AFFITECH
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Directed Offering

Affitech A/S

(a Danish public limited company, CVR No. 14 53 83 72)

Directed Offering of 167,842,589 New Shares of DKK 0.50 nominal value each

This Prospectus has been prepared in connection with the admission to trading and official listing of a total of 167,842,589 new shares of DKK 0.50 nominal value each (the "New Shares" and each share of DKK 0.50 a "Share") in Affitech A/S (the "Offering"). The Offering consists of (i) 133,476,364 Shares (the "Contribution Shares") to be issued against contribution in kind of shares in Affitech Research AS (formerly Affitech AS), (the "Contribution in Kind Offering") as well as (ii) 34,366,225 Shares (the "Cash Shares") to be issued against cash payment at market price of DKK 0.78 per Share of DKK 0.50, directed at certain pre-committing investors as described below (the "Cash Offering").

Prior to the Offering, Affitech A/S (the "Company") had 59,691,940 shares with a nominal value of DKK 0.50 each (the "Existing Shares") and, consequently, a nominal share capital of DKK 29,845,970.

At the extraordinary general meeting held on May 5, 2009, the shareholders in the Company resolved (i) to issue the Contribution Shares to shareholders of Affitech AS and (ii) to authorise the Company's Board of Directors to increase the share capital during the period until December 31, 2010 in one or more issues by a nominal value of up to DKK 150,000,000 (300,000,000 Shares of DKK 0.50 each).

The Contribution Shares have been subscribed by shareholders of Affitech AS and were registered with the Danish Commerce and Companies Agency on June 4, 2009. Pursuant to Article 4.1 of the Company's articles of association, the Board of Directors passed a resolution on June 30, 2009 to increase the Company's share capital by issuance of the Cash Shares. The Cash Offering will be carried out as a private placement at market price of DKK 0.78 per Share of DKK 0.50 without preemptive rights to the existing shareholders.

The Subscription Period for the Cash Shares will commence on June 30, 2009 at 9.00 a.m. CET and close on July 1, 2009 at 5.00 p.m. CET. Payment shall be made during the Subscription Period.

The Offering is not underwritten, but Ferd AS, Arendals Fossekompani ASA, Braganza AS, Teknoinvest VII KS, Verdane Capital IV TWIN AS, Anchor Secondary 3 Holding AS, Sarsia Life Science Fund AS, Glastad Invest AS, Lene AS, Hans Bjarne Dahl, John McDougall, Kerstin Maria Hareide, Marike Stassar and Amino AS (together the "Pre-Committing Investors") have undertaken a binding pre-commitment to the Company to subscribe for Cash Shares for a total investment of DKK 26,8 million, corresponding to 100% of the Cash Offering. As part of the Pre-Commitment Agreement, the Company has undertaken to allocate all Cash Shares to the Pre-Committing Investors.

Investors should be aware that an investment in the New Shares or the Existing Shares may be subject to significant risk. The Company's capital resources after the Offering are expected to be sufficient for the Company to finance its planned activities until June 2010. The Company intends to raise additional equity capital in the second half of 2009. If this is not achieved the Board of Directors will reduce the Company's operating expenditures and consider strategic alternatives. This may have a material adverse impact on the prospects of the Company and the price of its Shares and its shareholders may suffer losses. If such strategic alternatives cannot be effected on satisfactory terms, the Company would have to suspend its payments or file for bankruptcy, which would have the effect that the shareholders' investments in the Shares would be considered to be lost.

Investors are requested to read the section "Risk Factors" for a discussion of certain factors that may have an adverse impact on the value of the Company's Shares.

The Company's Existing Shares are listed on the NASDAQ OMX Copenhagen A/S (the "NASDAQ OMX") under the securities identification code ("ISIN") DK0015966592.

The New Shares will not be admitted to trading and official listing on the NASDAQ OMX until after registration of the capital increase with the Danish Commerce and Companies Agency. The New Shares are expected to be admitted to trading and official listing on the NASDAQ OMX on July 6, 2009 under the ISIN of the Existing Shares.

The New Shares will be delivered by allocation to accounts through the book-entry facilities of VP Securities A/S ("VP"). The New Shares have been accepted for clearance through Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and Clearstream Banking S.A. ("Clearstream").

This Prospectus may not be distributed in or otherwise be made available and the New Shares may not be offered or sold, neither directly nor indirectly, in the United States, Canada, Australia or Japan, unless such distribution, offering or sale is permitted under applicable laws in the relevant jurisdiction, and the Company must receive satisfactory documentation to that effect. This Prospectus may not be distributed in or otherwise be made available, and the New Shares may not be offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offering or sale is permitted under applicable laws in the relevant jurisdiction, and the Company may require receipt of satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not have the Prospectus distributed to them and may not be able to subscribe for the New Shares.

The New Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). Thus, the New Shares may not be subscribed for, offered, sold, pledged or otherwise transferred in the United States unless they are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act or any other state securities laws in the United States is available.

The date of this Prospectus is June 30, 2009 (the "Prospectus Date").

General Information

This Prospectus has been prepared in compliance with Danish law, including Consolidated Act no. 360 of May 6, 2009 on Securities Trading, as amended, (the "Danish Securities Trading Act"), Commission Regulation (EC) no. 809/2004 of April 29, 2004 and Executive Order no. 1232 of October 22, 2007 issued by the Danish Financial Supervisory Authority on prospectuses for securities admitted for trading on a regulated market and for public offerings of securities of at least EUR 2,500,000 (the "Prospectus Order"). The Prospectus is governed by Danish law.

This Prospectus has been prepared for the Offering.

In connection with the Offering and the official listing of the New Shares, the Prospectus has been prepared in Danish and has been translated into English. In the event of any discrepancy between the Danish Prospectus and the English translation, the Danish Prospectus shall prevail. The Danish Prospectus contains statements from the Company's independent auditors, which are not included in or incorporated by reference in the English translation.

No person is authorised to give any information or to make any representation in connection with the Offering not contained in this Prospectus. Any information or representation not so contained must not be relied upon as having been made or authorised by the Company. The Company accepts no liability for any such information or representation. The Company and other sources identified herein have provided the information contained in this Prospectus.

The information in this Prospectus relates to the date printed on the front cover, unless expressly stated otherwise. The distribution of this Prospectus shall not in any circumstances imply that there have been no changes in the affairs of the Company since that date, or that the information contained in this Prospectus is correct as at any time subsequent to the date hereof.

Any material new circumstance, substantive error or inaccuracy in connection with the information in the Prospectus which may affect the valuation of the New Shares or the Existing Shares and which occurs or is ascertained between the time of approval of this Prospectus and the final completion of the offering to the public, or, if relevant, the commencement of trading in a regulated market, will be published as a supplement to the Prospectus pursuant to applicable laws and regulations in Denmark.

Investors who have accepted to subscribe for New Shares prior to publication of the supplement are entitled to withdraw their acceptance during two business days after the publication of the supplement.

The Company is responsible for this Prospectus under applicable Danish legislation, and no other person makes any direct or indirect representation for the accuracy and completeness of this Prospectus or the information or representations contained herein.

Prospective subscribers or purchasers of the New Shares should make an independent assessment as to whether the information in this Prospectus is relevant, and any subscription or any purchase of the New Shares should be based on the examinations that the prospective subscribers or purchasers may deem necessary.

This Prospectus may not be forwarded, reproduced or in any other way redistributed by anyone but the Company. Investors may not reproduce or distribute this Prospectus, in whole or in part, and investors may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than for considering the subscription for the New Shares described in this Prospectus. Investors agree to the foregoing by accepting delivery of this Prospectus.

Selling Restrictions

The Offering will be completed under Danish law, and the Company has not taken any action and will not take any action in any other jurisdiction than Denmark, which may result in a public offering of the New Shares.

The delivery of this Prospectus and the marketing of New Shares are subject to restrictions in certain countries. Persons into whose possession this Prospectus may come are required by the Company to inform themselves about such restrictions and to observe such restrictions, including any tax issues and currency restrictions that may be relevant in connection with the Offering. All investors should examine through their own advisers the tax consequences of an investment in the New Shares. This Prospectus does not constitute an offer of or an invitation to purchase or subscribe for any New Shares in any jurisdiction in which such offer or invitation would be unlawful.

The New Shares are subject to transfer and selling restrictions in certain jurisdictions. Potential purchasers of or subscribers of the New Shares shall comply with all applicable laws and provisions in countries or territories in which they acquire, subscribe for, offer or sell the New Shares or possess or distribute this Prospectus and shall obtain consent, approval or permission, as required, for the acquisition of the New Shares. Persons into whose possession this Prospectus may come are required by the Company to inform themselves about such restrictions and to observe such restrictions. Neither the Company nor the Company's auditors accept any liability for any violation of these restrictions by any person, irrespective of whether such person is an Existing Shareholder or a potential purchaser of or subscriber of the New Shares.

This Prospectus may not be distributed in or otherwise be made available and the New Shares may not be offered or sold, directly or indirectly, in the United States, Canada, Australia or Japan, unless such distribution, offering or sale is permitted under applicable laws in the relevant jurisdiction, and the Company must receive satisfactory documentation to that effect. This Prospectus may not be distributed in or otherwise be made available, and the New Shares may not be offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offering or sale is permitted under applicable laws in the relevant jurisdiction, and the Company may require receipt of satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not have the Prospectus distributed to them and may not be able to subscribe for the New Shares.

Notice to US Residents

The New Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The New Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States. No transfer of and no offer or sale of the New Shares are permitted unless in connection with an offering or sale under Regulation S.

The Offering concerns securities in a Danish company. The Offering is subject to Danish disclosure requirements deviating from the disclosure requirements under US law. The financial statements contained in this document have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the EU, and may not be comparable with the financial statements of US companies.

It may be difficult to enforce investors' rights and claims under US federal securities laws because the Company is domiciled in Denmark and some or all executive officers and board members may be residents of Denmark or Norway. It may not be possible to file a lawsuit against a non-US company or its executive officers or board of directors with a court outside the United States concerning any breach of US securities laws. It may be difficult to enforce judgments obtained in US courts against a non-US company and its affiliates.

Notice to UK Residents
This Prospectus is only being distributed to, and is only directed at, (i) persons who are outside the United Kingdom, or (ii) "investment professionals" falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) "high net worth entities" and other persons to whom it may lawfully be communicated, falling within article 49(2)(a) to (d) of the Order (all such persons being collectively referred to as "Relevant Persons"). The New Shares are only available to, and any invitation, offer or agreement to purchase or otherwise acquire such New Shares will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

Notice Regarding the European Economic Area
In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "Relevant Member State"), no offering of New Shares to the public will be made in any Relevant Member State prior to the publication of a prospectus concerning the New Shares which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Directive, except that with effect from and including the date of implementation of the Prospectus Directive in such Relevant Member State, an offering of New Shares may be made to the public at any time in such Relevant Member State:

(a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
(b) to any legal entity fulfilling at least two of the following criteria: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than EUR 43,000,000; and (iii) an annual net revenue of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
(c) to less than 100 individuals or legal persons (except for "qualified investors" as defined in the Prospectus Directive) subject to the prior written consent of the Company; or
(d) in any other circumstances which do not require the publication by the Company of a prospectus under Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an "offer of New Shares to the public" in relation to any New Shares in any Relevant Member State means the communication, in any form and by any means, of sufficient information on the terms of the Offering and the New Shares so as to enable an investor to decide to purchase or subscribe for the New Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The term "Prospectus Directive" means Directive 2003/71/EC and includes all relevant implementation procedures in each Relevant Member State.

Notice Regarding Other Jurisdictions Outside Denmark
The New Shares have not been approved, disapproved or recommended by any foreign regulatory authorities, nor have any of such authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus.

Enforceability of judgments
Affitech A/S is a public limited liability company incorporated in Denmark. Most of the members of Management are residents of Denmark or Norway and all or a substantial share of the Company's and such persons' assets are located in Denmark or Norway. As a result, it may not be possible for investors to effect service of process outside Denmark upon the Company or such persons or to enforce against them in courts outside Denmark judgments based upon applicable laws in jurisdictions outside Denmark.

Market and Industry Data and Information Provided by Third Parties
This Prospectus contains information on the markets in which Affitech A/S operates. A substantial part of the information comes from analyses prepared by external organisations. Such information is considered to be reliable, but the information has not been verified, and the Company makes no representation as to the accuracy of such information. Thus, developments in the Company's activities may deviate from the market developments stated in this Prospectus. The Company does not assume any obligation to update such information. If information has been obtained from third parties, the Company confirms that such information has been accurately reproduced, and to the best of the Company's knowledge and belief and in so far as can be ascertained from the information published by such third party, no acts have been omitted which would render the information reproduced inaccurate or misleading.

Presentation of Financial Information and Certain Other Information
Due to rounding, the figures presented in the Prospectus may differ from the figures presented in the annual reports and interim reports of the Company. References to "DKK" or "Danish kroner" are to Danish kroner. References to "NOK" or "Norwegian kroner" are to Norwegian kroner. References to "USD" or "$" are to the currency of the US. References to "EUR" or "euro" are to the single currency of the member states participating in the third stage of the European Economic and Monetary Union pursuant to the Treaty Establishing the European Community, as amended from time to time.

Forward Looking Statements
Certain statements in this Prospectus may contain forward-looking statements. In addition, this Prospectus contains statements concerning forecasts for the financial year 2009. Such statements concern Management's expectations, beliefs, intentions or strategies relating to the future as at the Prospectus Date. The statements can be identified by the use of terminology such as "expect", "assess", "estimate", "deem", "anticipate", "intend", "may", "plan", "predict", "will", "should", "seek", or similar expressions. The forward-looking statements reflect Management's current views and assumptions with respect to future events and involve risks and uncertainties, including those based on circumstances beyond the control of the Company. Actual and future results and performance may differ materially from those contained in such statements. Except for any prospectus supplements that the Company may be required to publish under Danish law, the Company does not intend to and does not assume any obligation to update the forward-looking statements in this Prospectus after the Prospectus Date.

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Table and Figures

Summary

This summary should only be considered as an introduction to the Prospectus. Any decision to invest in the New Shares should be made on the basis of the information contained in this Prospectus as a whole. The individuals or legal entities that have prepared the summary or any translation thereof, and that have requested approval thereof, may be subject to civil liability, but only if the summary is misleading, incorrect or inconsistent when read in conjunction with the other parts of the Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court, the investor making such claim might, under the national legislation of the member state where such claim is brought, have to bear the costs of translating the Prospectus before such legal proceedings are initiated.

The summary should be read in conjunction with the other parts of this Prospectus and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus, including the audited consolidated financial statements of Pharmexa A/S (now Affitech A/S) for the years ended December 31, 2006, 2007 and 2008 and its reviewed consolidated financial statements for the first three months of 2009 and the audited consolidated financial statements of Affitech AS (now Affitech Research AS) for the years ended December 31, 2007 and 2008 and its reviewed consolidated financial statements for the first three months of 2009.

See "Risk Factors" for a discussion of certain special factors that prospective investors are advised to consider in connection with an investment in the New Shares. The following information should be read in conjunction with the full text of this Prospectus. Certain terms used in this summary are defined elsewhere in this Prospectus.

Overview

Introduction to Affitech A/S

Affitech A/S is a biopharmaceutical company dedicated to the research and development of new human antibody therapeutics. The business was established recently through the combination of Affitech AS, a Norwegian human antibody therapeutics research company based in Oslo, and Pharmexa A/S, a Danish public vaccine research and development company based in Copenhagen. We believe the integration of the two entities marks a transformational event for both companies, combining the antibody discovery expertise and product pipeline of Affitech AS (now Affitech Research AS) with the drug development capabilities and infrastructure of Pharmexa A/S (now Affitech A/S). The result is an integrated drug research and development company capable not only of discovering and patenting unique human antibodies but also of developing them rapidly as potential new medicines. We believe that the Company's unique set of antibody research skills creates the opportunity for Affitech A/S to play a competitive and significant role in the expanding field of human antibody therapeutics.

The core of our business is its competitive and proven human antibody discovery platform. The ability to produce specific antibodies that are fully human, that is, they contain only proteins coded by human gene sequences, has been an important advance in antibody medicine. There are primarily two ways of generating fully human antibodies. The first is by active immunisation of human transgenic mice (a technique used successfully by a number of companies in the field, for example, Genmab and Abgenix – now part of Amgen) and the second, used by Affitech, Cambridge Antibody Technology (now part of Astra Zeneca), Domantis (now part of GlaxoSmithKline) and others is to generate human antibodies *in vitro* by a technology known as "phage display". In this latter approach, the entire spectrum of human antibody genes can be cloned into a bacterial virus (a bacteriophage) in such a way that all possible human antibody proteins are individually "displayed" on the surface of bacteriophage particles, where each may be tested for binding to a target molecule. Such antibody gene collections are known as "phage display antibody libraries".

Affitech has created its own proprietary phage display human antibody library which contains approximately 10^{10} human genes. The diversity of this gene library is several orders of magnitude greater than the best that can be established using human transgenic mice. The Affitech antibody library is also highly functional, that is, a large proportion of the antibodies it contains are displayed in their natural human functional state. This makes it easier to detect effective antibodies against specific human protein targets and indeed, the library has proven to be a rich source of such novel human antibodies.

The Affitech vision

Our goal is to create an internationally competitive, high growth, antibody therapeutics business. We believe that the Company has the potential of being both a technology innovator and product developer, and we intend that the Company's antibody-based products should meet at least a part of the patient demand for new medicines to treat serious disease more effectively. We expect the monoclonal antibody segment of the pharmaceutical market to continue to grow in volume, diversity and efficacy and to become an increasingly important driver of overall pharmaceutical industry growth in the future. Our vision is to contribute to this growth as a leading independent biotech company in the antibody field, and to achieve substantial clinical, commercial and financial successes within the context of the long lead times inherent in our industry.

Our overall business strategy

We expect to create value through selecting innovative, commercially attractive proprietary products and advancing them to human clinical trials to demonstrate efficacy and safety (proof of clinical concept). These antibodies will be of two types as follows:

- Improved versions of marketed antibodies or successfully validated antibodies with proven clinical efficacy – our aim here is to produce antibodies that are "first in class". In particular, we intend our first product of this type to be a new and different antibody to vascular endothelial growth factor (VEGF), the target of the Genentech/Roche product, Avastin.
- Innovative antibodies generated against novel medically important human disease targets – our aim here is to create antibodies that are "first in class". In particular, we intend to focus our innovative research on generating antibodies to cell surface proteins, particularly G-protein coupled receptors (GPCR), a class of targets of significant interest to the pharmaceutical industry.

We will seek to commercialise our products through structuring co-development and co-marketing partnerships with larger pharmaceutical and biotechnology companies. We believe that corporate relationships and research or development partnerships are an important way of establishing the financial and business strength to succeed in the biopharmaceutical industry. Accordingly, we will devote major management efforts to business development activities. In particular:

- For each of the initial wave of products, we will seek to establish risk-sharing co-development partnerships at early stages of their development.
- As our resources increase, we will consider taking our products further along the development path in certain therapeutic areas, while out-licensing or partnering products for certain clinical indications.
- In our drug discovery activities, we will seek to establish one or more strategic partnerships in the GPCR field and for other cell surface targets of high commercial interest.
- We may also seek to in-license additional attractive product candidates from third parties to broaden our product development pipeline.

Immediate objectives

Including the Net Proceeds from the Cash Offering, the Company's net cash was DKK 41,4 million as at March 31, 2009, which is expected to be sufficient to fund the Company until June 2010. During this period, our immediate objectives are:

- To raise additional equity capital in the second half of 2009 to fund product development.
- To negotiate and enter into one or more new partnership agreements with other pharmaceutical or biotech companies.
- To complete the integration of the two companies. In particular, the Company will focus on (i) the implementation of a common IT platform, (ii) an integrated accounting and financial management structure, (iii) an integrated project management structure and (iv) a common resource policy and management by objectives system.
- To focus on research and further preclinical development of our early stage antibody product candidates. Besides this, we plan to advance the application of CBAS™ in the cancer stem cell field and to the discovery to antibodies against additional GPCR targets. We will further advance the antibody candidates within our collaboration projects together with our partners. In addition, we plan to advance our product candidates towards clinical development.

Our product candidates

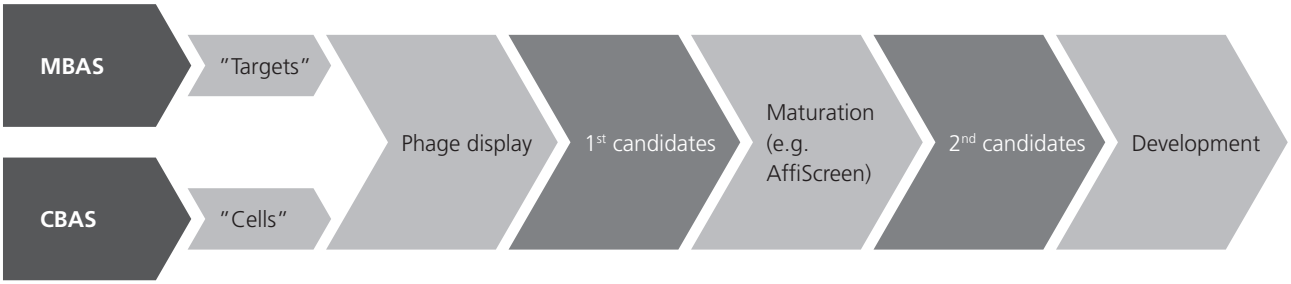
We have built a diversified pipeline of internal and partnered projects. All our product candidates target diseases in which there is a large unmet medical need for better patient outcomes. In addition to our pipeline, we have two out-licensed vaccine products deriving from the former Pharmexa business, GV1001, a peptide vaccine targeting telomerase, and PX106, a recombinant protein vaccine targeting Amyloid beta protein.

Table 1. Product candidates

Antibody	Collaborator	Molecular target	Disease area	Status
AT001	Peregrine	VEGF	Cancer	Preclinical development
AT002	Proprietary	ALCAM	Cancer	Preclinical research
AT003	Proprietary	EpCAM	Cancer	Antibody validation
AT004	Peregrine	PS	Cancer	Preclinical research
AT005	Peregrine	PS	Viral diseases	Preclinical research
AT006	Roche	Undisclosed cancer target	Cancer	Undisclosed
AT007	Proprietary	Chemokine receptor (a GPCR target)	Inflammatory and auto-immune diseases lymphoid cancers	Antibody validation

Affitech's drug discovery platform

Figure 1. Simplified illustration of the Company's fully integrated process of discovery and development of human monoclonal antibodies



We have developed and currently use two sets of phage display-based antibody discovery technologies, which we call Molecule-Based Antibody Screening or MBAS and Cell-Based Antibody Selection or CBAS™. MBAS involves high throughput screening of human antibody libraries against validated targets (antigens) for discovery of high fidelity antibodies. CBAS™ is a fully *in vitro* "reverse-screening" approach for discovering antibodies and their cognate targets utilising disease-specific cells. CBAS™ provides a unique possibility of identification of antibodies against targets when present in their natural cellular environment, and for discovering antibodies against complex antigens such as GPCRs and those antigens present on cancer stem cells.

Financial Forecasts
The prospective financial information is prepared on the basis of a number of assumptions, and reference is made to section 13 "Prospective financial information for the year ending December 31, 2009".

Based on our ongoing activities, agreements already entered into, current leads for potential new agreements and grants already made, we expect that revenue, interest income and other operating income in the 2009 financial year will total approximately DKK 10 million. Research and development costs are expected to total approximately DKK 36 million, and administrative expenses are expected to be approximately DKK 14 million, DKK 2.3 million of which relates to external non-recurring costs in connection with the Combination. The net loss, including financial income, is expected to be approximately DKK 40 million.

Reasons for the Cash Offering and Use of Proceeds
The main reason for the Offering is the Combination of Affitech AS and Pharmexa A/S.

The Cash Offering consists of 34,366,225 Cash Shares issued against cash payment at market price, corresponding to DKK 0.78, corresponding to Gross Proceeds of DKK 26.8 million and Net Proceeds of DKK 21.8 million. The Pre-Committing Investors have undertaken a binding pre-commitment to subscribe all the Cash Shares.

Our capital resources amounted to DKK 19.6 million as of March 31, 2009. Combined with expected revenues from our current and anticipated collaborative agreements and the Net Proceeds from the Cash Offering, we anticipate that we will have funding for our planned activities until June 2010.

In addition to the assumptions described in section 13.4 "Methodology and Assumptions", the cash flow projections are subject to certain other assumptions including, but not limited to, the Company being able to adequately reduce its staff costs in 2010 if no additional equity capital is raised in the second half of 2009. Reference is also made to section 10 "Capital Resources".

The proceeds from the Cash Offering together with our existing capital will be used on research and further preclinical development of our early stage antibody product candidates. Besides this, we plan to advance the application of CBAS™ in the cancer stem cell field and to the discovery to antibodies against additional GPCR targets. We will further advance the antibody candidates within the collaboration projects together with our partners. In addition, we plan to advance our product candidates towards clinical development.

Risk Factors
Prospective investors contemplating whether to invest in the New Shares should carefully consider the information set out in "Risk Factors". The risk factors concerning the Company are divided into the following categories:

- **Overall Risk**
  This primarily comprises general risks related to the Company's development stage and capital resources.
- **Risks Related to Our Business and Industry**
  These risks primarily relate to the Company's product candidates and clinical studies as well as its collaborative agreements and intellectual property rights.
- **Risks Related to Government, Regulatory and Legal Requirements**
  These risks primarily relate to regulatory affairs, regulatory approvals and disputes.
- **Risks Related to the Market and the Offering**
  These risks primarily relate to market risks involved in an investment in the Company's shares.

Summary Financial Information

Selected Financial Information for Pharmexa A/S (now Affitech A/S)
The selected financial information for Pharmexa A/S comprises the financial years ended December 31, 2008, 2007 and 2006 and the three months ended March 31, 2009 and 2008.

The discussion below should be read in conjunction with Pharmexa A/S' annual and interim financial statements with notes thereto included elsewhere in this Prospectus.

The financial statements have been extracted from the audited annual reports for 2008, 2007 and 2006, which were prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The interim financial statements for the three months ended March 31, 2009 with comparative figures for the three months ended March 31, 2008 were prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Company's auditor has reviewed the interim financial statements for the three months ended March 31, 2009. The comparative figures in the interim financial statements are unaudited.

Table 2. Pharmexa A/S (now Affitech A/S) selected financial information for the financial years 2006-08, Q1 2008 and Q1 2009

(In DKK thousands except for ratios and other data)	January 1 – March 31, 2009 Reviewed	January 1 – March 31, 2008 Unaudited	2008 Audited	2007 Audited	2006 Audited
INCOME STATEMENT					
Revenue	4,072	2,222	5,577	10,879	2,040
Research costs	(3,883)	(12,658)	(49,224)	(43,343)	(47,644)
Development costs	(6,593)	(24,813)	(88,935)	(124,481)	(117,443)
Administrative expenses	(6,402)	(6,071)	(27,325)	(36,029)	(32,335)
Loss before other operating items	**(12,806)**	**(41,320)**	**(159,907)**	**(192,974)**	**(195,382)**
Net other operating income/expenses	0	4,704	(38,266)	23,203	21,785
Net financial income/expenses	57	1,078	3,575	5,060	4,547
Income taxes	0	0	0	0	0
Net loss for the year	**(12,749)**	**(35,538)**	**(194,598)**	**(164,711)**	**(169,050)**
BALANCE SHEET (end of period)					
Intangible assets	0	68,483	0	73,564	86,734
Cash and cash equivalents	18,149	120,793	36,071	76,010	165,260
Total assets	33,830	210,501	54,579	178,288	284,891
Share capital	29,846	298,460	29,846	207,272	376,893
Shareholders' equity	29,451	191,733	41,767	150,753	258,219
Total liabilities	4,379	18,768	12,812	27,535	26,672
CASH FLOW STATEMENT					
Cash flows from operating activities	(18,280)	(33,548)	(127,143)	(142,997)	(156,406)
Cash flows from investing activities[1]	358	5	12,954	(786)	66,924
of which net purchase and sale of securities	-	-	-	-	*70,853*
of which invested in subsidiaries	-	-	*11.205*	-	-
of which net investment in property, plant and equipment and intangible assets	*358*	*5*	*1,749*	*(786)*	*(3,929)*
Cash flows from financing activities	-	78,501	74,795	55.231	(3,723)
Change in cash and cash equivalents	(17,922)	44,958	(39,394)	(88,552)	(93,205)
RATIOS AND OTHER DATA[2]					
EPS (per Share of DKK 0.50)	(0.2)	(0.7)	(3.4)	(4.0)	(4.5)
Average number of shares	59,691,940	52,599,561	57,943,134	41,009,610	37,649,206
Number of shares at end of period	59,691,940	59,691,940	59,691,940	41,454,395	37,689,240
Net asset value per share, (per Share of DKK 0.50)	0.50	3.3	0.70	3.6	6.9
Share price at end of period	0.89	3.65	0.67	6.45	17.5
Price/book value	1.78	1.11	0.96	1.79	2.56
Assets/equity, l	1.15	1.10	1.31	1.18	1.10
Number of employees (full-time equivalents), end of period	10	69	12	101	107
Number of employees (full-time equivalents), average	11	73	74	102	104

(1) As a result of a change in the Company's portfolio management approach, since 2002 cash flow from investing activities has included purchases and sales of marketable securities

(2) The ratios have been calculated in accordance with "Recommendations & Ratios 2005" issued by the Danish Society of Financial Analysts, December 2004. For definitions of terms used in the ratios, see "Accounting policies".

Selected Financial Information for Affitech AS (now Affitech Research AS)

The selected financial information for Affitech AS comprises the financial years ended December 31, 2008 and 2007 and the three months ended March 31, 2009 and 2008.

The discussion below should be read in conjunction with Affitech AS' annual and interim financial statements with notes thereto included elsewhere in this Prospectus. The financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the EU.

The interim financial statements for the three months ended March 31, 2009 with comparative figures for the three months ended March 31, 2008 were prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. Ernst & Young has reviewed the interim financial statements for the three months ended March 31, 2009. The comparative figures in the interim financial statements are unaudited.

The financial information below for Affitech AS is presented in NOK. At December 31, 2007 and 2008, the exchange rates for NOK 100 relative to DKK 100 were 93.51 and 75.72, respectively. At March 31, 2008 and 2009 the exchange rates were 92.62 and 83.78, respectively.

Table 3. Affitech AS (now Affitech Research AS) selected financial information for the financial years 2007-08, Q1 2008 and Q1 2009

(In NOK thousands except for ratios and other data)	January 1 – March 31, 2009 Reviewed	January 1 – March 31, 2008 Unaudited	2008 Audited	2007 Audited
INCOME STATEMENT				
Revenue	1,502	664	4,183	2,852
Research costs	(9,403)	(8,791)	(37,378)	(43,139)
Administrative expenses	(3,392)	(2,114)	(10,490)	(10,037)
Loss before other operating items	(11,293)	(10,241)	(43,685)	(50,324)
Net other operating income/expenses	0	0	2,661	1,149
Net financial income/expenses	17	265	1,160	1,618
Income taxes	0	0	0	0
Net loss for the year	**(11,276)**	**(9,976)**	**(39,864)**	**(47,557)**
BALANCE SHEET (end of period)				
Intangible assets	1,605	1,081	1,708	1,161
Cash and cash equivalents	1,745	24,459	12,758	36,376
Total assets	12,986	36,882	23,382	48,226
Share capital	5,150	51,495	5,150	51,495
Shareholders' equityl	(754)	22,327	10,433	32,224
Total liabilities	13,740	14,555	12,949	16,002
CASH FLOW STATEMENT				
Cash flows from operating activities	(10,938)	(11,742)	(38,643)	(34,180)
Cash flows from investing activities	0	(132)	(2,482	(6,234)
of which invested in subsidiaries	-	-	-	-
of which net investment in property, plant and equipment and intangible assets	-	*(132)*	*(2,482)*	*(6,234)*
Cash flows from financing activities	(94)	(86)	17,798	43,792
Change in cash and cash equivalents	(11,032)	(11,960)	(23,327)	3,378
RATIOS AND OTHER DATA				
EPS (per Share of NOK 1)	(2.2)	(1.9)	(7.7)	(9.9)
Number of employees (full-time equivalents), end of period	32	35	37	31

Summary of the Offering

The Offering
The Offering consists of (i) 133,476,364 Shares ("Contribution Shares") issued against contribution in kind of shares in Affitech Research AS (formerly Affitech AS) (the "Contribution in Kind Offering") as well as (ii) 34,366,225 Shares (the "Cash Shares") to be issued against cash payment at market price of DKK 0.78 per Share of DKK 0.50, directed at certain pre-committing investors as described below (the "Cash Offering").

The Cash Shares are offered at market price corresponding to DKK 0.78 per share with a nominal value of DKK 0.50 each, free of brokerage.

The market price has been determined by the Board of Directors, taking into account, *inter alia*, an average of the closing prices of the Company's Shares during the period from June 22 to June 26, 2009 (inclusive).

Proceeds from the Offering
The Offering will bring in Gross Proceeds of DKK 134.9 million to the Company, and the Net Proceeds are expected to amount to DKK 128.9 million. The Gross Proceeds will be divided into DKK 108.1 million from the Contribution in Kind Offering and DKK 26.8 million from the Cash Offering.

Pre-Commitments

Contribution in Kind Offering
The Contribution Shares have been subscribed for by shareholders in Affitech AS (now Affitech Research AS).

Cash Offering
Ferd AS, Arendals Fossekompani ASA, Braganza AS, Teknoinvest VII KS, Verdane Capital IV TWIN AS, Anchor Secondary 3 Holding AS, Sarsia Life Science Fund AS, Glastad Invest AS, Lene AS, Hans Bjarne Dahl, John McDougall, Kerstin Maria Hareide, Marike Stassar and Amino AS (together the "Pre-Committing Investors") have undertaken a binding pre-commitment (the Pre-Commitment Agreement) to subscribe 34,366,225 Cash Shares in connection with the Offering, corresponding to DKK 26.8 million (100% of the Cash Offering).

Preferential Allocation

Contribution in Kind Offering
All Contribution Shares have been allocated to former shareholders in Affitech AS (now Affitech Research AS).

Cash Offering
As part of the Pre-Commitment Agreement, the Company has undertaken to allocate 34,366,225 Cash Shares to the Pre-Committing Investors (100% of the Cash Shares). The Pre-Committing Investors are all former shareholders in Affitech AS (now Affitech Research AS).

Subscription Period

Contribution in Kind Offering
The Contribution in Kind Offering has been subscribed in accordance with the resolution approved at the extraordinary general meeting held on May 5, 2009.

Cash Offering
The period in which the Cash Shares may be subscribed will commence on June 30, 2009 at 9.00 a.m. CET and close on July 1, 2009 at 5.00 p.m. CET.

Trading and Official Listing of the New Shares
Admission to trading and official listing of the New Shares on the NASDAQ OMX is expected to take place on July 6, 2009. Shareholders and investors should note that the New Shares will not be admitted to trading and official listing on the NASDAQ OMX until the capital increase has been registered with the Danish Commerce and Companies Agency, which is expected to take place on July 2, 2009.

Withdrawal or Suspension of the Offering
The Contribution in Kind Offering cannot be withdrawn.

The Cash Offering may be withdrawn in the event that certain exceptional and/or unpredictable circumstances occur in the period until registration of the capital increase relating to the Cash Shares has taken place with the Danish Commerce and Companies Agency.

Any withdrawal of the Cash Offering will be announced to the NASDAQ OMX and a notice will be inserted in the daily newspapers in which the Cash Offering was advertised.

Payment

Contribution Shares
The Contribution Shares were subscribed in accordance with the resolution approved at the extraordinary general meeting held on May 5, 2009, and the Contribution Shares were issued by the Company and registered with the Danish Commerce and Companies Agency on June 4, 2009.

Cash Shares
Subscription and payment of the Cash Shares will take place during the Subscription Period. The Cash Shares are expected to be issued by the Company and the capital increase to be registered with the Danish Commerce and Companies Agency on July 2, 2009. The Cash Offering may be withdrawn and cancelled by the Company until the capital increase relating to the Cash Shares has been registered with the Danish Commerce and Companies Agency.

Publication of the Results of the Offering
The results of the Offering will be communicated in a company announcement which is expected to be released through the

NASDAQ OMX the day after the end of the Subscription Period (expected to be on July 2, 2009).

Completion of the Offering
The Offering will be completed if and when the New Shares subscribed are issued by the Company and registered with the Danish Commerce and Companies Agency, which is expected to take place on July 2, 2009.

An announcement concerning the results of the Offering is expected to be made on July 2, 2009.

Rights Attached to the New Shares
The New Shares will, when fully paid up and registered with the Danish Commerce and Companies Agency, rank pari passu with the Existing Shares.

Warrants
At the extraordinary general meeting held on May 5, 2009, the Board of Directors was authorised to issue warrants in the period until December 31, 2009 – without any preemptive rights to the shareholders of the Company – to Keith McCullagh in one or more issues for a total of nominally DKK 2,709,751 (5,419,502 Shares of DKK 0.50 nominal value each) by way of cash payment at a price corresponding to the Offer Price. The Board of Directors exercised the authorisation on June 30, 2009, subject to the completion of the Cash Offering, and will implement the necessary changes in the articles of association following completion of the Cash Offering. The warrants issued will be exercisable at the Offer Price.

ISIN:
The Existing Shares are listed under ISIN DK0015966592.

The ISIN of the New Shares is: DK0060185569 (temporary ISIN).

The New Shares will not be admitted to trading and official listing on the NASDAQ OMX until the capital increase has been registered with the Danish Commerce and Companies Agency. The New Shares will be admitted to trading and official listing on the NASDAQ OMX under the ISIN of the Existing Shares.

Applicable Law and Jurisdiction
The Offering is subject to Danish law. The Prospectus has been prepared in compliance with the standards and requirements of Danish law. Any dispute which may arise as a result of the Offering shall be brought before the Danish courts of law.

How to Order this Prospectus
The Prospectus can, with certain exceptions, be downloaded from the Company's website: www.affitech.com.

Requests for copies of the Prospectus may be addressed to the Company. However, the Prospectus will only be printed in a limited number and we therefore encourage persons interested in the Prospectus to download it from the Company's website.

