



**Press release**

Stockholm, October 30, 2007

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

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

### **Financial Highlights**

- Revenue for the first nine months of 2007 was SEK 17.2 (11.4) million
- Net loss amounted to SEK -58.8 (-75.0) million
- Earnings per share was SEK -2.10 (-3.25)
- Cash flow from current operations was SEK -48.1 (-39.6) million for the nine-month period
- Cash and cash equivalents as of September 30, 2007 amounted to SEK 100.7 (29.3) million.

### **Key Corporate Highlights**

- After the period end, Affibody began its first ever clinical trial with a HER2 molecular imaging agent. This Affibody® molecule is being developed for the diagnosis of breast cancer. The start of the clinical trial followed the granting of a clinical trial application (CTA) by the Swedish regulatory agency, (Medical Products Agency) in September 2007
- Improved financial position as a result of an equity funding that raised SEK 200 million in March 2007. 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 appointments of Erik Walldén as CEO and Johan Stuart as CFO. Ulf Boberg has moved from CEO to Senior Vice President, Clinical Development 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: “The considerable progress that Affibody has made in 2007 is evidenced by the recent start of our first ever clinical trial with our lead HER2 molecular imaging product, which is being developed for the improved diagnosis of an aggressive form of breast cancer. During the year we have also achieved other important corporate milestones including raising additional equity finance and strengthening our management and board. The progress that we have made during 2007 gives me great confidence for the future that we are well on track with our unique molecular imaging and targeted therapeutic products, which we expect to bring considerable benefits to cancer patients around the world.”

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### **Enquiries**

#### **Affibody AB**

Erik Walldén, CEO  
Johan Stuart CFO

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## **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 SV 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.*

## **Nomination committee**

At an extraordinary shareholders' meeting on 11 October 2007 it was resolved that the Company shall have a nomination committee that consists of one representative for each of the three largest shareholders per the last banking day in August 2007, and the chairman of the board of directors. The names of the three owner representatives and the names of the shareholders that they represent shall be published during the fourth quarter 2007. The mandate period for the nomination committee runs until a new nomination committee is elected.

In accordance with this, the following nomination committee has been appointed: Magnus Persson, representing HealthCap, Thomas Eklund, representing Investor Growth Capital, Kate Bingham, representing SV Life Sciences and Håkan Åström, chairman of the board of directors.

## **Operational Review**

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

- Progressing its pipeline of molecular imaging and targeted therapeutic products
- Raising additional equity funds to support the development of this 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*

In the last two months Affibody has achieved a number of important milestones with regard to its molecular imaging pipeline. In October, the Company started its first ever clinical trial with its most advanced HER2 imaging agent for the diagnosis of breast cancer. This exploratory clinical trial is being conducted at the Uppsala Academic Hospital with Dr. Henrik Lindman, M.D., Ph.D. and Head of Breast cancer unit, Oncology Department at Uppsala Academic Hospital, acting as the principal investigator. The start of this trial followed a positive response to Affibody's clinical trial application from the Medical Products Agency in September.

During the earlier part 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 production for clinical development. The experience gained from this program is important as it 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.

In the third quarter, Affibody continued the pre-clinical work needed prior to moving its second-generation Affibody® molecule for HER2 imaging into the clinic. As part of this work, the Company completed successfully a dose-ranging toxicology study on the molecule, demonstrating that it was safe at much higher doses than are likely to be used in human clinical studies.

Affibody is also working on the transfer of the technology relating to the recombinant production of this second generation Affibody® molecule to its CMO (contract manufacturing organization). This transfer is proceeding smoothly and the Company expects to have GMP material and the necessary supporting documentation in place for a planned filing of a clinical trial application for this second-generation Affibody® molecule for HER2 imaging in the first half of 2008.

#### *Targeted Therapeutics*

A toxicology study aimed to support a micro-dosing study on the administration of radioactively labelled Affibody® molecules into the brain as a potential treatment for disseminated brain metastases was initiated. A clinical trial application for this HER2-targeting Affibody® molecule for therapeutic use is expected to be filed during the first half of 2008.

#### *Intellectual Property Rights*

Affibody pursues a pro-active strategy to ensure the appropriate protection of its intellectual property. During the first nine months of 2007, Affibody filed three new patent applications. As of September 30, 2007, the Company has a portfolio of 15 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**

The second area where Affibody made important progress was to raise 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. At the same time, loans and other financial liabilities due to shareholders, which in total amounted to SEK 93 million, were offset against newly issued shares. In total 7,408,965 shares were issued at SEK 27 per share. 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 it starts the clinical development of its pipeline of molecular imaging and targeted therapeutic products.

### *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 was 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 2006.

