



**Press release**

Stockholm, August 29, 2007

## **Interim Report – January to June 2007**

**Affibody Holding AB (“Affibody” or “the Company”), a Swedish biotech company focused on molecular imaging and targeted cancer treatments today issued its Interim Report covering the six month period ending June 30, 2007.**

### **Financial Highlights**

- Revenue for the first six months of 2007 was SEK 9.2 (7.4) million
- Net loss amounted to SEK 41.9 (50.2) million
- Earnings per share was SEK -1.52 (-2.18)
- Cash flow from current operations was SEK -27.9 (-27.6) million for the six month period
- Cash and cash equivalents as of June 30, 2007 amounted to SEK 121.3 (42.3) million.

### **Key Corporate Highlights**

- After the period end, Affibody filed its first clinical trial application (CTA) with the Swedish Medical Products agency for a HER2 molecular imaging agent being developed for the diagnosis of breast cancer.
- Improved financial position as a result of an equity funding that raised SEK 200 million excluding transaction costs. These new funds, which came from both new and existing investors, were partly used to offset SEK 93 million of loans and other financial liabilities due to shareholders
- Strengthened management team with the appointment of Erik Walldén as CEO and the recruitment of Johan Stuart as CFO. Ulf Boberg moves from CEO to Senior Vice President, Clinical and Business Development
- New Board appointments add significant expertise in medical product development and commercialization: Mr. Håkan Åström, Dr. Ursula Ney, Dr. C. Gillies O’Bryan-Tear and Dr. Peter Buhl Jensen have been elected to the Company’s Board of Directors. Håkan Åström has been appointed as Chairman of the Board of Directors.

Erik Walldén, Affibody’s CEO, said: “Affibody has advanced considerably during the course of 2007. It has raised further equity finance to support the development of its pipeline, filed its first ever clinical trial application for its new lead HER2 molecular imaging product, which is being developed for the improved diagnosis of breast cancer, and it has strengthened its management and Board. I am looking forward to leading Affibody as we seek to further progress our unique molecular imaging and targeted therapeutic products, which we believe will make a real difference to cancer patients around the world.”

###

### **For more information**

#### **Affibody AB**

Erik Walldén, CEO  
Johan Stuart, CFO

+46 702 252 270  
+46 706 644 096

## About Affibody

Affibody is a Swedish biotech company focused on improving the treatment of cancer through a combination of molecular imaging and individualized targeted treatments.

Affibody imaging and therapeutic products are based on the Company's proprietary Affibody® molecules. These small and robust high affinity protein molecules can be designed to bind to a large number of target proteins that play an important role in the diagnosis or treatment of cancer. Affibody® molecules are easily produced and are stable in a wide range of conditions.

Affibody® molecules are well suited for molecular imaging and as the same Affibody® molecule could be charged with a cytotoxic payload, it can potentially also be used for targeted therapy.

In addition to its pipeline of molecular imaging and targeted therapeutic products, Affibody is developing Affibody® molecules for various biotechnology applications in a number of commercial collaborations.

Affibody was founded in 1998 by researchers from the Royal Institute of Technology and the Karolinska Institute and is based in Bromma outside Stockholm, Sweden. Current owners include the investment companies HealthCap, Investor Growth Capital and Schroder Ventures Life Sciences.

Further information can be found at: [www.affibody.com](http://www.affibody.com)

*Statements in this press release that are not strictly historical may be forward-looking and include risks and uncertainties. Therefore, though based on Affibody's current expectations, it should be duly noted that a variety of factors could cause actual results and experiences to differ materially from what is herein expressed. Risks and uncertainties include, but are not limited to, risks associated with the management of growth and international operations (including effects of currency fluctuations), variability of operating results, unforeseen changes in the diagnostic and pharmaceutical markets, market competition, rapid or unexpected changes in technologies, fluctuations in product demand, difficulties to successfully develop, adapt, produce or commercialize products, the ability to identify and develop new products and to differentiate products from those of competitors, as well as various legal hazards.*

## **Operational Review**

Affibody has focused on three key objectives during the first six months of 2007:

- Progressing its pipeline of molecular imaging and targeted therapeutic products
- Raising additional equity funds to support the development of its attractive pipeline, which is based on the Company's unique Affibody® technology
- Strengthening the senior management team and Board so that the Company has the skills and experience needed to achieve its key development goals.