Expected Timetable of Principal Events

Subscription Period for Cash Shares begins:	On June 30, 2009 at 9.00 a.m. CET
Subscription Period for Cash Shares ends:	On July 1, 2009 at 5.00 p.m. CET
Publication of the results of the Offering:	Expected to be on the day after the end of the Subscription Period (expected to be on July 2, 2009)
Completion of the Offering:	The Offering will be completed when the New Shares have been issued and the capital increase has been registered with the Danish Commerce and Companies Agency, which is expected to take place on July 2, 2009
Admission to trading and official listing of the New Shares expected to commence:	On July 6, 2009

Risk Factors

An investment in the New Shares or the Existing Shares may be subject to significant risks.

The description below may not be an exhaustive list of the risks facing the Company. However, the description reflects the risk factors which Management considers to be particularly material and relevant to the Company. If any of the following risks occurs, the Company's business, financial position, results of operations and/or future growth prospects could suffer materially. However, additional risks that are not presently known or that Management currently deems immaterial may also materially impair the Company's business operations and development.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to the risks the Company faces as described below and elsewhere in this Prospectus.

The risk factors below are not listed in any order of priority with regard to significance or probability. It is not possible to quantify the significance to the Company of each individual risk factor as each risk described below may materialise to a greater or lesser degree and may have unforeseen consequences.

The description of the risks should be read in conjunction with the full text of this Prospectus.

Shareholders and investors should be aware that the proceeds from the Offering will not, alone, enable the Company to continue its present strategy. Therefore, the Company intends to raise additional equity capital in the second half of 2009.

If further funding cannot be obtained, the Company may have to implement a number of short-term measures with a view to protecting its assets, including the introduction of cost-saving initiatives or prioritisations in the project portfolio. In addition, the Company may be forced to seek to immediately find a buyer of the Company's Shares or operations, and there can be no assurance that such a sale can be conducted within the required short horizon, or on which terms such a sale can be made. If such a sale cannot be effected, or cannot be effected on satisfactory terms, the Company would have to suspend its payments or file for bankruptcy, which would have the effect that the shareholders' investments in the Shares would be considered to be lost.

Overall Risk

The market for biotech companies is currently challenging and contains significant risks from an investor's point of view. It is uncertain and usually financially demanding to take a product to the market. Even if a product reaches the market, it is uncertain if the product achieves commercial success, and the potential earnings may not reflect the costs related to bringing a product to the market.

Neither Affitech AS nor Pharmexa A/S has taken a therapeutic product to the market, and it is uncertain if the Company will be successful in doing so. Apart from GV1001, which is out-licensed to a partner, the pipeline consists of product candidates that are at a much earlier stage of development.

As an early stage biotech company, the Company will be dependent on its ability to raise capital continuously to fund its activities, including bringing its product candidates through the various development phases. The Company's capital resources totalled DKK 19.6 million as at March 31, 2009. Combined with expected revenue from existing and expected collaborative agreements and the proceeds from the Cash Offering, the Company expects that it will be able to fund its planned activities until June 2010, and the Company thus intends to raise additional capital in the second half of 2009 in order to fulfil its long-term strategy.

In the event the Company fails to raise additional capital in the second half of 2009, the Board of Directors will consider strategic alternatives for the Company. Any decision to sell, merge or otherwise materially change the Company's strategy will be based on a thorough evaluation of the available options with a view to protecting shareholder value.

Risks Related to Our Business and Industry

We need continued additional funding to successfully implement our long-term strategy. If we are unable to obtain such funding, we may be unable to continue the development of our product candidates or our potential growth and our business may suffer.
Including the Net Proceeds from the Cash Offering, the Company's net cash was DKK 41.4 million as at March 31, 2009, which is expected to be sufficient to fund the Company until June 2010.

The Company has developed a long-term strategy, which, amongst other things, includes creating a pipeline of competitive, proprietary human antibody drugs and to move these products rapidly to the clinic. It is furthermore our strategy to strengthen our position in the antibody field; therefore we may expand our operations by in-licensing of technologies and product candidates as well as through the acquisition of additional assets or businesses.

In order to support this long-term strategy, the Company intends to raise additional equity capital in the second half of 2009.

Future actual financial results may differ significantly from the forecasts made.
The prospective financial information for 2009 contained in this Prospectus is based on a number of assumptions, including that the Company's strategy plan is completed as planned. Management believes that the most important assumptions include that no unforeseen costs related to the integration of the two companies or otherwise materialise, and that the Company will generate revenues from entering into new research collaboration agreements. There can be no assurance that the assumptions on which the prospective financial information is based materialise, and

unexpected events may have a negative impact on future actual results, notwithstanding that the assumptions relating to future periods otherwise prove correct. As a result, future actual results may differ significantly from forecasts.

Successful development of our product candidates is uncertain. If we are unable to successfully develop our product candidates, our business will suffer.
All of our product candidates are still in the research or development phase, and no revenues have been generated from their commercial sale. Neither we nor our collaborative partners have completed the development of our product candidates or begun commercial sales of our product candidates. In order for us to achieve profitability, we will need to develop successfully one or more of our product candidates. The costs associated with developing a product candidate are greater than the initial research involved in creating the product candidate.

We cannot assure you that we will ever be able to market or produce commercially successful products. Product candidates that reach the development stage may fail to reach the market for a number of reasons, including:

- lack of efficacy in animal models;
- lack of demonstration of acceptable clinical trial results;
- ineffectiveness of treatment of the targeted condition;
- harmful side effects;
- regulatory denial of marketing approval or denial of a commercially important indicated use;
- uneconomic manufacturing requirements; or
- lack of cost-effectiveness compared to alternative therapies.

The development of our product candidates is subject to risks that the product candidates will be unsuccessful, as well as risks related to the clinical studies and other risks. Although we may have tested the therapeutic effect and safety of our technology platforms and drug candidates with different disease targets in various animal models and clinical studies, we cannot assure you that these results are indicative of the results of future clinical studies in humans.

Although we seek to manage and contain these risks through extensive safety and efficacy studies, ongoing research, continued optimisation of formulations, thorough scientific and commercial review of the targets used, and monitoring of comparable clinical studies in other companies, we cannot assure you that we will be able to manage or contain these risks effectively, if at all.

In addition to the scientific risks inherent in the development of a product candidate, the development of our product candidates is subject to the risk that preclinical and clinical studies will be unable to demonstrate sufficiently that any of our product candidates is safe and effective for use in humans for the relevant target indications. If we are unable to demonstrate such safety and efficacy of a product candidate through clinical studies, we will be unable to market the product candidate commercially. Moreover, the development of product candidates is subject to many other risks, including, amongst others:

- unplanned expenditures in product development;
- election by our collaborative partners not to pursue further product development; and
- other unexpected difficulties with product development.

If a significant portion of our development activities is not completed and the required regulatory approvals are not obtained, our business may suffer.

We have never achieved profitability, and we expect our losses to continue. There can be no assurance as to how long we will continue to incur losses or be able to finance them.
We have never achieved profitability. We have incurred operating losses and these losses will continue. Our losses have resulted principally from:

- limited operating revenue being generated since we began our operations;
- research, development, clinical studies and manufacturing costs relating to the development of our product candidates; and
- administrative expenses related to our operations.

We intend to continue to make significant investments in:

- development stage activities, including preclinical and clinical studies;
- research activities;
- establishing new collaborations; and
- in-licensing or acquiring additional assets.

We may also incur losses as the result of non-organic growth if and when appropriate opportunities to acquire new businesses, technologies or other assets arise.

We do not know when or if we or our present or future collaborative partners will complete any pending or future product candidate development efforts, receive any regulatory approvals or commercialise successfully any approved products. We may continue to incur substantial operating losses even if our revenues increase. As a result, we cannot predict the extent of future losses or the time required for us to achieve profitability, if we are able to do so at all.

We are dependent on the ability to successfully implement the integration of Affitech AS and Pharmexa A/S.
Our future success and operations depend, amongst others, on Management's ability to successfully integrate the activities and operations of Affitech AS and Pharmexa A/S primarily within administration, marketing and IT, including the implementation of a common IT platform for the Company, an integrated accounting and financial management structure, an integrated project management structure and a common resource policy and management by objectives system.

If we are not able to integrate the businesses successfully, our business may suffer.

We operate from three geographically distant locations and, if we do not meet the challenges presented by our geographic breadth, the development of our product candidates or potential growth of our business may suffer.

As a result of the Combination of Affitech AS and Pharmexa A/S, we now operate from locations in Copenhagen, Denmark, in Oslo, Norway and in Walnut Creek (San Francisco Bay Area), CA, USA. In spite of our activities shared across geographical boundaries, we strive to operate on a seamless basis by taking full advantage of the various areas of expertise in our three locations. However, because of the challenges presented by the geographic spread of the three locations, including the physical distance between employees, we may not be able fully to utilise these strengths; if we are unable to do so, the development of our product candidates or the potential growth of our business may suffer.

Clinical studies will need to be conducted for our products. These studies are expensive and time-consuming, and their outcome is subject to uncertainty.

Product candidates must be demonstrated to be safe and effective for use in humans for the relevant target indications. If we are unable to demonstrate such safety and efficacy of a product candidate, through preclinical and "adequate and well-controlled" clinical trials, we will be unable to obtain approval to market commercially the product candidate. Conducting clinical trials is a lengthy and expensive process. The length of time and the cost of the trial may vary substantially according to the type, complexity, novelty and intended use of the product candidate, and can often take several years. They also depend on the input of third-parties over whom we have no control, including investigators, CMOs and CROs. They also require substantial in-house attention to coordinate the operations of clinical studies. In particular, Phase III studies can require substantial time, attention and resources.

In order to conduct clinical trials, we rely on CROs to coordinate and run our clinical trials. The studies can range from small studies at the Phase I level to large and complex Phase III studies. For more information on clinical studies, see "Description of the Company – The Research and Development Process". We enter into detailed contractual agreements with CROs in connection with the conduct of clinical studies to help ensure that the studies will be conducted in accordance with our expectations. However, CROs may not meet their obligations under the contractual agreements or may otherwise manage inadequately the clinical trials of our product candidates. If this were to occur, we could encounter delays in clinical studies and the development of our product candidates.

Moreover, as a result of the complexity of the clinical study process, other delays or disruptions may occur in the clinical study process. Clinical studies may be affected or delayed by many factors, including:

- inability to manufacture sufficient quantities of qualified cGMP materials for clinical studies;
- the need or desire to modify the manufacturing process;
- slower than expected rates of patient recruitment;
- modification of clinical protocols;
- delays, suspension or termination of clinical trials as a result of actions by the institutional review board responsible for overseeing the clinical studies at a particular site;
- inability to observe patients adequately after treatment;
- changes in regulatory requirements for clinical trials;
- unforeseen safety issues;
- the introduction of new "standards of care", which may require us to delay, suspend, abort or revise a clinical study in order to satisfy ethical and regulatory requirements; and
- government or regulatory delays.

We expect to incur significant and increasing expenses in connection with clinical studies. If we suffer delays, or are required to engage in additional or more complex studies than initially planned, the cost of clinical studies for our product candidates may increase. If this occurs, we may be forced to seek additional funds, reprioritise our pipeline or take other steps, and our business may suffer.

Success in preclinical or early clinical studies may not be indicative of results obtained in later clinical studies.

As with all drugs, the results from preclinical studies are not necessarily indicative of results that will be obtained in human clinical studies, and results in early human clinical studies may not necessarily be predictive of results obtained after large-scale, controlled, multi-centre studies. We cannot assure you that our clinical studies will demonstrate the safety and efficacy profile required to obtain regulatory approvals or that they will result in the development of marketable products.

Moreover, clinical trials are subject to design flaws and may not be structured in an appropriate way to demonstrate adequately the safety or efficacy of the product candidate. For example, the parameters of the study may be designed in a way that measures an effect that is not clinically relevant, or regulatory requirements may require us to design product candidate clinical studies to provide test subjects with other treatments, which may decrease the ability of the study to demonstrate the efficacy of the product candidate.

If we obtain clinical study results that are less positive than expected, we may be required to conduct additional clinical studies. We may also decide to abandon a product candidate or a particular indication if such clinical studies are inconclusive. If we experience such delays or decide to abandon a product candidate or particular indication, our business may suffer.

We have limited manufacturing capabilities and rely on contract manufacturing organisations (CMOs) to manufacture our products for clinical studies or for commercial marketing. If we are unable to obtain access to manufacturing capabilities sufficient to manufacture adequate quantities of products to meet demand on reasonable terms, our business may suffer.

In order to conduct clinical trials, our antibody product candidates must be manufactured in the required quantities and at acceptable costs. We do not currently have the facilities to manufacture such quantities and do not currently plan to develop any such facilities. We have outsourced, and expect to continue to outsource the manufacturing of product candidates for clinical studies to CMOs. We therefore rely on the CMOs to provide the required

product candidates. If the CMOs are unable to do so, whether as a result of error, failure to meet regulatory requirements for cGMP regulations of European, US or other jurisdictions or otherwise, we may be forced to delay or suspend one or more clinical studies, and we may be required to enter into agreements with another CMO, which we may not be able to obtain on commercially attractive terms. We have in the past been required to dispose of a product candidate manufactured by CMOs for clinical studies that was incorrectly produced. Although we were able, in that case, to obtain reimbursement of the costs from the CMO concerned, we cannot assure you that we will be able to do so in the future if we encounter such difficulty again. Such delays or new agreements would cause our costs to be greater than projected.

We will face similar risks if we commercialise one or more of our product candidates and use the services of a CMO. In such cases, we will be required to have even larger quantities of such product or products produced. We may, as a result, face even greater risks in respect of product-manufacturing.

We rely on our collaborative partners to develop successfully certain product candidates, so that we receive the benefits of our collaborative agreements and do not suffer reputational, financial or other harms.
We have entered into agreements with several collaborative partners, KAEL, Roche, Peregrine Pharmaceuticals, Xoma and Omeros, in connection with the identification and development of certain of our product candidates and may, in the future, enter into other collaborative agreements in respect of our product candidates. The successful development and commercialisation of these product candidates is and will continue to be dependent, in large part, on the actions of our collaborative partners, which are outside of our control. The failure of our collaborative partners to act in accordance with their respective obligations under our collaborative agreements could have a material adverse effect on our business. We currently, or in the future, may rely on our partners to:

- access proprietary technology for the development of product candidates;
- access skills and information that we do not possess;
- fund our research and development activities;
- manufacture products;
- fund and conduct preclinical testing and clinical trials;
- seek and obtain approvals for product candidates; or
- commercialise and market future products.

Our dependence on our collaborative partners subjects us to a number of risks, including:

- our collaborative partners have significant discretion regarding whether to pursue planned activities and may not pursue development of product candidates in the time or manner in which we would prefer;
- we cannot control the quantity and nature of the resources our collaborative partners may devote to product candidates;
- our collaborative partners may not develop products generated using our technology as expected; and
- changes in a collaborative partner's business strategy may adversely affect that collaborative partner's willingness or ability to continue to pursue the product candidates in respect of which we have entered into collaborative agreements.

If any of these risks materialises, we may not realise the contemplated benefits of our collaborative agreements and our business or our reputation may suffer.

Our existing collaborative agreements may be terminated, and we may not be able to establish additional collaborations.
We actively seek to enter into collaborative agreements in connection with our product candidates and technologies. Certain of our collaborative agreements give the other party the right to unilaterally terminate the agreement without cause. Our ability to continue our current collaborations and to enter into additional collaborations is dependent, in large part, on our ability to demonstrate successfully that our product candidates and antibody discovery technologies provide an effective and attractive option. Existing or potential collaborative partners may pursue alternative technologies, including those of our competitors, or enter into other transactions that could make a collaboration with us less attractive to them. For example, if an existing collaborative partner purchases or is purchased by one of our competitors, that company could be less willing to continue its collaboration with us. In addition, a company that has a strategy of purchasing companies rather than entering into collaborative agreements might have less incentive to enter into a collaborative arrangement with us. Moreover, disputes may arise in respect of the ownership of rights to any technology or products developed with any current or future partner. Lengthy negotiations with potential new partners or disagreements between us and our partners may lead to delays in or termination of the research, development or commercialisation of product candidates. If a significant number of our existing partnerships are terminated, and we cannot replace them, we may be required to increase our internal product development and commercialisation efforts, which could impact our product candidate pipeline and require us to re-evaluate the prioritisation of our product candidates. Any of the above could cause our business to suffer.

The market for drugs is highly competitive, and if we are unable to compete effectively, our business could suffer.
The market for drugs is highly competitive. We compete, or may in the future, compete with other businesses in the antibody field and with businesses that prepare other forms of pharmaceuticals that target the same diseases that our product candidates target. We currently compete with these entities for grants, for collaborations with other companies, including large pharmaceutical companies, and for resources, including clinical study sites, healthy volunteers and patients for the studies. In the future, if we are able to take any of our product candidates to market, we will also compete with them for market share.

Our competitors may have more resources than those available to us or have more experience than we do. They may also be working with therapies that have gained a broader acceptance, and therefore have an advantage in competing for resources. As a result, we may be unable to compete effectively with our competitors. If we are unable to do so, our business will suffer.

We currently have no sales or marketing capabilities. If we are unable to develop adequate sales and marketing capabilities, we may be unable to commercialise directly our antibody products.

We currently have no sales, marketing or distribution capabilities. We may therefore have to enter into agreements with third parties to market and sell certain of our products. We may not be able to enter into marketing and sales agreements with others on acceptable terms, if at all. To the extent that we enter into marketing and sales agreements with other companies, our revenues, if any, will depend on the terms of any such agreements and the efforts of others. These efforts may not be successful. We may choose to market certain of our product candidates directly through our own sales and marketing force. To do so, we will have to develop a sales and marketing organisation and establish distribution capability. Developing a sales and marketing force would be expensive and time consuming and could delay a product launch. If we choose to market any of our products directly, but are unable to implement successfully a marketing and sales force, our business will suffer.

There can be no assurance that our product candidates will be accepted in the market. If the product candidates fail to gain acceptance, our business will suffer.

In order for us to achieve profitability, we will, amongst other things, need to develop and commercialise one or more of our antibody product candidates. To do this, the medical community and other constituencies, such as national health care systems and health insurance providers, will need to accept such product candidates for treatment of patients. Moreover, collaboration or other forms of investment from pharmaceutical companies may be an important factor in our ability to develop and commercialise successfully one or more of our product candidates.

Even if we succeed in product development, we may be unable successfully to commercialise our product candidates and our business will suffer.

Even if we succeed in developing product candidates for market, we may be unable successfully to commercialise our product candidates. In particular, our product may not be able to compete successfully with existing or emerging products in the market, it may not gain acceptance or it may be ineffectively marketed by us or our collaborative partners. Moreover, we may be unable to arrange for the marketing or manufacture of our products on a sufficient scale. If we are unable to commercialise our products, our business will suffer. No assurance can be given that the commercialisation of any one of our product candidates will generate a particular income stream, if any income at all.

The successful commercialisation of our products will depend on obtaining coverage and reimbursement for use of these products from governmental healthcare programs and/or third-party payers.

Sales of pharmaceutical products largely depend on the reimbursement of patients' medical expenses by governmental healthcare programs and private health insurers. Without the financial support of governments or third-party payers, the market for products employing our technologies will be limited. If one or more of our product candidates is brought to market, we cannot assure you that governments or third-party payers will reimburse sales of products employing our technologies, or enable us or our licence partners to sell them at profitable prices.

Governments and third-party payers control health care costs by limiting both coverage and the level of reimbursement for new health care products. In the future, governments may institute price controls and further limits on spending. Internationally, medical reimbursement systems vary with differing degrees of regulation. Pricing controls and reimbursement limitations could affect the payments we receive from sales of products employing our technologies. Third-party payers are increasingly challenging the price and examining the cost effectiveness of medical products and services. In addition, significant uncertainty exists as to the reimbursement status of newly approved healthcare products. We may need to conduct post-marketing studies in order to demonstrate the cost-effectiveness of our products. Such studies may require us to use a significant amount of our resources. Our product candidates may not be considered cost-effective. This could harm our ability and the ability of our partners to sell products employing our technologies in commercially acceptable quantities at profitable prices.

We may face difficulty attracting and retaining qualified personnel, and if we fail to attract and retain such personnel, our business may suffer.

We are leanly staffed and have a number of key personnel. We are highly dependent on our management and scientific staff, the loss of whose services could adversely affect the achievement of our planned development objectives. Although we have no imminent plans to do so, we may need to hire additional personnel with expertise in clinical testing, government regulation, manufacturing and marketing. We may not be able to attract and retain personnel on acceptable terms, given the competition for such personnel among biotech and pharmaceutical companies, universities and non-profit research institutions. Although we believe we will be successful in attracting and retaining suitably qualified scientific personnel, there can be no assurance that we will be able to attract and retain such personnel on acceptable terms given the competition for experienced employees from numerous pharmaceutical and chemical companies, specialised biotech companies, universities and other research institutions.

We depend on our own proprietary rights and on patents and other proprietary rights licensed from third parties. If we or our licensors cannot adequately protect our own proprietary rights or proprietary rights licensed from third parties, our business will suffer.

Our success depends in part on our ability to:

- protect and preserve our own and our current and future collaborative partners' know-how and trade secrets;
- apply for, obtain, maintain and enforce our patents;
- ensure we have freedom to operate without infringing third party intellectual property rights;
- license from third parties appropriate technology;
- collaborate with and out-license to suitable partners.

We will only be able to protect our proprietary intellectual property rights from third party unauthorised use if we are able to ensure that our proprietary rights are covered by valid and enforceable patents or are effectively maintained as know-how and trade secrets.

We seek to protect our proprietary position by filing patent applications covering the Company's products and technologies. We generally apply for patents in the major markets, including the US and the EU. There can, however, be no assurance that patents will be issued from any of these applications, that any patent will be approved on technology arising from additional research, or that patents that may be approved from such applications will be valid or will offer sufficient protection to us. Competitors may have filed applications for, or may have received patents and may obtain additional patents and proprietary rights relating to compounds, products or technologies that block out or compete with those being developed by us. The patent position of biotech companies involves complex legal and factual questions and the issues are complex. Accordingly, enforceability cannot be predicted with certainty. Patents, even if issued, may be challenged, invalidated or circumvented. Further, we cannot be certain that all prior art or conduct has been formally, and sufficiently disclosed to the relevant governmental agencies and accordingly our patents or patent applications may be rendered invalid, unenforceable or unpatentable, because of the later discovery and/or disclosure of such prior art or conduct. Thus, any patents that we own or license from third parties may not provide adequate protection from competitors. It is also the case that our own patents or patent applications may not provide us with proprietary protection or competitive advantages against competitors who use similar technology and/or market, intend to market, sell or intend to sell similar products, i.e. antibody-derived products sharing the same structural and functional characteristics of their antigen-binding sites as the products claimed in the patents owned and/or licensed by us. Generally, we cannot know for sure that we hold sufficient rights to all of our patents, patent applications and/or other intellectual property rights that are necessary or material to conduct our business, or that there is no third party patent or published patent application to which the Company and/or its subsidiaries do not have rights which are necessary for the conduct of their business. The laws of other countries may not protect our intellectual property rights to the same extent as the laws of the United States or European countries. We cannot guarantee that third parties may not challenge the title to the Company´s patents or patent applications.

We also rely on trade secrets and proprietary know-how. We seek protection, in part, through confidentiality clauses in agreements and non-disclosure agreements with third parties. No assurance can be given that the obligation to maintain the confidentiality of our trade secrets and proprietary know-how will not be breached by our employees, consultants, advisers, or other relevant third parties or that our trade secrets or proprietary know-how will not become known or be independently developed by competitors in a manner providing us with no practical possibility of claiming damages from the parties involved.

If the validity of our own proprietary rights or of patents and other proprietary rights licensed by us from third parties is challenged, our business may suffer.
We cannot assure you that our patents and/or other proprietary rights will be granted and will not be challenged, invalidated or circumvented or that the rights granted will provide proprietary protection or commercial advantages to us. Also, we cannot know whether any third parties are contemplating to threat or institute legal proceedings which relate to our patents, patent applications or other intellectual property rights or whether there is any reasonable basis for any such challenge.

The prosecution and defence of intellectual property court proceedings involve complex legal and factual questions. Such proceedings are costly and time-consuming and, as with any litigation, their outcome is uncertain. In addition, we could incur substantial costs in defending ourselves from proceedings instigated against us or in suits in which we assert our patents against others. To determine the priority of inventions, we may also have to participate in interference proceedings instigated by third parties, which could result in substantial costs for us. The substantial expense of being involved in litigation relates not only to the cost, but also the efforts of our technical and management personnel being diverted. Adverse decisions will mean that we may face significant liabilities or be forced to attempt to seek licences, which may not be obtained on commercially reasonable terms, or at all. This could have a material adverse effect on our business, financial condition and results of operations.

Competitors or other third parties may have patents or other rights that could prevent us from making, developing, using or selling products for particular targets.
Our commercial success depends significantly on our ability to operate without infringing the patents and other intellectual property rights of third parties.

With respect to third party rights, we are not aware of any patents or patent applications that could constitute blocking rights to the Company's present business, including utilisation of its antibody technologies and immunotherapy approaches in particular, but we cannot guarantee that no such rights exist. However, there may exist patents, published and/or unpublished patent applications and other intellectual property rights that could prohibit us from using these technologies in the context of certain, specified, target molecules, which could materially affect our business. There may also exist patents, published and/or unpublished patent applications and other intellectual property rights that dominate or might dominate, cover or might cover any of our patents, patent applications and other of our intellectual property rights, or that otherwise overlap, conflict or interfere with any of our patents, patent applications or other of our intellectual property rights, so that the use of the technologies protected by these rights may infringe such third party rights. Further, we cannot assure you that the presently contemplated activities of the Company do not, by e.g. manufacture, use or sale of any product, device, instrument, drug, compound or other material, infringe or otherwise violate the rights of any third parties with respect to any patent, patent application or other intellectual property rights. In particular, we cannot assure you that commercialisation of our product

candidates will not infringe or otherwise violate the rights of any third parties with respect to any patent, patent application or other intellectual property rights, including if products developed and/or manufactured in Norway are marketed, sold or supplied to countries other than Norway.

The Company has received a communication from the Israeli company Nogdan referring to certain patents of that company. The letter did not clearly assert Nogdan's patent rights towards the Company and/or any of its subsidiaries, and the Company decided to view the communication as irrelevant. However, we cannot generally say that the patents of Nogdan could not be successfully asserted towards the Company and/or any of its subsidiaries.

Even where our platform technology and method of application is free from any third party competition or claims, when a specific antigen is targeted, third parties may claim that their patents or proprietary intellectual property are being infringed. If the production or commercial use of our products meets all of the requirements of any of the claims in the third party patents and applications mentioned above, we may need to obtain a licence to one or more of these patents or patent applications. We cannot assure you that we will be able to acquire such a licence on commercially reasonable terms, or at all. In the event of infringement of third party patents, patent applications and/or proprietary rights, we and our collaborative partners may be prevented from pursuing research, development or commercialisation of products in breach thereof or may be required to obtain licences to such patents or other proprietary rights or to develop or obtain alternative technologies. There can be no assurance that we or our collaborative partners will be able to obtain alternative technologies or any required licence on commercially reasonable terms or at all. If such licences or alternative technologies are not obtained, we may be delayed in or prevented from pursuing the development of certain of our potential products, which could have a material adverse effect on our business, financial situation and results of operations. Further, we note that Affitech utilises a number of technologies relating, *inter alia*, to phage display. These technologies are subject to third party patents in many jurisdictions but not in Norway, where Affitech Research AS hence has had and does have the freedom to use these technologies commercially. The Company intends to continue to limit the commercial use of these technologies to Norwegian territory. Should the Company and/or any of its subsidiaries wish to relocate such activities to other territories, the Company and/or any of its subsidiaries may not be able to do so without conflicting with third party patents or other proprietary rights. The same applies to the extent that products developed and/or manufactured in Norway are marketed, sold or supplied to countries other than Norway.

Competitors or other third parties may be infringing our patents or other intellectual property rights.
We cannot know whether or not any third parties at the present are in fact infringing any of our patents or patent applications and/or other intellectual property owned by us, nor can we know whether any third parties in the short term (0-3 years) are preparing to market and/or sell a product that infringes or violates any of our patents, patent applications and/or other intellectual property.

If we are unable to obtain licences that we believe are necessary to conduct our business on commercially reasonable terms, our business may suffer.
We seek to obtain licences to patents and patent applications when, in our judgment, such licences are necessary to conduct our business. If any licences are required, there can be no assurance that we will be able to obtain such licence on commercially reasonable or favourable terms, if at all. If such licences are not obtained, we might be prevented from using certain of our technologies for the generation of our antibody products for particular targets or generally. Our failure to obtain a licence to any technology that we require may have a material adverse effect on our business, financial condition and results of operations. We cannot assure you that our products and/or actions in developing or selling our antibody products will not infringe such patents. Moreover, our owned or licensed proprietary rights may not prevent others from developing competitive products using our technology or other technologies. Similarly, others may obtain patents that could limit our ability and the ability of our licensees to use, import, manufacture, market or sell products or impair our competitive position and the competitive position of our licensees.

If our licence agreements violate applicable competition provisions, some terms of our key agreements may be unenforceable.
Certain licence agreements that we have entered into, or may enter into, will grant or may grant exclusive licences of patents, patent applications and know-how and, therefore, may be found to be restrictive of competition under Article 81(1) of the Treaty of Rome. Article 81(1) prohibits agreements which restrict competition within the European Community and affect trade between member states. We determine on an agreement-by-agreement basis whether an existing exemption from the application of Article 81(1) applies to the agreement. If an exemption is not applicable, provisions of any agreement which are restrictive of competition under Article 81(1), including those relating to the exclusivity of rights, may be unenforceable and we could lose the benefit of the rights granted under the provision and may be ordered to pay fines or damages to third parties.

We may face claims related to the use or misuse of products employing our antibody technologies, which may cause our business to suffer.
Our business exposes us to potential product liability risks which are inherent in research and development, preclinical and clinical testing, manufacturing, marketing and use of antibody products. Product liability claims may be expensive to defend and may result in judgments against us which are potentially punitive. It is generally necessary for us to secure certain levels of insurance as a condition for the conduct of clinical studies. Coverage varies from study to study and from country to country, depending on the product, relevant regulations and other factors. Although we believe that our insurance cover is adequate, we cannot be certain that the insurance policies will be sufficient to cover all claims that may be made against us. Product liability insurance is expensive, difficult to obtain and may not be available in the future on acceptable terms. Any claims against us, regardless of their merit, could cause our business to suffer.

Generally, our clinical studies are and would be conducted in patients with serious life-threatening diseases for whom conventional treatments have been unsuccessful or for whom no conventional treatment exists, and in some cases, our products are used in combination with approved therapies that themselves have significant adverse event profiles. During the course of treatment, these patients could suffer adverse medical events or die for reasons that may or may not be related to our product candidates. Any of these events could result in a product liability claim. Any such claims against us, regardless of their merit, could result in significant awards against us, which could materially harm our business, financial condition and results of operations.

Risks Related to Government, Regulatory and Legal Requirements

We do not have, and may never obtain, the regulatory approvals we need to market our product candidates.
In order to obtain regulatory clearance for the commercial sale of our product candidates, we must demonstrate through preclinical studies and clinical trials that a product candidate is safe and efficacious for use in humans for each disease. Following completion of clinical trials, the results are evaluated and submitted to the relevant regulatory authority to obtain approval of the product candidate and authorisation to commence commercial marketing.

The process of obtaining regulatory clearance for marketing a product, which includes approval of preclinical studies and clinical trials to establish safety and efficacy, can take several years and requires significant expenditure and the commitment of substantial resources. After an application is made, the regulatory authority may require additional testing or information, require that the product labelling be modified, impose post-approval study or reporting requirements or other restrictions on product distribution or deny the application.

In addition, delays or rejections may be encountered as a result of changes in regulatory policy for drug approval during the periods of product development and regulatory review of each new drug application or product licence application filed. We cannot assure you that regulatory approval will be obtained for any product developed or marketed under licence by the Company. Moreover, if regulatory approval is granted for a product, such approval may be subject to limitations to the indicated uses for which the product may be marketed.

Even if regulatory approval is obtained for a product candidate, the marketed product and its manufacturer are subject to continuing review. The discovery of previously unknown problems with a product, or relating to its manufacturing process, may result in restrictions on such product or manufacturer, including the withdrawal of the product from the market.

To date, we have not applied for or received the regulatory approvals or licences required for the commercial sale of our therapeutic products in any jurisdictions. None of our product candidates has therefore been determined by any regulator to be safe, effective and potent and we have not submitted a Biologics License Application (BLA) or New Drug Application (NDA) to the FDA, or a marketing authorisation application to the European Medicines Agency (EMEA), national regulatory agencies in Europe or to any international regulatory authorities for any of our product candidates. We cannot assure you that any of our product candidates will be approved or licensed for marketing.

We are subject to extensive and costly government regulation. If we fail to obtain or maintain governmental approvals, we will not be able to commercialise our products and our business will suffer.
Products and product candidates employing our antibody technologies are subject to extensive and rigorous government regulation, including regulation by the FDA, the U.S. Centers for Medicine and Medicaid Services, other divisions of the U.S. Department of Health and Human Services, the U.S. Department of Justice, state and local governments, the EMEA, national European authorities and other national and international regulators. The FDA, EMEA and European regulatory agencies regulate the development, testing, manufacture, safety, efficacy, record-keeping, labelling, storage, approval, advertising, promotion, sale and distribution of biopharmaceutical products. If products employing our antibody technologies are marketed in countries outside of Europe and the United States, they will also be subject to extensive regulation by other governments. The regulatory review and approval of the licensing process, which includes preclinical testing and clinical trials of each product candidate, is lengthy, expensive and uncertain. Within the EU, clinical trials are supervised by the national authorities in the countries where trials are taking place, although applications to market are considered by the EMEA for the whole EU. Securing FDA licensure and EMEA approval requires the submission of extensive preclinical and clinical data and supporting information to the FDA and EMEA for each proposed disease to establish the candidate's safety and efficacy. The approval and licensure processes take many years, require substantial resources, involve post-marketing surveillance, and may involve ongoing post-marketing studies. Delays in obtaining regulatory approvals may:

- adversely affect the successful commercialisation of any product that we or our collaborative partners develop;
- impose costly procedures on us or our partners;
- diminish any competitive advantages in the market place that we or our partners may attain; and
- adversely affect our receipt of revenues or royalties.

Changes to an approved product, such as manufacturing changes or additional labelling claims, require further FDA and EMEA review and approval before marketing. Once obtained, any approvals may be withdrawn or revoked because of unforeseen safety, effectiveness or potency concerns or failure to comply with governmental regulations. Further, if we, our partners or our CMOs fail to comply with applicable regulatory requirements at any stage during the regulatory process, the FDA, EMEA, European regulatory agencies and other regulatory agencies may impose sanctions, including:

- delays;
- warning letters;
- fines;

- import restrictions;
- product recalls or seizures;
- injunctions;
- refusal by the FDA, EMEA or a European or other regulatory agency to review pending market approval applications or supplements to approval applications;
- total or partial suspension of production;
- suspension or debarment from selling FDA-regulated products to the US government for periods of time that vary depending on the cause of such suspension or debarment;
- civil penalties;
- withdrawal or revocation of previously approved marketing applications or licences;
- criminal prosecution.

In some instances, we also expect to rely on our partners to conduct preclinical and clinical development studies to demonstrate the safety, effectiveness and potency of each product and to direct the regulatory approval and licensure processes for products employing our antibody technologies. Our partners may not be able to conduct clinical testing or obtain necessary approvals from the FDA, EMEA or other regulatory authorities for any product candidates employing our technologies. If they fail to obtain required national approvals, our partners will be delayed or precluded from marketing these products. As a result, the commercial use of products employing our technologies will be limited and our business may suffer.

Even if approved, our products will be subject to extensive post-approval regulation.
Once a product is approved, numerous post-approval requirements apply. In the United States, the holder of an approved BLA or an NDA is subject to, among other obligations, periodic and other FDA monitoring and reporting obligations, including obligations to monitor and report adverse events and instances of the failure of a product to meet the specifications in the BLA or NDA. Application holders must also submit advertising and other promotional material to the FDA and report on ongoing clinical trials. Similar restrictions and requirements apply within the EU once a product is approved by the EMEA and in other jurisdictions after approval by relevant regulatory authorities.

In the United States, advertising and promotional materials must comply with FDA rules in addition to other potentially applicable federal and state laws. The distribution of product samples to physicians must comply with the requirements of the U.S. Prescription Drug Marketing Act. Manufacturing facilities remain subject to FDA inspection and must continue to adhere to the FDA's current good manufacturing practice ("cGMP") requirements. Application holders must obtain FDA approval for product and manufacturing changes, depending on the nature of the change. Sales, marketing, and scientific educational grant programs must comply with the U.S. MedicareMedicaid Anti-Fraud and Abuse Act, as amended, the False Claims Act, also as amended, and similar state laws. Pricing and rebate programs must comply with the Medicaid rebate requirements of the U.S. Omnibus Budget Reconciliation Act of 1990, as amended, and the Veteran's Health Care Act, as amended. If products are made available to authorised users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. All of these activities are also potentially subject to US federal and state consumer protection and unfair competition laws.

Within the EU, once a marketing authorisation has been obtained, numerous post-approval requirements also apply. The requirements are regulated by both EU regulations, including regulations covering requirements to report adverse events and the renewal process as well as national applicable regulations, which cover areas such as pricing and promotional material.

Depending on the circumstances, failure to meet these post-approval requirements can result in criminal prosecution, fines or other penalties, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of pre-marketing product approvals, or refusal to allow us to enter into supply contracts, including government contracts. In addition, even if we comply with FDA, EMEA and other requirements, new information regarding the safety or effectiveness of a product could lead the regulatory agencies to modify or withdraw a product approval.