Dr. Ulf Boberg, who had been the CEO of Affibody since June 2006, has assumed a new position as Senior Vice President, Clinical Development 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. Dr. O'Bryan-Tear 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 September 30, 2007, Affibody had 52 employees. Of these, 44 were engaged in research and development while eight were involved in business development activities and administration.

## **Financial results**

### **Revenue**

Affibody reported revenue for the nine months ended September 30, 2007 of SEK 17.2 (11.4) million. The majority of this income was related to royalties and research payments from commercial partners.

The increase in revenue is mainly related to a strong growth in royalties on sales of MabSelect SuRe™ a product launched by GE Healthcare Bio-Sciences AB in December 2004, as a result from the collaboration with Affibody for the development of affinity ligands for large-scale bioseparation.

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

The operating loss for the first nine months of 2007 was SEK -53.5 (-67.0) million. Total operating expenses, including depreciation for the period, were SEK 70.7 (78.4) million. Depreciation amounted to SEK 1.2 (1.0) million. The decrease in operating expenses is mainly due to one-off costs in 2006 related to the Company's share-based payment plans.

### **Financial Items**

Net financial items were SEK -5.3 (-8.1) million. The improvement was a consequence of the equity financing in the beginning of the year.

### **Net Profit/Loss**

Net loss for the nine-month period was SEK -58.8 (-75.0) million. The reduced loss is due to a combination of higher revenues and lower operating expenses.

### **Cash Flow and Financial Position**

Cash flow from operating activities was SEK -48.1 (-39.6) million for the nine-month period. Cash flow for the period was SEK 52.4 (7.2) million. This figure includes financing activities, which provided SEK 103.3 (25.0) million to the Company.

As of September 30, 2007 cash and cash equivalents amounted to SEK 100.7 (29.3) million. During the reporting period, 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 2.8 (1.5) million.

### **Tax**

No corporate income tax was reported during the period.

### **Shareholders' Equity**

Total equity in the Group as of September 30, 2007 was SEK 93.7 (-45.9) million.

### **Parent company and other**

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 Company 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 6.3 million and comprised mainly finance costs related to the loans from shareholders further described in note 4. Cash and cash equivalents totaled SEK 76.5 million as of September 30.

The share capital amounted to SEK 133 thousands. As of September 30, 2007 there were 29,988,672 shares outstanding.

The Annual General Meeting will be held in Stockholm on May 7, 2008

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**

October 30, 2007

Erik Walldén  
Chief Executive Officer

Håkan Åström  
Chairman of the Board

Gillies O'Bryan-Tear  
Director

Peter Buhl Jensen  
Director

Björn Odlander  
Director

Tove Eriksson  
Director

Karl Swartling  
Director

Ursula Ney  
Director

Mathias Ulhén  
Director

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

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated income statement

KSEK	9 months Jan-Sept		3 months Jul-Sept		12 months Jan-Dec
	2007	2006	2007	2006	2006
<b>Revenue</b>	<b>17,202</b>	<b>11,413</b>	<b>8,034</b>	<b>4,034</b>	<b>16,713</b>
<b>Operating expenses</b>					
Marketing and sales expenses	-1,487	-1,950	-775	-162	-2,573
Administrative expenses	-17,212	-20,756	-5,799	-10,177	-31,910
Research and development expenses	-52,044	-55,687	-19,104	-14,097	-76,456
<b>Total operating expenses</b>	<b>-70,743</b>	<b>-78,392</b>	<b>-25,678</b>	<b>-24,437</b>	<b>-110,939</b>
<b>Operating profit / loss</b>	<b>-53,541</b>	<b>-66,979</b>	<b>-17,644</b>	<b>-20,402</b>	<b>-94,226</b>
<b>Net financial items</b>					
Finance revenue	2,312	133	799	65	116
Finance costs	-7,578	-8,204	-50	-4,498	-14,500
	-5,266	-8,071	749	-4,433	-14,384
<b>Profit / loss after financial items</b>	<b>-58,807</b>	<b>-75,050</b>	<b>-16,896</b>	<b>-24,835</b>	<b>-108,610</b>
Income tax	-	-	-	-	23,379
<b>Net loss</b>	<b>-58,807</b>	<b>-75,050</b>	<b>-16,896</b>	<b>-24,835</b>	<b>-85,231</b>
<b>Earnings per share</b>					
Average no of shares outstanding during the period ('000)	28,062	23,079	29,989	23,079	23,074
Earnings per share before and after dilution (SEK)*	-2.10	-3.25	-0.56	-1.08	-3.69