### **Pipeline Progress**

#### *Molecular Imaging*

Affibody has achieved a number of important milestones with regard to its molecular imaging pipeline during 2007. The most important being the Company's first ever clinical trial application filing with the Swedish Medical Products agency. The filing, which was for our most advanced HER2 imaging agent for the diagnosis of breast cancer, was made with the Swedish Medical Products Agency.

During the first half of 2007, Affibody took the decision to change the lead candidate in its HER2 imaging program to a second generation Affibody® molecule. This change has reduced the uncertainties regarding the timelines for scaling-up its production for clinical development. The experiences from this program are important as they will lead to improvements in future generations of Affibody® molecules. The discoveries made by the Company have also formed the basis of a new patent application regarding Affibody® molecules.

#### *Targeted Therapeutics*

A toxicology study aimed to support a micro-dosing study on the administration of radioactively labelled Affibody® molecules into the CNS (central nervous system) as a potential treatment for disseminated brain metastases was initiated during the period.

### **Intellectual Property**

Affibody pursues a pro-active strategy to ensure the appropriate protection of its intellectual property. During the second quarter of 2007, Affibody filed one new patent application, one PCT application and one divisional application. As of June 30, 2007, the Company has a portfolio of 14 patent families. Affibody has obtained granted patents in important markets from six of these patent families. A number of the Company's patent applications are under review.

### **Fund Raising**

Affibody made important progress in raising the funds needed to continue the development of its exciting pipeline of molecular imaging and targeted therapeutic products. In March, through a private placement of newly issued shares with new and existing investors, Affibody raised SEK 200 million before deduction of transaction costs, whereof SEK 93 million were loans and other financial liabilities due to shareholders which were offset against newly issued shares. In total 7,408,965 shares were issued at SEK 27 per share. As a result of this fund raising, Affibody had SEK 121.3 million of cash and cash equivalents on its balance sheet as of June 30, 2007.

After this equity funding round Affibody has 29,988,672 shares outstanding in the parent company

### **Strengthening the Organization**

During 2007, Affibody strengthened both its executive management team and its Board of Directors. These changes have resulted in a team with the skills and experience needed to take Affibody forward as its lead product is about to enter the clinic.

### *Executive Management*

On July 15, Erik Walldén joined Affibody as the Company's new CEO. Erik has considerable experience in the life science sector having previously been the CEO of two listed Swedish companies, Biacore AB and Pyrosequencing AB. He will be joined in August by Johan Stuart, the Company's new CFO. Johan has previously been CFO of a number of listed companies, including XCounter AB for which he played an important role in this company's listing on the AIM market of the London Stock Exchange in 2005.

Dr. Ulf Boberg, who had been the CEO of Affibody since June 2006, has assumed a new position as Senior Vice President, Clinical and Business Development.

### *Board of Directors*

In the first half of 2007 Affibody recruited a number of highly experienced pharmaceutical and biotech professionals to its Board, including Mr. Håkan Åström, who is the Company's new Chairman. Mr. Åström is a board member of Biovitrum (Chairman), Karolinska Institutet, Biolipox AB (Chairman), Ferrosan AS (Chairman), Orexo AB (Chairman), SANOS AS (Chairman) and Topotarget AS (Chairman). He was formerly CEO of Kabi Pharmacia AB and Senior Vice President of Pharmacia Corporation.

Other new Board members are Dr. Ursula Ney, Dr. C. Gillies O'Bryan-Tear and Dr. Peter Buhl Jensen.