If our manufacturers do not maintain current good manufacturing practices (cGMPs), we may not be able to commercialise our product candidates.
We depend, and expect to continue to depend on CMOs and other third parties to manufacture products employing our antibody technologies for development and for marketing. Before marketing a new drug, manufacturers must comply with the applicable ICH, FDA, EMEA or other regulatory agency cGMP regulations which include quality control and quality assurance requirements as well as the maintenance of records and documentation. Manufacturing facilities are subject to pre-approval and ongoing periodic inspection by the FDA, EMEA and other corresponding regulatory agencies, including unannounced inspections, and must be licensed for manufacturing before they can be used for manufacturing of products employing our technologies. After regulatory approvals or licensure are obtained, the subsequent discovery of previously unknown manufacturing, quality control or regulatory documentation problems or failure to maintain compliance with the regulatory requirements may result in restrictions on the marketing of a product, revocation of the licence, withdrawal of the product from the market, seizures, injunctions, or criminal sanctions. Although we seek, through contract and auditing procedures, to help ensure that such third parties comply adequately with the applicable regulations, we cannot assure you that they will do so.

Our operations involve hazardous materials and are subject to environmental controls and regulations.
As a biotech company, we are subject to environmental and safety laws and regulations, including those governing the use of hazardous materials. The cost of compliance with health and safety regulations can be substantial. Our business activities involve the controlled use of hazardous materials. We cannot eliminate the risk of accidental contamination or injury from these materials. In the event of an accident or environmental discharge, we may be held liable for any resulting damages, which may exceed our financial resources and may materially adversely affect our business, financial condition and results of operations.

A group of minority shareholders have made objections regarding the validity and lawfulness of the decisions adopted by the shareholders at the annual general meeting on April 28, 2009 and at the extraordinary general meeting on May 5, 2009.
Although the decisions adopted by the shareholders at the annual general meeting on April 28, 2009 and at the extraordinary general meeting on May 5, 2009 have been registered with the Danish Commerce and Companies Agency, we cannot guarantee that the minority shareholders will not proceed with their claim before the ordinary Danish courts or what the outcome of such legal proceeding will be, if initiated by the minority shareholders. If a final inappealable ruling from a Danish court should state that the decisions have not been validly adopted, the decisions may have to be reversed and deregistered with the Danish Commerce and Companies Agency.

Risks Related to the Market and the Offering

The market price of our Shares and the New Shares may be highly volatile, and purchasers of the New Shares could incur substantial losses.
The market price of the Shares as well as of the New Shares may be highly volatile. The stock market in general and the market for biotech companies in particular have experienced high volatility that has often been unrelated to the operating performance of particular companies. No assurance can be given that such fluctuations, even if otherwise unrelated to the Company's business, will not have a material adverse effect on the price of the Shares as well as of the New Shares.

The New Shares will be issued to former shareholders of Affitech AS, but the New Shares will only be admitted to trading and official listing on the NASDAQ OMX after registration of the capital increase with the Danish Commerce and Companies Agency. The day on which the New Shares will be admitted to trading and official listing on the NASDAQ OMX is expected to be on or about July 6, 2009. Accordingly, there will be no market for the New Shares prior to that date.

Following the Offering, the market price of our Shares may be highly volatile and could be subject to significant fluctuations in response to various factors, some or many of which may be beyond our control and which may be unrelated to our business, operations or prospects. Matters that could affect the price of the Shares include actual or anticipated variations in operating results, announcements relating to clinical trial results, announcements of technological innovations by us or our competitors, new products or services introduced by us or announced by us or our competitors, conditions, or trends or changes in the biotech and pharmaceutical industries, changes in the market valuations of other similar companies, additions or departures of key personnel and further sales of Shares by us.

In addition, the market for technology companies in particular has experienced significant share price and volume fluctuations that may be unrelated or disproportionate to the operating performance of those companies. There has been particular volatility in the market prices of securities of biotech companies. These general market and industry factors may adversely affect the market price of our Shares, regardless of our operating performance.

The trading price of our Shares has been, and could continue to be, subject to wide fluctuations in response to these factors, including the sale or attempted sale of a large number of our Shares into the market.

Our Shares may not in the future maintain their current liquidity.
Various factors, including a shift in the composition of our shareholders, may reduce the liquidity of our Shares. If this were to occur, it may be more difficult for you and other shareholders to trade our Shares, and the price may be adversely affected.

The ownership and structure of the Company's capital could change rapidly.
Because of the composition of our investor base, an investor could acquire control of the Company's share capital and, with it, de facto control of the Company. Under the Danish Securities Trading Act, an investor can acquire up to one-third of the voting rights in the Company without being required to extend an offer to all shareholders in the Company. This may enable a purchaser to obtain such control without consideration by the board. This may impact the price of the Company's Shares, cause a change in the management and strategy of the Company and various other events. We cannot assure you that such an event will not have an adverse impact on us or the price of our Shares.

In addition, because of the composition of our investor base, a group of investors could acquire or come to control more than 90% of the shares in the Company and thereby through a compulsory redemption of the remaining shareholders squeeze out such minority shareholders. We cannot assure you that such an event will not have an adverse impact on the ability of the minority shareholders to realise a satisfactory return on their investments.

Our income and costs are denominated in Danish kroner and certain other currencies, principally Norwegian kroner, Euros and the USD, and are likely to continue to be so, which will expose us to fluctuations in foreign exchange rates.
We receive income in Danish kroner and certain other currencies, principally Euros, Norwegian kroner and USD. We incur costs in a variety of currencies, including Euro and USD. To the extent there are mismatches between the currencies of our receipts and the currencies of our expenses, we are subject to gains and losses arising from fluctuations in foreign currency exchange rates. We do not currently hedge against potential foreign currency losses.

There is a risk that the Offering will not be completed, and it may be withdrawn in certain exceptional and/or unpredictable circumstances.
In the period until registration of the capital increase with the Danish Commerce and Companies Agency, the Company may, in certain exceptional and/or unpredictable circumstances (including force majeure), withdraw the Cash Offering. In the event that such circumstances occur before registration of the

capital increase with the Danish Commerce and Companies Agency, no Cash Shares will be issued.

The net proceeds from the Cash Offering may not be used effectively.
We currently intend to use the proceeds from the Offering as described in "Reasons for the Offering and Use of Proceeds". However, there can be no assurance that we will in fact use the proceeds in accordance with the current expectations. Any failure by us to apply these funds effectively could have a material adverse effect on our business.

There are additional risks to investors residing outside Denmark. The Company is a public limited liability company organised under the laws of Denmark, which may make it difficult for shareholders residing outside Denmark to exercise or enforce certain rights.
The rights of holders of Shares are governed by Danish law and our articles of association. These rights may differ from the typical rights of shareholders in the United States and other jurisdictions.

In addition, the members of Management are residents of Denmark, Norway or the US, and all or a substantial portion of the assets of the Company and of such persons are located in those countries. As a result, it may not be possible for investors to effect service of process outside Denmark upon the Company or such persons, or to enforce against them in courts outside Denmark judgments obtained from non-Danish courts based upon applicable law in jurisdictions outside Denmark.

As another example, in the case of an increase of the Company's share capital for payment in cash, shareholders are generally entitled to preemptive rights pursuant to Danish law. To the extent that preemptive rights are granted, US and certain other non-Danish holders of the Shares may not be able to exercise preemptive rights for their Shares, including in connection with offerings of Shares below market value, unless the Company decides to comply with applicable laws, regulations and other requirements in the relevant countries and, in the case of US holders, unless a registration statement under the U.S. Securities Act is effective with respect to those rights, or an exemption from the registration requirements thereunder is available. The Company intends to evaluate at the time of any future rights offering the costs and potential liabilities, direct and indirect, associated with any such compliance or registration statement. At such time, the Company also intends to evaluate the indirect benefits to it of enabling the exercise by US and other non-Danish holders of Shares or preemptive rights and any other factors we consider appropriate at the time. On the basis of this evaluation, we will then need to make a decision as to whether to file such a registration statement or take any other steps necessary to enable shareholders in such non-Danish jurisdictions to exercise their preemptive rights. No assurance can be given that any steps will be taken in any jurisdiction or that any registration statement will be filed to enable the exercise of such holders' preemptive rights.

In addition, shareholders outside Denmark may face difficulties in exercising their rights to vote at our general assemblies.

Shareholders outside Denmark are subject to exchange rate risk.
The New Shares are priced in Danish kroner. Accordingly, the value of the New Shares will be likely to fluctuate as the exchange rate between the local currency of the country in which an investor outside Denmark is based and the Danish krone fluctuates. If the value of the DKK decreases against the local currency of the country in which an investor outside Denmark is based, the value of such investor's New Shares will decrease.

Part I. Description of the Company

1. Persons Responsible

Intentionally omitted.

2. Statutory Auditor

Our statutory auditor is Ernst & Young Godkendt Revisionsaktieselskab, Tagensvej 86, DK-2200 Copenhagen N, Denmark, represented by Benny Lynge Sørensen, State Authorised Public Accountant, and Jesper Slot, State Authorised Public Accountant. Both are members of the Institute of State Authorised Public Accountants in Denmark (Foreningen af Statsautoriserede Revisorer (FSR)).

The annual reports for the financial years 2007 and 2008 were audited by Benny Lynge Sørensen and Jesper Slot, State Authorised Public Accountants of Ernst & Young Statsautoriseret Revisionsaktieselskab.

The annual report for the financial year 2006 was audited by Peter Fredløv and Benny Lynge Sørensen, State Authorised Public Accountants of Ernst & Young Statsautoriseret Revisionsaktieselskab.

Peter Fredløv resigned as auditor of the Company in accordance with the statutory rotation requirement.

3. Selected Financial Information

Reference is made to section 9 "Review of Operations and Financial Statements", tables 7 and 8.

4. Risk Factors

Reference is made to the section entitled "Risk Factors".

5. Description of the Company

5.1 The Company's History and Development

Pharmexa A/S was founded in 1990 and has since the inception been focused on the development of active immunotherapy products primarily for treatment of cancer and infectious deceases. Affitech AS was founded in 1997 and has been focused on research within monoclonal human antibody therapy.

On March 3, 2009 Pharmexa A/S and Affitech AS announced a conditional agreement to combine the two companies by means of a share-for-share acquisition by Pharmexa A/S of Affitech AS, whereby Affitech AS becomes a subsidiary of Pharmexa A/S and the (former) shareholders of Affitech AS receive new shares in Pharmexa A/S (the "Combination"). The Combination was contingent on subsequent shareholder approval in the two companies.

The parties announced that on completion of the Combination, the shareholders of Affitech AS would own approximately 70% of Pharmexa A/S, whereas the shareholders of Pharmexa A/S would own approximately 30%. Pharmexa A/S would be renamed Affitech A/S and continue its listing on the NASDAQ OMX.

On May 5, 2009, the Combination was finally approved by the shareholders of Pharmexa A/S, and Pharmexa A/S changed its name to Affitech A/S.

After the Combination of the two companies the new Company will focus on the human antibody therapeutic business.

5.2 Name, Registered Office, etc

Affitech A/S
Fremtidsvej 3
DK-2970 Hørsholm
Denmark
Tel.: +45 3925 7171
Fax +45 3925 7170
Website: www.affitech.com

The Company has registered the following secondary names: M&E A/S (Affitech A/S), Mouritsen & Elsner A/S (Affitech A/S), Pharmexa A/S (Affitech A/S) and M&E Biotech A/S (Affitech A/S).

The Company's registered office is situated in the municipality of Rudersdal, Denmark.

Affitech A/S is registered with the Danish Commerce and Companies Agency under company reg. (CVR) no. 14 53 83 72, and it carries on business as a public limited company incorporated under Danish law.

The objects of the Company as per article 2 of the articles of association are "to carry on research and development activities".

Date of incorporation and governing law
The Company was incorporated under Danish law on October 1, 1990 and registered with the Danish Commerce and Companies Agency on December 1, 1990.

ISIN
The Company's Existing Shares are listed on the NASDAQ OMX under ISIN DK0015966592.

Financial calendar
The financial calendar of the Company for 2009 is as follows:

August 25, 2009	Interim financial report, Q2 2009
November 10, 2009	Interim financial report, Q3 2009

The Company's financial year is the calendar year. The Company publishes quarterly reports.

Principal bank
The Company's principal bank is:

Danske Bank A/S
Copenhagen Corporate Branch
DK-1256 Copenhagen K
Denmark

Issuing agent
The Company's issuing agent is

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark

Share registrar
The Company's share registrar is

I-NVESTOR DANMARK A/S
Kongevejen 418
DK-2840 Holte
Denmark

5.3 Investments

Neither Pharmexa A/S (now Affitech A/S) nor Affitech AS (now Affitech Research AS) has made significant investments in any of the financial years included in this Prospectus.

Affitech A/S has no significant investments in progress, nor has the Company made any commitments in relation to any future significant investments.

6. The Company's Business and Markets

This section contains a number of observations, judgments and estimates in relation to the Company's activities and markets, which are based, *inter alia*, on Management's assessments based on its many years of industry experience. However, there can be no assurance that other sources may not have different opinions of the Company's activities and the market than those on which Management bases its opinions.

6.1 Description of Affitech A/S

Introduction to Affitech A/S

Affitech A/S is a biopharmaceutical company dedicated to the research and development of new human antibody therapeutics. The business was established recently through the combination of Affitech AS, a Norwegian human antibody therapeutics research company based in Oslo, and Pharmexa A/S, a Danish public vaccine research and development company based in Copenhagen. We believe the integration of the two entities marks a transformational event for both companies, combining the antibody discovery expertise and product pipeline of Affitech AS (now Affitech Research AS) with the drug development capabilities and infrastructure of Pharmexa A/S (now Affitech A/S). The result is an integrated drug research and development company capable not only of discovering and patenting unique human antibodies but also of developing them rapidly as potential new medicines. We believe that the Company's unique set of antibody research skills creates the opportunity for Affitech A/S to play a competitive and significant role in the expanding field of human antibody therapeutics.

The core of our business is its competitive and proven human antibody discovery platform. The ability to produce specific antibodies that are fully human, that is, they contain only proteins coded by human gene sequences, has been an important advance in antibody medicine. There are primarily two ways of engineering fully human antibodies. The first is by active immunisation of human transgenic mice (a technique used successfully by a number of companies in the field, for example, Genmab and Abgenix – now part of Amgen) and the second, used by Affitech, Cambridge Antibody Technology (now part of Astra Zeneca), Domantis (now part of GlaxoSmithKline) and others is to generate human antibodies *in vitro* by a technology known as "phage display". In this latter approach, the entire spectrum of human antibody genes can be cloned into a bacterial virus (a bacteriophage) in such a way that all possible human antibody proteins are individually "displayed" on the surface of bacteriophage particles, where each may be tested for binding to a target molecule. Such antibody gene collections are known as "phage display antibody libraries".

Affitech has created its own proprietary phage display human antibody library which contains approximately 10^{10} human genes. The diversity of this gene library is several orders of magnitude greater than the best that can be established using human transgenic mice. The Affitech antibody library is also highly functional, that is, a large proportion of the antibodies it contains are displayed in their natural human functional state. This makes it easier to detect effective antibodies against specific human protein targets and indeed, the library has proven to be a rich source of such novel human antibodies.

In addition to the core phage display antibody library, Affitech's drug discovery platform is comprised of a range of other technologies that are important to the Company's competitive position in antibody drug discovery. These additional technologies include:

- Molecule Based Antibody Screening (MBAS™) – a validated, high throughput, screening system developed by Affitech to detect antibodies binding to specific proteins; parts of this technology are proprietary.
- Cell Based Antibody Selection (CBAS™) – a unique and validated, proprietary screening technology developed by Affitech for detecting antibodies binding to specific cell surface proteins in their natural conformation;
- Antibody Engineering – a range of molecular biology techniques used by Affitech scientists to optimise and/or customise the specificity and affinities of antibody molecules as potentially competitive new human medicine;
- Bispecific Ig-like Molecules (BIMs) – a proprietary patented technology that enables Affitech to produce "next generation" antibody molecules with dual specificity and/or dual modes of action.

Our antibody technology platform has been validated through research collaborations with a number of pharmaceutical and biotech industry partners including Roche and Peregrine. With the recent consolidation of the antibody discovery industry, we are one of a limited number of companies with human phage display technology that have remained independent. We are therefore free to enter into discovery and development partnerships with multiple third parties. We believe this makes Affitech an attractive partner for the international biopharmaceutical industry in their drive to secure proprietary new antibody therapeutic products. Further details of the Company's drug discovery platform are provided in the technology section below.

In addition to the discovery activities we carry out in collaboration with partners, we are establishing a proprietary pipeline of wholly owned antibody products that we expect to bring forward into human clinical trials. The experience and capabilities we have in the management of external manufacturing projects, the design and conduct of preclinical pharmacology, pharmacokinetics and toxicology studies, the drafting of regulatory submissions and the conduct of clinical trials, either directly or via third party contract research organisations, places us in a position to develop such products rapidly with appropriate professional levels of quality assurance and control. Our experience of Good Laboratory Practice (GLP), Good Manufacturing Practice (GMP) and Good Clinical Practice (GCP) guidelines is similar to that of biopharmaceutical companies many times our size. We expect to use these skills to select a limited number of proprietary products for internal development that have a potential to address large established healthcare markets or that may represent breakthroughs in clinical practice. By developing a pipeline of products with different risk and reward profiles we are attempting to take advantage of the success and experience of other companies in

the antibody therapeutics field while at the same time maintaining the opportunity also to generate potential medical breakthroughs of our own.

We carry out research and development activities which rely on and generate intellectual property. The protection of rights to intellectual property is therefore important to us, and we have in certain cases applied for and obtained patents in certain jurisdictions for our core technologies and products.

Affitech's Business Strategy

The Affitech vision

Our goal is to create an internationally competitive, high growth, antibody therapeutics business. We believe that the Company has the potential of being both a technology innovator and product developer, and we intend that the Company's antibody-based products should meet at least a part of the patient demand for new medicines to treat serious disease more effectively. We expect the monoclonal antibody segment of the pharmaceutical market to continue to grow in volume, diversity and efficacy and to become an increasingly important driver of overall pharmaceutical industry growth in the future. Our vision is to contribute to this growth as a leading independent biotech company in the antibody field, and to achieve substantial clinical, commercial and financial successes within the context of the long lead times inherent in our industry.

Our overall business strategy

We expect to create value through selecting innovative, commercially attractive proprietary products and advancing them to human clinical trials to demonstrate efficacy and safety (proof of clinical concept). These antibodies will be of two types as follows:

- Improved versions of marketed antibodies or successfully validated antibodies with proven clinical efficacy – our aim here is to produce antibodies that are "first in class". In particular, we intend our first product of this type to be a new and different antibody to vascular endothelial growth factor (VEGF), the target of the Genentech/Roche product, Avastin.
- Innovative antibodies generated against novel medically important human disease targets – our aim here is to create antibodies that are "first in class". In particular, we intend to focus our innovative research on generating antibodies to cell surface proteins, particularly G-protein coupled receptors (GPCR), a class of targets of significant interest to the pharmaceutical industry.

We will seek to commercialise our products through structuring co-development and co-marketing partnerships with larger pharmaceutical and biotechnology companies. We also believe that corporate relationships and research or development partnerships are an important way of establishing the financial and business strength to succeed in the biopharmaceutical industry. Accordingly, we will devote major management efforts to business development activities. In particular:

- For each of the initial wave of products, we will seek to establish risk-sharing co-development partnerships at early stages of their development.
- As our resources increase, we will consider taking our products further along the development path in certain therapeutic areas, while out-licensing or partnering products for certain clinical indications.
- In our drug discovery activities, we will seek to establish one or more strategic partnerships in the GPCR field and for other cell surface targets of high commercial interest.
- We may also seek to in-license additional attractive product candidates from third parties to broaden our product development pipeline.

Immediate objectives

Including the Net Proceeds from the Cash Offering, the Company's net cash was DKK 41.4 million as at March 31, 2009, which is expected to be sufficient to fund the Company until June 2010. During this period, our immediate objectives are:

- To raise additional equity capital in the second half of 2009 to fund product development.
- To negotiate and enter into one or more new partnership agreements with other pharmaceutical or biotech companies.
- To complete the integration of the two companies. In particular, the Company will focus on (i) the implementation of a common IT platform, (ii) an integrated accounting and financial management structure, (iii) an integrated project management structure and (iv) a common resource policy and management by objectives system.
- To focus on research and further preclinical development of our early stage antibody product candidates. Besides this, we plan to advance the application of CBAS™ in the cancer stem cell field and to the discovery to antibodies against additional GPCR targets. We will further advance the antibody candidates within our collaboration projects together with our partners. In addition, we plan to advance our product candidates towards clinical development.

Our strengths

- **Diversified product candidate pipeline** We have a number of antibody product candidates in various stages of discovery and early development. These product candidates are intended to address a variety of cancers and other chronic diseases.
- **Technology leadership.** We control a range of antibody technologies and techniques in the phage display field that we believe are the state-of-the art in our industry. These technologies allow us a choice of methods in designing and developing our product candidates and may allow us to discover and develop antibody candidate drugs that are unavailable to other companies.
- **Intellectual property.** We consider our intellectual property ("IP") portfolio in the antibody field to be extensive and it includes patents entirely owned by us, as well as worldwide exclusive licences and cross-licences that consolidate our position in antibody medicines.
- **Product development expertise.** The Company has product development know-how and expertise, including well established quality systems, operating procedures, capabilities and infrastructure that we believe allow us to conduct preclinical and clinical development activities in a highly professional and efficient manner.

- **Scientific acumen.** Our staff scientists have strong credentials and track records in academic circles and our industry. They have published their work in some of the world's leading scientific journals. Their technical abilities and research and development experience underpin our antibody technologies and development projects, and help us look forward to therapeutic and commercial breakthroughs. Certain members of the Senior Management Group are amongst the pioneers in the antibody research field.

The opportunity to create Value through alliances with major pharmaceutical companies

The antibody field is increasingly receiving attention by virtually all major pharmaceutical companies. Monoclonal antibodies constitute the most successful and productive class of biotechnology products within the pharmaceutical sector. Worldwide revenues from antibody therapeutics were about USD 26 billion in 2007, a figure which represents an increase of 36% over the revenues for the previous year. The market is projected by Datamonitor to grow even further, to an estimated USD 50 billion by 2013. Hence, independent antibody discovery companies with one or more attractive proprietary products in early development are frequently the focus of considerable attention from pharmaceutical companies interested in acquiring commercialisation rights to novel or more effective products. It is important to note that development timelines for monoclonal antibodies are often faster and the market approval success rates higher than those of small molecule drugs. Significantly lower risk of exposure to generic competition is another important driving force for the expansion of the monoclonal antibody market.

Interest from pharmaceutical companies in the acquisition of new antibody products has been demonstrated over the last few years through several high value mergers and acquisitions. As a result of this industry consolidation, there remain only a limited number of independent antibody therapeutics businesses with a strong position in high throughput screening of antibody libraries and the capability of discovering and developing functional human antibodies. We expect this demand from the worldwide pharmaceutical industry to persist and to be an important driver of Affitech value for shareholders over the medium to longer term.

Our Product Candidates

We have built a diversified pipeline of internal and partnered projects. The following sections discuss in more detail the lead internal programs that we expect to move into preclinical and clinical development. All our product candidates target diseases in which there is a large unmet medical need for better patient outcomes.

Table 4. Product candidates

Antibody	Collaborator	Molecular target	Disease area	Status
AT001	Peregrine	VEGF	Cancer	Preclinical development
AT002	Proprietary	ALCAM	Cancer	Preclinical research
AT003	Proprietary	EpCAM	Cancer	Antibody validation
AT004	Peregrine	PS	Cancer	Preclinical research
AT005	Peregrine	PS	Viral diseases	Preclinical research
AT006	Roche	Undisclosed cancer target	Cancer	Undisclosed
AT007	Proprietary	Chemokine receptor (a GPCR target)	Inflammatory and auto-immune diseases, lymphoid cancers	Antibody validation

AT001 (r84): A monoclonal antibody targeting VEGF

Our antibody r84 is in preclinical development where it is undergoing a number of pharmacological and experimental studies. Material has been produced for toxicology studies.

We see r84 (AT001) as a follow-on product to Genentech/Roche's Avastin® (bevacizumab), which blocks the interaction of VEGF with both its R1 and R2 receptors. Avastin® is a humanised monoclonal mouse antibody that has been shown to have a significant impact on the life expectancy of patients with several types of cancer.

The r84 antibody is an inhibitor of VEGF that selectively blocks the action of VEGF on its R2 receptor, but not its R1 receptor. Data from other sources suggest that mainly VEGF-R2 is involved in human tumour blood vessel growth. Therefore, blocking the interaction of VEGF with R2 selectively could have a different safety and efficacy profile than antibodies such as Avastin that block the interaction of VEGF with both R1 and R2. In addition, the fully human nature of our r84 antibody minimises the risk of an immune response against the drug itself, thereby lessening the potential for immunological side effects and neutralisation of the treatment effect. As a fully human antibody, r84 may also have better pharmacokinetic properties in patients than humanised mouse antibodies.

AT001 is covered by collaboration agreements between the Company and Peregrine Pharmaceuticals. Under the terms of these agreements, Peregrine has the first right to develop and commercialise r84. However, the Company is in negotiation with Peregrine to re-acquire all or part of the exclusive development and commercialisation rights to r84.

r84 is protected by patent applications filed by Peregrine and Affitech Research AS in November 2008 (priority November 2007).

AT002 (CBAS-173): A monoclonal antibody targeting ALCAM

CBAS-173 is our proprietary fully human antibody targeting the cell surface protein known as Activated Leukocyte Cell Adhesion Molecule (ALCAM) also called CD166. ALCAM was recently identified as specific mediator of white blood cell migration across the blood brain barrier into the central nervous system (Nat Immunol, 2008).

The potential therapeutic use of an anti-ALCAM antibody includes the treatment of cancer, autoimmune and inflammatory diseases. AT002 is in preclinical research undergoing studies in animals.

ALCAM (CD166) is an immunoglobulin superfamily cell adhesion molecule expressed on the surface of epithelial cells in several organs. ALCAM is localised at intercellular junctions in epithelium, presumably as part of the adhesive complex that maintains tissue architecture. ALCAM interacts with low affinity with ALCAM on other cells and interacts with high affinity with CD6, a costimulatory molecule involved in lymphocyte activation and differentiation. CBAS-173 blocks the ALCAM-ALCAM interaction as well as its interaction with CD6.

CBAS-173 is a fully human IgG1 antibody against human ALCAM. The antibody was discovered using Affitech's human antibody library and proprietary CBAS™ technology using a well-characterised and well-documented human breast carcinoma cell line for screening. The antibody was subsequently optimised through antibody engineering.

CBAS-173 is protected by Affitech's patent applications filed in March 2008 (priority date in March 2007). We are not aware of any other anti-ALCAM antibodies in development.

Affitech currently retains all rights to CBAS-173.

AT003: A monoclonal antibody targeting EpCAM (Epithelial Cell Adhesion Molecule)

EpCAM or CD326 is one of the first tumour-associated antigens which were identified. EpCAM has been postulated to function as a cell adhesion molecule that interferes with cadherin-mediated cell-cell contact. EpCAM upregulates *c-myc, cyclin A and E,* promotes cell cycling and enhances cell proliferation. 80-100% of all human adenocarcinomas show expression of EpCAM (98% colon cancers, 91% gastric cancers, 87% prostate cancers). In addition, EpCAM displays a 100-fold higher expression in breast and ovary carcinomas compared to normal tissue. It is a validated target for carcinoma-directed immunotherapy (in 1995-2000 Panorex® (edrecolomab) was temporarily marketed in Germany by GSK/Centocor). Recently, EpCAM targeting bispecific antibody Removab® from Trion Pharma/Fresenius Biotech has received approval in Europe for the intraperitoneal treatment of malignant ascites in patients with EpCAM-positive carcinomas.

AT003 is a proprietary fully human antibody against EpCAM selected from our human antibody library using the CBAS™ technology and a well-characterised and well-documented human tumour cell line for screening. The antibody was selected on the basis of its tumour cell specificity. AT003 is currently in antibody validation.

The Company's AT003 is a fully human antibody that is a promising candidate for the treatment of several common human cancers of epithelial origin. We have recently obtained data showing killing of cancer cells which we believe may be superior to data previously obtained with competing antibodies.

A provisional patent application was filed in the UK and the US in June 2009.

Affitech currently retains all rights to AT003.

AT004 and AT005: Monoclonal antibodies targeting Phosphatidylserine

AT004 and AT005 are currently in preclinical research. We are collaborating with Peregrine Pharmaceuticals in developing these fully human antibodies which Affitech AS discovered, that are targeted against Phosphatidylserine, a phospholipid exposed on the surface of viral infected cells and certain cancer cells. Peregrine Pharmaceuticals has recently reported that bavituximab, a chimeric antibody against the same target, has shown initial evidence of efficacy in Phase II studies in lung cancer and breast cancer. Our antibodies are improved second-generation human versions of bavituximab and are currently in preclinical research at Peregrine.

AT006: Monoclonal antibody targeting an undisclosed cancer target

AT006 is an antibody product candidate developed by us in collaboration with Roche against an undisclosed Roche proprietary cancer target. The product is currently being evaluated by Roche for development as part of a new and different approach to cancer treatment. If taken into development by Roche, Affitech will receive clinical development milestone fees and royalties on sales.

AT007: A proprietary antibody product against a GPCR target, chemokine receptor

G-Protein Coupled Receptors (GPCR) are cell surface proteins characterised by seven transmembrane domains (7TM). They are the largest family of proteins known (600-1,000 members) which account for more than 2% of the human genome. They are involved in a wide range of disorders, including allergies, cardiovascular dysfunction, obesity, cancer, pain, diabetes, central nervous systems disorders. Around 50% of the drugs on the market today are targeted at GPCRs, generating annual sales in excess of USD 40 billion.

Historically, GPCRs have been difficult targets for antibody discovery. Since Affitech's CBAS™ is a functional cell based approach and therefore uses intact cells, it has the capability of generating antibodies against cell surface bound target proteins in their natural conformation. These antibodies are capable of recognising the targets in their functional state with all post translational modifications. It should be mentioned that previous attempts of other groups in the field to isolate anti-GPCR antibodies using phage display failed (Hoogenboom et al. 1999. Eur J Biochem 260: 774-84; Sui et al. 2003. Eur J Biochem 270: 4497-4506).

Under this programme, we have generated fully human anti-CCXX (chemokine receptor) antibodies that are promising

candidates for various disease indications, the most advanced being in the validation stage.

Potential indications include chronic inflammatory and autoimmune diseases and certain lymphoid tumours, e.g. Hodgkin's disease.

A provisional patent application was filed in the UK and the US in June 2009.

Affitech currently retains all rights to AT007.

Out-licensed Vaccine Products Derived from the Previous Business of Pharmexa

GV1001: A peptide vaccine targeting Telomerase
GV1001 is a peptide vaccine which activates the immune system to recognise and kill cancer cells. GV1001 targets an enzyme called telomerase, which is seldom found in normal cell types but is over-expressed in most cancer cells.

In 2008, Pharmexa A/S halted recruitment in a company-sponsored controlled Phase III pivotal study of GV1001 in the treatment of advanced pancreatic cancer. The study was stopped on the recommendation of an independent data monitoring committee.

As a result of the negative data, Pharmexa A/S ceased its own development of GV1001. However, a second Phase III study with a different protocol has continued under the sponsorship and management of an academic study group, the Pancreas Cancer Sub-Group, coordinated by the UK Cancer Research Institute which is co-financing the study. This second trial is intended to include 1,110 patients and is currently enrolling patients from many hospitals across the UK. GV1001 is being evaluated in this study in combination with the chemotherapeutic agents gemcitabine (Gemzar®) and capecitabine (Xeloda®). The primary endpoint is survival while secondary endpoints include time to progression and safety.

In October 2008, Pharmexa A/S sold all rights to GV1001 to KAEL, a Korean biotechnology company. Pursuant to the agreement with KAEL, the Company received USD 2 million upfront and may receive additional payments of USD 8 million if certain milestones are reached and a royalty of 10% on any future commercial sales of GV1001. The further development of GV1001 is entirely funded by KAEL and other parties.

PX106: A recombinant protein vaccine targeting Amyloid beta protein
Under an agreement with H. Lundbeck A/S (Lundbeck) signed in 2000, Pharmexa A/S has conducted a research and development collaboration in which Pharmexa A/S' AutoVac™ technology has been used to develop a potential therapeutic vaccine for the treatment of Alzheimer's disease.

Lundbeck holds an exclusive global licence for PX106 for the treatment of Alzheimer's disease. If the vaccine is developed successfully by Lundbeck, Affitech will receive milestone payments and royalties on any future sales of the vaccine. Lundbeck may unilaterally terminate the agreement without cause. PX106 is still in preclinical development at Lundbeck.

Affitech's Technology

What are antibodies?

Antibodies, also called immunoglobulins (or, abbreviated Igs) are proteins made by the body's immune system as part of the principal defence mechanism against pathogenic organisms such as viruses and bacteria. In the body, antibodies are made by the specialised immune cells called B-lymphocytes (or B-cells), which secrete antibodies as part of the humoral immune response to mark and neutralise pathogens and other antigens circulating in the blood or extracellular fluid.

Five classes of antibodies are known to exist in humans, namely IgM, IgG, IgE, IgA and IgD. IgM is the first antibody made by newborns and first made during an infection. IgG is the predominant antibody in serum and is made on the second exposure to an antigen. IgE is associated with allergy. IgA is found in saliva, mucosa and mother's milk. The role of IgD is not yet fully known, but is believed to be important together with IgM in the early stage of an immune response.

The normal humeral immune response occurring naturally in the body is polyclonal. This means that it is made of many antibodies each produced by different B-cells. Those B-cells cannot be cultivated outside of the body for extended time periods. To get monoclonal antibodies for therapy, one has to artificially produce the antibody from a single B-cell. Therefore, monoclonal antibodies have a uniform structure and unique binding specificity. Monoclonal antibodies were initially generated from mouse hybridoma cells produced by fusing B-cells expressing a particular antibody gene with an immortalised tumour cell line.

A brief history of the use of monoclonal antibodies as drugs

Monoclonal antibody drugs have become an exciting class of biological products within the biopharmaceutical industry. From a modest beginning of only one approved monoclonal antibody in the US market in 1986 (Orthoclone OKT3® of Ortho Biotech, Raritan, NJ), with relatively insignificant sales revenue of a few million dollars, the monoclonal antibodies as a class have grown to become the primary segment of growth in the biopharmaceutical industry.

The discovery of polyclonal antibodies earlier in the last century was of immense value in describing blood groups and tissue antigens. Polyclonal antibodies are still widely used in basic research and diagnostics. However, the breakthrough for antibodies occurred in 1975 with the invention of the above mentioned hybridoma technique for making mouse monoclonal antibodies. Following this discovery, the last three decades of the 20th century were marked by the development and utilisation of such mouse monoclonals for a wide range of basic and clinical studies as well as diagnostic and therapeutic products for treatment of various diseases. Unfortunately, only in a very limited number of cases were these first generation monoclonal antibodies eventually found to be effective as therapeutic agents, most often due to the development of immunogenicity and other deleterious side effects.

During the 1990s, innovative molecular genetics and cell biology techniques were successfully applied to engineer improved mouse antibodies to diminish the deleterious human anti-mouse immune responses seen with the first generation drugs. As a result, various forms of second generation antibodies were generated, such as chimeric or humanised antibodies. Common to these antibody types is that increasing amounts of mouse protein sequences in the antibody molecule have been replaced with their corresponding human components. Such second generation antibodies were shown to have fewer side effects and have enjoyed large therapeutic and commercial success, particularly in the fields of cancer and inflammatory diseases.

Finally, in the last decade, fully human antibody molecules have been developed as drugs, using the techniques of immunising mice made transgenic for the human immune system or the alternative technique of selecting human antibodies from libraries of human antibody genes cloned into bacterial vectors. These fully human third generation antibodies are thought to be the most suitable of all types of monoclonal antibodies for use as drugs. Since they contain no foreign proteins, such antibodies induce little or no immune response themselves, circulate in the body in a similar way to the patient's own natural antibodies and are more likely to be functionally effective in binding to the human target molecule. It is these third generation fully human antibodies that are created by Affitech's proprietary technologies.

Using phage display to discover human monoclonal antibodies

Third generation, fully human antibodies are obtained primarily by one of two methods: (i) by transgenic mouse systems where the mouse antibody gene is deleted and replaced by human antibody gene segments and (ii) by phage display, which is primarily an *in vitro* system.

In a transgenic mouse system, a mouse is genetically engineered to produce human monoclonal antibodies. Reproducing the human humoral immune system in a mouse requires two major genetic alterations: (i) inactivation of the mouse immunoglobulin genes and (ii) introduction of cloned human Ig genes. The resulting mouse can then be immunised with target antigens to generate human monoclonal antibodies.

Phage display technology, as developed by Affitech and others, is an alternative approach to transgenic mice. In its essence, phage display calls for the cloning of genes specifying antibodies (and other proteins) into the genes coding for a protein in bacterial viruses called phages (bacteriophages).

Phage display depends on the insertion of DNA sequences into the gene coding for one of the phage coat proteins. The point of insertion into the bacteriophage gene is engineered so that the expressed protein insert faces out and interacts with other molecules. Thus, antibodies expressed on the phage will often assume their native 3-dimensional antigen-binding configuration. In specific experiments, the phage-displayed antibodies are affinity selected if a target for which the displayed antibody has affinity is available. In this manner the few phages carrying the desired sequence are selected from a background of phages carrying inappropriate sequences. Phages selected in this fashion are plated, grown again, subjected to additional rounds of selection, and a closer and closer match to the target epitope can be realised.