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

## Consolidated balance sheet

KSEK	Note	As of September 30		As of Dec 31
		2007	2006	2006
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		-	-	-
Property, plant and equipment		9,882	11,571	11,291
Financial assets		14	14	14
<b>Total non-current assets</b>		<b>9,897</b>	<b>11,585</b>	<b>11,306</b>
<b>Current assets</b>				
Trade and other receivables		12,011	6,073	6,977
Prepaid expenses		4,689	4,954	2,598
Cash and cash equivalents		100,661	29,269	48,216
<b>Total current assets</b>		<b>117,361</b>	<b>40,296</b>	<b>57,791</b>
<b>Total assets</b>		<b>127,258</b>	<b>51,881</b>	<b>69,097</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	5	133	4,616	100
Other contributed capital		581,305	368,201	375,469
Accumulated loss		-487,690	-418,702	-428,884
<b>Total equity</b>		<b>93,748</b>	<b>-45,886</b>	<b>-53,315</b>
<b>Non-current liabilities</b>				
Provisions		14,751	7,220	12,687
Financial leasing		1,358	2,506	2,074
<b>Current liabilities</b>				
Financial leasing		1,148	3,963	3,620
Borrowing agreements with shareholders	4	-	50,000	72,000
Trade and other payables		10,568	19,422	11,011
Accrued expenses and deferred income		5,685	14,656	21,020
<b>Total liabilities</b>		<b>33,510</b>	<b>97,767</b>	<b>122,412</b>
<b>Total equity and liabilities</b>		<b>127,258</b>	<b>51,881</b>	<b>69,097</b>
Pledged assets		14,676	12,084	23,761
Contingent liabilities		23,394	None	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-Sept 2006			-75,050	-75,050
Employee Stock Option Programs		13,920		13,920
<b>Closing balance Sept 30, 2006</b>	<b>4,616</b>	<b>368,201</b>	<b>-418,702</b>	<b>-45,886</b>
Effect of change in group structure	-4,516	4,516		-
Profit / loss for the period Oct-Dec 2006			-10,181	-10,181
Employee Stock Option Programs		2,754		2,754
<b>Closing balance Dec 31, 2006</b>	<b>100</b>	<b>375,469</b>	<b>-428,884</b>	<b>-53,315</b>
Profit / loss for the period Jan-Sept 2007			-58,807	-58,807
Employee Stock Option Programs		9,195		9 195
Share issue	33	200,009		200 042
Transaction costs share issue		- 3 369		-3,369
<b>Closing balance Sept 30, 2007</b>	<b>133</b>	<b>581,305</b>	<b>-487,690</b>	<b>93,748</b>

## Consolidated cash flow statement

KSEK	Note	9 months Jan-Sept		3 months Jul-Sept		12 months Jan-Dec
		2007	2006	2007	2006	2006
<b>Current operations</b>						
Profit / loss after financial items		-58,807	-75,050	-16,896	-24,836	-108,610
<b>Adjustments for non-cash flow items</b>						
Depreciation		1,168	1,019	425	334	1,347
Other non-cash flow items		11,086	18,451	6,679	2,454	26,666
<b>Cash flow from current operations before income tax</b>		<b>-46,553</b>	<b>-55,580</b>	<b>-9,791</b>	<b>-22,048</b>	<b>-80,597</b>
Income tax received		-	-	-	-	23,379
<b>Cash flow from current operations before change in working capital</b>		<b>-46,553</b>	<b>-55,580</b>	<b>-9,791</b>	<b>-22,048</b>	<b>-57,218</b>
<b>Cash flow from working capital changes</b>						
Change in trade, other receivables and current assets		-7,338	-4,486	-2,297	31	-3,034
Change in trade, other payables and other current liabilities	4	5,799	20,504	-8,057	10,057	18,456
<b>Cash flow from current operations</b>		<b>-48,092</b>	<b>-39,562</b>	<b>-20,145</b>	<b>-11,960</b>	<b>-41,796</b>
<b>Investment activities</b>						
Investments in property, plant and equipment		-2,794	-1,545	-524	-1,042	-2,362
Disposal of short-term investments		-	8,888	-	-	8,888
<b>Cash flow from investment activities</b>		<b>-2,794</b>	<b>7,344</b>	<b>-524</b>	<b>-1,042</b>	<b>6,526</b>
<b>Financing activities</b>						
New share issue		106,700	-	-	-	-
Transaction costs share issue		-3,369	-	-	-	-
Loan from shareholders		-	25,000	-	-	47,000
<b>Cash flow from financing activities</b>		<b>103,332</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>47,000</b>
<b>Cash flow for the period</b>		<b>52,445</b>	<b>7,218</b>	<b>-20,669</b>	<b>-13,002</b>	<b>11,730</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>48,216</b>	<b>36,486</b>	<b>121,330</b>	<b>42,270</b>	<b>36,487</b>
<b>Cash and cash equivalents at end of period</b>		<b>100,661</b>	<b>29,269</b>	<b>100,661</b>	<b>29,269</b>	<b>48,216</b>