Dr. Ney is Chief Operating Officer and Executive Director of Antisoma plc, a position she has held since 2004. Prior to this she was Chief Executive Officer of Charterhouse Therapeutics Ltd and before that she spent 14 years at Celltech as Director of Development and served on the board.

Dr. Gillies O'Bryan-Tear is a consultant and was previously VP Global Clinical R&D at GlaxoSmithKline Biologicals. He has a broad international R&D experience from several senior roles within the global pharmaceutical industry. Gillies is a UK-trained physician and holds an MBA.

Dr. Peter Buhl Jensen is CEO and co-founder of TopoTarget AS. He has significant management experience in cancer research and translational drug development. He is a specialist in internal medicine and has a Ph.D. in pre-clinical cancer therapeutics evaluation.

### *Employees*

As of June 30, 2007, Affibody had 49 employees. Of these, 43 were engaged in research and development while six were involved in business development activities and administration.

## **Financial results**

### **Revenue**

Affibody reported revenue for the six months ended June 30, 2007 of SEK 9.2 (7.4) million. Research payments and royalties from commercial partners accounted for the majority of this income.

### **Operating Expenses and Operating Loss**

The operating loss for the first six months of 2007 was SEK 35.9 (46.6) million. Total operating expenses, including depreciation for the period, was SEK 45.0 (54.0) million. Depreciation amounted to SEK 1.9 (2.1) million. The decrease in operating expenses is mainly due to the absence of one-off costs in 2006. These costs, which amounted to SEK 8.1 million, were related to the Company's share-based payment plans.

## **Financial Items**

Net financial items were SEK -6.0 (-3.6) million. The increase in finance cost, compared to last year, was due to fees and interest charges for the loans from shareholders.

## **Net Profit/Loss**

Net loss for the period was SEK 41.9 (50.2) million. The reduced loss is due to a combination of higher revenues and lower operating expenses.

## **Cash Flow and Financial Position**

Cash flow from current operations was SEK -27.9 (-27.6) million for the six month period. Cash flow for the period was SEK 73.1 (5.8) million. This figure includes financing activities, which provided SEK 103.3 (25.0) million to the Company, and an effect from the reclassification of cash and cash equivalents of SEK 8.9 million in 2006.

As of June 30, 2007 cash and cash equivalents amounted to SEK 121.3 (42.3) million. Loans from shareholders including accrued interest and fees, totaling SEK 93.3 million, were offset against newly issued shares. (See note 4).

## **Investments**

Investments in laboratory equipment and IT equipment amounted to SEK 2.3 (0.5) million.

## **Tax**

No corporate income tax has been reported during the period.

## **Shareholders' Equity**

Total equity in the group as of June 30, 2007 was SEK 104.9 (-22.9) million.

## **The Parent Company**

The shareholders of Affibody made an intra-group transfer of the operations and set up Affibody Holding AB as the parent company in late 2006. The former parent company was disposed of as part of a transaction for utilizing tax losses carried forward. As part of this transaction, Affibody Holding AB received an unconditional shareholders' contribution of SEK 159.6 million. Affibody Holding AB was incorporated November 3, 2006, and there are thus no comparative numbers for the corresponding period 2006.

Affibody Holding AB did not report any revenue for the period. Net loss for the period was SEK 6.6 million and comprised mainly finance costs related to the loans from shareholders further described in note 4. Cash and cash equivalents totaled SEK 95.5 million as of June 30.

The share capital amounts to KSEK 1,582. As of June 30, 2007 there were 29,988,672 shares outstanding.

The board of directors and the Chief Executive Officer assure that this condensed financial report gives a true and fair overview of the Company's and the Group's operations, results of operations and financial position and that it reflects the material risks and uncertainties that the Group and the Group companies face.