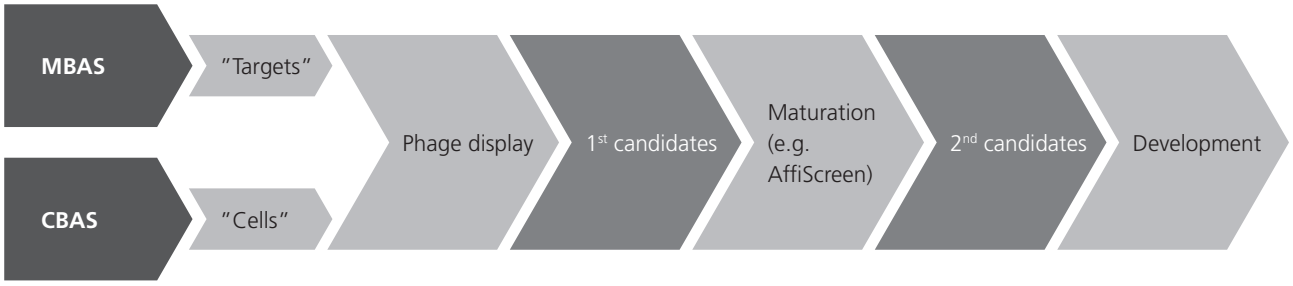
A major advantage of phage display when compared to transgenic mouse technologies is the possibility of selecting from extremely large and highly complex antibody libraries consisting of genetic information coding for greater than 10^9 different fully human antibodies. Today's transgenic mouse methods, which involve screening/selection of individual clones, cannot access libraries above 10^5-10^6.

Antibodies identified by phage display may be matured into a final product candidate.

While several clinical candidates currently in various advanced trials originated from both transgenic mouse and phage display systems, the first fully human antibody marketed, Humira®, was discovered using phage display. The two other approved fully human antibodies, Vectibix™ (Amgen) and Stelara™ (Johnson & Johnson), were manufactured using transgenic mouse technologies.

Affitech's drug discovery platform

Figure 2. Simplified illustration of the Company's fully integrated process of discovery and development of human monoclonal antibodies



We have developed and currently use two sets of phage display-based antibody discovery technologies, which we call Molecule-Based Antibody Screening or MBAS and Cell-Based Antibody Selection or CBAS™. MBAS involves high throughput screening of human antibody libraries against validated targets (antigens) for discovery of high fidelity antibodies. CBAS™ is a fully *in vitro* "reverse-screening" approach for discovering antibodies and their cognate targets utilising disease-specific cells. CBAS™ provides the unique possibility of identification of antibodies against targets when present in their natural cellular environment, and for discovering antibodies against complex antigens such as GPCRs and those antigens present on cancer stem cells.

Additionally, by utilising our proprietary scDb (single chain diabody) technology, we are in the process of developing a new class of engineered antibody product candidates which we call Bispecific IgG-like Molecules or BIMs.

We believe that our technologies, including the S2 Protein Expression technology developed by Pharmexa will work synergistically and strengthen our abilities and opportunities in antibody discovery and development.

Our CBAS™ technology

Our CBAS™ system is a unique technology platform for discovery of clinically relevant antibodies as well as identification of targets. Using this approach, we have so far discovered several antibodies within the oncology area that have shown excellent binding characteristics to their cancer target. Furthermore, this process has the potential to discover unique, proprietary cognate targets present in their membrane-localised native conformations. In addition to identifying 'drug-worthy' antibodies more quickly than the conventional methods, the CBAS™ approach also creates the opportunity to use these targets for generating multi-target specific antibodies, small molecule drugs, biomarkers and for vaccine development.

The CBAS™ technology is our own innovation. We believe the quality and the prospects of this unique system differentiate us from our competitors. It forms the basis of some of our collaborative agreements and it has facilitated the discovery of interesting antibodies, some of which we are now progressing through the development pipeline.

While CBAS™ has been validated on the basis of the discovery of several antibodies and their targets, we believe that the true value of the system lies in the discovery of antibodies against challenging targets such as GPCRs (G Protein-Coupled Receptors), and cancer stem cell (CSC) targets. We have already established protocols to carry out antibody identification in these exciting areas and expect to increase our efforts even further.

CBAS™ has patents pending in major world territories.

Our MBAS™ technology

MBAS™ involves the utilisation of the Phagemid Screen and AffiScreeN™ technologies and uses high quality antibody libraries and validated targets for antibody discovery. Over the past several years, we have optimised our proprietary phagemid vectors with respect to library generation, and established a high-throughput filter-based screening method for the identification of recombinant antibodies as well as the tailoring of such antibodies to different formats. We consider ourselves pioneers in the use of the filter screening method, which is proprietary to the Company and which has now been in operation at our laboratories for several years.

MBAS™ has been validated on the basis of the discovery of several antibodies of the Company's collaborators, all of which have demonstrated excellent *in vivo* functionality in specific animal models.

The Company has worldwide exclusive rights to the IP covering the phagemid library and IP on aspects of the screening system.

Our Drosophila S2 expression system
Prior to the Combination with Affitech AS, Pharmexa A/S had gained over ten years of experience using stable insect cell lines for the production of recombinant proteins in research and in clinical development. This system could be of significant short-term, as well as long-term, benefit to us. Immediate benefits with the system include:

- Quick and easy production of target proteins for the MBAS™ system
- Efficient small and medium scale production of candidate antibodies for testing

In the longer term, it is our objective to position the S2 expression system as a key technology in biopharmaceutical development and production. The S2 system is being optimised for commercial production of protein therapeutics and, in particular, new vectors and cell lines may be developed for optimal antibody production. If successful, this may result in several opportunities and advantages for the Company:

- An optimised system for commercial production
- Royalty-free system for the Company's in-house products
- May be licensed out together with antibodies for increased royalty revenues
- May be licensed out independently for antibody or other protein production

Protein L
In addition to our pipeline of pharmaceutical product candidates, we have an exclusive proprietary position on a laboratory reagent known as Protein L. Protein L is a marketed product. In 2008, Protein L generated approximately NOK 2 million in revenue for us. We have an exclusive worldwide development and commercial position in the use of Protein L for separation of antibodies and antibody fragments. While the product has been well accepted in the research market, building the franchise for the bulk antibody purification market is continuing.

Affitech AS has entered into an agreement with an undisclosed company for technology evaluation of Protein L for the ultimate purpose of large scale commercialisation of the products in the antibody separation market. A successful out-license would generate upfront licence fees as well as royalty on product sales.

The Research and Development Process
We categorise the creation and testing of product candidates into two phases: research and development. Our research department consists principally of scientists in molecular biology, protein chemistry and immunology. The development department consists of specialists in the clinical development of product candidates, including clinical trial, quality and regulatory specialists. Although our research department consists of a larger staff than our development department, development is typically a more expensive process requiring more outsourcing.

The research phase includes the identification of potential targets and the design of antibodies to these targets. We also do laboratory testing and animal testing of our concepts. The development phase includes the preclinical development of a product candidate, including the development of manufacturing processes, the development of a plan for clinical testing and various preclinical studies designed to lay the groundwork for the clinical trial phase of development. It also includes clinical testing in humans.

In order to obtain regulatory clearance for the commercial sale of our development products, we must demonstrate through preclinical studies and clinical studies that a product candidate is safe and efficacious for use in humans for each disease. Clinical trials, which are conducted in human subjects, are subject to significant regulatory supervision and are designed with specific outcome parameters, based on the phase of the development stage.

Prior to entering the first clinical studies, preclinical efficacy and safety must be established in animal models. Preclinical efficacy is typically established during the research phase in animal models. Preclinical safety is established through the conduct of toxicological studies in relevant animal species. A relevant species for evaluation of toxicity will be a species where homology and distribution of the target protein is close to that in humans. In addition to the initial preclinical safety testing prior to clinical Phase I studies, different kinds of chronic safety studies are sometimes required before clinical Phase II and III trials, depending on the disease and patient population.

Preclinical safety testing is performed according to current Good Laboratory Practice (cGLP) and therefore the product used at this stage must be manufactured and documented according to cGLP. All clinical trials are performed according to current Good Clinical Practice (cGCP), and the product to be tested during the clinical phases must therefore fulfil applicable standards with respect to manufacturing and documentation as described for current Good Manufacturing Practice (cGMP).

Phase I clinical studies are typically performed in healthy volunteers with the principal objectives of investigating safety and tolerability and distribution and metabolism of the active substance. In the development of pharmaceuticals for the treatment of serious diseases, such as metastatic cancer, clinical Phase I is performed in a relatively small number of ill patients. The principal objectives are to evaluate safety.

In clinical Phase II studies, the principal objective is to demonstrate efficacy and confirm safety. It is the aim in clinical Phase II to obtain proof of concept at dose levels that are safe and to establish dose regimens for Phase III clinical studies. Proof of concept in monoclonal antibody trials may be based on surrogate endpoints like tumour regression in cancer or firm endpoints such as increased survival.

Clinical Phase III studies are needed to generate the required documentation regarding safety and efficacy in a larger patient population. They are generally randomised, controlled studies

enrolling from several hundred to up to thousands of patients, depending upon therapeutic indications and regulatory requirements. Clinical Phase III is the last step before compilation and submission of applications for permission to market a product candidate.

The clinical study phase typically follows the above scheme, although clinical studies can be designed to accomplish multiple findings. In addition, multiple studies can be conducted at any of the phases in order to investigate alternative indications or delivery methods and to obtain additional data.

We evaluate our projects on an ongoing basis. A senior team of scientists from both our research and development departments evaluate the status of individual projects and our portfolio. As part of this process, we may re-prioritise our projects, transfer new products to the development phase or make the determination to terminate a project.

Manufacturing development
Our antibody product candidates are primarily produced in mammalian cell lines. Production in stably transfected mammalian cell lines, based on Chinese hamster ovary (CHO), mouse myeloma NS0 or human PER.C6 cell lines, is the validated industry standard for therapeutic antibodies. The generation of the producing cell lines and cell banks, development of the upstream and downstream manufacture processes, production and formulation of the clinical trial material will be outsourced to a qualified contract manufacturing organisation (CMO).

Our research and development suppliers: CMOs and CROs
Our principal suppliers are the contract research organisations (CROs) on whom we may from time to time rely for the conduct of certain research and development activities and the contract manufacturing organisations (CMO) on whom we may rely for the manufacture of our product candidates for clinical studies.

Management of clinical studies requires an extensive logistical effort and extensive contacts with the institutions that typically host clinical studies. We may outsource our clinical studies to CROs in order to capitalise on their expertise in the field and because developing in-house expertise equivalent to that of the CROs would be prohibitively expensive. We select the CROs that manage our clinical trials with considerations for previous experience in similar technologies, the ability to collaborate with us on a particular project, contacts with potential test centres and other factors. We seek to involve CROs as early as possible in the study design process in order to have the benefit of their experience in trial design.

Drugs for clinical tests must be manufactured according to current Good Manufacturing Practice (cGMP) in a clean and controlled environment, requiring substantial investments in dedicated equipment and premises. Rather than doing this ourselves, we expect to outsource the manufacturing of our clinical test products. We have created a network of collaborative partners and have, in recent years, gained extensive experience in project and quality management through working with several different CMOs. We attach importance to starting the collaboration with the CMO early in the process, allowing us to transfer processes and analysis methods in a quick and effective manner when our antibodies are ready for production. See also section 22 “Material Agreements”.

Our customers during the research and development phase
With regard to end-product sales, our current customers are limited to the sale of Protein L as a research reagent. Those customers consist of academic institutions and pharmaceutical companies.

With regard to our therapeutic product candidates, our customers are currently limited to our collaborative partners. We are actively seeking collaborations in respect of several of our product candidates and technologies and will enter into collaborative or other marketing or licence agreements in various geographic regions as appropriate.

If we are able eventually to market any of our drugs, our customers will come to include doctors. We will also be required to develop relationships with third-party payers, such as national health services and insurers, who will play an important role in determining whether our products may be prescribed to patients within their coverage.

6.2 Market Description

In our opinion, the market description has been reproduced correctly, and we believe that no facts have been omitted that would render the data provided inaccurate or misleading. Where information has been sourced from a third party, we confirm that this information has been accurately reproduced and, as far as we are aware and able to ascertain from information published by such third party, no facts have been omitted that would render the information reproduced inaccurate or misleading. However, there can be no assurance that other sources may not have additional or different information and/or different opinions of the market and the product and treatment regimes. The Company disclaims any liability for the correctness and completeness of the public databases that have been used as the basis for this section.

Biotech companies involved in the development of antibody products currently compete with each other and with entities developing and commercialising other treatments for diseases. There is competition for funding, access to clinical testing opportunities, personnel, potential licensees and strategic collaborators, as well as for other assets and opportunities. As antibodies continue to come to market, the companies behind them will compete with each other and with the entities behind other therapies for, among other things, physician attention, the approval of third party healthcare payers, such as insurers and national health services, and market share.

Information in this section in respect of the antibody industry segment is, where noted, derived from the Datamonitor report "Monoclonal Antibodies – Update 2008". Such information has been fairly summarised and, as far as we are aware and able to ascertain from information published by Datamonitor, no facts have been omitted that would render such information inaccurate or misleading. We have not independently verified such information.

The Antibody Segment of the Pharmaceutical Industry
Antibody therapeutics continue to be one of the fastest growing market segments in pharmaceutical drug development, with more than 25 monoclonal antibodies approved for the treatment of various diseases, such as cancer, AIID (AutoImmune and Inflammatory Diseases), cardiovascular, respiratory and infectious diseases. Cancer and AIID are the primary disease segments targeted by the currently approved monoclonal antibodies (sometimes referred to as MAbs) with ten approved and marketed drugs in each category.

Worldwide sales of monoclonal antibodies exceeded USD 26 billion in 2007 and are expected by Datamonitor to approach USD 50 billion in 2013, corresponding to a CAGR (Compounded Annual Growth Rate) of almost 11%. PhRMA (Pharmaceutical Research and Manufacturers Association, Washington, DC) in turn recently estimated that more than 30% of the 633 biotechnology drugs in clinical development are monoclonal antibodies. Nevertheless, Datamonitor estimates that antibody drugs in 2007 still accounted for less than 6% of the total prescription pharmaceutical market, highlighting the potential for future growth.

The published dollar value of deals involving antibodies vary significantly. For 2007 and 2008, we identified 45 antibody deals, of which 34 were licences, seven were acquisitions and four were collaborations for discovery and development. Thus, the majority of deals were for licences and we believe most of these licences were to technologies, rather than to defined product candidates. For actual product licences, the average disclosed upfront was USD 57 million and ranged from USD 25 million to USD 100 million. Milestones on actual product licences averaged USD 586 million and ranged from USD 44 million to USD 1.4 billion.

Key Drivers of the Monoclonal Antibody Segment
There are several scientific and commercial reasons for the rapid growth and development of the monoclonal antibody segment of the global pharmaceutical market. Some of these future growth drivers are briefly described below:

- **Technology advances continue in the antibody field:** Advances in immunology and molecular genetics have enabled the generation of chimeric, humanised and human forms of antibodies that reduce the adverse effects previously observed with mouse antibodies for chronic treatment of various diseases. Also, in recent years advances in antibody engineering technologies have generated newer formats of marketed antibody products such as Lucentis™ and Cimzia®, which may also drive future growth.
- **Antibodies often target large unmet needs:** Antibodies are well suited for targeting diseases like cancer and inflammatory diseases, for which there is a growing need for new and improved drugs. Many antibody drugs target diseases that are age- or life style dependent and therefore are projected to grow in incidence and prevalence in the coming years. This is no less true for indications such as Alzheimer's disease and osteoporosis, both diseases targeted by monoclonal antibodies in late stage clinical development.
- **Antibodies generate interest from large pharmaceutical companies:** Due to the comparatively short development times and high success rate of monoclonal antibodies in clinical phases, most large biotech and pharmaceutical companies have now invested in antibody product development and commercialisation. A side effect of this development has been that many antibody companies have merged or been acquired by larger companies. Large pharmaceutical companies can commit larger financial resources to the development and commercialisation of these drugs which in turn will drive further antibody growth in the coming years.
- **Antibody drugs often enjoy high prices and long periods of exclusivity:** Monoclonal antibodies have historically been able to command high prices and long periods of market exclusivity. One reason is that antibodies are less threatened by competition from generic products and biosimilars since the complex structure of the IgG molecules makes it difficult to make generic or biosimilar molecules and ensure that they will have the same functional activity as the original product. In addition, monoclonal antibodies frequently target biological mechanisms that have not been amenable to small molecules. This reduced threat in turn generates interest from large pharmaceutical companies that must see a return on their investments in late stage development and commercialisation.

- **Antibody drugs are often approved for more than one indication:** Several marketed antibodies have received approvals for additional indications. Examples include Humira's® approval for rheumatoid arthritis in addition to Crohn's disease. Avastin® received approval for renal cell carcinoma, NSCLC and breast cancer in addition to its initial approval for colorectal cancer. This trend of approval for additional indications is a function of the high specificity and targeting inherent in antibodies and is expected to continue.
- **Antibodies are suitable for combination therapies:** Antibodies are often well suited for combination with chemotherapeutic agents. In many cases, this type of therapy has synergistic effects in cancer control. Antibodies may also be combined with new classes of targeted small molecule drugs, such as kinase inhibitors. Such combinations increase the therapeutic range of a drug and are likely to support the continued growth of the antibody segment.

Segment characteristics

Cancer and AIID currently dominate in terms of number of approved antibody drugs as well as antibodies in development. The anti-cancer antibodies Rituxan® and Herceptin® collectively generated more than USD 9 billion in sales in 2007. The selection of suitable antigens on the surface of cancer cells for targeting with monoclonal antibodies and the biology of cellular function related to cognate antigens, remain critical factors in the success of this type of therapy, as well as in identifying new strategies for antibody-based treatment.

Ten therapeutic monoclonal antibodies are currently approved and marketed for the treatment of various cancers. Four of these products have achieved "blockbuster" status in revenue generation over the course of the past few years, each earning higher than USD 1 billion in worldwide sales. In the AIID area, Humira® and Remicade®, both anti-inflammatory antibody drugs approved for Crohn's disease and rheumatoid arthritis, recorded combined sales of almost USD 7.5 billion in 2007.

Irrespective of these impressive numbers, it is expected that new antibodies in development, particularly denosumab against osteoporosis and bapineuzumab against Alzheimer's disease, will diversify the antibody segment away from its historical core focus on cancer and AIID.

Competitors

Antibodies can be generated by different technologies such as transgenic mouse systems, hybridoma systems and phage display.

We believe that our most important competitors in the phage display arena are the biotechnology companies Dyax and MorphoSys. Cambridge Antibody Technology, another biotechnology company, which until recently was an important competitor to us, was acquired by the large pharmaceutical company AstraZeneca and subsequently integrated into the company MedImmune following MedImmune's acquisition by AstraZeneca.

Other companies active in the field of phage display include XOMA, Genentech (recently acquired by Roche), BioInvent International and Affimed Therapeutics.

6.3 Affitech AS and Pharmexa A/S in a Historical Perspective

Brief outline of the history of the predecessor companies Affitech AS and Pharmexa A/S prior to the creation of Affitech A/S.

Affitech AS' history prior to the Combination

Affitech AS (now Affitech Research AS) was established in 1997 when a group of Norwegian and German scientists involved in antibody research at the German Cancer Research Center (DKFZ) in Heidelberg in-licensed worldwide exclusive rights to the so-called Breitling IP from the DKFZ, covering certain aspects of phagemid display of human antibodies. The new company subsequently refined that technology and established it as a workhorse for the target based discovery of new antibodies.

In September 2000, Affitech AS acquired Actigen Ltd (Cambridge, UK). This acquisition gave the company exclusive proprietary rights to an affinity purification reagent (Protein L) suitable for both antibodies and antibody fragments.

In December 2001, Affitech AS established a wholly-owned subsidiary in the San Francisco Bay Area, USA.

In 2003, Affitech AS expanded its discovery technology with the addition of the AffiScreeN™ high throughput antibody screening system involving antibody libraries generated from patients or vaccinees. In 2003, Affitech AS entered into a multi-target agreement with Peregrine. It is a collaboration under which the parties shall collaborate on development of antibodies based on clinically validated targets provided by Peregrine.

The CBAS™ technology was released in 2005 as a technology for discovering antibodies and their targets, including previously unidentified targets. In the same year, Affitech AS entered into a collaboration and licensing agreement with Xoma under which Affitech AS receives a licence to use Xoma's bacterial cell expression (BCE) technology for developing antibody products.

In 2006, Affitech AS raised approx. NOK 86 million in a private placement. In the same year, Affitech AS renewed its exclusive licence to the Breitling patent, which is a central patent in the field of phagemid display.

Since 2007, Affitech AS has focused on achieving milestones in existing collaboration and has entered into additional partnership agreements:

- In 2007, Affitech entered into a research and licence agreement with Roche to produce fully human monoclonal antibodies against an unnamed oncology target.
- in 2008, Affitech entered into an agreement with Omeros for the discovery and development of fully human antibodies.

Pharmexa A/S' history prior to the Combination

Pharmexa A/S (now Affitech A/S) was founded as M&E Biotech ApS on October 1, 1990. In 2000, the Company conducted an initial public offering on the Copenhagen Stock Exchange (today, NASDAQ OMX Copenhagen A/S). It subsequently began clinical trials of several product candidates and entered into a number of collaborative agreements.

During 2002, Pharmexa A/S' cash holdings reached a low level and in light of the unfavourable biotech markets, the Pharmexa A/S restructured to re-prioritise its projects, reduce staffing and close its subsidiary Inoxell A/S. In the spring of 2005, Pharmexa A/S raised additional capital through a rights issue to carry on its operations.

In May 2005, Pharmexa A/S acquired all the shares of Norway-based GemVax AS and raised additional capital. Through this acquisition, Pharmexa A/S came into possession of the vaccine candidate GV1001 and the product was subsequently moved into phase III trials.

In November 2005, Pharmexa A/S acquired most of the assets and activities of Epimmune, Inc., a US biotech company. Through this acquisition, Pharmexa A/S acquired a number of clinical and development stage epitope-based vaccine product candidates in the infectious disease field, as well as several new technologies.

A rights issue in February 2008 failed to raise sufficient capital for Pharmexa A/S to continue its current strategy. As a result, Pharmexa A/S then took a number of strategic initiatives to reduce its burn rate and protect the value of its assets.

In May 2008, Pharmexa A/S announced the decision to stop its pivotal phase III trial of its GV1001 vaccine in pancreatic cancer (the PrimoVax trial) for futility reasons.

In October 2008, Pharmexa A/S entered into an agreement with KAEL whereby KAEL acquired all the outstanding shares in GemVax for an upfront cash payment. Under the agreement KAEL will pay additional milestones and royalties upon successful registration and commercialisation of GV1001.

In April 2009, Pharmexa A/S divested its US subsidiary Pharmexa-Epimmune to VaxOnco in a share purchase agreement.

7. Organisational Structure

7.1 Group Structure

Affitech A/S is the parent company in the Affitech Group consisting of Affitech A/S and its subsidiaries Affitech Research AS (owned 99.71% by Affitech A/S and 0.29% by 22 minority shareholders) and Affitech USA Inc. (owned 100% by Affitech Research AS). Furthermore, Affitech Research AS has the fully owned subsidiary Actigen Ltd (a dormant company). Pursuant to applicable law, minority shareholders in Affitech Research AS may demand that the Company take over their shares in Affitech Research AS, and equally, the Company may perform a compulsory redemption of shares held by minority shareholders. Based on the valuation of Affitech AS in relation to the issuance of Contribution Shares, the costs incurred in case of redemption of minority shareholders are estimated to be approximately DKK 0.3 million. The Company intends to effect a compulsory redemption of minority shareholders to achieve full ownership of Affitech Research AS.

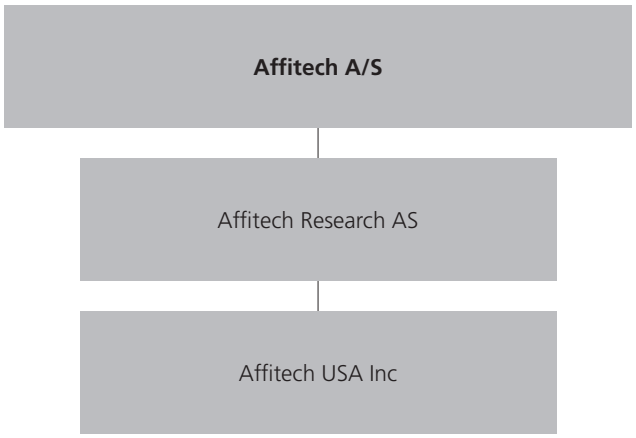
7.2 Functional Structure

The functional structure of the Company is described below.

Executive Management
CEO: Achim Kaufhold

Senior Management Group
Chief Technical Officer & Managing Director, Affitech Research AS: Martin Welschof
Vice President, Finance & Administration: Hans Petter Tjeldflaat
Senior Vice President, Business Development, & President of Affitech USA Inc.: Rathin C. Das
Vice President, Discovery, Research & Preclinical Development: Sergej Kiprijanov
Senior Vice President, Corporate Affairs: Dana R. Leach
Senior Vice President, Drug Development & Project Management: Torsten Skov

Figure 3. Group Structure



8. Property, Plant, Equipment, etc

8.1 Facilities

Land and buildings
The facilities of the Company are located in Hørsholm, Denmark, Oslo, Norway and in Walnut Creek, USA. The Company operates exclusively from leased facilities and does not own buildings or land.

Development, production equipment and other equipment at the facilities are primarily owned by the Company.

The Company has currently no plans involving purchase of or investments in neither buildings nor land.

Leased facilities
The Company has entered into three lease agreements regarding leased facilities in Denmark, Norway and the USA.

Fremtidsvej 3, 2970 Hørsholm, Denmark
On April 14, 2009 the Company entered into a sub-lease agreement with 7TM Pharma A/S regarding facilities in Hørsholm, Denmark. The sub-leased facility comprises a gross floor area of 459 sq.m. of which 173 sq.m. are common area giving a floor area of 286 sq.m. The sub-lease agreement can be terminated by the Company giving six months' notice. The head tenant may only terminate the sub-lease agreement in accordance with the Danish Act on Business Leases and at six months' notice. The annual rent is, as of the date of entering into force of the sub-lease agreement, DKK 780,300 before VAT and is subject to a yearly adjustment based on the Danish net price index. In addition to the annual rent, the Company shall pay utilities of DKK 114,750 per year before VAT.

Forskningsparken, Gaustadalléen 21, 0349, Oslo, Norway
On May 1, 2005 the Company entered into a lease agreement with Forskningsparken AS regarding facilities in Oslo, Norway. The leased facility comprises a gross floor area of 1,014.3 sq.m. of which 404.4 sq.m. are common area giving a floor area of 609.9 sq.m. The lease agreement is a one-year agreement, and unless terminated by the Company giving six months' notice, it is automatically renewed every year until May 1, 2011, after which date it will be subject to renegotiation. The annual rent is, as of the date of entering into force of the lease agreement, NOK 1,930,213 and is subject to a yearly adjustment based on 80% of the Norwegian net price index.

2855 Mitchell Drive, suite 106, Walnut Creek, California 94598, USA
On May 8, 2007 the Company entered into a lease agreement with GRE Walnut Creek LLC regarding facilities in Walnut Creek, USA. The leased facility comprises a gross floor area of approximately 90 sq.m. The lease agreement has a fixed term of 36 months from May 1, 2007. The annual rent is, as of date of the entering into force of the lease agreement, USD 22,705.80. Rent is adjusted once a year by USD 553.80. Utilities are included in the rent.

Table 5. Leased properties as at March 31, 2009

Leased properties	Country	Floorage sq.m	Annual rent	Notice of termination
Fremtidsvej 3, 2970 Hørsholm	Denmark	459	DKK 780,300	Can be terminated by the Company giving six months' notice
Forskningsparken, Gaustadalléen 21, 0349 Oslo	Norway	1,014.3	NOK 1,980,213	Can be terminated by the Company giving six months' notice
2855 Mitchell Drive, suite 106, Walnut Creek, California 94598	USA	90	USD 22,705.80	Fixed-term lease expiring on April 31, 2010

Carrying amount of property, plant and equipment
The carrying amount of property, plant and equipment as at March 31, 2009 is divided into the following categories:

Table 6. Carrying amount of property, plant and equipment etc as at March 31, 2009

(In thousands)	Affitech AS (NOK)	Pharmexa A/S (DKK)
Plant and machinery	5,659	2,072
Other fixtures and fittings, tools and equipment	175	1,243
Leasehold improvements	30	0
Total	**5,864**	**3,315**

8.2 Insurance

We maintain group product liability insurance as well as individual company insurance for our sites, including coverage required under Danish, Norwegian and other applicable laws. We believe that we maintain insurance coverage appropriate for our business and stage of development.

8.3 Environmental Issues

We believe we are in compliance with all environmental legislation and regulations applicable to our activities.

8.4 Litigation

Apart from the dispute described below, the Company has not, during the past 12 months, been involved in any governmental, legal or arbitration proceedings which have had a material effect on the Company's financial position or results of operations, and to the best of the Company's knowledge and belief, no such litigation or arbitration proceedings are pending or being threatened against the Company.

A group of minority shareholders' claim against the Company

In connection with the annual general meeting on April 28, 2009 and the extraordinary general meeting on May 5, 2009 of Pharmexa A/S (now Affitech A/S), a few shareholders made objections as to the validity and lawfulness of the decisions made by the shareholders at the said shareholders' meeting. Such objections were filed with the Danish Commerce and Companies Agency.

The shareholders primarily argued (i) that the annual general meetings had not been lawfully convened, (ii) that the Combination should be treated as a legal merger and thus fulfil the requirement of a merger under Danish law, and (iii) that the decision to effect the Combination is in contravention of Section 80 of the Danish Public Companies Act which prohibits the shareholders from taking any decision which is obviously suited for giving certain shareholders or others an undue advantage at the expense of the other shareholders of the company. The Company does not believe that there is any legal basis for the objections.

Having considered the objections, on May 29, 2009 the Danish Commerce and Companies Agency registered the decisions taken at the annual general meeting held on April 28, 2009 and on May 29, 2009, it further registered the decisions of the extraordinary general meeting held on May 5, 2009, except for the issuance of the Contribution Shares, which was registered on June 4, 2009.

The said shareholders who filed the objections with the Danish Commerce and Companies Agency have also informed the Company that they are preparing a class action, on behalf of a group of minority shareholders, against the Company.

9. Review of Operations and Financial Statements

Management's Review of Operations and Financial Statements is split into two sections presenting both a review of Pharmexa A/S (now Affitech A/S) and a review of Affitech AS (now Affitech Research AS). However, the sections below discussing:

- Factors influencing our Results of Operations
- Critical Accounting Policies
- Critical Judgments, Assumptions and Estimates

should be read as applying to both entities if not stated otherwise.

The discussion below should be read in conjunction with our annual and interim financial statements and the notes thereto included elsewhere in this document. The audited financial statements of Pharmexa A/S for the financial years 2008, 2007 and 2006 are included on pages F-15 to F-48, while the unaudited interim financial statements are included on pages F-5 to F-14. The audited financial statements of Affitech AS for the financial years 2008 and 2007 are included on pages F-59 to F-90, while the unaudited interim financial statements are included on pages F-49 to F-58.

The discussion contains statements concerning future results that are subject to risks and uncertainties. The Company's actual results and financial position may differ materially from the results and financial position discussed or implied in these forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in "Risk factors".

Factors Influencing our Results of Operations

Income

Like other development stage biotech companies, we receive limited income in connection with our operations. Our principal sources of income are revenue that we receive from licensing agreements and research and development agreements with collaborative partners, government grants and income from the sale of our product Protein L. Income from research and development agreements is either based on technology access fees, milestone payments and royalties or funds calculated on an "FTE" basis, i.e. funds in amounts sufficient to allow us to employ a given number of full-time-equivalent personnel for a given time period. We also receive financial income from the proceeds from our capital-raising activities. We invest such proceeds pending our use thereof to pay for research, development and other operations. Financial income is therefore dependent on when and to what extent research and development projects are carried through.

Expenses

The extent of our expenses in a given period is principally driven by the nature and scope of the specific projects in which we are engaged and whether each such project is in its research stage or development stage. Typically, the cost of a project will vary over its life cycle from research through development, with expenses increasing from the research stage to the development stage and continuing to increase throughout the development stage, as the project matures from preclinical development through various phases of clinical development and as more material of the relevant product candidate is manufactured for studies and more extensive studies are undertaken.

We segregate our operating expenses into research costs, development costs and administrative expenses.

Critical Accounting Policies

Income

Income from collaboration agreements and the sale of our product Protein L are recognised in the income statement if the general revenue recognition criteria are met, including that the service concerned has been provided before year end, that the amount can be determined reliably and that it is expected to be received. Revenue is recognised over the term of the agreement in accordance with the terms and conditions of the agreement. Revenue is calculated exclusive of VAT and charges and net of any price reductions in the form of discounts.

Costs

In general, we recognise costs in our income statement as they are incurred. For reasons discussed below under "– Intangible assets", only a minor portion of our costs are capitalised – for example the upfront costs of acquiring intangible assets from third parties.

Warrants

Warrants are measured at their fair value at the date of grant and are recognised in the income statement as vested under "Research costs", "Development costs" or "Administrative expenses", respectively. The balancing item is taken directly to equity. The most significant terms for warrants granted appear in the notes to the financial statements.

Cash-settled share-based payments are measured at fair value at the balance sheet date and are recognised in the income statement as vested under "Research costs", "Development costs" or "Administrative expenses", respectively. The balancing item is recognised as a liability. The most significant terms for cash-settled share-based payments appear in the notes to the financial statements.

Intangible assets

Licences and other intellectual property rights acquired for consideration are included in our balance sheet at cost net of accumulated amortisation. Licences and rights are amortised on a straight-line basis over the expected economic and technological life of the assets, typically five to ten years. Patent rights are measured at fair value at the date of acquisition, net of accumulated amortisation. Patent rights are amortised on a straight-line basis over the remainder of the relevant patent periods, typically up to 20 years.

The carrying amounts of our intangible assets are tested on an annual basis to determine whether there are any indications of impairment over and above normal amortisation. In the event of impairment, the asset concerned is written down to its recoverable amount, which is typically the higher of its net selling price and its value in use. Impairment losses are primarily recognised in our income statements under research and development costs.

Critical Judgments, Assumptions and Estimates
We make a number of assessments, assumptions and estimates in the course of preparing our financial statements. In general, we base these on historic experience and other factors, including expectations as to future events based on present circumstances.

Critical Estimates Relating to Development Costs
An intangible asset arising from a development project must, according to IAS 38 "Intangible Assets", be recognised in the balance sheet if the criteria for recognition in the balance sheet are met. Which means that (1) the development project is clearly defined and identifiable, (2) the technical feasibility has been demonstrated as well as the availability of adequate resources to complete the development project and market the final product or to use the product internally, and (3) Management has demonstrated its intention to manufacture and sell the product or use it internally. Finally, it must be documented with adequate certainty that the future income from the development project will exceed production and development costs and selling costs and administrative expenses relating to the product.

Development costs regarding individual projects are recognised as assets only if it is sufficiently certain that the future earnings for the individual projects will exceed not only the costs of production, sale and administration, but also the actual product development costs. In Management's opinion, the development of pharmaceuticals is generally subject to high risk, for which reason sufficient certainty as to the future earnings cannot be obtained at present. The future economic benefits related to the product development cannot be determined with reasonable certainty until the development activities are complete and the requisite approvals have been granted. As a result, Management has chosen to expense the development costs incurred during the year to which they relate.

Classification of convertible loan
In 2008, Affitech AS raised a convertible loan from some of its shareholders. According to the terms of the convertible loan the lenders may only claim repayment of the loan and interest if the Company approves a repayment. It is therefore the company's decision whether the convertible loan should be repaid, whereas the lenders can claim conversion of the loan including interest into shares. Management has assessed that the convertible loan will be converted into shares and not repaid and has therefore classified the convertible loan as equity and the interest attached hereto as dividend. The convertible loan was converted into shares in connection with the combination of Affitech AS and Pharmexa A/S in accordance with the combination agreement.

Deferred tax
We recognise deferred tax assets when it is likely that there will be sufficient future taxable income to utilise the temporary differences and unutilised tax losses. Management has carefully assessed whether the tax asset should be recognised as income in the income statement and as an asset in the balance sheet. However, based on the accounting criteria in this respect, Management believes that it is not yet possible to recognise the tax asset. So far, the decision is to continue to disclose the size of the asset in the notes to the financial statements. Management will regularly reconsider whether the accounting criteria for recognising the asset in the balance sheet and income statement have been met.

Income from collaboration and licensing agreements
We receive fees from collaboration agreements for the performance of research and development activities and fees from licensing agreements including upfront, annual and milestone payments. Revenue is recognised in the income statement if the general recognition criteria are met, including that the services concerned have been provided, that the amount can be determined reliably and is expected to be received. Revenue is recognised in accordance with the terms and conditions of the collaboration or licensing agreements.

Income from disposal of GemVax activities
In 2008 Pharmexa sold all rights and obligations relating to the patent portfolio of GemVax including GV1001. Pharmexa received an upfront payment for the sale of GemVax, and will be eligible for milestone payments and royalties upon successful registration and commercialisation of the GV1001 peptide vaccine. Management has estimated the value of the future milestones and royalties to nil due to the risk in relation to obtaining future economic benefits from the agreement.

Presentation of assets held for sale
In 2008, Pharmexa A/S decided to put up for sale the subsidiary Pharmexa-Epimmune Inc. and all activities attached hereto. In April 2009, Pharmexa A/S sold Pharmexa-Epimmune Inc. In the Annual Report for 2008, Management assessed that the presentation requirements in IFRS 5 should be applied, according to which the transaction is presented separately in the balance sheet.

Selected Financial Information for Pharmexa A/S (now Affitech A/S)
The selected financial information for Pharmexa A/S comprises the financial years ended December 31, 2008, 2007 and 2006 and the three months ended March 31, 2009 and 2008.

The discussion below should be read in conjunction with Pharmexa A/S' annual and interim financial statements with notes thereto included elsewhere in this Prospectus.

The financial statements have been extracted from the audited annual reports for 2008, 2007 and 2006, which were prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The interim financial statements for the three months ended March 31, 2009 with comparative figures for the three months ended March 31, 2008 were prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Company's auditor has reviewed the interim financial statements for the three months ended March 31, 2009. The comparative figures in the interim financial statements are unaudited.