## THE PARENT COMPANY'S FINANCIAL STATEMENTS

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

KSEK	9 months Jan-Sept		Nov 3-Dec 31
	2007	2006	2006
<b>Revenue</b>	-	-	-
<b>Operating expenses</b>			
Administrative expenses	-736	-	-19
<b>Total operating expenses</b>	<b>-736</b>	<b>-</b>	<b>-19</b>
<b>Operating profit / loss</b>	<b>-736</b>	<b>-</b>	<b>-19</b>
<b>Net financial items</b>			
Interest revenue	1,701	-	2
Interest costs	-7,224	-	-165
	-5,523	-	-163
<b>Profit / loss after financial items</b>	<b>-6,259</b>	<b>-</b>	<b>-182</b>
Income tax	-	-	-
<b>Net loss</b>	<b>-6,259</b>	<b>-</b>	<b>-182</b>

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

KSEK	Note	As of Sept 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		1,618	-	2,595
Receivables from group companies		52,337	-	10,758
Cash and cash equivalents		76,480	-	12,149
<b>Total current assets</b>		<b>130,434</b>	<b>-</b>	<b>25,502</b>
<b>Total assets</b>		<b>350,534</b>	<b>-</b>	<b>245,602</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	5	133	-	100
Share premium reserve		196,459	-	-
Profit/loss brought forward		159,566	-	159,566
Accumulated loss		-6,259	-	-182
<b>Total equity</b>		<b>349,899</b>	<b>-</b>	<b>159,484</b>
<b>Non-current liabilities</b>				
Borrowing agreements with shareholders	4	-	-	72,000
Accrued expenses		635	-	14,118
<b>Total liabilities</b>		<b>635</b>	<b>-</b>	<b>86,118</b>
<b>Total equity and liabilities</b>		<b>350,534</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	Loss for the year	
<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-Sept 2007				-6,259	-6,259
Accounting of accumulated loss		-182		182	-
Share issue	33	200,010			200,043
Transaction costs share issue		-3,369			-3,369
<b><i>Closing balance Sept 30, 2007</i></b>	<b>133</b>	<b>196,459</b>	<b>159,566</b>	<b>-6,259</b>	<b>349,899</b>

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

KSEK	Note	9 months Jan–Sept		Nov 3 – Dec 31
		2007	2006	2006
<b>Current operations</b>				
Profit / loss after financial items		-6,259	-	-182
<b>Cash flow from current operations before change in working capital</b>		<b>-6,259</b>	<b>-</b>	<b>-182</b>
<b>Cash flow from working capital changes</b>				
Change in current assets		-32,742	-	-13,353
<b>Cash flow from current operations</b>		<b>-39,000</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>				
New share issue		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>64,331</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>76,480</b>	<b>-</b>	<b>12,149</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1 – Corporate information

Affibody Holding AB (publ) (corporate registration no. 556714-5601) is a limited liability company incorporated and domiciled in Stockholm. The principal activities of the Group are described in the Annual Report for 2006.

The interim financial statements for the nine months ended September 30, 2007 were authorized for issue in accordance with a resolution of the Board of Directors on October 17, 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 132,812 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.

After the period end, it was resolved at an extraordinary shareholders' meeting to increase the Company's registered share capital through a bonus issue after which the registered share capital amounts to SEK 7,497,168 split on 29,988,672 shares. At the same time it was resolved to change the company category to a public company.

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

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.

During the third quarter, the new CEO Erik Walldén was granted 333,333 employee stock options and the new CFO Johan Stuart was granted 125,000 employee stock options, both of series 2007:3 with an exercise price of SEK 1.00 per share with four-year vesting term.

On September 30, 2007 679,491 warrants and 2,757,291 employee stock options each entitling the holder one new share in the Company were outstanding of which 1,581,125 employee stock options were fully vested. Total number of shares on a fully diluted basis was 33,425,454.

After the period end, 50,000 employee stock options of series 2007:4 with an exercise price of SEK 1.00 per share with a four-year vesting term were granted to employees in the Company.

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 each with a right to subscribe for one ordinary share. The warrants are to be used for incentive programs and shall, with the deviation from the shareholders' preferential rights, be subscribed for by employees and other key persons or by a subsidiary of the Company. Post period, on October 17 the Board of Directors resolved to issue 800,000 warrants to a wholly owned subsidiary after which the Group holds warrants corresponding to all outstanding employee stock options including social security hedging requirements.



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