**Stockholm, Sweden**

August 9, 2007

Erik Walldén  
Chief Executive Officer

Håkan Åström  
Chairman of the Board

Gillies O'Bryan-Tear

Peter Buhl Jensen

Björn Odlander

Tove Eriksson

Karl Swarting

Ursula Ney

Mathias Ulhén

This interim report has not been subject to review by the company's auditors

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated income statement

KSEK	6 months Jan-Jun		3 months Apr-Jun		12 months Jan-Dec
	2007	2006	2007	2006	2006
<b>Revenue</b>	<b>9,169</b>	<b>7,379</b>	<b>4,511</b>	<b>3,657</b>	<b>16,713</b>
<b>Operating expenses</b>					
Marketing and sales expenses	-712	-1,788	-374	-1,530	-2,573
Administrative expenses	-11,413	-10,579	-5,771	-4,187	-31,910
Research and development expenses	-32,940	-41,589	-17,628	-14,291	-76,456
<b>Total operating expenses</b>	<b>-45,065</b>	<b>-53,956</b>	<b>-23,772</b>	<b>-20,008</b>	<b>-110,939</b>
<b>Operating profit / loss</b>	<b>-35,897</b>	<b>-46,577</b>	<b>-19,261</b>	<b>-16,351</b>	<b>-94,226</b>
<b>Result from financial investments</b>					
Finance revenue	1,513	68	939	-	116
Finance costs	-7,528	-3,706	-85	-1,247	-14,500
	-6,015	-3,638	854	-1,247	-14,384
<b>Profit / loss after financial items</b>	<b>-41,911</b>	<b>-50,214</b>	<b>-18,407</b>	<b>-17,597</b>	<b>-108,610</b>
Income tax		-		-	23,379
<b>Net loss</b>	<b>-41,911</b>	<b>-50,214</b>	<b>-18,407</b>	<b>-17,597</b>	<b>-85,231</b>
<b>Earnings per share</b>					
Average no of shares outstanding during the period ('000)	27,533	23,079	29,989	23,079	23,079
Earnings per share before and after dilution (SEK)*	-1.52	-2.18	-0.61	-0.76	-3.69

\* Warrants are non-dilutive since any exercise of warrants would improve earnings per share

## Consolidated balance sheet

KSEK	Note	As of June 30		As of March 31	As of Dec 31
		2007	2006	2007	2006
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible assets		-	-	-	-
Property, plant and equipment		10,514	11,575	10,966	11,291
Financial assets		14	14	14	14
<b>Total non-current assets</b>		<b>10,528</b>	<b>11,589</b>	<b>10,980</b>	<b>11,306</b>
<b>Current assets</b>					
Trade and other receivables		6,359	8,382	3,164	6,977
Prepaid expenses		3,044	2,676	5,794	2,598
Cash and cash equivalents		121,330	42,270	135,120	48,216
<b>Total current assets</b>		<b>130,733</b>	<b>53,328</b>	<b>144,078</b>	<b>57,791</b>
<b>Total assets</b>		<b>141,261</b>	<b>64,918</b>	<b>155,058</b>	<b>69,097</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	5	1,582	4,616	1,582	100
Other contributed capital		574,082	366,304	572,383	375,469
Accumulated loss		-470,794	-393,866	-452,387	-428,884
<b>Total equity</b>		<b>104,869</b>	<b>-22,946</b>	<b>121,576</b>	<b>-53,315</b>
<b>Non-current liabilities</b>					
Provisions		13,820	6,608	13,254	12,687
Financial leasing		1,844	3,256	1,910	2,074
<b>Current liabilities</b>					
Financial leasing		1,412	3,980	2,897	3,620
Borrowing agreements with shareholders	4	-	50,000	-	72,000
Trade and other payables		12,156	11,808	4,984	11,011
Accrued expenses and deferred income		7,159	12,213	10,437	21,020
<b>Total liabilities</b>		<b>36,392</b>	<b>87,864</b>	<b>33,481</b>	<b>122,412</b>
<b>Total equity and liabilities</b>		<b>141,261</b>	<b>64,918</b>	<b>155,058</b>	<b>69,097</b>
Pledged assets		17,742	12,795	23,761	23,761
Contingent liabilities		23,394	None	23,394	23,394