Table 7. Pharmexa A/S (now Affitech A/S) selected financial information for the financial years 2006-08, Q1 2008 and Q1 2009

(In DKK thousands except for ratios and other data)	January 1 – March 31, 2009 Reviewed	January 1 – March 31, 2008 Unaudited	2008 Audited	2007 Audited	2006 Audited
INCOME STATEMENT					
Revenue	4,072	2,222	5,577	10,879	2,040
Research costs	(3,883)	(12,658)	(49,224)	(43,343)	(47,644)
Development costs	(6,593)	(24,813)	(88,935)	(124,481)	(117,443)
Administrative expenses	(6,402)	(6,071)	(27,325)	(36,029)	(32,335)
Loss before other operating items	**(12,806)**	**(41,320)**	**(159,907)**	**(192,974)**	**(195,382)**
Net other operating income/expenses	0	4,704	(38,266)	23,203	21,785
Net financial income/expenses	57	1,078	3,575	5,060	4,547
Income taxes	0	0	0	0	0
Net loss for the year	**(12,749)**	**(35,538)**	**(194,598)**	**(164,711)**	**(169,050)**
BALANCE SHEET (end of period)					
Intangible assets	0	68,483	0	73,564	86,734
Cash and cash equivalents	18,149	120,793	36,071	76,010	165,260
Total assets	33,830	210,501	54,579	178,288	284,891
Share capital	29,846	298,460	29,846	207,272	376,893
Shareholders' equity	29,451	191,733	41,767	150,753	258,219
Total liabilities	4,379	18,768	12,812	27,535	26,672
CASH FLOW STATEMENT					
Cash flows from operating activities	(18,280)	(33,548)	(127,143)	(142,997)	(156,406)
Cash flows from investing activities[1]	358	5	12,954	(786)	66,924
of which net purchase and sale of securities	-	-	-	-	*70,853*
of which invested in subsidiaries	-	-	*11.205*	-	-
of which net investment in property, plant and equipment and intangible assets	*358*	*5*	*1,749*	*(786)*	*(3,929)*
Cash flows from financing activities	-	78,501	74,795	55,231	(3,723)
Change in cash and cash equivalents	(17,922)	44,958	(39,394)	(88,552)	(93,205)
RATIOS AND OTHER DATA[2]					
EPS (per Share of DKK 0.50)	(0.2)	(0.7)	(3.4)	(4.0)	(4.5)
Average number of shares	59,691,940	52,599,561	57,943,134	41,009,610	37,649,206
Number of shares at end of period	59,691,940	59,691,940	59,691,940	41,454,395	37,689,240
Net asset value per Share, (per Share of DKK 0.50)	0.50	3,3	0.70	3.6	6.9
Share price at end of period	0.89	3.65	0.67	6.45	17.5
Price/book value	1.78	1.11	0.96	1.79	2.56
Assets/equity	1.15	1.10	1.31	1.18	1.10
Number of employees (full-time equivalents), end of period	10	69	12	101	107
Number of employees (full-time equivalents), average.	11	73	74	102	104

(1) As a result of a change in the Company's portfolio management approach, since 2002 cash flow from investing activities has included purchases and sales of marketable securities.

(2) The ratios have been calculated in accordance with "Recommendations & Ratios 2005" issued by the Danish Society of Financial Analysts, December 2004. For definitions of terms used in the ratios, see "Accounting policies".

Three Months Ended March 31, 2009 Compared to Three Months Ended March 31, 2008 for Pharmexa A/S (now Affitech A/S)

Revenue
Revenue in the Pharmexa Group totalled DKK 4.1 million for the first three months of 2009 compared to DKK 2.2 million for the same period of 2008. The increase was primarily due to the sale of licences and patents.

Research costs
Research costs decreased by 69% to DKK 3.9 million for the first three months of 2009 compared to DKK 12.7 million for the same period of 2008. The decrease in research costs was due to significant cost-reduction activities and closing of research projects.

Development costs
Development costs decreased by 73% to DKK 6.6 million for the first three months of 2009 compared to DKK 24.8 million for the same period of 2008. The decrease was primarily due to the discontinuation of the PrimoVax Phase III trial.

Administrative expenses
Administrative expenses increased by 5.5% to DKK 6.4 million for the first three months of 2009 compared to DKK 6.1 million for the same period of 2008. This increase was primarily due to costs associated with exploring strategic alternatives for the Company resulting in the combination of Affitech and Pharmexa and costs associated with closing down the US subsidiary Pharmexa-Epimmune.

Other operating income/costs
Other operating income/costs amounted to DKK 0 for the first three months of 2009 compared to DKK 4.7 million for the same period of 2008. The decrease was due to the Company not receiving any grants from public authorities.

Balance sheet items
The Group's balance sheet total at March 31, 2009 was DKK 33.8 million against DKK 210.5 million at March 31, 2008. Intangible assets amounted to DKK 0 million, cash and cash equivalents amounted to DKK 18.1 million, and shareholders' equity amounted to DKK 29.5 at March 31, 2009. Compared to March 31, 2008 the balance sheet is influenced by the reduced activity level in Pharmexa A/S. The value of assets and liabilities relating to the activities in Pharmexa-Epimmune Inc. is presented separately in the balance sheet under the item "Assets held for sale" and amounted to DKK 6.1 million as at March 31, 2009.

Cash flow statement
The net cash flow for the three months ended March 31, 2009 represented an outflow of DKK 17.9 million compared to an inflow of DKK 45.0 million for the three months ended March 31, 2008. The cash flow for the three months ended March 31, 2009 was primarily related to the operating loss, whilst the cash flow for the three months ended March 31, 2008 was affected by the net cash inflow of DKK 79.8 million from the capital increase.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007 for Pharmexa A/S (now Affitech A/S)

Revenue
Consolidated revenue totalled DKK 5.6 million in 2008, against DKK 10.9 million in 2007, representing a decrease of 49%. The decrease was primarily due to lower revenues from the collaboration agreement with H. Lundbeck A/S.

Research costs
Research costs totalled DKK 49.2 million in 2008, against DKK 43.3 million in 2007, representing an increase of 14%. The increase was primarily due to allocation of more indirect costs to research as a result of the decrease in development activities in 2008.

Development costs
Development costs totalled DKK 88.9 million in 2008, against DKK 124.5 million in 2007, representing a decrease of 29%. The decrease was primarily due to the discontinuation of the PrimoVax Phase III trial. In addition, further development activities regarding Pharmexa A/S' other projects have been postponed or stopped due to the lack of financial resources.

Administrative expenses
In 2008, administrative expenses decreased by 24% to DKK 27.3 million, compared with DKK 36.0 million in 2007. The decrease was primarily due to lower costs related to the Company's lower activity level.

Other operating items
Other operating items in 2008 amounted to net costs of DKK 38.3 million, compared to net income of DKK 23.2 million in 2007. In 2008, other operating items primarily consisted of losses in connection with the sale of GemVax, write-down of intangible assets and grants from public authorities. In 2007, other operating items primarily consisted of public grants, which decreased in 2008 due to the finalisation of the development work for which public grants were received.

Loss in connection with the sale of GemVax
On October 30, 2008, the Company entered into an agreement with the Korean company KAEL Co. Ltd regarding a sale of GV1001 and the Norwegian subsidiary GemVax AS. KAEL acquired all shares in GemVax and assumed all rights and obligations relating to the patent portfolio of GemVax, including GV1001. Pharmexa A/S received an upfront payment for the sale of GemVax, as well as milestones and royalties upon successful commercialisation of the GV1001 peptide vaccine.

In connection with the sale, Pharmexa A/S recognised a loss of DKK 11.7 million corresponding to the difference between the received upfront payment and the carrying amount of the assets disposed of.

Write-down of intangible assets
Before the Executive Management and the Board of Directors approved the annual report for 2008, they were in active negotiations regarding a sale of Pharmexa-Epimmune Inc. in the US. Against that background, Management decided to write down the value of the intangible and other assets relating to this subsidiary by DKK 42.5 million to the expected net realisable value of Pharmexa-Epimmune Inc.

Assets related to Pharmexa-Epimmune Inc. are separated in the balance sheet under the item "Assets held for sale".

Net loss for the year
The Group reported a net loss of DKK 194.6 million in 2008, compared to a net loss of DKK 164.7 million in 2007. The increased net loss was primarily due to the write-down of the carrying amount of intangible assets relating to the activities in Pharmexa-Epimmune Inc. in the US.

Balance sheet items
The Group's balance sheet total at December 31, 2008 was DKK 54.6 million against DKK 178.3 million at December 31, 2007. Intangible assets amounted to DKK 0 million, cash and cash equivalents amounted to DKK 36.1 million, and shareholders' equity amounted to DKK 41.8 at December 31, 2008. Compared to December 31, 2007 the balance sheet was affected by the reduced activity level in Pharmexa A/S. The value of the assets and liabilities regarding the activities in Pharmexa-Epimmune Inc. is presented separately in the balance sheet under the item "Assets held for sale" and "Liabilities associated with assets held for sale" and amounted to DKK 10.0 million and DKK 1.5 million, respectively, as at December 31, 2008.

Cash flow statement
The net cash flows for 2008 represented and outflow of DKK 39.4 million, compared to an outflow of DKK 88.6 million in 2007. For 2008, cash flows primarily related to the operating loss and a net cash inflow of DKK 79.8 million from the capital increase.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006 for Pharmexa A/S (now Affitech A/S)

Revenue
Consolidated revenue totalled DKK 10.9 million in 2007, against DKK 2.0 million in 2006, representing an increase of 445%. Revenue in 2007 was attributable to a collaboration agreement with H. Lundbeck A/S.

Research costs
Research costs totalled DKK 43.3 million in 2007, against DKK 47.6 million in 2006, representing a decrease of 9%. The decrease was primarily due to the RANKL project, which entered the development phase in 2007.

Development costs
Development costs totalled DKK 124.5 million in 2007, against DKK 117.4 million in 2006, equalling a 6% increase. The increase was primarily due to increased activity of the Phase III trials TeloVac and PrimoVax and the clinical programs on malaria and HIV in Pharmexa-Epimmune Inc., where the Group receives grants from NIH.

Administrative expenses
In 2007, administrative expenses increased by 11% to DKK 36.0 million, compared with DKK 32.3 million in 2006. The increase was primarily due to costs related to the Group's funding.

Other operating items
Other operating income in 2007 amounted to a net DKK 23.2 million, compared to a net DKK 21.8 million in 2006. The item primarily consisted of grants from public authorities, and the majority were realised in Pharmexa-Epimmune Inc.

Net loss for the year
The Group reported a net loss of DKK 164.7 million in 2007, compared to a net loss of DKK 169.1 million in 2006.

Balance sheet items
The Group's balance sheet total at December 31, 2007 was DKK 178.3 million compared to DKK 284.9 million at December 31, 2006. At December 31, 2007 intangible assets amounted to DKK 73.6 million, cash and cash equivalents amounted to DKK 76.0 million, and shareholders' equity amounted to DKK 150.8 million. The decrease in the balance sheet total was primarily due to a decrease in cash and cash equivalents to finance operations.

Cash flow statement
The consolidated net cash flows for 2007 were a net outflow of DKK 88.6 million, compared to an inflow of DKK 93.2 million in 2006. In 2006 and 2007, cash flows primarily consisted of an operating loss, and in 2007, the net cash flows were also affected by a DKK 64 million capital increase.

Selected Financial Information for Affitech AS (now Affitech Research AS)

The selected financial information for Affitech AS comprises the financial years ended December 31, 2008 and 2007 and the three months ended March 31, 2009 and 2008.

The discussion below should be read in conjunction with Affitech AS' annual and interim financial statements with notes thereto included elsewhere in this Prospectus. The financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the EU.

The interim financial statements for the three months ended March 31, 2009 with comparative figures for the three months ended March 31, 2008 were prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. Ernst & Young has reviewed the interim financial statements for the three months ended March 31, 2009. The comparative figures in the interim financial statements are unaudited.

The financial information below for Affitech AS is presented in NOK. At December 31, 2007 and 2008, the exchange rates for NOK 100 relative to DKK 100 were 93.51 and 75.72, respectively. At March 31, 2008 and 2009 the exchange rates were 92.62 and 83.78, respectively.

Table 8. Affitech AS (now Affitech Research AS) selected financial information for the financial years 2007-08, Q1 2008 and Q1 2009

(In NOK thousands except for ratios and other data)	January 1 – March 31, 2009 Reviewed	January 1 – March 31, 2008 Unaudited	2008 Audited	2007 Audited
INCOME STATEMENT				
Revenue	1,502	664	4,183	2,852
Research costs	(9,403)	(8,791)	(37,378)	(43,139)
Administrative expenses	(3,392)	(2,114)	(10,490)	(10,037)
Loss before other operating items	**(11,293)**	**(10,241)**	**(43,685)**	**(50,324)**
Net other operating income/expenses	0	0	2,661	1,149
Net financial income/expenses	17	265	1,160	1,618
Income taxes	0	0	0	0
Net loss for the year	**(11,276)**	**(9,976)**	**(39,864)**	**(47,557)**
BALANCE SHEET (end of period)				
Intangible assets	1,605	1,081	1,708	1,161
Cash and cash equivalents	1,745	24,459	12,758	36,376
Total assets	12,986	36,882	23,382	48,226
Share capital	5,150	51,495	5,150	51,495
Shareholders' equity	(754)	22,327	10,433	32,224
Total liabilities	13,740	14,555	12,949	16,002
CASH FLOW STATEMENT				
Cash flows from operating activities	(10,938)	(11,742)	(38,643)	(34,180)
Cash flows from investing activities	0	(132)	(2,482	(6,234)
of which invested in subsidiaries	-	-	-	-
of which net investment in property, plant and equipment and intangible assets	-	*(132)*	*(2,482)*	*(6,234)*
Cash flows from financing activities	(94)	(86)	17,798	43,792
Change in cash and cash equivalents	(11,032)	(11,960)	(23,327)	3,378
RATIOS AND OTHER DATA				
EPS (per Share of NOK 1)	(2.2)	(1.9)	(7.7)	(9.9)
Number of employees (full-time equivalents), end of period	32	35	37	31

Three Months Ended March 31, 2009 Compared to Three Months Ended March 31, 2008 for Affitech AS (now Affitech Research AS)

Revenue
Revenue totalled NOK 1.5 million for the three months ended March 31, 2009 compared to NOK 0.7 million for the same period of 2008, equivalent to a 126% increase. The increase was primarily due to higher upfront and milestone payments from collaborative agreements in the three months ended March 31, 2009.

Research costs
Research costs totalled NOK 9.4 million for the three months ended March 31, 2009 compared to NOK 8.8 million for the same period of 2008, equivalent to a 6.9% increase. The increase was primarily due to general price increases and higher patent adviser costs.

Administrative expenses
Administrative expenses totalled NOK 3.4 million for the three months ended March 31, 2009 compared to NOK 2.1 million for the same period of 2008, equivalent to a 60% increase. The increase was primarily due to costs incurred in connection with the combination with Pharmexa A/S.

Net profit/loss for the year
A net loss of NOK 11.3 million was posted for the three months ended March 31, 2009 compared to a net loss of NOK 10.0 million for the same period of 2008. The increase was primarily due to higher research costs and higher administrative expenses.

Balance sheet items
The Group's balance sheet total at March 31, 2009 was NOK 13.0 million compared to NOK 36.9 million at March 31, 2008. At March 31, 2009, cash and cash equivalents amounted to NOK 1.8 million, and shareholders' equity was negative in the amount of NOK 0.8 million. At March 31, 2008, cash and cash equivalents amounted to NOK 24.5 million, and shareholders' equity amounted to NOK 22.3 million.

Cash flow statement
The cash flows for the three months ended March 31, 2009 was an outflow of NOK 11.0 million compared to an outflow of NOK 12.0 million in the same period of 2008. The cash flows primarily related to losses on operations.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007 for Affitech AS (now Affitech Research AS)

Revenue
Consolidated revenue totalled NOK 4.2 million in 2008, against NOK 2.9 million in 2007, representing an increase of 47%. The increase was primarily due to higher sales of Protein L and higher upfront and milestone payments from collaboration agreements in 2008.

Research costs
Research costs totalled NOK 37.4 million in 2008, against NOK 43.1 million in 2007, representing a decrease of 13%. The decrease was primarily due to lower external costs for cell line development and preclinical studies in 2008.

Administrative expenses
Administrative expenses totalled NOK 10.5 million in 2008, against NOK 10.0 million in 2007, representing an increase of 5%.

Other operating items
Other operating income in 2008 amounted to a net NOK 2.7 million, compared to a net NOK 1.1 million in 2007. Other operating items primarily consisted of grants from public authorities in both 2008 and 2007. The increase in other operating items was primarily a result of the recognised income related to the participation in a consortium receiving a grant from the EU under the 6th framework programme.

Net loss for the year
The Group reported a net loss of NOK 39.9 million in 2008, compared to a net loss of NOK 47.6 million in 2007, primarily due to lower research costs.

Balance sheet items
The Group's balance sheet total at December 31, 2008 was NOK 23.4 million compared to NOK 48.2 million at December 31, 2007. At December 31, 2008, cash and cash equivalents amounted to NOK 12.8 million, and shareholders' equity amounted to NOK 10.4 million. At December 31, 2007 cash and cash equivalents amounted to NOK 36.4 million and shareholders equity amounted to NOK 32.2 million.

Cash flow statement
The net cash flows for 2008 represented an outflow of NOK 23.3 million, compared to a net cash inflow of NOK 3.4 million in 2007. Cash flows primarily related to the operating loss and a net cash inflow of NOK 18.9 million from the raising of a subordinated convertible loan in 2008. Cash flows in 2007 were positively affected by a capital increase of NOK 41.4 million.

Company Information

Governmental, economic, fiscal, monetary or political initiatives

Historically, neither Affitech AS nor Pharmexa A/S has been materially effected by governmental, economic, fiscal, monetary or political initiatives. However, in the future the Company may be affected by governmental and/or political initiatives related to the reimbursement of the cost of pharmaceutical products.

Significant events after the balance sheet date

Since the end of 2008, Affitech AS and Pharmexa A/S have committed substantial effort and resources in connection with negotiations regarding a combination of the two companies, and in March 2009 a conditional agreement was signed. The Combination was finally approved on May 5, 2009.

On April 20, 2009 Pharmexa A/S announced the takeover of Pharmexa-Epimmune Inc. by VaxOnco, Inc., a Korean company specialising in peptide-based vaccines, through a purchase of all outstanding shares from Pharmexa A/S at a price of EUR 440,000. VaxOnco takes over all the rights and obligations relating to Pharmexa-Epimmune Inc.'s patent portfolio.

After the publication of the Company's financial statements for the first three months of 2009, the Company has continued the preparation of its strategy, business plan and budget. In continuation thereof, the Company released an extensive announcement on June 22, 2008 which included, *inter alia*, changed forecasts of the results of operations for 2009 and a description of the Company's capital resources.

10. Capital Resources

Our principal sources of capital are the proceeds from our issuances of Shares. In addition, we receive funds as a result of our collaborations with other companies on specific projects, whereby such other companies typically provide us with upfront fees, milestone fees, royalties and/or funds calculated on the basis of the number of full-time employees, and in the form of grants received from governments and others to fund certain research and development activities. We also realise revenue from the sale of our product Protein L. The Company also expects to receive cash from the divestment of Pharmexa-Epimmune Inc. and repayment of the deposit in connection with the termination of the lease.

The table below shows the Company's capital resources at March 31, 2009, including as adjusted for the Net Proceeds of DKK 21.8 million from the Cash Offering.

At March 31, 2009 our capital resources consisting of cash and cash equivalents totalled DKK 19.6 million and DKK 41.4 million adjusted for the Net Proceeds from the Cash Offering.

We expect that our existing capital resources combined with the Net Proceeds from the Cash Offering, expected revenue and grants will be sufficient to support our operations until June 2010. In addition to the assumptions described in section 13.4 "Methodology and Assumptions", the cash flow projections are subject to certain other assumptions including, but not limited to, the Company being able to adequately reduce its staff costs in 2010 if no additional equity capital is raised in the second half of 2009.

Table 9. Capital resources

DKK million	At March 31, 2009	At March 31, 2009 adjusted to reflect the Net Proceeds from the Cash Offering
Cash	19.6	41.4
Securities	-	-
Capital resources	19.6	41.4
Undrawn credit facilities	-	-
Total capital resources	**19.6**	**41.4**

We are not subject to any restrictions in our use of the capital resources.

11. Research and Development, Patents and Licences

11.1 Research and Development

Both Affitech AS and Pharmexa A/S are research and development companies, and, therefore, substantially all operating costs are incurred to support research and development activities.

Table 10. Historical operating costs

NOK million	Affitech AS	
	2008	2007
Research costs	37	43
Administrative expenses	11	10
Total operating costs	48	53

DKK million	Pharmexa A/S		
	2008	2007	2006
Research and development costs	138	168	165
Administrative expenses	27	36	32
Total operating costs	165	204	197

We carry out research and development activities which rely on and generate intellectual property. The protection of rights to intellectual property is therefore important to us, and we have sought and in some cases obtained patents in certain jurisdictions for our core technologies and products. While patent applications have been filed, the Company has so far not received grant of patents relating directly to any of its antibodies and products. The principal object of our patent strategy is to achieve maximum protection of our primary technology platforms and retain exclusive rights to our methods. This includes further patent protection for individual product candidates through a number of patents covering the product itself, and important processes for improving the effect. Another object is to ensure that our collaborative partners and we avoid and are aware of all third party patents that could limit our freedom to operate, and any patent issues that may impact the projects.

The Company and/or its subsidiaries do not own intellectual property rights relating directly to the product candidates AT004 or AT006.

Further, the Company and its subsidiaries utilises a number of technologies relating, *inter alia*, to phage display. These technologies are subject to third party patents in many jurisdictions but not in Norway, where Affitech Research AS hence has had and does have the freedom to use these technologies commercially. The Company intends to continue to limit the commercial use of these technologies to Norwegian territory.

To the extent the relevant intellectual property rights are owned or licensed by the subsidiaries of the Company, the Company will, where necessary, obtain licences from its subsidiaries to such rights.

11.2 Material patents, patent applications and other intellectual property rights licensed, owned or co-owned by the Company or its subsidiaries

Breitling patent family

The Breitling patent is a central patent in the field of phagemid display. The patent is owned by the German Cancer Research Centre in Heidelberg Germany. Affitech Research AS has an exclusive, worldwide licence with the right to sub-license for the lifetime of the patents. The family consists of five granted patents in the US. In Europe, one patent has been granted. A further divisional is pending.

These patents claim the use of full-length pIII phage protein as a scaffold in a phagemid vector for the display of antibodies and antibody fragments (US) and the use of those molecules to identify antigens on tumour cells by a special method (Europe). The patent numbers are US 5,849,500, US 5,985,588, US 6,127,132, US 6,387,627, US 6,730,483 and EP 1065271

CBAS™

The CBAS™ patent application, which is owned by Affitech Research AS, covers a specific technology for selecting antibodies against targets expressed on the surface of living cells. The

technology was developed at Affitech Research AS. The patent application has entered the national phases in a large number of territories. Publ. No. WO2006/038022 based on PCT/GB2005/003866

AffiSelecT
AffiSelecT is an *in vitro* selection method to isolate antibodies of clinical interest using the antigen itself as tag to identify the relevant antibodies. The patent application, which is owned by Affitech Research AS, has entered the national phases in the most important territories. Publ. No. WO2006/0238021 based on PCT/GB2005/003865

AffiScreeN™
Affitech Research AS has filed a patent application for this technology that uses libraries from specific donors for selection of antibodies. This method works without the use of phage particles and is therefore independent from other named phage related patent applications. A review process by the relevant patent offices is underway. Patent name: "Patient antibody libraries", Appl. No. EP1517920, US11/522978.

Multiple antigen binding antibody format
Affitech Research AS holds a patent on intellectual property rights to certain forms of recombinant antibody-like molecules which are able to bind to different antigens. These molecules have attributes that make them attractive candidates for a variety of therapeutic applications and may have potential in oncology therapeutics. The family consists of two granted patents (one EPO, one US) and five pending applications. Granted patents: EP0952218; US 6,759,518.

CBAS-173 – an antibody binding to CD166 (ALCAM) antigen (AT002)
This patent application, which is owned by Affitech Research AS, is on a specific antibody recognising the tumour marker CD166 (ALCAM). The application is published, and we have just received the preliminary search report. Appl. No. PCT/GB2008/001045, US 12/055743.

r84 – a fully human antibody binding to VEGF (AT001)
This patent application, which is assigned to Affitech Research AS and Peregrine Pharmaceuticals Inc. as co-owners, covers an antibody binding to VEGF in a special manner. Binding of the antibody will block the binding of VEGF to VEGF receptor 2, but not to receptor 1. r84 was developed in collaboration with Peregrine Pharmaceuticals Inc. of Tustin, California. The Company is currently negotiating with Peregrine Pharmaceuticals Inc. to acquire full ownership of the patent rights to r84. As part of this collaboration, Affitech Research AS will receive a sub-licence to Peregrine Pharmaceuticals Inc.'s extensive patent portfolio on VEGF binders. The r84 application has recently entered the PCT phase. The application numbers are US 12/267,515 and PCT/GB2008/003745.

Anti-PS antibodies (AT004 and AT005)
Affitech Research AS has filed in collaboration with Peregrine Pharmaceuticals Inc. as co-owner provisional applications on a family of antibodies recognising phosphatidyl-serine (PS). PS is a component found predominantly on the inner membrane of normal cells. PS is presented on the outer side of cell membranes where it is accessible to antibodies in tumour blood vessels and during viral infections. The serial numbers of the first three provisionals are 61/094,870; 61/095,384, 61/104,354, and 61/154,698.

S2 expression system
Patent applications covering proprietary and improved expression vectors for the S2 system were filed by the Company on June 12, 2009. Improved cell lines and additional vectors are being developed for added IP protection. Media and transfection reagents and procedures are being maintained as trade secrets.

Protein L intellectual property
Affitech Research AS owns a portfolio of patents covering the use of Protein L and variants thereof as well as mutants of Protein L with reduced affinity. Two patents covering recombinant Protein L expire in 2013 in Europe and in 2016 and 2017 in the US. Finally, a patent that covers various mutants of Protein L for better elution conditions expires in 2019.

The portfolio has been licensed non-exclusively to Domantis Ltd. for use in their own development process.

Furthermore, Affitech Research AS has signed with a company (name undisclosed) a patent and know how licence agreement, conditional upon successful technology evaluation and transfer, for large-scale production and commercialisation of Protein L.

A monoclonal antibody targeting EpCAM (Epithelial Cell Adhesion Molecule) (AT003)
A first provisional patent application was filed in June 2009 in the United Kingdom and the United States.

A proprietary antibody product against a GPCR target, chemokine receptor (AT007)
A first provisional patent application was filed in June 2009 in the United Kingdom and the United States.

Contracts Involving Payment to Collaborators or Licensing Partners

CBAS-173 – an antibody binding to CD166 (ALCAM) antigen
This compound was developed in collaboration with the Norwegian Radium Hospital ("DNR"). While Affitech Research AS has the lead in the further development of the compound, DNR will share benefits from commercial activities with that compound.

Breitling patent
While these patents are licensed exclusively and worldwide to Affitech Research AS, the German Cancer Research Center (DKFZ) will receive royalties on commercialisation of antibodies developed by using those patents.

CSC – cancer stem cells
Part of Affitech Research AS' activities on cancer stem cells are carried out in collaboration with several academic and commercial institutions supported by the Norwegian state. Depending on the exact nature of potential products developed during this collaboration, a commercialisation may involve payments to one or more collaborators.

Novel expression vectors
A set of novel bacterial expression vectors were in-licensed from an academic partner (Norwegian University of Science and Technology, Trondheim, Norway) via the technology transfer office Leif Eriksson Nyskaping, which can be used to produce Protein L or scFv fragments in a fermenter in a cost-efficient way. The patents are EP 0922108 and US 6,258,565.

11.3 Certain third party intellectual property

We are aware of US patent 6,331,415 (the "Cabilly patent"), which is assigned to Genentech. The Cabilly patent is set to expire in 2018 and relates in generic terms to recombinant preparation of antibodies and antibody fragments. The Cabilly patent could potentially block the Company from marketing a recombinant antibody product into the USA. The validity of the Cabilly patent has been challenged in the past before the US courts and before the US PTO, and may be challenged again. For this and other reasons, the patent may therefore not be in force and enforceable at a date which is relevant for the commercial activities of the Company. We are informed that Genentech has issued several licences under the Cabilly patent to companies that market or intend to market monoclonal antibodies in the USA. We are informed, furthermore, that these licences have been granted on reasonable terms. It is the Company's intention to seek such a licence, if the Cabilly patent is in force and enforceable at a time, when the Company intends to market a recombinant antibody product in the USA.

The Company has received a communication from the Israeli company Nogdan referring to certain patents of that company. The letter did not clearly assert Nogdan's patent rights towards the Company and/or any of its subsidiaries and the Company decided to view the communication as irrelevant.

11.4 Intellectual Property Cross-Licences

A summary of the Company's main IP licensing partnerships is provided below.

Affitech/Dyax
The Company has entered into a cross-licensing agreement with Dyax of Cambridge, Massachusetts, for phage display technologies involving the Company's "Breitling" and Dyax's "Ladner" family of patents. Dyax's Ladner patents have the earliest priority date for phage display patents in the United States and are the core patents in phage display technology. The Dyax patent rights consist of a portfolio of patents and applications including United States Patent Nos. 5,223,409; 5,403,484; 5,571,698; and 5,837,500, and other patents or applications in Europe, Canada, Israel, Ireland, and Japan. Dyax has over 60 licencees to the Ladner patents, making its patent licensing programme one of the most widely licensed in the biotechnology industry. The Ladner patents cover the practice of display technologies, including the display of antibodies, peptides, and proteins on any cell, spore, or virus, including bacteriophage.

Affitech/XOMA
Affitech AS received a licence to use XOMA's bacterial cell expression (BCE) technology for developing antibody products using the Company's phagemid display-based Breitling antibody libraries, CBAS™ technology and the AffiScreeN™ high-throughput screening system. Affitech AS also received an option for the production of antibodies under XOMA's intellectual property. In return, Affitech AS gave a licence to XOMA to use Affitech's naïve antibody library for target research and discovery purposes as well as the development and commercialisation of selected antibodies.

Affitech/Micromet-Enzon
Affitech AS in-licensed a non-exclusive worldwide sub-licensable research licence to the joint patent estate of Micromet and Enzon Pharmaceuticals, Inc. in the field of single-chain antibodies (SCA). Affitech will have rights to conduct research involving SCA technology and will have sub-licensing rights to third parties for the purpose of conducting research, development or use an SCA product generated by Affitech.

Affitech/Domantis Ltd.
Affitech AS has signed a cross-licensing agreement with Domantis Ltd., which is a part of GSK. The agreement gives the Company the rights (EP1242821 and equivalents) to use certain gridding technologies helpful in connection with AffiScreeN™. The licence is exclusive, with the right to extend it to the Company's collaboration partners. In exchange, Domantis Ltd. receive the rights to Breitling and AffiScreeN™. The right is limited to the use in connection with a very specific antibody format proprietary to Domantis Ltd. Within this field, the licence is exclusive.

11.5 Trademarks

The name Affitech has been registered as trademark in class 1 in Germany, Great Britain and France.

12. Trend Information

The Company is a research based business with no antibody therapeutics yet on the market. Consequently, we do not have in-house production facilities or operations, and we are therefore not directly affected by any trend within manufacturing.

There is a continuous focus on reducing the rate of increase in health care costs, which has resulted in price pressure in recent years within certain areas of the pharmaceutical market. We expect this trend to remain unchanged in the years ahead. However, we believe that demographic developments, increased treatment penetration, especially in newly industrialised countries, and better diagnostic tools will result in continuing strong growth in global antibody drug sales.

13. Prospective Financial Information for the Year Ending December 31, 2009

13.1 Statement by Executive Management and Board of Directors

We have presented our forecast for 2009 in "Prospective financial information for the year ending December 31, 2009". The information was prepared using the accounting policies described on pages F-18 to F-21. The prospective financial information was prepared for use in this Prospectus. The Executive Management and the Board of Directors believe that the material assumptions on which the prospective financial information is based are described herein, and that the assumptions have been consistently applied in the preparation of the information.

The prospective financial information is based on a number of assumptions, some of which are within our control, whilst others are beyond our control. The methods used in the preparation of the prospective financial information and the underlying assumptions on which it is based are stated in "Prospective financial information for the year ending December 31, 2009".

The prospective financial information represents the Executive Management's and the Board of Directors' best estimates of our revenue, research and development costs, administrative expenses and results of operations for the financial year 2009. The prospective financial information contains forward-looking statements concerning the Group's financial position that are subject to considerable uncertainty. The actual results may differ materially from those contained in such statements. In addition to the risks addressed in "Prospective financial information for the year ending December 31, 2009", potential risks and uncertainties comprise, without limitation, those referred to in "Risk factors" herein.

Certain shareholders of Affitech A/S have undertaken to invest new share capital of DKK 26.8 million in connection with the Offering (the Cash Offering), which is assumed in the budget. This will enable the Company to fund its planned activities until June 2010.

Copenhagen, June 30, 2009

Board of Directors

Keith McCullagh
Chairman
Board Member

Ole Steen Andersen
Vice-Chairman
Board Member

Pål Rødseth
Partner

Arne Handeland
Partner

Michel L. Pettigrew
Director

Steinar Engelsen
Partner

Executive Management

Achim Kaufhold
Chief Executive Officer

13.2 Report by the Independent Auditors of Affitech A/S on Prospective Financial Information for the Financial Year 2009

To the Readers of this Prospectus

We have examined the budget drawn up by the Executive Management and the Board of Directors of the Company for the year ending December 31, 2009, from which prospective financial information for 2009 and the underlying assumptions have been derived.

Our Independent Auditors Report on the budget is rendered below:

"Independent auditors' report on the budget to the Board of Directors of Affitech A/S
As agreed, we have examined the budget for the Company for the year ending December 31, 2009, comprising operating budget, balance sheet budget and cash flow budget, together with budget assumptions and other explanatory notes for the Affitech Group. The budget for the year ending December 31, 2009 has been drawn up based on the Company' accounting policies, which are in accordance with the recognition and measurement principles of the International Reporting Standards (IFRS), as adopted by the EU, issued and effective at December 31, 2008.

The Executive Management and the Board of Directors are responsible for the budget and the assumptions which are stated in the budget and on which the budget is based. Our responsibility is to conclude thereon based on our examinations.

Basis of examination
We performed our examinations in accordance with the Danish Standard on Auditing applicable to examination of prospective financial information. This standard requires that we plan and perform our examination to obtain limited assurance that the budget assumptions applied are well-founded and free of material misstatement and to obtain reasonable assurance that the budget has been drawn up based on these assumptions.

Our examination included a review of the budget to assess whether the budget assumptions set up by the Executive Management and the Board of Directors are documented, well-founded and complete. Further, we examined if the budget has been drawn up in accordance with the budget assumptions set up, and, finally, we verified the internal consistency in terms of figures in the budget.

We believe that our examinations provide a sufficient basis for our conclusion.

Conclusion
Based on our examinations, nothing has come to our attention which causes us to believe that the budget assumptions do not provide a reasonable basis for the budget. Further, it is our opinion that the budget has been drawn up based on the assumptions and prepared on the basis of the Company's accounting policies, which are in accordance with the recognition and measurement provisions of the International Reporting Standards (IFRS), as adopted by the EU, issued and effective at December 31, 2008.

Actual results are likely to differ from the budget, since anticipated events frequently do not occur as expected and the variations may be material.

Emphasis of matter
Without qualifying our opinion, we wish to note that the Company's ability to carry out the activities planned for 2009 is dependent on the injection of new capital. Reference is made to the Executive Management and the Board of Directors' comments on the budget for 2009 in their statement."

We have checked that the prospective financial information drawn up by the Executive Management and the Board of Directors of the Company for the year ending December 31, 2009 and the assumptions for the prospective financial information on page 63 are correctly summarised and presented from the budget for the Company for the year ending December 31, 2009, examined by us.

The Executive Management and the Board of Directors are responsible for the prospective financial information, including the assumptions on which it is based. Our responsibility is to express a conclusion as to whether the prospective financial information for the year ending December 31, 2009 and the assumptions are correctly summarised and presented from the budget, examined by us.

Basis of conclusion
We planned and performed our procedures in accordance with the Danish Standard on Auditing applicable to assurance engagements other than audit engagements or review of historic financial information to obtain reasonable assurance that the prospective financial information for the year ending December 31, 2009 and the assumptions have been correctly summarised and presented from the budget examined by us.

Conclusion
In our opinion, the prospective financial information for the year ending December 31, 2009, and the assumptions are, in all material aspects, correctly summarised and presented from the budgets for the year ending December 31, 2009, examined by us.

Copenhagen, June 30, 2009

Ernst & Young
Godkendt Revisionsaktieselskab

Benny Lynge Sørensen
State Authorised
Public Accountant

Jesper Slot
State Authorised
Public Accountant

13.3 Introduction

In connection with the Combination, the former shareholders of Affitech AS received approximately 70% of the shares in the Company, whereas approximately 30% of the shares after the Combination were allotted to the shareholders of Pharmexa A/S. In accordance with IFRS 3 (International Financial Reporting Standards) on business combinations, for accounting purposes, the acquisition should be treated as a "reverse acquisition". In connection with a "reverse acquisition" the acquired company, in legal terms Affitech AS, is considered to be the acquirer, since the shareholders of Affitech AS will in reality obtain control of Pharmexa A/S.

Thus, the prospective financial information for 2009 reflects the loss for the period January 1 – December 31, 2009 of Affitech AS (now Affitech Research AS) and the loss for the period May 5 – December 31, 2009 of Pharmexa A/S (now Affitech A/S). Accordingly, in the prospective financial information for 2009, the loss of Pharmexa A/S is not recognised until the date of the approval of the Combination on May 5, 2009 in accordance with the rules on "reverse acquisition".

The prospective financial information has been prepared on the basis of the accounting policies of Pharmexa A/S for 2008, as described in pages F-18 to F-21 in this Prospectus.

The Company's prospective financial information is based on a number of assumptions and estimates which, while presented with numerical specificity and considered reasonable by Management, are inherently subject to significant business, operational and economic uncertainties, many of which are beyond the Company's control.

Further, the expectations for future periods have been prepared on the basis of assumptions with respect to future business decisions that may not be made as assumed. The most material of such assumptions for 2009 are described in "Methodology and assumptions" below.

