial Reporting Standards (IFRS) as adopted by EU.

Significant accounting estimates and assessments

In the preparation of the condensed consolidated interim financial statements, management makes a number of accounting estimates, which form the basis for the presentation, recognition and measurement of the Zealand's assets and liabilities.

In the application of the Companies accounting policies, the Management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The used estimates are based on assumptions assessed reasonable by management, however, estimates are inherently uncertain and unpredictable. The assumptions can be incomplete or inaccurate and unexpected events or circumstances might occur. Furthermore, the Company is subject to risks and uncertainties that might result in deviations in actual results compared to estimates.

No significant changes have been made in accounting estimates and assessments in the period 1 January - 31 March 2016.

Note 2 – Changes in share capital

Following changes have occurred in the share capital during the interim period:

Share capital at January 1, 2015	**23,193,047**
Capital increase on March 21, 2015	120,833
Share capital at March 31, 2015	**23,313,880**
Share capital at January 1, 2016	**24,352,769**
Capital increase on March 30, 2016	46,613
Share capital at March 31, 2016	**24,399,382**

Note 3 – Significant events after the end of the reporting period

Please refer to 'Management Review' on page 9 for a description of the new issue of warrants to executive management, other members of senior management and employees.