**Consolidated statement of changes in equity**

KSEK	Share capital	Other contributed capital	Accumulated profit/loss	Total
<b>Opening balance Jan 1, 2006</b>	<b>4,616</b>	<b>354,279</b>	<b>-343,651</b>	<b>15,245</b>
Profit / loss for the period Jan-Jun 2006			-50,214	<b>-50,214</b>
Employee Stock Option Programs		12,024		12,024
<b>Closing balance Jun 30, 2006</b>	<b>4,616</b>	<b>366,303</b>	<b>-393,865</b>	<b>-22,945</b>
Effect of change in group structure	-4,516	4,516		-
Profit / loss for the period Jul-Dec 2006			-35,018	-35,018
Employee Stock Option Programs		4,650		4,650
<b>Closing balance Dec 31, 2006</b>	<b>100</b>	<b>375,469</b>	<b>-428,883</b>	<b>-53,313</b>
Profit / loss for the period Jan-Jun 2007			-41,911	-41,911
Employee Stock Option Programs		3,422		3,422
Share issue	1,482	198,560		200,042
Transaction costs share issue		-3,369		-3,369
<b>Closing balance Jun 30, 2007</b>	<b>1,582</b>	<b>574,082</b>	<b>-470,794</b>	<b>104,869</b>

## Consolidated cash flow statement

KSEK	Note	6 months Jan-Jun		3 months Apr-Jun		12 months Jan-Dec
		2007	2006	2007	2006	2006
<b>Current operations</b>						
Profit / loss after financial items		-41,911	-50,214	-18,401	-34,259	-108,610
<b>Adjustments for non-cash flow items</b>						
Depreciation		742	685	399	339	1,347
Other non-cash flow items		4,406	15,997	2,214	16,068	26,666
<b>Cash flow from current operations before income tax</b>		<b>-36,762</b>	<b>-33,532</b>	<b>-15,787</b>	<b>-17,852</b>	<b>-80,597</b>
Income tax received		-	-	-	-	23,379
<b>Cash flow from current operations before change in working capital</b>		<b>-36,762</b>	<b>-33,532</b>	<b>-15,787</b>	<b>-17,852</b>	<b>-57,218</b>
<b>Cash flow from working capital changes</b>						
Change in trade, other receivables and current assets		-5,041	-4,517	-5,658	-4,418	-3,034
Change in trade, other payables and other current liabilities	4	13,856	10,447	9,102	10,133	18,456
<b>Cash flow from current operations</b>		<b>-27,947</b>	<b>-27,602</b>	<b>-12,343</b>	<b>-12,138</b>	<b>-41,796</b>
<b>Investment activities</b>						
Investments in property, plant and equipment		-2,271	-503	-1,447	-448	-2,362
Disposal of short-term investments		-	8,888	-	8,888	8,888
<b>Cash flow from investment activities</b>		<b>-2,271</b>	<b>8,385</b>	<b>-1,447</b>	<b>8,840</b>	<b>6,526</b>
<b>Financing activities</b>						
Private placement of newly issued shares		106,700	-	-	-	-
Transaction costs share issue		-3,369	-	-	-	-
Loan from shareholders		-	25,000	-	25,000	47,000
<b>Cash flow from financing activities</b>		<b>103,331</b>	<b>25,000</b>	<b>-</b>	<b>25,000</b>	<b>47,000</b>
<b>Cash flow for the period</b>		<b>73,113</b>	<b>5,783</b>	<b>-13,791</b>	<b>21,303</b>	<b>11,730</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>48,215</b>	<b>36,486</b>	<b>135,120</b>	<b>20,967</b>	<b>36,487</b>
<b>Cash and cash equivalents at end of period</b>		<b>121,330</b>	<b>42,270</b>	<b>121,330</b>	<b>42,270</b>	<b>48,215</b>