The prospective financial information for 2009 represents Management's best estimates at the Prospectus Date. The prospective information contains estimates and statements that are subject to considerable uncertainty, see the section on "Risk factors".

Actual results are likely to be different from the prospective financial information for 2009 since anticipated events frequently do not occur as expected, and the variation may be material. The prospective financial information for 2009 in this section should be read in conjunction with "Risk factors", included elsewhere in this Prospectus.

13.4 Methodology and Assumptions

The Company's prospective financial information for 2009 is based on the Company's budget for 2009 which has been approved by the Board of Directors. The budget is based, among other things, on a thorough review of the Company's portfolio of ongoing and planned research and development activities.

The costs related to research and development are based on the Company focusing on preclinical research and discovery activities. Costs related to those activities are subject to uncertainty. If the Company decides to change its strategic and/or project priorities, it would have an impact on these costs, just as a decision to accelerate, postpone or stop planned research and development activities would have an impact on the research and development costs.

The forecasts of revenue and other income in the 2009 financial year are based on the existing contracts and grants as well as research funding and milestone payments specified in existing agreements with other companies. Such income is subject to uncertainty. The forecasts for the 2009 financial year include reasonably expected additional earnings that may derive from any new agreements entered into in 2009.

The Company's budget for 2009, and thus the prospective financial information for 2009 stated herein, is based, *inter alia,* on the following important assumptions:

- the Company will not start new preclinical or clinical development programs during the budget period;
- the Company carried out a round of staff reductions during first quarter of 2009 and will not make any additional material organisational changes during the budget period;
- the Company will continue its ongoing internal research programs, and prepare the project plans for preclinical and clinical development programs subject to appropriate funding;
- the Company's existing agreements, including the agreements with Peregrine Pharmaceuticals, Inc., F. Hoffman-La Roche Ltd., Omeros Corporation, Domantis Ltd. and KAEL, will be honoured by the Company and the respective parties and will progress as expected;
- the Company will enter into one new research collaboration agreement in 2009 as it has done in previous years;
- In connection with the Offering, the Company is expected to incur transaction costs of approximately DKK 6 million, which has been taken directly to equity;
- In addition to the transaction costs. it is expected that the Company will incur external non-recurring costs related to the Combination of approximately DKK 2.3 million, which will be recognised in the income statement;
- The Company expects to receive approximately DKK 3.3 million in connection with the sale of Pharmexa-Epimmune Inc., corresponding to the carrying amount as at March 31, 2009;
- The Company expects to receive approximately DKK 4 million in connection with the repayment of deposits from the leased premises at Agern Alle 1, Hørsholm, Denmark, corresponding to the carrying amount as at March 31, 2009.

13.5 Forecast for the Year Ending December 31, 2009

Based on our ongoing activities, agreements already entered into, current leads for potential new agreements and grants already made, we expect that revenue, interest income and other operating income in the 2009 financial year will total approximately DKK 10 million. Research and development costs are expected to total approximately DKK 36 million, and administrative expenses are expected to be approximately DKK 14 million, DKK 2.3 million of which relates to external non-recurring costs in connection with the Combination. The net loss, including financial income, is expected to be approximately DKK 40 million.

As set out in section 13.3 "Introduction", the prospective financial information does not include the full-year results of operations of Pharmexa A/S due to the accounting rules on "reverse acquisitions". If the entire budgeted results of operations of Pharmexa A/S for 2009 had been recognised, the Company's forecast of revenue, interest income and other operating income would have been approximately DKK 14 million, research and development costs would have been approximately DKK 48 million and administrative expenses approximately DKK 22 million.

14. Board of Directors, Executive Management and Senior Management Group

14.1 Board of Directors of the Company

The Company is managed by the Board of Directors, which holds the overall responsibility for the management of the Company together with the Executive Management, which manages the day-to-day operations of the Company. The Board of Directors and the Executive Management make up the Company's Management.

The business address of the Board of Directors is: c/o Affitech A/S, Fremtidsvej 3, DK-2970 Hørsholm, Denmark.

Pursuant to the articles of association of the Company, the Board of Directors – besides any representatives elected by the employees pursuant to statutory provisions – must consist of 3-6 members elected by the shareholders at a general meeting. The members of the Board of Directors retire each year at the annual general meeting, but are eligible for re-election. Any representatives elected by the employees are elected for a term of four years.

Our Board of Directors consists of the following six members elected by the general meeting. The employees have chosen not to have representatives on the board.

Table 11. Members of the Board of Directors

Name	Date of birth	Elected first time	Election period	Position
Keith McCullagh	1943	2009	2009	Chairman
Ole Steen Andersen	1946	2007	2009	Vice chairman
Pål Rødseth	1968	2009	2009	Board member
Arne Handeland	1964	2009	2009	Board member
Michel L. Pettigrew	1954	2006	2009	Board member
Steinar Engelsen	1950	2009	2009	Board member

Dr. Keith McCullagh (born 1943, UK citizen)
Dr. McCullagh, PhD, BVSc, MRCVS, is the chairman of the Board of Directors of the Company.

Dr. McCullagh is an experienced pharmaceutical research and development manager and bioscience entrepreneur, having built three previous companies in the life science industry. Until July 2008, he was chief executive officer of Santaris Pharma A/S, a private Danish biopharmaceutical company. Dr. McCullagh qualified in veterinary medicine from the University of Bristol and has a PhD in pathology from the University of Cambridge.

Current directorships:
Dr. McCullagh is chairman of the boards of directors of:

Clavis Pharma AS
Pharmacy 2U Limited
Xention Limited

Previous directorships:
In addition to his directorships listed above, Dr. McCullagh has within the past five years been a member of the board of directors of:

Santaris Pharma A/S

Furthermore, Dr. McCullagh has within the past five years been a member of the executive management of:

Stella ApS

Dr. McCullagh is also a member of the investment committee of MVM LLP.

Mr. Ole Steen Andersen (born 1946, Danish citizen)
Mr. Andersen is Vice Chairman of the Board of Directors of the Company.

Mr. Andersen holds a Masters Degree in Engineering and a Graduate Diploma in Business Administration.

Current directorships:
Mr. Andersen is chairman of the boards of:

BB Electronics A/S
Danish Venture Capital and Private Equity Association
HedgeCorp A/S
Sanistål A/S

Furthermore, Mr. Andersen is a member of the boards of directors of:

AVK Holding A/S
Den Selvejende Institution Sandbjerg Gods
HTCC Inc.
Invitel Holding A/S
Scandinavian Private Equity A/S

Mr. Andersen is a member of the executive management of:

Slotsbakken Holding ApS

Previous directorships:
In addition to his directorships listed above, Ole Steen Andersen has within the past five years been the chairman of the board of:

Auriga Industries A/S
Cheminova A/S
Cowi A/S

Within the past five years Mr. Andersen has been a member of the boards of directors of:

B&MC Holding Nordborg A/S
BMC Invest A/S
Danfoss International A/S
Danfoss Distribution Services A/S
Danfoss Drives A/S
Danfoss Compressors Holding A/S
DT Holding 1 A/S
Danfoss Bauer Holding A/S
Danfoss Murmann Holdings A/S
Danfoss Bionics A/S
Danfoss Ventures A/S
Orthobiologics A/S
Sauer-Danfoss Inc.

Furthermore, Mr. Andersen has within the past five years been a member of the executive management of:

B&MC Holding Nordborg A/S
BMC Invest A/S
Danfoss A/S
Danfoss Bauer Holding A/S
Danfoss Ejendomsselskab A/S
Danfoss International A/S
Danfoss Murmann Holdings A/S
Orthobiologics A/S

Mr. Pål Rødseth (born 1968, Norwegian citizen)
Mr. Rødseth (M.Sc., MBA) is a member of the Board of Directors of the Company.

Mr. Rødseth has an MSc in Engineering from the Norwegian University of Science and Technology (NTNU) and an MBA from London Business School.

Mr. Rødseth is a partner in Ferd Venture.

Current directorships:
Mr. Rødseth is a member of the boards of directors of:

Cinevation AS
Haukebø & Rødseth AS
Molde Auto AS
Nanoradio AB
Oxymonron AS
Solbakken Finans AS
Vensafe AS

Previous directorships:
In addition to his directorships listed above, Mr. Rødseth has within the past five years been chairman of the board of:

Cinevation AS

Within the past five years Mr. Rødseth has been a member of the boards of directors of:

Aarø Auto Finans AS
Agronova AS
Genkey AS

Mr. Arne Handeland (born 1964, Norwegian citizen)
Mr. Handeland (M.Sc., MBA) is a member of the Board of Directors of the Company.

Mr. Handeland holds an MSc in Business and an MBA from BI-Norwegian School of Management.

Arne Handeland is a partner of Verdane Capital.

Current directorships:
Mr. Handeland holds no directorships of other companies.

Previous directorships:
In addition to his directorships listed above, Mr. Handeland has within the past five years been a member of the boards of directors of:

AquaGen AS
Biosergen AS
Fjord Marin AS
Nordic Sea Holding AS
Paro AS
Scanbio AS
Sentech AS
Sjøvik AS
TeamTec Invest AS
West Fish Aarsæther AS

Furthermore, Mr. Handeland has within the past five years been a member of the executive management of:

Biotec Holding AS

Mr. Michel L. Pettigrew (born 1954, Canadian citizen)
Mr. Pettigrew is a member of the Board of Directors of the Company.

Mr. Pettigrew is a graduate of McGill University, Montreal, Canada and holds an MBA from the Schulich School of Business, York University, Toronto, Canada.

Current directorships:
Mr. Pettigrew is chairman of the boards of:

Ferring Pharmaceuticals Inc.
Ferring SpA

Furthermore, Mr. Pettigrew is a member of the boards of directors of:

Arpida Ltd.
Bio-Technology General (Israel) Ltd
Ferring B.V.
Ferring Farmaceutyki SP Z.O.O.
Ferring GmbH
Ferring Holding US Inc
Ferring International Center A.S
Ferring Pharmaceuticals B.V.
Ferring Pharmaceuticals Limited
Ferring Pharmaceuticals S.A.
Ferring Pharmaceuticals, S.A de C.V.
Ferring Portuguesa – Produtos Farmaceuticos, Sociedade Unipressoal, LdaFerring S.A. de C.V.
Ferring S.A.S
Ferring S.A.U.

Previous directorships:
Within the past five years Michel L. Pettigrew has been a member of the boards of directors of:

Farmaceutisk Laboratorium Ferring A/S
Ferring Lægemidler A/S.

Dr. Steinar J. Engelsen (born 1950, Norwegian citizen)
Dr. Engelsen (M.Sc, M.D., CEFA) is a member of the Board of Directors of the Company.

Dr. Engelsen is a Certified European Financial Analyst (CEFA) from the Norwegian School of Economics and Business Administration ("Handelshøyskolen"), and holds an M.Sc. in Nuclear Chemistry in addition to being an accredited M.D. (both from the University of Oslo).

Dr. Engelsen is a partner in Teknoinvest AS.

Dr. Engelsen is a member of the board of directors of:

Capnia Inc.
Insmed, Inc.
Teknoinvest AS

Previous directorships:
In addition to his directorships listed above, Dr. Engelsen has within the past five years been a member of the board of directors of:

Exiqon A/S

14.2 Executive Management

The Board of Directors has appointed an Executive Management consisting of one member: Achim Kaufhold, President & CEO, who is registered with the Danish Commerce and Companies Agency as a member of the Executive Management and constitutes the Executive Management of the Company. The Executive Management is responsible for the day-to-day management of the Company in accordance with the guidelines and recommendations issued by the Board of Directors and is assisted herewith by the Senior Management Group.

The business address of the Executive Management is: c/o Affitech A/S, Fremtidsvej 3, DK-2970 Hørsholm, Denmark.

Professor Achim Kaufhold (born 1957, German citizen)
Dr. Kaufhold, MD, PhD, Chief Executive Officer. He joined Pharmexa A/S in 2007 as Executive Vice President, Chief Scientific Officer and Chief Medical Officer. He became CEO of Pharmexa in July 2008. Dr. Kaufhold has spent more than 15 years in senior management positions in the pharmaceutical and biotech industry, including with GlaxoSmithKline, Berna Biotech and Chiron. Dr. Kaufhold has an academic background in paediatrics, basic and applied medical microbiology, laboratory medicine and infectious diseases, working both in Germany and in the USA. Since 1993, Dr. Kaufhold has been Professor of Medical Microbiology and Infectious Diseases and a member of the Faculty of Medicine of the University of Aachen, Germany.

Current directorships:
Dr. Kaufhold is chairman of the board of:

CMP Therapeutics Ltd.

Dr. Kaufhold is a member of the board of directors of;

Pevion Biotech Ltd.

Previous directorships:
In addition to his directorships listed above, Dr. Kaufhold has within the past five years been chairman of the board of:

Technologie Biolactis Inc.

Within the past five years Dr. Kaufhold has been a member of the board of directors of:

Rhein Biotech GmbH.

14.3 Senior Management Group

The Senior Management Group consists of key employees of the Company. The Senior Management Group assists the Executive Management with the day-to-day management of the Company.

The Senior Management Group consists of the following persons:

Table 12. Members of the Senior Management Group

Name	Date of birth	Year of employment	Position
Martin Welschof	1961	2002	Chief Technical Officer & Managing Director, Affitech Research AS
Hans Petter Tjeldflaat	1966	2006	Vice President, Finance & Administration
Rathin C. Das	1948	2001	Senior Vice President, Business Development, & President, USA Affitech USA Inc.
Sergej Kiprijanov	1961	2008	Vice President, Discovery, Research & Preclinical Development
Dana R. Leach	1954	1998	Senior Vice President, Corporate Affairs
Torsten Skov	1956	2004	Senior Vice President, Drug Development & Project Management

Dr. Martin Welschof (born 1961, German citizen)
Dr. Welschof, PhD, is Chief Technical Officer of the Company and Managing Director of Affitech Research AS.

He served as CEO of Affitech AS for five years. He co-founded Affitech AS while he was completing his PhD at the German Cancer Research Centre (DKFZ), Heidelberg, Germany. After finishing his work at DKFZ where he established several important aspects of human antibody discovery systems, Dr. Welschof joined Axaron Bioscience AG, Heidelberg, Germany in 1999. As the Director of its technology division, Dr. Welschof oversaw the development of a large portfolio of cutting-edge technologies in the field of transcription analysis and functional genomics. Dr. Welschof also worked at Axaron's parent company, LYNX Therapeutics Inc., Hayward, California, where he was instrumental in the development of LYNX's parallel cloning and sequencing technologies MegaClone, MegaSort and MPSS.

Current directorships:
Dr. Welschof is a member of the board of directors of:

UniTargetingReserach AS

Previous directorships:
Martin Welschof has held no other directorships within the past five years.

Mr. Hans Petter Tjeldflaat (born 1966, Norwegian citizen)
Mr. Tjeldflaat is Vice President of Finance and Administration of the Company.

He has a Master of Business and Economics and a Master of Science in Finance.

Mr. Tjeldflaat has a background in banking, finance and investment and has held positions within loan syndication and investor relations respectively at Christiania Bank (now the Norwegian part of Nordea), and as investment manager at SND Invest. Furthermore Mr. Tjeldflaat has worked as an independent consultant mainly in the fields of financial management and control, business development and board positions.

Current directorships:
Mr. Tjeldflaat is a member of the board of directors of:

Pixelhospitalet AS

Previous directorships:
In addition to his directorships listed above, Mr. Tjeldflaat has within the past five years been chairman of the boards of:

Pixelhospitalet AS
CleanHull Norway AS
Spring Consulting AS

Within the past five years Mr. Tjeldflaat has been a member of the boards of directors of:

Argos Control AS
Dualog AS
Tordivel AS
Xtractor AS

Dr. Rathin C. Das (born 1948, American citizen)
Dr. Das, PhD, EMBA, is Senior Vice President of Business Development of the Company and President of Affitech USA Inc.

Dr. Das has a PhD in bioorganic chemistry, as well as an MBA (Executive Programme) with a focus in international marketing. After completing his PhD studies, Dr. Das carried out discovery work in the fields of cell and molecular biology at the University of Iowa, Iowa City and at the Cancer Research Center, Massachusetts Institute of Technology, Cambridge, USA.

Dr. Das has been instrumental in building Affitech AS' expanding portfolio of commercial and licensing agreements and was responsible for various aspects of Affitech A/S' corporate development activities. Dr. Das has 25 years of experience in big pharma and biotech industry companies with emphasis on the biotherapeutics sector in general, and the therapeutic antibody area, in particular. He has held research management positions at Bayer Corporation in the United States and worked at Bayer AG in Germany in an executive exchange programme. In addition to his drug discovery and product development background, Dr. Das's expertise includes business and corporate development, technology and product licensing, market research and alliance management.

Current directorships:
Dr. Das holds no directorships of other companies.

Previous directorships:
Dr. Das has held no other directorships within the past five years.

Dr. Sergej Kiprijanov (born 1961, German citizen)
Dr. Kiprijanov, PhD, is Vice President, Discovery, Research & Preclinical Development of the Company.

He graduated in Biochemistry and Molecular Biology from the Novosibirsk State University (Novosibirsk, Russia) in 1983 and received his PhD degree from the Institute of Genetics and Selection of Industrial Microorganisms (Moscow, Russia) in 1990.

Dr. Kiprijanov has been the CSO of Novoplant GmbH, a German plant biotech company developing antibodies for oral applications. Dr. Sergej Kiprijanov was also Head of Research and Development with Affimed Therapeutics AG in Heidelberg, Germany, focusing on engineering human antibodies and antibody fragments for cancer indications. Before that, Dr. Sergej Kiprijanov was with the German Cancer Research Center (DKFZ), Heidelberg, Germany, where he played a key role in generating the novel bispecific antibody formats useful for tumour therapy. Prior to moving to Germany, Dr. Sergej Kiprijanov headed the Laboratory of Cellular Engineering at the Russian State Research Center of Virology and Biotechnology "Vector" (Novosibirsk, Russia). Dr. Sergej Kiprijanov has authored more than 60 research articles, reviews and book chapters and is named as an inventor on 20 patents and patent applications.

Current directorships:
Dr. Kiprijanov holds no directorships of other companies.

Previous directorships:
Dr. Kiprijanov has held no other directorships within the past five years.

Dr. Dana R. Leach (born 1954, American citizen)
Dr. Leach, Senior Vice President, Corporate Affairs, joined Pharmexa in 1998 as a Research Project Manager before assuming the responsibility for preclinical development in 2001. In January 2004, he was appointed Senior Vice President of Business Development. Dr. R. Leach holds several patents for cancer immunotherapy and has published in top journals in the field. Dr. Leach received his degree in Veterinary Medicine from Washington State University in 1989. He completed a residency in veterinary pathology and a PhD in immunology at Colorado State University in 1995 and has been Research Fellow with Dr. James P. Allison in the Cancer Research Laboratory at the University of California, Berkeley.

Current directorships:
Dr. Leach holds no directorships of other companies.

Previous directorships:
Dr. Leach has held no other directorships within the past five years.

Dr. Torsten Skov (born 1956, Danish citizen)
Dr. Skov, Senior Vice President, Drug Development & Project Management, joined Pharmexa in January 2005. Previously, Dr. Skov was employed as Medical and Regulatory Director in CellCure A/S, a biotech company focused on cell-based cancer-immunotherapy. During the previous seven years he was employed at LEO Pharma A/S, most recently as Senior Scientific Officer and Project Manager in LEO's department of Portfolio Coordination R&D. Before that he was Section Manager of LEO's Oncology Section, where he planned and coordinated several clinical Phase I, Phase II and Phase III trials with anticancer drugs. He has been Senior Scientist at the National Institute of Occupational Health and epidemiologist at the Danish Cancer Register.

Current directorships:
Dr. Skov holds no directorships of other companies.

Previous directorships:
Dr. Skov has held no other directorships within the past five years.

The business address of the members of the Senior Management Group is: c/o Affitech A/S, Fremtidsvej 3, DK-2970 Hørsholm, Denmark.

14.4 Statement on Past Records of the Board of Directors, Executive Management and Senior Management Group

Within the past five years none of the members of the Board of Directors and Executive Management nor the Senior Management Group have (i) been convicted of fraudulent offences, (ii) participated in the management of companies which have commenced insolvency proceedings or administration or have entered into solvent liquidation, (iii) been the subject of public prosecution or sanctions by authorities or supervisory bodies (including appointed trade organisations), or (iv) been declared unfit by a court of law to act as a member of an issuer's board of directors, executive management or supervisory bodies or to be in charge of an issuer's management.

14.5 Statement on Kinship

Affitech A/S is not aware of any kinship existing between any of the members of the Board of Directors, the Executive Management and/or the Senior Management Group.

14.6 Statement on Conflicts of Interest

To the best of the Company's knowledge, no current or potential conflicts of interest exist between the duties to be performed by the members of the Board of Directors, the Executive Management and/or the Senior Management Group and their private interests or other duties.

15. Remuneration and Benefits

15.1 Remuneration of the Members of the Board of Directors

The aggregate remuneration paid to the members of the Board of Directors of Pharmexa A/S totalled approximately DKK 1.1 million in 2008. The remuneration payable to the members of the Board of Directors in respect of 2009 must be approved by the shareholders at the Company's annual general meeting to be held by the end of April 2010 at the latest. The level of aggregated remuneration expected to be paid to the members of the Board of Directors in 2009 is approximately DKK 0.7 million (excluding warrants to the Chairman of the Board of Directors, see below).

Pursuant to a resolution approved at the extraordinary general meeting held on May 5, 2009, the Board of Directors has been granted an authority to issue warrants to Dr. Keith McCullagh to subscribe for Shares with a nominal value of up to DKK 2,709,751 (5,419,502 Shares of DKK 0.50 each) in the Company for cash payment at a price corresponding to the price at which the first capital increase for cash payment is completed by the Company following the adoption of this authority. The Board of Directors exercised the authorisation on June 30, 2009, subject to the completion of the Cash Offering, and will implement the necessary changes in the articles of association following completion of the Cash Offering. The warrants issued will be exercisable at the Offer Price.

We have not granted any loans, guarantees or assumed any other commitments to or on behalf of the Board of Directors or any member thereof.

None of our Board members are entitled to any compensation upon termination of their term as Board member.

15.2 Remuneration of the Executive Management

According to mutual agreement, Jakob Schmidt resigned as CEO of the Company on July 2, 2008. In connection therewith, Jakob Schmidt was entitled to twelve months' severance payment.

The total remuneration paid in 2008 to Jakob Schmidt was approximately DKK 2.8 million (including the severance payment) and the remaining severance payment to be paid to Jakob Schmidt in 2009 is approximately DKK 1.4 million.

With effect from July 2008, Achim Kaufhold replaced Jakob Schmidt as CEO. The remuneration paid in 2008 to Achim Kaufhold in his position as CEO was a salary of approximately DKK 1.7 million (including various benefits) and pension contributions of approximately DKK 0.1 million. We believe that the aggregate remuneration including salary and pension contributions and various benefits to be paid to Achim Kaufhold for services rendered in 2009 will be approximately DKK 4.0 million which includes a one time stay-on bonus that was granted to Achim Kaufhold in March 2009 by the Board of Directors. In addition, the Board of Directors may award Achim Kaufhold a bonus of up to 20% of his annual salary (excluding various benefits).

We have not granted any loans, guarantees or other commitments to or on behalf of Achim Kaufhold.

We may terminate the employment of Achim Kaufhold by giving 12 months' notice. Achim Kaufhold may terminate his employment with us by giving six months' notice. Under special circumstances, including in the event of a change of control of the Company, we may only terminate the employment of Achim Kaufhold by giving 18 months' notice.

15.3 Remuneration of Senior Management Group

The aggregate remuneration paid to the Senior Management Group in 2008 was DKK 6.1 million in salary and DKK 0.45 million in pension contributions in addition to a bonus, which each employee can expect to amount to up to 20% of the base salary. Aside from customary increases in salary and bonus, we believe that the aggregate compensation to be paid to the Senior Management Group for services rendered in 2009 will not be materially different from that paid in 2008. Certain members of the Senior Management Group are subject to non-competition clauses on usual terms and conditions.

No amounts have been provided or accrued by us for pension, termination or similar benefits for our employees, members of our Board of Directors or Executive Management, and we have no obligations to do so.

16. Practices of the Board of Directors and Registered Management

16.1 Practices of the Board of Directors

The Board of Directors of the Company convenes regularly and conducts its business according to its rules of procedure. Our Board of Directors establishes our strategy and establishes and oversees, *inter alia*, our policies for accounting, organisation and finance. Furthermore, the Board of Directors appoints the members of the Executive Management. The Board of Directors appoints a chairman and a vice-chairman.

16.2 Practices of the Executive Management

The Executive Management is responsible for the day-to-day management of the Company in compliance with the guidelines and directions issued by the Board of Directors. The day-to-day operations do not include transactions of an unusual nature or material importance to the affairs of the Company.

16.3 Information Regarding Contract Terms for the Executive Management

See section 15 for a description of the service agreement with Achim Kaufhold.

16.4 Committees, Including Advisory Boards

The Board of Directors has set up a compensation committee consisting of Dr. Keith McCullagh, Ole Steen Andersen and Pål Rødseth. The role of the compensation committee is to assess and submit recommendations to the Board of Directors for decisions on the remuneration of the Executive Management and set up incentive plans for management and employees, including through the exercise of authorisations granted to the Board of Directors.

Audit committee responsibilities are carried out by the entire Board of Directors.

16.5 Description of Management Reporting Systems and Internal Control Systems

We believe that we have implemented all necessary management and control systems to ensure compliance with the obligations applying to issuers of shares quoted on the NASDAQ OMX.

We apply a range of different management tools for the purpose of our day-to-day management, including:

- department reports including actuals relative to budget for each department;
- a management report including a summary of department and subsidiary reports.

Moreover, the Finance Department prepares detailed budgets in collaboration with the Executive Management, including operating, balance sheet and cash flow budgets. The same procedures apply for the subsidiaries.

The entire budget is presented by the Executive Management to the Board of Directors at a Board meeting in late November each year in order for the budget to be approved well ahead of the beginning of the coming budget year.

16.6 Corporate Governance

The Company generally complies with the corporate governance recommendations prepared by the Copenhagen Stock Exchange's committee on corporate governance of August 15, 2005 as subsequently amended, subject to a few exceptions as described below.

Corporate Governance Recommendations

Time allocated to board of directors' work and the number of directorships
"The Committee recommends that a member of the board of directors who is also a member of the executive board of an active company hold not more than three ordinary directorships or one chairmanship and one ordinary directorship in companies not forming part of the group unless in exceptional circumstances".

Affitech A/S' explanation
The Company does not comply with this recommendation. The Board of Directors will evaluate, on a case-by-case basis, the ability of current and coming Board members to set aside the necessary time for directorship in the Company. The Board of Directors will not recommend Board members for election or re-election at the annual general meeting if they are not presumed to be able to set aside the necessary time for directorship in the Company.

Remuneration of the members of the supervisory board
"The Committee recommends that the remuneration of the members of the supervisory board not consist of share option schemes, but e.g. bonus schemes and shares at market price."

Affitech A/S' explanation
Generally Affitech A/S does not use incentive pay for the members of its board of directors. As a one-time arrangement, warrants will be issued to Dr. Keith McCullagh entitling him to subscribe for Shares with a nominal value of DKK 2,709,751 in the Company at the price at which the first capital increase by way of cash contribution is completed by the Company after granting of the authority, corresponding to the Offer Price. These warrants are in replacement of the warrants agreed with Dr. Keith McCullagh and which were to be issued by Affitech Research AS prior to the Combination.

Principles for establishing incentive plans
"If the remuneration for the managers consists of share or subscription options, we recommend that the schemes are set up as roll-over schemes (i.e. the options are allocated and expire

over a number of years) and that the redemption price is higher than the market price at the time of the allocation.

Moreover, the Committee recommends that the schemes be designed in a way that promotes long-term behaviour and are transparent and easy to understand (even for outsiders) and that valuation be made according to generally accepted methods".

Affitech A/S' explanation
The Company partially complies with this recommendation. The Executive Management is partially remunerated with warrants that can be exercised at the market price on the date of grant. So far, the exercise price has therefore not been higher than the market price on the date of grant, which is not in line with the recommendations. The plan applied promotes long-term behaviour, and the general terms and conditions and the number of options granted are disclosed on grant and in the annual report.

In future, the Company also intends to take into consideration and, to the greatest possible extent, comply with the applicable recommendations for corporate governance in Denmark.

16.7 Guidelines for Incentive Remuneration

The Company uses incentive plans in respect of the Executive Management, Senior Management Group and its other employees.

The principles for incentive pay to the Executive Management are set out in the general guidelines for incentive pay for the Board of Directors and Executive Management which have been adopted by the shareholders in the Company. To align the interests of the Board of Directors and the Executive Management with the interests of the Company's shareholders, and considering both short-term and long-term targets, the Company considers it expedient to set up incentive plans for the Executive Management. Such incentive plans may consist of warrants and non-share-based bonus agreements, which may be continuous, one-off or event-based. Generally, and except as described above in relation to Dr. Keith McCullagh, the Company does not use incentive pay for the members of its Board of Directors.

In relation to the employees and the Senior Management Group, it is our policy to seek to tie such persons closely to us through the use of share-based and other incentive plans. As a result, the Company has granted warrants to employees and members of the Senior Management Group in recent years. The warrants give employees and management a future right to subscribe for new Shares in the Company at a predetermined price. However, the right to subscribe for Shares under the warrants is forfeited if the employee resigns before the date of exercise, subject to the provisions of the Danish Act on Share-Based Incentive Schemes.

We have two principal motives in using this type of plan. One is that we wish to be competitive with other Danish and foreign biotech and pharmaceutical companies. The other motive is a wish to create a strong incentive for employees and the Senior Management Group to stay with us.

The intention of all share-based incentive plans is to distribute the value created in a company between shareholders and employees. How this value is distributed depends, among other things, on the number of warrants in the incentive plan, the exercise price, the length of the vesting period, any terms and conditions applicable at the time of exercise, and how the warrants are treated in the event of a change of ownership in the Company.

The basic approach of the Company is that by far the predominant portion of value creation should be for the benefit of its shareholders, and that the Company's incentive plans should be designed with this in mind.

The Company currently has a share-based incentive scheme with a number of warrants that is limited relative to the Company's outstanding share capital. The Board of Directors will only issue warrants up to 10% of the share capital from time to time.

The Company intends to continue to use share-based incentive plans in future for its employees, members of the Senior Management Group and the Executive Management. The plans must always be authorised by the shareholders in general meeting, and extensive details of the plans are given in the Company's financial statements and other regular reporting.

Warrants granted may be exercised early if, for instance, a buyer of Shares is obliged to submit a tender offer to the other shareholders pursuant to the Danish Securities Trading Act, if an industrial buyer or a group of industrial buyers jointly acquire 50% or more of the Company's share capital through a capital increase, or if the Company sells 50% or more of its activities.

In addition, we have established a bonus scheme for the Executive Management and other members of the Senior Management Group, whereby bonuses of up to 20% of the annual salary may be granted depending on certain specific targets being met.

17. Staff

17.1 Overview of Employees

As of the Prospectus Date, the Company has 36 employees (excluding temporary staff).

Table13. Breakdown of employees by principal areas of activity, Affitech AS

Year	Administration	Research and Development
2008	5	32
2007	5	26
2006	4	18

Table 14. Breakdown of employees by principal areas of activity, Pharmexa A/S

Year	Administration	Research and Development
2008	5	7
2007	11	90
2006	12	95

In Pharmexa A/S, the majority of the employees were located in Denmark in 2006-08. In Affitech AS, the majority of the employees were located in Norway in 2006-08.

17.2 Shareholdings and Warrants for Members of the Board of Directors, Executive Management and Senior Management Group

As of the Prospectus Date, members of the Board of Directors, Executive Management and Senior Management Group hold the following Shares and warrants in the Company:

Table 15. Shareholdings and warrants held by members of the Board, Executive Management and Senior Management Group

	Number of Shares of DKK 0.50 nominal value each	Number of warrants
Board of Directors:		
Keith McCullagh	0	0
Ole Steen Andersen	80,000	0
Pål Rødseth	0	0
Arne Handeland	0	0
Steinar Engelsen	0	0
Michel Pettigrew	16,000	0
Executive Management:		
Achim Kaufhold	0	270,000
Senior Management Group:		
Martin Welschof	79,655	0
Rathin Das	0	0
Sergej Kiprijanov	0	0
Hans Petter Tjeldflaat	0	0
Dana R. Leach	5,112	90,000
Torsten Skov	0	90,000
Total	**180,767**	**450,000**

Note: With respect to Keith McCullagh's warrants, reference is made to the description in section 15.1.

See section 16.7 "Guidelines for Incentive Remuneration" for further details on warrant plans.

18. Major Shareholders

As of the Prospectus Date, the Company had the following major shareholders:

Table 16. Major shareholders of Affitech A/S

	Number of Shares of DKK 0.50 each	Ownership (%)
Ferd AS	26,675,248	13.81
Arendals Fossekompani ASA	24,534,041	12.70
Braganza AS	18,256,443	9.45
Verdane Private Equity AS	16,674,536	8.63
Teknoinvest VII KS	16,582,629	8.58
Verdane Capital IV TWIN AS	12,603,003	6.52

Note: The above shareholdings include the Contribution Shares, whilst Cash Shares are not included.

Shareholders' Agreements

Management is not aware that any shareholders' agreements have been concluded among any of the shareholders of the Company, and the Company has no knowledge of any agreements which may lead to a change of control in the Company.

All Shares confer equal voting rights on their holders.

The Company has no knowledge of any agreements which may lead to a change of control in the Company at a later date.

19. Related Party Transactions

The Company has identified the related parties exercising significant influence as comprising shareholders with representatives on the Board of Directors, members of the Board of Directors and the Executive Management and such persons' relatives. Related parties also comprise companies in which the individuals mentioned above have material interests.

Apart from the Pre-Commitment Agreement and usual fees, including warrants and interest on expenses relating to a convertible loan as specified below, no other transactions were made with members of the Board of Directors, the Executive Management, major shareholders or other related parties during the period from 2006 to the Prospectus Date.

Table 17. Convertible loans

NOK '000	Convertible loan	Interest expenses
	2008	2008
Arendals Fossekompani ASA	3,580	157
Teknoinvest VII KS	2,000	82
Verdane Capital IV TWIN AS	4,273	187
Ferd AS	3,750	164
Braganza AS	3,000	131

20. Financial Information concerning the Company's Assets and Liabilities, Financial Position and Profits and Losses

For financial information concerning Pharmexa A/S (now Affitech A/S) and Affitech AS (now Affitech Research AS), see the F-pages in the appendices.

21. Additional Information

21.1 Share Capital Before and After the Offering

Immediately prior to the Offering, the issued share capital of the Company has a total nominal value of DKK 29,845,970 divided into 59,691,940 Shares of DKK 0.50 nominal value each which are fully paid up. The Existing Shares, any Shares issued on exercise of warrants, and the New Shares issued pursuant to this Offering all rank pari passu. The articles of association contain no restrictions on the transferability of the Shares.

Table 18. Major shareholders before and after the Offering

	Number of Shares held prior to the Contribution in Kind Offering	Ownership prior to the Contribution in Kind Offering	Number of Shares held prior to the Cash Offering	Ownership prior to the Cash Offering	Number of Shares held after the Offering	Ownership after the Offering
H. Lundbeck A/S	4,934,061	8.27%	4,934,061	2.55%	4,934,061	2.17%
Ferd AS	0	0%	26,675,248	13.81%	35,915,472	15.78%
Arendals Fossekompani ASA	0	0%	24,534,041	12.70%	28,315,035	12.44%
Braganza AS	0	0%	18,256,443	9.45%	25,120,609	11.04%
Verdane Private Equity AS	0	0%	16,674,536	8.63%	16,674,536	7.33%
Teknoinvest VII KS	0	0%	16,582,629	8.58%	19,750,705	8.68%
Verdane Capital IV TWIN AS	0	0%	12,603,003	6.52%	22,395,155	9.84%

Increase of Share Capital by Issuance of Contribution Shares

At an extraordinary general meeting of the Company held on May 5, 2009, a resolution was passed approving the issuance of the Contribution Shares to shareholders of Affitech AS against a contribution in kind of shares in Affitech AS (now Affitech Research AS). The Contribution Shares were registered with the Danish Commerce and Companies Agency on June 4, 2009.

Share Capital Increase

The share capital may be increased, as directed by the Board of Directors with respect to the time and terms, in one or more issues of Shares with a nominal value of up to a total of DKK 150,000,000 (300,000,000 Shares, each with a nominal value of DKK 0.50). The Shares will rank pari passu with the existing share capital. The share capital may be increased for cash or other consideration. If the subscription price at least equals the market price, the Board of Directors may determine that the issue shall be without any rights of preemption for the shareholders of the Company. If the capital is increased by conversion of debt or in consideration of the acquisition of an existing business or certain assets, the existing shareholders will have no rights of preemption.

A part of this authorisation will be exercised in connection with the Cash Offering. The Board of Directors will after the Offering be authorised to increase the share capital in one or more issues by a total nominal amount of DKK 132,816,887.50 (265,633,775 Shares, each with a nominal value of DKK 0.50).

21.2 Warrant Programmes

It is the intention of the Board of Directors of the Company that all employees of the Company be granted warrants.

The Board of Directors of Affitech has issued the following warrants:

Warrants giving the right to subscribe for a total of nominally DKK 709,000 (1,418,000 Shares of DKK 0.50 nominal value each) were issued to the employees of the Company on March 13, 2008. The warrants may be exercised against cash payment of DKK 3.91 per Share plus 10% p.a. (accrued annually) from the date of grant to the date of the warrant holder's payment of the subscription amount. Subscription of the warrants may take place during the period from January 1, 2011 to December 31, 2012. Due to the resignation of some of the warrant holders, warrants giving the right to subscribe for nominally DKK 51,500 (103,000 of DKK 0.50 nominal value each) have lapsed. Out of the warrants issued, the present CEO of the Company has received warrants giving the right to subscribe for a total of nominally DKK 135,000 (270,000 Shares of DKK 0.50 nominal value each).

Warrants giving the right to subscribe for a total of nominally DKK 300,000 (600,000 Shares of DKK 0.50 nominal value each) were issued to the former CEO of the Company on May 9, 2008. The warrants may be exercised against cash payment of DKK 3.54 per Share plus 10% p.a. (accrued annually) from the date of grant to the date of the warrant holder's payment of the subscription amount. Of the 600,000 warrants, 100,000 may be exercised in the period from January 1, 2009 to December 31,

2010, 100,000 may be exercised in the period from January 1, 2010 to December 31, 2011 and 400,000 may be exercised in the period from January 1, 2011 to December 31, 2012.

All other warrants previously issued by the Company have lapsed.

The Board of Directors has the following authorisations to issue further warrants:

At the extraordinary general meeting held on May 5, 2009, the Board of Directors was authorised to issue warrants in the period until December 31, 2009 – without any preemptive rights to the shareholders of the Company – to Keith McCullagh in one or more issues for a total of nominally DKK 2,709,751 (5,419,502 Shares of DKK 0.50 nominal value each) by way of cash payment at a price corresponding to the Offer Price. The Board of Directors exercised the authorisation on June 30, 2009, subject to the completion of the Cash Offering, and will implement the necessary changes in the articles of association following completion of the Cash Offering. The warrants issued will be exercisable at the Offer Price.

At the annual general meeting held on April 27, 2006 the Board of Directors was authorised to issue warrants in the period until April 1, 2010 to some or all the Company's employees and Board members in the absolute discretion of the Board of Directors and on terms laid down by the Board of Directors for subscription in one or more issues of Shares for cash payment at a price to be determined by the Board of Directors, however, not below the market price of the Company's Shares on the NASDAQ OMX at the date of grant of the warrants and without any preemptive rights to the shareholders of the Company. After (partial) exercise of this authority, the authority now comprises nominal value DKK 2,950,000 (5,900,000 Shares of DKK 0.50 nominal value each)

The Board of Directors is authorised to effect the required capital increase if these warrants are exercised. The Company's existing shareholders shall have no rights of preemption over Shares issued pursuant to warrants. In other respects, the Board of D irectors shall determine the specific terms and conditions for any capital increases that may be effected upon the exercise of warrants.

Outstanding Warrants

It is the intention of the Board of Directors of the Company that all employees in the Company be granted warrants. The warrants issued by the Company as of the Prospectus Date are summarised in the table below.

Table 19. Outstanding warrants

	Number of shares of DKK 0.50 each that may be subscribed on the basis of outstanding warrants	Expiry of exercise period[1]	Market value per warrant in DKK[2]	Market value in DKK
Management				
– Board of Directors[3]	0			
– Executive Management	100,000[4]	December 31, 2010	0.00	0
	100,000[4]	December 31, 2011	0.01	1,000
	670,000[5]	December 31, 2012	0.03	20,100
Management, total	870,000			
Senior Management Group	180,000	December 31, 2012	0.03	5,400
Senior Management Group, total	180,000			
Employees	865,000[6]	December 31, 2012	0.03	25,950
Employees, total	865,000			
Total	**1,915,000**			**52,450**

Notes:

(1) The warrants may be exercised early under certain circumstances. See section 16.7 "Guidelinies for Incentive Remuneration".

(2) The stated market value is based on the Black-Scholes formula for valuation of warrants. The calculations are based on the following assumptions: Volatility of 55%, a risk-free interest rate of 2,8% per annum and a share price of DKK 0.78 per share.

(3) See section 15.1 for a description of Keith McCullagh's warrants.

(4) The warrants were granted to Jakob Schmidt, former member of the Executive Management.

(5) 400,000 warrants were granted to Jakob Schmidt, former member of the Executive Management.

(6) Some of the warrants are held by former employees.

21.3 Historical Development of the Company's Share Capital

Prior to the issue of the New Shares in connection with the Offering, the nominal share capital of Pharmexa A/S is DKK 29,845,970 divided into Shares of DKK 0.50 each.

Table 20. Historical development of the Company's share capital prior to the Offering

	Nominal change in share capital (DKK)	Nominal share capital, period end (DKK)	Number of Shares[1], period end
2000	35,960,840[2],[3],[4]	40,949,800	4,094,980
2001	12,500[5]	40,962,300	4,096,230
2002	37,500[6]	40,999,800	4,099,980
2003	0	40,999,800	4,099,980
2004	122,999,400[7]	163,999,200	16,399,920
2005	177,999,200[8]	341,998,400	34,199,840
2005	34,000,000[9]	375,998,400	37,599,840
2006	894,000[10]	376,892,400	37,689,240
2007[11]	37,651,550	414,543,950	41,454,395
2007[12]	-207,271,975	207,271,975	41,454,395
2008[13]	91,187,725	298,459,700	59,691,940
2008[14]	-268,613,730	29,845,970	59,691,940

Notes:

(1) Number of shares with a nominal value of DKK 10 each except for 2007 when the nominal value was DKK 5 each until the second half of 2008 when the nominal value was DKK 0.50

(2) Bonus share issue of 1,995,584 Shares with a nominal value of DKK 10 each. The bonus share issue provided the shareholders with five new Shares for each existing share.

(3) Capital increase of 1,500,000 new Shares in the Company at a price of DKK 250 per Share with a nominal value of DKK 10 each in connection with the Company's IPO.

(4) Capital increase of 500 new Shares in the Company at a price of DKK140 per Share with a nominal value of DKK 10.

(5) Capital increase of 1,250 Shares at a price of DKK 80 per Share with a nominal value of DKK 10 per Share in connection with the exercise of warrants.

(6) Capital increase of 3,750 Shares at a price of DKK 80 with a nominal value of DKK 10 per Share in connection with the exercise of warrants.

(7) Capital increase of 12,299,940 Shares at a price of DKK 17 per Share with a nominal value of DKK 10 in connection with the completion of a three-for-one rights issue.

(8) Capital increase of 17,799,920 Shares, of which 16,399,920 had a price of DKK 18 per Share with a nominal value of DKK 10, and 1,400,000 of which had a price of DKK 24 per share with a nominal value of DKK 10, which was paid as contribution in kind in connection with the completion of a one-for-one rights issue

(9) Capital increase of 3,400,000 Shares at a price of DKK 21.5 per Share with a nominal value of DKK 10 in connection with a private placement.

(10) Capital increase of 89,400 Shares at a price of DKK 19 per Share with a nominal value of DKK 10 in connection with the exercise of warrants in June 2006.

(11) Capital increase of 3,765,155 Shares at a price of DKK 17 per Share with a nominal value of DKK 10 in connection with a private placement.

(12) Capital reduction by DKK 207,271,975 to a nominal value of DKK 207,271,975 in order to cover a loss by reducing each Share of DKK 10 nominal value to DKK 5 nominal value.

(13) Capital increase by DKK 91,187,725 at a price of DKK 5 per Share with a nominal value of DKK 5 in connection with a rights issue.

(14) Capital reduction by DKK 268,613,730 at a price of 40 by transfer to a special fund.

21.4 Description of the Company's Articles of Association

Set forth below is a summary of information concerning the Company's share capital and a brief description of certain provisions contained in the articles of association of the Company dated June 17, 2009 as well as a brief description of certain provisions of the Danish Public Companies Act. Reference is made to the section entitled "Articles of Association".

Objects clause
The objects for which the Company is established are, pursuant to article 2.1 of the articles of association and section 1 of the memorandum of association, to carry on research and development activities.

Summary of provisions regarding the Board of Directors and the Executive Management
Pursuant to Article 13 of the articles of association, the Board of Directors is required, in addition to members elected by the Company's employees pursuant to the applicable rules, to be made up of three to six members elected by the general meeting. Pursuant to Article 14.4 the Board of Directors shall appoint a management made up of two to four members. As of the Prospectus Date, the Company's Management had one member, Achim Kaufhold.

Under the Danish Public Companies Act, the shareholders may authorise the Board of Directors to arrange for the Company to acquire treasury Shares. At present, the Board of Directors is not authorised to purchase any of the Shares of the Company. The Company does not hold any treasury Shares.

21.5 Description of the Company's Shares

Voting rights
Each shareholder of the Company is entitled to one vote at general meetings per share held. However, only shareholders who have obtained admission cards in due time shall be entitled to vote. Furthermore, shareholders who have acquired Shares by transfer may not exercise the voting rights in respect of the relevant Shares unless such Shares have been entered into the register of shareholders of the Company, or the shareholder has reported, and submitted proof of, his acquisition to the Company, prior to the time when the relevant general meeting is convened.

Negotiability and transferability of the Shares
The Shares of the Company are freely transferable and negotiable under Danish law and no restrictions apply to the transferability of the Shares. Furthermore, the new shareholders will not be obliged to have their Shares redeemed except as provided for by the Danish Public Companies Act.

Dividend rights
The New Shares will carry the right to full dividends payable after the registration of the New Shares. Distribution of potential dividends is carried out in compliance with the rules of VP and will be allocated via the shareholder's custodian bank.

Dividend policy
The Company has never paid out any dividend to its shareholders. The Board of Directors of the Company currently intends to retain any profits for use in the Company's business and does not anticipate that any cash dividends will be declared in the foreseeable future.

Current rules regarding dividends
According to the Danish Public Companies Act, the shareholders authorise the distribution of profits at the annual general meeting based on the latest adopted annual report. The shareholders cannot authorise higher dividends than those proposed or accepted by the Board of Directors.

Shareholders may authorise the Board of Directors to distribute interim dividends.

Any dividends declared will be paid in accordance with the rules of VP applicable from time to time. Any dividends will be paid through the shareholder's account with his custodian bank.

In paying any dividends, the Company will be obliged to withhold coupon tax as required under Danish law.

Preemptive subscription rights
Under Danish law, all shareholders of the Company have preemptive rights in case of an increase of the share capital of the Company against cash contribution. An increase of the share capital may be adopted by the Company's shareholders at a general meeting or by the Board of Directors pursuant to an authorisation granted by the shareholders at a general meeting. In connection with an increase of the share capital of the Company, the shareholders in general meeting may approve deviations from the general preemptive rights of the shareholders.

Rights on liquidation
In the event of a solvent liquidation of the Company, the shareholders are entitled to participate in the distribution of the Company's excess assets in proportion to their nominal shareholdings after payment of the Company's creditors.

Rights attaching to the Shares
The New Shares will rank pari passu with all other Shares of the Company. No shares of the Company shall carry any special rights.

Registration of Shares
All Shares are registered in book-entry form and must be held through a Danish bank or other institution authorised to be registered as the custodian of such Shares (the "custodian bank") in accounts maintained in the computer system of VP. The Shares must be issued to named holders and may not be transferred to bearer. Shares are registered through the shareholders' custodian bank.

Limitations on holding of Shares
No ownership limitations apply to the Shares.

21.6 Provisions in the Articles of Association or Other Rules, Which May Lead to a Delay of a Change of Control of the Company

None.

21.7 Disclosure Requirements

Pursuant to Section 29 of the Danish Securities Trading Act a shareholder in a listed company must immediately notify the Danish Financial Supervisory Authority and the company in the event that (i) his shareholding accounts for 5% or more of the voting rights in the company or the nominal value of his holding accounts for 5% or more of the company's share capital, or (ii) a change in a holding already notified entails that limits of 10%, 15%, 20%, 25% and 50% and limits of one third and two thirds of the voting rights or nominal value are reached or are no longer reached, or the limit stated in (i) is no longer reached. Once the Company has received such notification, the Company shall inform the market as soon as possible.

21.8 General Meetings

All resolutions passed at the general meeting of shareholders are passed by simple majority unless special rules are provided by the Danish Public Companies Act in relation to majority.

General meetings are convened by the Board of Directors by giving not less than eight days' and no more than four weeks' notice by advertisement published through the NASDAQ OMX, inserted in at least one national newspaper, published through the IT information system of the Danish Commerce and Companies Agency and by written notice to any shareholders registered in the Company's register of shareholders who have made a request for such notice. The annual general meeting must be held in the municipality where the registered office of the Company is located or in Greater Copenhagen not later than four months after the end of each financial year.

Extraordinary general meetings shall be held whenever resolved by the general meeting, the Board of Directors, or the auditors of the Company or upon a written request to the Board of Directors from shareholders holding not less than one-tenth of the nominal value of the total share capital. Upon the receipt of such a request, the Board of Directors shall within 14 days convene an extraordinary general meeting.

All shareholders shall be entitled to attend general meetings after having submitted a request for an admission card not less than five days prior to the date of a meeting.

Except as provided by the Danish Public Companies Act, all resolutions of the general meeting shall be adopted by a simple majority vote. For a resolution to be passed to amend the articles of association, such resolution must be passed by not less than two-thirds of the votes cast as well as of the voting share capital represented at the general meeting, unless a more qualified majority and representation is prescribed by the Danish Public Companies Act.

22. Material Agreements

The following agreements represent all of the agreements to which the Company is party which are considered to be material to Affitech as of the Prospectus Date.

Agreements with Peregrine Pharmaceuticals, Tustin, CA, USA

In June 2003, Affitech AS entered into a term sheet agreement with Peregrine Pharmaceuticals of Tustin, CA, USA, setting out the guidelines for a multi-target collaboration under which the parties shall collaborate on development of antibodies based on clinically validated targets provided by Peregrine. The goal of the programme is to generate antibodies with *in vivo* diagnostic and/or therapeutic utility.

Based on the term sheet agreement the parties entered into a research collaboration agreement and a development and commercialisation agreement in October 2004.

The Company receives upfront research fees for each of the projects under the research collaboration agreement.

The development and commercialisation agreement gives Peregrine the option to license any antibody discovered for further development by paying an upfront licence fee to the Company. If Peregrine develops the antibody further there will be clinical milestones and royalties payable to the Company on any revenue generated from eventual product sale by Peregrine or a subsequent marketing licensee.

The agreements are governed by the laws of the State of California, USA

Agreement with XOMA Ireland Ltd, Shannon, Republic of Ireland

In November 2005, Affitech AS entered into an agreement with XOMA of Shannon, Ireland. Under the agreement, Affitech received a licence to use XOMA's bacterial cell expression (BCE) technology for developing antibody products using Affitech's phagemid display-based Breitling antibody libraries, CBAS™ technology and the AffiScreeN™ high-throughput screening system. Affitech also received an option for the production of antibodies under XOMA's intellectual property.

The agreement allows XOMA to use Affitech's naive antibody library for target research and discovery purposes as well as the development and commercialisation of selected antibodies. In addition, Affitech has agreed to build patient-derived libraries for XOMA and discover new antibodies against XOMA targets exploiting Affitech's patient libraries, AffiScreeN™ system and its CBAS™ technology. The agreement also provides for a release of Affitech and designated collaborators from any past activities using XOMA's antibody expression technology, and allows Affitech to use the XOMA technology in combination with its own technologies in future collaborations.

The agreement includes milestone and royalty payments between the parties. If one of the parties reaches one or more defined milestones or releases a product to the market, milestone and/or royalty payments become payable to the other party.

The agreement is governed by the laws of the State of New York, USA.

Agreement with F. Hoffmann-La Roche, Basel, Switzerland

Affitech AS entered into a research and licence agreement with F. Hoffmann-La Roche in May 2007 to produce fully human monoclonal antibodies against an unnamed oncology target. The goal of the programme is to utilise the Company's proprietary phagemid library, high throughput screening technology and antibody engineering platforms to identify candidate antibodies which F. Hoffmann-La Roche would then utilise for further development and commercialisation. The financial terms of the collaboration include research fees, milestone payments and royalties to the Company on net sales upon commercialisation of any product.

F. Hoffmann-La Roche can terminate the agreement in its entirety or on a country by country basis with respect to a given antibody, antibody candidate or product at any time, for any reason with immediate effect.

The agreement contains a change of control clause stating that if 50% or more of the voting stock of Affitech AS is acquired, directly or indirectly, by a competitor of F. Hoffmann-La Roche, then F. Hoffmann-La Roche shall be entitled to terminate the agreement.

The contract is governed by the laws of Switzerland.

Agreement with Omeros Corporation, Seattle,WA, USA

Affitech AS entered into an agreement with Omeros in July 2008. It is a single target collaboration under which the parties shall collaborate on identification and development of fully human antibodies against MASP-2. MASP-2, or mannan-binding lectin-associated serine protease-2, mediates activation of the complement system via the lectin pathway and is linked to multiple potential indications across a wide range of inflammatory diseases including macular degeneration, transplant rejection and cardiovascular and renal ischemia-reperfusion injury.

Under this collaboration, Omeros, based on its exclusive intellectual property position, will continue to advance the development of its MASP-2 programme. Affitech will apply its expansive human antibody libraries and proprietary antibody discovery and screening technologies, including its AffiScreeN™ platform and engineering methods, to generate fully human MASP-2 antibodies for Omeros.

Financial terms include a technology access fee, a series of milestone payments, and royalties on net sales, all payable by Omeros.

Omeros can at certain stages of the cooperation between the parties terminate the agreement without cause.

The contract is governed by the laws of the State of California, USA.

Agreement with Domantis (a GlaxoSmithKline company), Brentford, UK
In November 2008, Affitech AS signed a cross-licensing IP agreement with Domantis. The agreement gives the Company the rights to use certain gridding technologies helpful in connection with AffiScreeN™. The licence is exclusive, with the right to extend it to the Company's collaboration partners. In exchange, Domantis receives the rights to use the Breitling patent and AffiScreeN™. The right is limited to the use in connection with a very specific antibody format proprietary to Domantis. Within this field, the licence is exclusive. There are no milestone payments or royalties connected to the agreement.

The contract is governed by the laws of England and Wales.

Agreement with KAEL, Seoul, South Korea
In October 2008, Pharmexa A/S and KAEL–GemVax, (a newly formed subsidiary of KAEL Co. Ltd. of South Korea) entered into an agreement regarding GV1001 and acquisition of Pharmexa A/S' Norwegian subsidiary GemVax. KAEL acquired all shares of GemVax for an upfront payment of USD 2 million and thus assumed all rights and obligations relating to the patent portfolio of GemVax, including GV1001. Under the agreement, KAEL will continue to support the Telovac Phase III trial with GV1001 in pancreatic cancer.

The terms of the deal included payments to the Company totalling up to an additional USD 8 million for marketing authorisation and commercialisation milestones and royalties of 10% on future sales.

Standard warranties have been given in connection to the share purchase.

Under a separate service and consultancy agreement entered into in February 2008 the Company will continue to support KAEL GemVax in the TeloVac trial on a fee for service basis. This agreement can be terminated by both parties without cause with 30 days' written notice to the end of a calendar year.

Both agreements regarding KAEL-GemVax are governed by the laws of Norway.

Sale and purchase agreement with VaxOnco Inc. regarding Pharmexa-Epimmune Inc.
In April 2009, Pharmexa A/S entered into a share sale and purchase agreement with VaxOnco Inc., a company incorporated in the Republic of Korea. Pursuant to the agreement, VaxOnco purchased 100% of the share capital in Pharmexa-Epimmune, a subsidiary of Pharmexa A/S incorporated in the USA, under the laws of Delaware, USA, for a price of EUR 440,000.

Standard warranties have been given in connection to the share purchase.

The agreement is governed by the internal laws of the State of New York, USA.

Combination agreement between Affitech AS and Pharmexa A/S
In March 2009, Pharmexa A/S and Affitech AS entered into the Combination Agreement based on a term sheet of December 2008.

Pursuant to the Combination Agreement, and subject to the conditions thereof, Pharmexa A/S should acquire all shares in Affitech AS, including such shares as would be issued upon conversion of the convertible loan issued by Affitech AS, against issuance of new shares in Pharmexa A/S.

The Combination Agreement was subject to, *inter alia*, shareholders representing more than 98.5% of the shares in Affitech AS approving the transaction, and the transaction being approved by the shareholders in Pharmexa A/S. On March 27, 2009 Pharmexa A/S announced that more than 99.1% of the shareholders in Affitech AS had approved the transaction and on May 5, 2009 the shareholders in Pharmexa A/S approved the transaction as well. The Combination Agreement was subject to certain other customary conditions, all of which have been met.

On May 19, 2009 the (former) shareholders in Affitech AS subscribed for the Contribution Shares making Affitech AS a subsidiary of Pharmexa holding 99.71% of the issued share capital of Affitech AS. The remainder of the share capital in Affitech AS is held by a limited number of small shareholders.

The Combination Agreements also provided for a name change of Pharmexa A/S to Affitech A/S and the new board of directors which was elected at the extraordinary general meeting of Pharmexa A/S on May 5, 2009.

As part of the Combination Agreement, it was agreed that additional capital should be raised through a public or directed share issue, and the Pre-Committing Investors undertook in that connection to subscribe new shares in Pharmexa A/S against a cash contribution of NOK 32.5 million.

All shareholders subscribing for Contribution Shares have undertaken not to sell, transfer or assign their shares, until such time as the shares have been admitted for trading on the NASDAQ OMX. Further, Ferd AS, Arendals Fossekompani ASA, Verdane Private Equity AS, Braganza AS, Teknoinvest VII KS, Verdane Capital IV TWIN AS and Teknoinvest MAB AS being (the former) major shareholders in Affitech AS have undertaken towards the Company not to sell, pledge, assign or otherwise dispose of their part of the Contribution Shares for a six month period from the time of issuance of the Contribution Shares.

No warranties have been made in connection with the Combination Agreement.

The Combination Agreement is governed by the laws of Denmark.

Agreement with H. Lundbeck A/S, Copenhagen, Denmark
In April 2000, Pharmexa A/S signed a research and licence agreement with H. Lundbeck, a pharmaceutical company focused on CNS disorders, on the use of the AutoVac™

technology for a specific target relating to Alzheimer's disease. Pharmexa A/S granted H. Lundbeck A/S an exclusive global licence for the vaccine candidate PX106 for Alzheimer's disease. The Company will receive milestone payments and royalties on any future sales of the vaccine.

H. Lundbeck A/S can terminate the agreement without cause.

In December 2007, H. Lundbeck A/S and Pharmexa expanded and updated the licence agreement whereas H. Lundbeck's rights were strengthened and the royalty obligations were lowered in return for a cash payment.

The agreements are governed by Danish law.

Agreement with the German Cancer Research Centre, Heidelberg, Germany
In February 2006, Affitech AS and the German Cancer Research Centre, Heidelberg, Germany entered into a worldwide exclusive licensing agreement on the Breitling patent.

The Breitling patent is a central patent in the field of phagemid display. The patent is owned by the German Cancer Research Centre in Heidelberg, Germany. The Company has an exclusive, worldwide licence with the right to sub-license for the lifetime of the patents. The Breitling patent family consists of five granted patents in the US. In Europe, one patent has been granted, a further divisional patent application is pending.

These patents claim the use of full-length pIII phage protein as a scaffold in a phagemid vector for the display of antibodies and antibody fragments (US) and the use of those molecules to identify antigens on tumour cells by a special method (Europe).

The Company will pay royalties to the German Cancer Research Centre based on the income generated through sales of products or through sub-licensing agreements.

The Company shall hold the German Cancer Research Centre harmless should any claims arise from the use of the licence.

The contract is governed by the laws of Germany.

Agreement with Micromet AG, Munich, Germany
In March 2007, Affitech AS in-licensed a non-exclusive world-wide sub-licensable research licence to the patent estate of Micromet AG and, based on a marketing agreement between Micromet AG and Enzon Pharmaceuticals Inc., a company incorporated in Bridgewater, New Jersey, USA, the patent estate of Enzon Pharmaceuticals, in the field of single-chain antibodies (SCA). Affitech has rights to conduct research involving SCA technology and has sub-licensing rights to third parties for the purpose of conducting research, development or use of an SCA product generated by Affitech.

Licence fees are payable by the Company under this agreement.

The Company can terminate the agreement at any time without cause.

The contract is governed by the laws of Germany.

Other agreements
While not material to the Company, the following agreements are also relevant to our business;

Agreement with Dyax Corp., Cambridge, Massachusetts, USA
In November 2003, Affitech AS entered into a non-exclusive and worldwide cross-licensing agreement with Dyax Corp. of Cambridge, Massachusetts, for phage display technologies involving the Company's Breitling and Dyax Corp.'s Ladner family of patents and patent applications. Certain royalty payments payable to and/or by both Dyax Corp. and the Company respectively have been agreed between the parties. The Company has given certain warranties and representations under the agreement.

The agreement expires in its entirety once the last of the licensed patents under the agreement expires.

The agreement is governed by the laws of the State of Delaware, USA.

Agreement with NatImmune A/S, Copenhagen, Denmark
In May 2003, Affitech AS entered into a collaboration agreement with NatImmune A/S of Copenhagen, Denmark involving a clinically validated target for adenocarcinomas. While NatImmune A/S has the proprietary position of the target, we retain the ownership to the antibodies discovered. While the companies have mutually agreed to out-license the antibodies, the Company has the primary responsibility of the activities and expects to carry out these activities irrespective of NatImmune A/S. NatImmune A/S and the Company will share any revenue generated from successful out-licensing in the ratio of 30:70, respectively. The agreement can be terminated by both parties without cause giving 90 days' notice.

The agreement is governed by the laws of Denmark.

Agreement with Domantis Ltd. (a GlaxoSmithKline company), Cambridge, UK, on Protein L
In May 2005, Affitech AS provided a non-exclusive and world-wide research and preclinical development licence for Protein L and production know-how to Domantis. Certain annual licence fees and milestone payments in favour of the Company have been agreed between the parties. The Company has given certain warranties and representations under the agreement. The agreement can be terminated by Domantis without cause giving 90 days' notice.

The agreement is governed by the laws of the United Kingdom without the application of the principles of conflict of laws.

Agreement with an undisclosed company
In June 2008, Affitech AS entered into an exclusive and worldwide licence agreement with a company (name remains confidential) for technology evaluation of Protein L for the ultimate purpose of large scale commercialisation of the products in the antibody separation market.

Certain milestone and royalty payments in favour of the Company have been agreed between the parties. The Company

has given certain warranties and representations under the agreement. The agreement expires when the last of the licensed patents under the agreement expires. The agreement can be terminated without cause by the undisclosed party giving 90 days' prior written notice.

Agreement with the Novo Nordisk Foundation Centre for Protein Research (CPR), Copenhagen, Denmark
In September 2008, Pharmexa A/S entered into a time limited collaboration agreement with the Centre for Protein Research in order to test and adapt the S2 expression system for high-throughput screening of medically relevant human proteins. The CPR provided six months' support for personnel and other expenses relating to the project. The project is now winding down and the CPR is continuing to fund the project during this period. The Company retains all IP rights to any improvements to the system.

Agreement with the Norwegian Radium Hospital
The compound AT002 was developed in collaboration with the Norwegian Radium Hospital ("DNR") under a separate collaboration agreement between DNR and Affitech AS from August 2004. In addition, Affitech AS acquired an exclusive and worldwide licence to the share of the project results owned by DNR under the above mentioned collaboration agreement. While the Company has the lead in the further development of the compound, DNR will benefit from the Company's commercial activities with that compound in accordance with the agreed royalty payments payable by the Company. The agreement expires on May 13, 2025. The parties agree to negotiate the future of the agreement if certain ongoing performance requirements by the Company are not meet.

The agreement is governed by the laws of Norway.

Agreement with Cancer Stem Cell Innovation Center (CAST)
In March 2007, Affitech AS entered into a framework collaboration agreement with a consortium of several academic and commercial institutions supported by the Norwegian Research Council for the purpose of completing research activities related to cancer stem cells and the commercialisation of any developed products. Depending on the exact nature of potential products developed during this collaboration, a commercialisation may involve payments to one or more collaborators under the agreement. The Company has given certain warranties and representations under the agreement. The agreement expires once the consortium is unanimously dissolved or when governmental funding stops. The company can withdraw from the agreement giving not less than 60 days' prior notice.

The agreement is governed by the laws of Norway.

Agreement with Leiv Eriksson Nyskaping AS
In July 2002, Affitech AS in-licensed a set of novel bacterial expression vectors with various exclusive and non-exclusive worldwide licence rights from an academic partner (Norwegian University of Science and Technology, Trondheim, Norway) ("NTNU") via the technology transfer office Leiv Eriksson Nyskaping AS as holder of the proprietary rights to the bacterial expression vectors by agreement with and on behalf of NTNU, which can be used to produce proteins such as Protein L or scFv fragments in a fermenter in a cost-efficient way. Certain licence fees and royalty payments payable by the Company have been agreed between the parties. Furthermore, the Company is obligated to pay part of the costs connected to the maintenance and obtaining of certain proprietary rights. The agreement expires when the last of the licensed patents under the agreement expires. Subject to certain conditions the parties can terminate the agreement giving 90 days' written notice.

The agreement is governed by the laws of Norway.

Agreements with CMOs and CROs
Like most other biotech companies, we may from time to time enter into agreements with contract manufacturing organisations (CMOs) and contract research organisations (CROs). The CMO agreements are formed with the goal of manufacturing our product candidates for clinical studies. The CRO agreements are formed with a view to managing and conducting certain research and development activities.

23. Third Party Information and Statements by Experts and Declarations of Any Interest

This Prospectus does not include any statements, declarations or reports by experts or third parties.

This Prospectus contains information concerning the Company's activities and the markets on which the Company operates. Such information is primarily based on Management's many years of experience in the biotech industry. There can be no assurance that any of the forecasts will materialise. Certain information, including market and scientific data, has been obtained from a variety of sources. The Company confirms that information sourced from third parties has been accurately reproduced, and to the best of the Company's knowledge and belief, and so far as can be ascertained from the information published by such third party, no facts have been omitted which would render the information provided inaccurate or misleading.

24. Documentation Material

The following documents are available for inspection at the Company's head office at Fremtidsvej 3, DK-2970 Hørsholm, Denmark, or may be obtained upon request:

- the Company's articles of association;
- the Company's annual reports for the years ended December 31, 2006, 2007 and 2008;
- the documents referred to in Section 29(2) of the Danish Public Companies Act in relation to the Cash Offering;
- the documents referred to in Section 29(2) of the Danish Public Companies Act in relation to the Contribution in Kind Offering;
- Report by the Board of Directors pursuant to Section 33 of the Danish Public Companies Act;
- valuation report by the Company's independent accountants
- the memorandum of incorporation;
- the Company's interim financial report for Q1 2009;
- this Prospectus;
- Annual reports for the years ended December 31, 2007 and 2008 of Affitech AS; and
- Annual report for the year ended December 31, 2007 of GemVax AS.

The Company has not published financial statements for its US subsidiaries.

25. Information on Capital Holdings

For information concerning capital holdings, see section 7 "Organisational Structure".

Part II. Financial Information

For financial information concerning Pharmexa A/S (now Affitech A/S) and Affitech AS (now Affitech Research AS), see the F- pages in the Appendices.

Part III. The Offering

1. Responsibility Statements

Responsibility statements are only included in the Danish version.

2. Risk Factors Related to the Offering

For a description of risk factors related to the Offering, reference is made to the section entitled "Risk Factors".

3. Key Information

3.1 Working Capital

As of March 31, 2009, our capital resources, adjusted for the Net Proceeds from the Cash Offering, amounted to DKK 41.4 million.

We believe that our capital resources, including the proceeds from the Offering, revenues from our collaborative agreements, awarded public grants and interest income, will be sufficient to fund our planned activities until June 2010.

3.2 Capitalisation and Debt

The table below contains an overview of the Company's pro forma capital and debt as of March 31, 2009.

Table 21. Capitalisation and debt

DKK '000	Pro forma As of March 31, 2009	Affitech AS As of March 31, 2009	Pharmexa A/S As of March 31, 2009
Share capital	29,846	4,326	29,846
Other reserves	17,972	(4,959)	(395)
Total equity	**47,818**	**(633)**	**29,451**
Non-current liabilities	1,942	1,942	-
Current liabilities	13,979	9,600	4,379
Total liabilities	**15,921**	**11,542**	**4,379**

The Company has no secured or guaranteed debt.

Other reserves include convertible debt in Affitech AS (now Affitech Research AS) of DKK 16.4 million and a special fund under equity of DKK 107.5 million. The convertible debt, including interest, was converted into share capital before the Combination. Liabilities include debt of DKK 1.7 million relating to a finance lease. Other than as stated above, there was no interest-bearing debt as at March 31, 2009.

For additional information on pro forma capital and debt, see pages F-91 to F-98.

3.3 Interest of Natural and Legal Persons Involved in the Offering

The Company is not aware of any interests in, or conflicts of interest in relation to, the Offering that are material to the Company.

3.4 Reasons for the Offering and Use of Proceeds

The main reason for the Offering is the Combination of Affitech AS and Pharmexa A/S.

The Cash Offering consists of 34,366,225 Cash Shares issued against cash payment at market price, corresponding to DKK 0.78, corresponding to Gross Proceeds of DKK 26.8 million and Net Proceeds of DKK 21.8 million. The Pre-Committing Investors have undertaken a binding pre-commitment to subscribe all the Cash Shares.

Our capital resources amounted to DKK 19.6 million as of March 31, 2009. Combined with expected revenues from our current and anticipated collaborative agreements and the Net Proceeds from the Cash Offering, we anticipate that we will have funding for our planned activities until June 2010.

In addition to the assumptions described in section 13.4 "Methodology and Assumptions", the cash flow projections are subject to certain other assumptions including, but not limited to, the Company being able to adequately reduce its staff costs in 2010 if no additional equity capital is raised in the second half of 2009. Reference is also made to section 10 "Capital Resources".

The proceeds from the Cash Offering together with our existing capital will be used on research and further preclinical development of our early stage antibody product candidates. Besides this, we plan to advance the application of CBAS™ in the cancer stem cell field and to the discovery to antibodies against additional GPCR targets. We will further advance the antibody candidates within the collaboration projects together with our partners. In addition, we plan to advance our product candidates towards clinical development.

4. Information concerning the Securities to be Offered

4.1 Type of Securities and Identification Codes

The Existing Shares (except for the Contribution Shares) are listed on the NASDAQ OMX under ISIN DK0015966592.

The ISIN of the New Shares is: DK0060185569 (temporary ISIN).

The New Shares will be admitted to trading and official listing on the NASDAQ OMX under the existing ISIN.

4.2 Applicable Law and Jurisdiction

The Offering is subject to Danish law. Any dispute which may arise as a result of the Offering shall be brought before the Danish courts of law.

4.3 Registration

The Company's shares are registered as book-entries on accounts maintained in the computer system of VP, which acts as an electronic central record of ownership and as the clearing centre for all transactions.

All New Shares will be delivered in book-entry form through allocation to accounts with VP through a Danish bank or other institution authorised as custodian of such shares. VP is located at Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark. The New Shares shall be registered in the name of the holder in the Company's register of shareholders through the holder's custodian bank.

4.4 Currency

The Offering will be carried out in Danish kroner. The New Shares are denominated in Danish kroner.

4.5 Rights Attached to the New Shares

The New Shares will, when fully paid up and registered with the Danish Commerce and Companies Agency, rank pari passu with the Existing Shares.

Dividend rights/rights to share in profits
The New Shares are eligible for dividends paid by the Company after the issue of the New Shares and registration of the capital increase with the Danish Commerce and Companies Agency. Consequently, the New Shares are eligible for any dividends payable in respect of the current financial year declared and paid after registration of the New Shares with the Danish Commerce and Companies Agency.

The Company has not paid dividends in the past and does not plan to do so within the foreseeable future.

Dividends are paid in DKK to the Shareholder's account set up with VP. There are no dividend restrictions or special procedures for non-resident holders of New Shares. See "Taxation" below for a description of the treatment of dividends under Danish tax law. Dividends which are not claimed by the shareholders are forfeited in accordance with the general rules of Danish law.

The Company does not pay dividends cumulatively.

Voting rights
A Shareholder is entitled to one vote for each nominal share amount of DKK 0.50 at general meetings. For Shares acquired by transfer, voting rights shall be conditional on the Shareholder having had his shares recorded in the Company's register of shareholders or having given notice of and documented his acquisition not later than on the date of the notice to convene the relevant general meeting.

Rights on liquidation
In the event of liquidation of the Company, the shareholders are entitled to participate in the distribution of the net assets in proportion to their nominal shareholdings after payment of the Company's creditors.

Preemptive rights
If the share capital is increased by cash payment at a subscription price of at least the market price or in other ways, such as by conversion of debt or payment of a contribution in kind, the Board of Directors may decide that the shareholders shall not have preemptive rights.

If shareholders of the Company in general meeting otherwise resolve to increase the share capital, Section 30 of the Danish Public Companies Act will apply under the existing authorisation. According to this provision, shareholders generally have preemptive rights if the share capital of a company is increased by cash payment. However, the preemptive right may be derogated from by a majority comprising at least two-thirds of the votes cast and the share capital represented at the general meeting, provided the share capital increase takes place at market price.

Other rights
None of the Company's Shares carry any redemption or conversion rights or any other special rights.

4.6 Resolutions, Authorisations and Approvals to Proceed with the Offering

At the extraordinary general meeting held on May 5, 2009, the shareholders resolved to increase the share capital by issuance of the Contribution Shares. The Contribution Shares were subscribed by shareholders of Affitech AS and were registered with the Danish Commerce and Companies Agency on June 4, 2009.

At the extraordinary general meeting held on May 5, 2009, the shareholders gave the Board of Directors authority, valid until December 31, 2010, to issue shares with a nominal value totalling up to DKK 150,000,000 (300,000,000 Shares of DKK

0.50 each) in one or more issues. The Cash Shares are to rank pari passu with the existing share capital. The share capital may be increased for cash or other consideration. If the share capital is increased by cash payment at a subscription price equal to at least market price or in any other way, such as by conversion of debt or by contribution in kind, the Board of Directors may decide that the shareholders shall not have preemptive rights.

At its meeting held on June 30, 2009, the Board of Directors passed a resolution to exercise part of this authorisation to increase the share capital of the Company by 34,366,225 Cash Shares with a nominal value of DKK 0.50 each. Following the Offering, the total nominal share capital will be DKK 113,767,264.50 divided into 227,534,529 Shares of DKK 0.50 nominal value each. Following the Offering, the remaining part of the authorisation to issue shares will comprise 265,633,775 Shares of DKK 0.50 nominal value each.

The New Shares will rank pari passu with the Existing Shares.

4.7 Issue Date of New Shares

The Contribution Shares were registered with the Danish Commerce and Companies Agency on June 4, 2009, and the Cash Shares are expected to be registered with the Danish Commerce and Companies Agency on July 2, 2009.