## THE PARENT COMPANY'S FINANCIAL STATEMENTS

### *The parent company's income statement*

KSEK	6 months		Nov 3-Dec 31
	2007	2006	2006
<b>Revenue</b>	-	-	-
<b>Operating expenses</b>			
Administrative expenses	-418	-	-19
<b>Total operating expenses</b>	<b>-418</b>	<b>-</b>	<b>-19</b>
<b>Operating profit / loss</b>	<b>-418</b>	<b>-</b>	<b>-19</b>
<b>Result from financial investments</b>			
Finance revenue	1,024	-	2
Finance costs	-7,224	-	-165
	-6,200	-	-163
<b>Profit / loss after financial items</b>	<b>-6,617</b>	<b>-</b>	<b>-182</b>
Income tax	-	-	-
<b>Net loss</b>	<b>-6,617</b>	<b>-</b>	<b>-182</b>

### *The parent company's balance sheet*

KSEK	Note	As of June 30		As of Dec 31
		2007	2006	2006
<b>Assets</b>				
<b>Non-current assets</b>				
Participation in group companies		220,100	-	220,100
<b>Total non-current assets</b>		<b>220,100</b>	<b>-</b>	<b>220,100</b>
<b>Current assets</b>				
Trade and other receivables		941	-	2,595
Receivables from group companies		33,433	-	10,758
Cash and cash equivalents		95,480	-	12,149
<b>Total current assets</b>		<b>129,854</b>	<b>-</b>	<b>25,502</b>
<b>Total assets</b>		<b>349,954</b>	<b>-</b>	<b>245,602</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	5	1,582	-	100
Share premium reserve		195,191	-	-
Profit/loss brought forward		159,566	-	159,566
Accumulated loss		-6,799	-	-182
<b>Total equity</b>		<b>349,540</b>	<b>-</b>	<b>159,484</b>
<b>Non-current liabilities</b>				
Borrowing agreements with shareholders	4	-	-	72,000
Accrued expenses		414	-	14,118
<b>Total liabilities</b>		<b>414</b>	<b>-</b>	<b>86,118</b>
<b>Total equity and liabilities</b>		<b>349,954</b>	<b>-</b>	<b>245,602</b>
Pledged assets		5,742	-	11,483
Contingent liabilities		23,394	-	23,394

**The parent company's statement of changes in equity**

KSEK	Restricted equity		Non-restricted equity		Total
	Share capital	Share premium reserve	Profit/loss brought forward	Accumulated profit/loss	
<b><i>Incorporation Nov 3, 2006</i></b>	<b>100</b>				<b>100</b>
Loss for the year 2006				-182	-182
Shareholders' contribution			159,566		159,566
<b><i>Closing balance Dec 31, 2006</i></b>	<b>100</b>		<b>159,566</b>	<b>-182</b>	<b>159,484</b>
Profit / loss for the period Jan-Jun 2007				-6,617	-6,617
Share issue	1,482	198,560			200,042
Transaction costs share issue		-3,369			-3,369
<b><i>Closing balance Jun 30, 2007</i></b>	<b>1,582</b>	<b>195,191</b>	<b>159,566</b>	<b>-6,799</b>	<b>349,540</b>

**The parent company's cash flow statement**

KSEK	Note	6 months Jan–Jun		Nov 3 – Dec 31
		2007	2006	2006
<b>Current operations</b>				
Profit / loss after financial items		-6,617	-	-182
<b>Cash flow from current operations before change in working capital</b>		<b>-6,617</b>	<b>-</b>	<b>-182</b>
<b>Cash flow from working capital changes</b>				
Change in current assets		-13,383	-	-13,353
<b>Cash flow from current operations</b>		<b>-20,000</b>	<b>-</b>	<b>-13 535</b>
<b>Investment activities</b>				
Acquisition of subsidiaries		-	-	- 133,982
<b>Cash flow from investment activities</b>		<b>-</b>	<b>-</b>	<b>-133 982</b>
<b>Financing activities</b>				
Private placement of newly issued shares		106,700	-	-
Transaction costs share issue		-3,369	-	-
Shareholders' contribution		-	-	159,566
Incorporation		-	-	100
<b>Cash flow from financing activities</b>		<b>103,331</b>	<b>-</b>	<b>159,666</b>
<b>Cash flow for the period</b>		<b>83,331</b>	<b>-</b>	<b>12,149</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>12,149</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>		<b>95,480</b>	<b>-</b>	<b>12,149</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Note 1 – Corporate information**

Affibody Holding AB (corporate registration no. 556714-5601) is a limited liability company incorporated and domiciled in Stockholm whose shares are not publicly traded. The principal activities of the Group are described in the Annual Report for 2006.

The interim financial statements for the six months ended June 30, 2007 were authorized for issue in accordance with a resolution of the Board of Directors on August 9, 2007.

### **Note 2 – Basis of preparation**

The interim financial statements are prepared in accordance with the Swedish Annual Accounts Act and IAS 34 *Interim Financial Reporting*, which is in compliance with the requirements of the standards issued by the Swedish Financial Accounting Standards Council's recommendation RR 31 concerning interim financial reporting. The same accounting policies are applied, for the reporting period as well as the comparative period, as those that are described in the Annual Report for 2006.

The interim financial statements are condensed and do not contain all the information and disclosures that are included in the Annual Report for 2006. The financial statements are presented in thousands of Swedish Kronor (KSEK) except when otherwise indicated.

### **Note 3 – Significant accounting judgments, estimates and assumptions**

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The accounting numbers and statements resulting from the estimates and judgments made may sometimes not equal the related actual results.

### **Note 4 – Related party transactions**

#### *Borrowing agreements with shareholders*

As of March 2, 2007, each of the contributing shareholders offset the capital that they had contributed to the bridge loan facilities, the accrued interest thereon and the commitment fee, which together totalled SEK 93.3 million, against the new shares issued in Affibody Holding AB.

### **Note 5 – Share capital**

The registered share capital amounts to SEK 1,581,793 distributed on 29,988,672 shares. Affibody Holding AB has only one class of shares. The shares carry one vote each and are entitled to equal part of the Company's distributable earnings. A shareholders' agreement, which will cease to exist in case of e.g. a listing of the Company's shares, regulates the shareholders' preferential rights vis-à-vis each other in the case of e.g. liquidation and dividends.

### **Note 6 – Warrants, employee stock options, share-based payment plans**

At the Annual General Meeting on April 20, 2007 it was resolved to authorize the Board of Directors to issue a total of no more than 1,770,000 warrants which have the right to subscribe for the same number of ordinary shares. The warrants are to be used for incentive programs and shall, with deviation from the shareholders' preferential rights, be subscribed for by employees and other key persons or by a subsidiary of the Company.

At an Extraordinary General Meeting on June 28, 2007 it was resolved to issue and grant the Chairman of the Board 220,000 employee stock options of series 2007:1 with an exercise price SEK 1.00 per share. It was also resolved to issue and grant each of the Board members Ursula Ney, Gillies O'Bryan-Tear and Peter Buhl Jensen 40,000 employee stock options, in total 120,000 employee stock options of series 2007:2 with an exercise price SEK 27.00 per share. Both series of stock options have a four-year vesting term.

Warrants and employee stock options entitling the holders to a total of 3,949,007 new shares in Affibody Holding AB are outstanding as of June 30, 2007. Of the 2,352,291 employee stock options issued, 1,783,587 employee stock options entitling the holders to 1,783,587 new shares in Affibody Holding AB are fully vested.

Each warrant and employee stock option program as of June 30, 2007, is described in more detail below.

Post period end, the new CEO Erik Wallden has been granted 333,333 employee stock options of series 2007:3 with an exercise price of SEK 1.00 per share with four-year vesting term.

	As of June 30, 2007	Number of securities (employee stock options/ warrants)	Numbers of shares into which the securities may be exercised	Exercise price per share (SEK)	Percentage of shares and votes <sup>(1)</sup>
<b>Issued and allocated securities</b>					
Warrants 2000/2007		367,115	367,115	20.20	1.1%
Warrants 2001/2008		101,376	101,376	52.00	0.3%
Warrants 2002/2009		211,000	211,000	52.00	0.6%
Employee Stock Options 2003:1 (ESOP 2003:1) <sup>(2)</sup>		296,529	296,529	1.00	0.9%
Employee Stock Options 2004: 1 (ESOP 2004:1) <sup>(3)</sup>		162,336	162,336	1.00	0.5%
Employee Stock Options 2004:2 (ESOP 2004:2) <sup>(4)</sup>		125,739	125,739	1.00	0.4%
Employee Stock Options 2004:3 (ESOP 2004:3) <sup>(5)</sup>		428,000	428,000	1.00	1.3%
Employee Stock Options 2006:1 (ESOP 2006:1) <sup>(6)</sup>		999,687	999,687	1.00	2.9%
Employee Stock Options 2007:1 (ESOP 2007:1) <sup>(7)</sup>		220,000	220,000	1.00	0.6%
Employee Stock Options 2007:2 (ESOP 2007:2) <sup>(8)</sup>		120,000	120,000	27.00	0.4%
<b>Subtotal</b>		<b>3,031,782</b>	<b>3,031,782</b>	<b>–</b>	<b>8.9%</b>
<b>Warrants to hedge social security expenses and other costs<sup>(9)</sup></b>					
Warrants 2002/2014 for hedging of employee stock options 2003:1, 2004:1-3 and 2006:1		717,225	717,225	1.00	2.1%
Warrants 2002/2014 at disposal for future programs		200,000	200,000	1.00	0.6%
<b>All securities in the share based incentive programs</b>		<b>3,949,007</b>	<b>3,949,007</b>	<b>–</b>	<b>11.6%</b>

- 1) On a fully diluted basis after exercise of warrants; total number of shares outstanding 29,988,672 and total number of shares fully diluted 33,937,679
- 2) Under the Employee Stock Option Program 2003:1, all employee stock options are fully vested
- 3) Under the Employee Stock Option Program 2004:1, 156,975 employee stock options are fully vested and the remaining 5,361 employee stock options will vest on December 1, 2007
- 4) Under the Employee Stock Option Program 2004:2, all employee stock options are fully vested
- 5) Under the Employee Stock Option Program 2004:3, 282,435 employee stock options are fully vested and the remaining 145,565 employee stock options will vest on May 12, 2008 and May 12, 2009 in equal instalments
- 6) Under the Employee Stock Option Program 2006:1, 921,909 employee stock options are fully vested and the remaining 77,778 employee stock options will vest on June 14, 2008 and June 14, 2009 in equal instalments
- 7) Under the Employee Stock Option Program 2007:1, the employee stock options will vest on July 31, 2008, 2009, 2010 and 2011 in equal instalments
- 8) Under the Employee Stock Option Program 2007:2, the employee stock options will vest on July 31, 2008, 2009, 2010 and 2011 in equal instalments
- 9) Warrants held by a wholly-owned subsidiary of Affibody Holding issued as a hedge against social security expenses and other costs related to the employee stock option programs and future incentive programs



Voltavägen 13, P.O. Box 20137, SE-161 02 Bromma, Sweden.  
Tel +46 8 59 88 38 00, Fax +46 8 59 88 38 01, www.affibody.com