4.8 Negotiability and Transferability of the Shares and the New Shares

All Shares including the New Shares are freely transferable and negotiable under Danish law and no restrictions apply to the transferability of the Shares and the New Shares. The Company's articles of association do not contain any provisions on the conversion of Shares into other financial instruments.

4.9 Danish Regulations Governing Mandatory Takeover Bids, Redemption of Shares and Disclosure Requirements

Mandatory bids
The Danish Securities Trading Act includes rules concerning public offers for the acquisition of shares.

If a shareholding is transferred, directly or indirectly, in a company with one or several share classes listed on a stock exchange or admitted to trading at an authorised marketplace, the acquirer shall enable all shareholders of the company to dispose of their shares on identical terms if such transfer involves that the acquirer:

- will hold the majority of voting rights in the company;
- becomes entitled to appoint or dismiss a majority of the members of the company's board of directors;
- obtains the right to exercise a controlling influence over the company according to the articles of association or otherwise in agreement with the company;
- according to an agreement with other shareholders, will control the majority of voting rights in the company; or
- will be able to exercise a controlling influence over the company and will hold more than one-third of the voting rights.

Exemptions from the mandatory bid requirement may be granted under certain circumstances by the Danish Financial Supervisory Authority.

Squeeze out
According to Section 20b of the Danish Public Companies Act, shares in a company may be redeemed by a shareholder holding more than nine-tenths of the shares and a corresponding proportion of the voting rights in the company. Such redemption may be effected by the majority shareholder together with the board of directors in a joint decision. A minority shareholder may similarly require a majority shareholder holding more than nine-tenths of the shares to redeem the minority shareholder's shares.

Further, according to Section 20e of the Danish Public Companies Act, shares in a company may be redeemed by an offeror who has made a public tender offer, see Section 31(1) of the Danish Securities Trading Act, if the offer has resulted in the offeror holding more than nine-tenths of the shares and the corresponding voting rights in the company. The redemption does not require the consent of the board of directors of the company. Likewise, a minority shareholder may demand to have his shares redeemed by such majority shareholder.

Major shareholdings
According to Section 29 of the Danish Securities Trading Act, a shareholder who holds shares in a company with shares admitted to trading and official listing on a stock exchange must as soon as possible notify the company and the Danish Financial Supervisory Authority of the shareholdings in the company in the cases referred to below.

Notifications must be submitted when: (1) the voting rights conferred on the shares represent 5% or more of the voting rights, or the nominal value of the shares accounts for 5% or more of the share capital, or (2) there has been a change of a holding already notified such that thresholds of 5%, 10%, 15%, 20%, 25%, 50% or 90% and thresholds of 1/3 or 2/3 of the voting rights or nominal value of the share capital are reached or are no longer reached, or the threshold amount stated in (1) above is no longer reached.

When the company has received a notification, it must publish the content of the notification as soon as possible.

4.10 Public Takeover Bids by Third Parties for the Company's Shares during the Previous or Current Financial Year

No takeover bids by third parties for the Company's Shares have been presented during the previous or current financial year.

4.11 Taxation

The following is a summary of certain Danish income tax considerations relating to an investment in the New Shares.

The summary is for general information only and does not purport to constitute exhaustive tax or legal advice. It is specifically noted that the summary does not address all possible tax consequences relating to an investment in the New Shares. The summary is based solely upon the tax laws of Denmark in effect on the Prospectus Date. The Danish tax laws may be subject to change, possibly with retroactive effect. It should be noted that the description does not address all possible tax consequences of an investment in the New Shares.

The summary does not cover investors to whom special tax rules apply, including professional investors, and therefore may not be relevant for example to certain institutional investors, insurance companies, pension companies, banks, stockbrokers and investors liable for tax on return on pension investments. Therefore, the summary does not cover taxation of individuals and companies who carry on business purchasing and selling shares. Sales are assumed to be sales to a third party.

Potential investors in the New Shares are advised to consult their tax advisers regarding the applicable tax consequences of acquiring, holding, exercising and disposing of the Shares based on their particular circumstances. Investors who may be affected by the tax laws of other jurisdictions should consult their tax advisers with respect to the tax consequences applicable to their particular circumstances, as such consequences may differ significantly from those described herein.

Taxation of Investors who are Residents of Denmark
Individuals residing in Denmark, or having spent at least six months in Denmark, and companies, etc. either registered in Denmark or the management of which is based in Denmark are generally subject to full tax liability in Denmark. Individuals or companies that are also subject to full tax liability in another country may be subject to special rules which are not described herein.

Taxation of Dividends

Individuals, available funds
Dividends paid to individuals are taxed as share income. For the 2009 income year, share income is taxed at the rate of 28% for share income up to DKK 48,300 (DKK 96,600 for married couples cohabiting at the end of the income year), at the rate of 43% for share income exceeding DKK 48,300 (DKK 96,600 for married couples cohabiting at the end of the income year), but not exceeding DKK 106,100 (DKK 212,200 for married couples cohabiting at the end of the income year), and at the rate of 45% for share income in excess of DKK 106,100 (DKK 212,200 for married couples cohabiting at the end of the income year). Certain transitional rules apply to the effect that the taxation at the rate of 45% does not apply to distributions of retained earnings from 2006 and earlier years. The relevant thresholds are for the 2009 income year and are adjusted annually. The said amounts include all share income for the individual or couple in question, respectively.

Dividends paid are generally subject to withholding tax at the rate of 28%. The Company is responsible for withholding tax on dividends on behalf of the shareholder.

From the 2010 income year, the 45% tax rate will be removed, and the 43% tax rate will be reduced to 42%. From the 2012 income year, the 28% tax rate will be reduced to 27%.

Individuals with pension savings
Dividends are subject to tax at a rate of 15% under the Danish Pension Investment Returns Tax Act. Pension return tax is generally settled by the deposit bank.

Companies, etc.
Companies holding less than 10% of the shares in a company paying dividends in the 2009 income year must pay 25% dividend tax of 66% of dividends received. This brings the effective tax rate to 16.5%.

Dividends paid are generally subject to withholding tax at the rate of 16.5%. The Company is responsible for withholding tax on dividends on behalf of the shareholder.

A company holding 10% or more of the share capital of the Company for a consecutive period of at least 12 months may receive such dividends free of tax.

As from January 1, 2010, a distinction will be made between "subsidiary shares", "group shares" and "portfolio shares" with respect to taxation of dividends and gains on shares of companies resident in Denmark:

- "Subsidiary shares" are shares held by a shareholder with a direct holding of 10% or more of the share capital of a company.
- "Group shares" are shares in a company in which the shareholder of the company and the company are jointly taxed or meet the criteria for international joint taxation, usually implying that they control, directly or indirectly, more than 50% of the votes.
- "Portfolio shares" are shares not falling within the definitions of "subsidiary shares" or "group shares" or treasury shares, for example if the shareholder holds less than 10%.

As from January 1, 2010, dividends paid on portfolio shares are subject to full taxation, irrespective of ownership period. Dividends paid on subsidiary shares and group shares are tax-exempt, irrespective of ownership period.

Capital Gains Taxation

Individuals
The rules of taxation of individuals' gains and losses on shares were changed effective January 1, 2006. Special transitional rules apply to the sale of shares on January 1, 2006 or later, acquired on or before December 31, 2005. These rules are not described below.

Gains realised are taxed as share income. For the 2009 income year, share income is taxed at the rate of 28% for share income up to DKK 48,300 (DKK 96,600 for married couples cohabiting at the end of the income year), at the rate of 43% for share income exceeding DKK 48,300 (DKK 96,600 for married couples cohabiting at the end of the income year), but not exceeding

DKK 106,100 (DKK 212,200 for married couples cohabiting at the end of the income year), and at the rate of 45% for share income in excess of DKK 106,100 (DKK 212,200 for married couples cohabiting at the end of the income year). The relevant thresholds are for the 2009 income year and are adjusted annually. The said amounts include all share income for the individual or couple in question, respectively. Certain transitional rules apply to the effect that the 45% rate does not apply to the realisation of profits on shares relating to distributions of retained earnings from 2006 and earlier years.

From the 2010 income year, the 45% tax rate will be removed, and the 43% tax rate will be reduced to 42%. From the 2012 income year, the 28% tax rate will be reduced to 27%.

Losses may be set off against taxable gains and dividends on other listed shares. Gains and losses are calculated using the average method, according to which the purchase price of each share is made up as a proportionate share of the total purchase price of all shares in the relevant company held by the investor. Losses may be carried forward without time limit to be offset against taxable gains and dividends from other listed shares.

It should be noted that a bill (bill no. L 63 2008-09) allows losses on listed shares under certain circumstances to be offset against the share income of individuals. The bill has not been passed by the Danish Parliament, and it is uncertain whether it will be passed.

Individuals with pension savings

Subject to certain limits, investors may invest pension funds in Existing Shares or New Shares. Net returns will thus fall under the scope of the Danish Pension Investment Returns Tax Act. Net return is defined as the sum of any gains less any losses in the relevant year. The net return is subject to tax at a rate of 15% on a mark-to-market basis. According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the net asset value of the shares at the beginning and the expiry of the tax year. Thus, taxation will take place on an accrual basis even though no shares have been disposed of. Pension return tax is generally settled by the deposit bank.

Companies, etc.

Gains realised from the sale of shares in the 2009 income year and held for less than three years are taxable and included in the taxable income, irrespective of ownership percentage. Net taxable corporate income is taxed at 25%. The gain is computed as the difference between the selling price and the original purchase price. Losses exceeding any tax exempt dividends received on the shares in question during the period of ownership may be set off against taxable gains from the sale of shares that have also been held for less than three years and are realised in the same year. Furthermore, losses on shares held for less than three years may be carried forward without time limit and set off against similar taxable gains on shares.

Gains realised on the sale of shares in the 2009 income year are tax exempt if the shares have been held for three years or more at the time of disposal. Losses on shares held for three years or more cannot be offset and are not tax deductible.

If a company sells only part of its shares, the purchase price of the shares sold is determined as the average purchase price of all the shares (the "average method"). This applies even though the disposal of shares is tax exempt. The first in first out (FIFO) method is applied to determine the ownership period.

From the 2010 income year, capital gains from the sale of portfolio shares will be taxable irrespective of ownership period. Capital gains from the sale of subsidiary shares and group shares will be exempt from taxation, irrespective of ownership period.

Losses on portfolio shares are tax deductible. Losses on subsidiary shares and group shares are not tax deductible. If the investor holds portfolio shares, gains are taxable according to the mark-to-market principle. According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the market value of the shares at the beginning and end of the tax year. Thus, taxation will take place on an accrual basis even though no shares have been disposed of and no gains or losses have been realised.

It should be noted that a change of status from subsidiary shares/group shares to portfolio shares and vice versa will be treated as a disposal of the shares and reacquisition at the market price of the shares at the relevant time.

Special transitional rules apply with respect to the opening values at the beginning of the 2010 income year in relation to shares acquired before the 2010 income year. Special transition rules also apply with respect to the right to offset capital losses realised by the end of the 2009 income year against taxable gains on shares in the 2010 income year or later.

Danish Taxation of Investors Who are Not Residents of Denmark

Taxation of dividends

Individuals

The distribution of dividends from a Danish company to a non-resident individual is generally subject to withholding tax at the rate of 28%. The Company is responsible for withholding tax on dividends on behalf of the shareholder. If Denmark has entered into a double taxation treaty with the country in which the shareholder is resident, the shareholder may seek a refund from the Danish tax authorities of the part of the tax withheld in excess of the tax to which Denmark is entitled under the relevant double taxation treaty. The dividend tax withheld may be reduced according to the double taxation treaty with the relevant country. In order to qualify for this regime, an eligible holder of shares must deposit his shares with a Danish bank, and the shareholding must be registered with VP. In addition, such shareholder must provide documentation from the relevant foreign tax authority as to the shareholder's tax residence and eligibility under the relevant treaty. Documentation must be given by filling in a form available from the Danish tax authorities. In the event that the dividend-receiving individual is a resident of an EU member state with which Denmark has entered into a double taxation treaty or another arrangement for the exchange of information between the countries' tax authorities, the dividends will on request be subject to withholding tax at a reduced rate

of 15%. If the rate of withholding tax under the double taxation treaty between Denmark and the country in which the shareholder is resident is to be reduced to less than 15%, the tax rate will, however, be reduced to the rate stipulated in the double taxation treaty.

The shareholder may agree with the relevant deposit bank that the bank procures the relevant form. In addition, it is possible for VP or the dividend-distributing company to enter into an arrangement with the Danish tax authorities according to which the obligation to withhold tax is reduced to the tax rate stipulated in the double taxation treaty with the relevant country.

Individuals, investment of pension savings
Foreign investors whose pension savings are not placed in Denmark will not be subject to the 15% tax rate under the Danish Pension Investment Returns Tax Act. Generally, non-resident individuals investing through foreign pension schemes are liable to pay withholding tax on dividends in Denmark under the general rules on limited tax liability, see the description above on withholding tax payable on dividends distributed to non-resident shareholders.

Companies, etc.
Companies resident abroad are exempt from Danish tax on dividends received in the 2009 income year from a Danish company provided that:

(a) the foreign company holds 10% or more of the share capital in the Danish company for a consecutive period of at least one year within which period the dividend is declared; and

(b) taxation of dividends is waived or reduced pursuant to the provisions contained in the EU Parent/Subsidiary Directive (Directive 90/435/EEC) or a double taxation treaty with the Faroe Islands, Greenland or the country in which the company is resident.

Where the above conditions are not fulfilled, a withholding tax of 28% applies, which may, depending on the circumstances, be reduced pursuant to a double taxation treaty or a special rule in Danish tax legislation.

From the 2010 income year, condition (a) above will be amended, so that dividends received from Danish companies will be taxed irrespective of ownership period, provided that the foreign company holds less than 10% of the shares. If the foreign company holds 10% or more, the dividends received will be tax exempt, irrespective of ownership period. Condition (b) will continue to apply.

Professional trading
If a non-Danish investor (i) has a permanent establishment in Denmark to which the shares can be attributed and (ii) the shares have been acquired in the ordinary course of the shareholder's business, dividends are taxed according to the same rules as for shareholders who are residents of Denmark and trading professionally.

Capital gains taxation
As a general rule, non-Danish investors are not subject to Danish tax on capital gains on the sale of shares. However, gains and losses on shares are subject to Danish taxation according to the same rules as apply to Danish resident investors if (i) the investor is considered as trading professionally in shares ("næringsdrivende") and (ii) the shares can be attributed to a permanent establishment in Denmark.

As from the 2010 income year, non-Danish shareholders holding portfolio shares and/or shares held in the ordinary course of their business ("næringsaktier") through a permanent establishment in Denmark will be subject to limited tax liability in Denmark with respect to gains and losses on such shares.

5. Terms and Conditions of the Offering

5.1 Terms of the Offering

The Offering consists of (i) 133,476,364 Shares ("Contribution Shares") issued against contribution in kind of shares in Affitech Research AS (formerly Affitech AS) (the "Contribution in Kind Offering") as well as (ii) 34,366,225 Shares (the "Cash Shares") to be issued against cash payment at market price of DKK 0.78 per Share of DKK 0.50, directed at certain pre-committing investors as described below (the "Cash Offering").

The Cash Shares are offered at market price corresponding to DKK 0.78 per share with a nominal value of DKK 0.50 each, free of brokerage.

The market price has been determined by the Board of Directors, taking into account, *inter alia*, an average of the closing prices of the Company's Shares during the period from June 22 to June 26, 2009 (inclusive).

5.2 Proceeds from the Offering

The Offering will bring in Gross Proceeds of DKK 134.9 million to the Company, and the Net Proceeds are expected to amount to DKK 128.9 million. The Gross Proceeds will be divided into DKK 108.1 million from the Contribution in Kind Offering and DKK 26.8 million from the Cash Offering.

5.3 Pre-Commitments

Contribution in Kind Offering
The Contribution Shares have been subscribed for by shareholders in Affitech AS (now Affitech Research AS).

Cash Offering
Ferd AS, Arendals Fossekompani ASA, Braganza AS, Teknoinvest VII KS, Verdane Capital IV TWIN AS, Anchor Secondary 3 Holding AS, Sarsia Life Science Fund AS, Glastad Invest AS, Lene AS, Hans Bjarne Dahl, John McDougall, Kerstin Maria Hareide, Marike Stassar and Amino AS (together the "Pre-Committing Investors") have undertaken a binding pre-commitment (the "Pre-Commitment Agreement") to subscribe 34,366,225 Cash Shares in connection with the Offering, corresponding to DKK 26.8 million (100% of the Cash Offering). The Pre-Committing Investors' individual subscriptions and share of the Cash Offering are listed below.

Table 22. The Pre-Committing Investors' individual subscriptions

Pre-Committing Investor	No. of shares	Share of Cash Offering (%)
Ferd AS	9,240,224	26.9
Arendals Fossekompani ASA	3,780,994	11.0
Braganza AS	6,864,166	20.0
Teknoinvest VII KS	3,168,076	9.2
Verdane Capital IV TWIN AS	9,792,152	28.5
Anchor Secondary 3 Holding AS	422,410	1.2
Sarsia Life Science Fund AS	528,012	1.5
Glastad Invest AS	211,205	0.6
Lene AS	129,363	0.4
Hans Bjarne Dahl	65,473	0.2
John McDougall	31,680	0.1
Kerstin Maria Hareide	73,333	0.2
Marike Stassar	6,336	0.0
Amino AS	52,801	0.2
Total	**34,366,225**	**100.0**

5.4 Preferential Allocation

Contribution in Kind Offering
All Contribution Shares have been allocated to former shareholders in Affitech AS (now Affitech Research AS).

Cash Offering
As part of the Pre-Commitment Agreement, the Company has undertaken to allocate 34,366,225 Cash Shares to the Pre-Committing Investors (100% of the Cash Shares). The Pre-Committing Investors are all former shareholders in Affitech AS (now Affitech Research AS).

5.5 Subscription Period

Contribution in Kind Offering
The Contribution in Kind Offering has been subscribed in accordance with the resolution approved at the extraordinary general meeting held on May 5, 2009 and registered with the Danish Commerce and Companies Agency on June 4, 2009.

Cash Offering
The period in which the Cash Shares may be subscribed will commence on June 30, 2009 at 9.00 a.m. CET and close on July 1, 2009 at 5.00 p.m. CET. According to pre-commitment agreements with the Pre-Committing Investors, the Pre-Committing Investors will effect payment for their shares on June 30, 2009, and, on the same date, they will receive their respective shares in Affitech A/S, see above, under the temporary ISIN. Registration of the Cash Shares with the Danish Commerce and Companies Agency is expected to take place on July 2, 2009, and the Cash Shares and the Contribution Shares are expected to be admitted to trading and official listing on the NASDAQ OMX on July 6, 2009.

5.6 Trading and Official Listing of the New Shares

Admission to trading and official listing of the New Shares on the NASDAQ OMX is expected to take place on July 6, 2009. Shareholders and investors should note that the New Shares will not be admitted to trading and official listing on the NASDAQ OMX until the capital increase has been registered with the Danish Commerce and Companies Agency, which is expected to take place on July 2, 2009.

5.7 Expected Timetable of Principal Events

Table 23. Expected timetable of principal events

Subscription Period for Cash Shares begins:	On June 30, 2009 at 9.00 a.m. CET
Subscription Period for Cash Shares ends:	On July 1, 2009 at 5.00 p.m. CET
Publication of the results of the Offering:	Expected to be on the day after the end of the Subscription Period (expected to be on July 2, 2009)
Completion of the Offering:	The Offering will be completed when the New Shares have been issued and the capital increase has been registered with the Danish Commerce and Companies Agency, which is expected to take place on July 2, 2009
Admission to trading and official listing of the New Shares expected to commence:	On July 6, 2009

5.8 Withdrawal or Suspension of the Offering

The Contribution in Kind Offering cannot be withdrawn.

The Cash Offering may be withdrawn in the event that certain exceptional and/or unpredictable circumstances occur in the period until registration of the capital increase relating to the Cash Shares has taken place with the Danish Commerce and Companies Agency.

Any withdrawal of the Cash Offering will be announced to the NASDAQ OMX and a notice will be inserted in the daily newspapers in which the Cash Offering was advertised.

5.9 Payment

Contribution Shares
The Contribution Shares were subscribed in accordance with the resolution approved at the extraordinary general meeting held on May 5, 2009, and the Contribution Shares were issued by the Company and registered with the Danish Commerce and Companies Agency on June 4, 2009.

Cash Shares
Subscription and payment of the Cash Shares will take place during the Subscription Period. The Cash Shares are expected to be issued by the Company and the capital increase to be registered with the Danish Commerce and Companies Agency on July 2, 2009. The Cash Offering may be withdrawn and cancelled by the Company until the capital increase relating to the Cash Shares has been registered with the Danish Commerce and Companies Agency.

5.10 Publication of the Results of the Offering

The results of the Offering will be communicated in a company announcement which is expected to be released through the NASDAQ OMX the day after the end of the Subscription Period (expected to be on July 2, 2009).

5.11 Completion of the Offering
The Offering will be completed if and when the New Shares subscribed are issued by the Company and registered with the Danish Commerce and Companies Agency, which is expected to take place on July 2, 2009.

An announcement concerning the results of the Offering is expected to be made on July 2, 2009.

5.12 Jurisdictions in Which the Offering Will Be Made and Restrictions Applicable to the Offering

Where the Offering Will Be Made
The Offering consists of a private placing to Pre-Committing Investors in Denmark and Norway.

Restrictions Applicable to the Offering

General restrictions
The distribution of this Prospectus and the Offering may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer of or an invitation to purchase or subscribe for any New Shares in any jurisdiction in which such offer or invitation would be unlawful. The Company requires persons into whose possession this Prospectus may come to inform themselves of and observe such restrictions. The Company accepts no legal liability for any violation of these restrictions by any person, irrespective of whether such person is an Existing Shareholder or a potential purchaser of or subscriber for the New Shares.

This Prospectus may not be distributed in or otherwise be made available, the New Shares may not be offered or sold, directly or indirectly, in the United States, Canada, Australia or Japan, unless such distribution, offering or sale is permitted under applicable laws in the relevant jurisdiction, and the Company must receive satisfactory documentation to that effect. This Prospectus may not be distributed in or otherwise be made available, the New Shares may not be offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offering or sale is permitted under applicable laws in the relevant jurisdiction, and the Company may require receipt of satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not have the Prospectus distributed to them and may not be able to subscribe for the New Shares. The Company makes no offer or solicitation to any person under any circumstances that may be unlawful.

Selling restrictions in the United States
The New Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The New Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States. No transfer of and no offer or sale of the New Shares are permitted unless in connection with an offering or sale under Regulation S.

Any person who wishes to subscribe for New Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this Prospectus and delivery of New Shares, either that he is acquiring the New Shares in an offshore transaction as defined in Regulation S in compliance with Regulation S, or pursuant to an effective registration statement under the U.S. Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable US state securities laws.

In addition, until the expiration of 40 days after the closing of the Subscription Period, an offer to sell or a sale of New Shares within the United States by a broker or dealer (whether or not it is participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer to sell or such sale is made otherwise than pursuant to exemptions under the U.S. Securities Act.

Due to such restrictions under applicable laws and regulations, the Company expects that some or all investors residing in the United States may not be able to subscribe for the New Shares.

Selling restrictions in the United Kingdom
This Prospectus is only being distributed to, and is only directed at, (i) persons outside the United Kingdom, or (ii) "investment professionals" falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) "high net worth entities" and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons being collectively referred to as "Relevant Persons"). The New Shares are only available to, and any invitation, offer or agreement to purchase or otherwise acquire New Shares will be engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

Selling restrictions in the European Economic Area
In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a "Relevant Member State"), no offering of New Shares to the public will be made in any Relevant Member State prior to the publication of a prospectus concerning the New Shares which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Directive, except that with effect from and including the date of implementation of the Prospectus Directive in such Relevant Member State, an offering of New Shares may be made to the public at any time in such Relevant Member State:

(a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity fulfilling at least two of the following criteria: (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than EUR

43,000,000, and (iii) an annual net revenue of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;

(c) to less than 100 individuals or legal persons (except for "qualified investors" as defined in the Prospectus Directive) subject to the prior written consent of the Company; or

(d) in any other circumstances which do not require the publication by the Company of a prospectus under Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an "offer of New Shares to the public" in relation to any New Shares in any Relevant Member State means the communication, in any form and by any means, of sufficient information on the terms of the Offering and the New Shares so as to enable an investor to decide to purchase or subscribe for the New Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The term "Prospectus Directive" means Directive 2003/71/EC and includes all relevant implementation procedures in each Relevant Member State.

Restrictions on sales in Canada, Australia and Japan and any other jurisdictions outside Denmark

The New Shares have not been approved, disapproved or recommended by any foreign regulatory authorities, nor have any of such authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus.

Due to restrictions under applicable laws and regulations, the Company expects that certain or all investors residing in Canada, Australia, Japan and other jurisdictions outside Denmark may not be able to subscribe for the New Shares.

5.13 Intentions of Major Shareholders of the Company, Members of the Executive Management, Senior Management Group or the Board of Directors to Participate in the Cash Offering

Ferd AS, Arendals Fossekompani ASA, Braganza AS, Teknoinvest VII KS and Verdane Capital IV TWIN AS will participate in the Cash Offering. No other major shareholder, member of the Executive Management, key employee or member of the Board of Directors will participate in the Cash Offering, as it is directed to the Pre-Committing Investors.

5.14 Plan of Distribution

All Contribution Shares have been allocated to (former) shareholders in Affitech AS (now Affitech Research AS).

All Cash Shares in the Cash Offering will be allocated to the Pre-Committing Investors.

5.15 Price Disparity

No persons have been granted the right to subscribe Offer Shares at a preferential price, and consequently there is no price disparity.

5.16 Payment Intermediaries

Euroclear Bank S.A./N.V.
1 Boulevard de Roi Albert II
B-1210 Brussels
Belgium

Clearstream Banking S.A.
42 Avenue JF Kennedy
L-1855 Luxembourg
Luxembourg

6. Admission to Trading

The Existing Shares are admitted to trading and official listing on the NASDAQ OMX under the following ISIN: DK0015966592.

It is expected that the New Shares will be admitted to trading and official listing on the NASDAQ OMX on July 6, 2009 under the existing ISIN.

6.1 Market Making

The Company has not entered into any market maker agreement.

6.2 Stabilisation

Not applicable.

7. Lock-Up Agreements

Lock-up Agreement for the Company
No restrictions apply to the Company's issuance of new Shares.

Lock-up Agreements with Certain Shareholders
Ferd AS, Arendals Fossekompani ASA, Verdane Private Equity AS, Braganza AS, Teknoinvest VII KS, Verdane Capital IV TWIN AS and Teknoinvest MAB AS being the (former) major shareholders in Affitech AS have undertaken towards the Company not to sell, pledge, assign or otherwise dispose of their Contribution Shares for a six-month period from the time of issuance of the Contribution Shares, that is until November 5, 2009.

8. Expenses

The Gross Proceeds from the Cash Offering will total DKK 26.8 million (estimated Net Proceeds of DKK 21.8 million). The Gross Proceeds from the Contribution in Kind Offering total DKK 108.1 million (estimated Net Proceeds of DKK 107.1 million).

The estimated expenses payable by the Company in connection with the Offering will be as stated below.

Table 24. Expenses

	DKKm
Fees to auditors, legal advisers, etc.	5.3
Printing	0.2
Advertising	0.1
Other expenses	0.4
Total	**6.0**

9. Dilution

Table 25. Dilution

	DKK
Net asset value per share as of March 31, 2009	0.50
Increase of net asset value per Share attributable to the Contribution in Kind Offering	0.21
Net asset value per Share after the Contribution in Kind Offering	0.71
Per Share dilution after the Contribution in Kind Offering	0.10
Per Share dilution as a percentage after the Contribution in Kind Offering	13%
Net asset value per share as of March 31, 2009 after the Contribution in Kind Offering	0.71
Increase of net asset value per Share attributable to the Cash Offering	-0.01
Net asset value per Share after the Cash Offering	0.70
Per Share dilution after the Cash Offering	0.08
Per Share dilution as a percentage after the Cash Offering	11%

Dilution is determined by subtracting the net asset value per Share after the Offering from the Offer Price per Share. The above calculations reflect dilution after the Contribution in Kind Offering and the Cash Offering. The offer price per Cash Share is DKK 0.78, and the offer price per Contribution Share is DKK 0.81.

10. Additional Information

10.1 Advisers

Danish Legal Counsel to the Company
Kromann Reumert, Sundkrogsgade 5, DK-2100 Copenhagen Ø, Denmark.

Auditor to the Company
Ernst & Young Godkendt Revisionsaktieselskab, Tagensvej 86, DK-2200 Copenhagen N, Denmark, represented by Benny Lynge Sørensen, State Authorised Public Accountant, and Jesper Slot, State Authorised Public Accountant. Both are members of the Institute of State Authorised Public Accountants in Denmark (Foreningen af Statsautoriserede Revisorer (FSR)).

10.2 How to Order this Prospectus

The Prospectus can, with certain exceptions, be downloaded from the Company's website: www.affitech.com.

Requests for copies of the Prospectus may be addressed to the Company.

However, the Prospectus will only be printed in a limited number and we therefore encourage persons interested in the Prospectus to download it from the Company's website.

The distribution of this Prospectus and the offering of the New Shares may, in certain jurisdictions, be restricted by law. This Prospectus does not constitute an offer to sell or an invitation to subscribe for or purchase any of the New Shares in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions.

11. Definitions

Affitech	Affitech A/S, CVR no. 14 53 83 72 and all its subsidiaries
Affitech A/S	Affitech A/S, CVR no. 14 53 83 72
Affitech AS	A company in Norway. Now Affitech Research AS, a subsidiary of Affitech A/S
Affitech Research AS	Affitech A/S' subsidiary, Affitech Research AS, incorporated under the laws of the Kingdom of Norway
Board of Directors	Keith McCullagh, Ole Steen Andersen, Pål Rødseth, Arne Handeland, Michel Pettigrew and Steinar Engelsen
Cash Offering	Offering of Cash Shares against cash payment at market price of DKK 0.78 per Share
Cash Shares	34,366,225 Shares
Combination	Contribution in kind in Affitech A/S of shares in Affitech Research AS against the i ssuance of Contribution Shares
Company	Affitech A/S (CVR. no. 14 53 83 72)
Contribution in Kind Offering	Offering of Contribution Shares against contribution in kind of shares in Affitech Research AS
Contribution Shares	133,476,364 Shares
Danish kroner or DKK	The lawful currency of Denmark
Danske Bank	Danske Bank A/S (CVR no. 61 12 62 28)
Euro, € or EUR	The lawful currency of the European Economic and Monetary Union
European Union or EU	The 27 member states of the European Union
Executive Management	Achim Kaufhold
Existing Shares	59,691,940 existing shares of DKK 0.50 nominal value each in Pharmexa A/S immediately prior to the Offering
Gross Proceeds	DKK 134.9 million relating to the Offering, DKK 108.1 relating to the Contribution in Kind Offering and DKK 26.8 relating to the Cash Offering
IFRS	International Financial Reporting Standards
Management	The Board of Directors and Executive Management
Member State	Member state of the European Economic Area
NASDAQ OMX	NASDAQ OMX Copenhagen A/S
Net Proceeds	Approximately DKK 128.9 million relating to the Offering, approximately DKK 107.1 relating to the Contribution in Kind Offering and approximately DKK 21.8 relating to the Cash Offering
New Shares	167,842,589 new shares in Affitech A/S that can be subscribed in connection with the Offering
NOK	The lawful currency of Norway

Offer Price	DKK 0.78 per share of DKK 0.50 nominal value each (free of brokerage) for the Cash Offering corresponding to market price
Offering	Offering of 167,842,589 New Shares of DKK 0.50 nominal value each
Pharmexa A/S or Pharmexa	Now Affitech A/S, a public company listed on the NASDAQ OMX
Pre-Commitment Agreements	Agreements with the Pre-Committing Investors on subscription of the Cash Offering
Pre-Committing Investors	Ferd AS, Arendals Fossekompani ASA, Braganza AS, Verdane Capital IV TWIN AS, Teknoinvest VII KS, Anchor Secondary 3 Holding AS, Sarsia Life Science Fund AS, Glastad Invest AS, Lene AS, Hans Bjarne Dahl, John McDougall, Kerstin Maria Hareide, Marike Stassar and Amino AS
Prospectus	This document prepared by Affitech A/S
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council
Relevant Member State	A member state which has implemented the Prospectus Directive
Senior Management Group	Martin Welschof, Hans Petter Tjeldflaat, Rathin C. Das, Sergej Kiprijanov, Dana R. Leach and Torsten Skov
Shares	Shares in Affitech A/S, including the New Shares, of DKK 0.50 nominal value each
Subscription Period	The period during which subscription for the Cash Shares may be made, commencing on June 30, 2009 at 9.00 a.m. and closing on July 1, 2009 at 5.00 p.m. (CET)
U.S. Securities Act	The United States Securities Act of 1933, as amended
United States, USA or US	The United States of America, including its territories and possessions, any state of the United States, the District of Columbia and all other jurisdictions
USD, dollars or $	The lawful currency of the United States of America
VP	VP Securities A/S
We, our or us	Affitech A/S and its subsidiaries

12. Glossary

Antibody	Molecule that can bind specifically to a certain antigen. Antibodies are produced by B-lymphocytes. The binding of an antibody to an antigen can lead to clearance of the antigen or activation of other immunological effector mechanisms directed towards the antigen.
Antibody titers	Concentration of antibody.
Antigen	Molecule that has the ability to induce an immune response.
Antigen presenting cell	APC. Different types (including e.g. macrophages) which have the ability to process antigens and present antigenic fragments on tissue type molecules.
Assay	Test for a particular substance.
BLA	Biologics License Application made to the FDA.
CBAS	Cell based antibody selection.
cGCP	Current Good Clinical Practice.
cGLP	Current Good Laboratory Practice.
cGMP	Current Good Manufacturing Practice.
Chemotherapeutic	Relating to the use of chemicals to treat cancer with drugs designed to selectively kill faster-growing tumour cells.
CMO	Contract Manufacturing Organisation.
CNS	Central Nervous System.
CRO	Contract Research Organisation.
DNA	Deoxyribonucleic acid. The molecule containing the genetic information. Consists of a sequence of nucleic acids, which determine the amino acid sequence of the gene product (protein).
EMEA	European Medicines Agency.
EPO	The European Patent Office, where registration of European patents take place.
FDA	The United States Food & Drug Administration.
Gene	DNA sequence that encodes a protein.
Genomic	Relating to the genome (all genetic material in the chromosomes of a particular organism).
Helper T – Lymphocytes (HTL)	A type of white blood cells produced by the thymus gland whose presence is necessary for normal levels of antibodies to be produced by B lymphocytes.
Immune response	Reaction of the body as a whole (not just the immune system) to the presence of an antigen, including making antibodies, developing immunity, developing hypersensitivity to the antigen and developing tolerance.
Immunogenicity	The ability of an antigen to induce an immune response.
Immunotherapy	Therapies that utilise the immune system or its components to combat disease conditions.
IMS	Recognised market research institution.

Lymphocytes	A type of white blood cell that helps the body fight infection.
Major Histocompatibility Complex (MHC)	A group of genes that control aspects of the immune response.
MBAS	Screening of a large number of compounds of libraries of human antibodies with validated targets (antigens).
NDA	New Drug Application which is made to the FDA.
Pathogenic	Related to or causing disease.
Phase I	A clinical study that aims to evaluate the safety of a product under trial and investigate how the product is tolerated and metabolised in the human body. The studies are normally conducted in a small number of healthy individuals.
Phase II	A clinical study that aims to evaluate the effect of a product under trial in a limited number of patients suffering from a disease. The studies are often conducted as double-blinded studies, which means that neither the patient nor the physician knows whether the patient is treated with the product under trial, placebo, or the existing therapy.
Phase III	A clinical study that aims to evaluate the safety and efficacy of a product under trial in a large number of patients suffering from the target disease. The new therapy is often compared to already existing therapy for the target disease. The studies are conducted as double-blinded studies which means that neither the patient nor the physician knows whether the patient is treated with the product under trial, placebo, or the existing therapy.
Preclinical development	Investigations including *in vitro* and *in vivo* screening, pharmacokinetics, toxicology and process development necessary prior to the administration of the therapeutic agent to humans.
Proof of concept	When evidence of efficacy of a drug in the relevant patient population is shown.
Protein	Molecule that consists of amino acids. The number and sequence of amino acids is determined by the DNA (gene) encoding the protein. Proteins have multiple different functions in each biological material.
Receptor	Molecule that exerts its biological effect (often a signalling function) as a result of its interaction with another molecule (ligand).
Recombinant	DNA or protein molecule that is constructed or modified e.g. by genetic engineering.
Rheumatoid arthritis	Chronic arthritis.
Telomerase	Telomerases are enzymes involved in the formation of telomeres (ends of chromosomes) in most eukaryote cells. They are a special type of reverse transcriptases rebuilding a double-stranded piece of DNA from a single-stranded piece of RNA.
Vector	DNA molecule (e.g. a plasmid or a virus) used for delivery (or expression) of genes
VEGF	Vascular endothelial growth factor.

13. Company Names Applied

Company names applied	Full company names
Abgenix	Abgenix Inc.
Affimed Therapeutics	Affimed Therapeutics AG
Amgen	Amgen Inc.
Astra Zeneca	AstraZeneca PLC
BioInvent International	BioInvent International AB
Cambridge Antibody Technology	Cambridge Antibody Technology Group plc
Domantis	Domantis Limited
Dyax	Dyax Corporation
Epimmune	Epimmune Inc.
GemVax	GemVax AS
Genentech	Genentech, Inc.
Genmab	Genmab A/S
GlaxoSmithKline eller GSK	GlaxoSmithKline PLC
KAEL	KAEL Co. Ltd.
Lundbeck	H. Lundbeck A/S
MedImmune	MedImmune, Inc
Micromet	Micromet, Inc
MorphoSys	MorphoSys AG
Omeros	Omeros Corporation
Peregrine	Peregrine Pharmaceuticals Inc.
Pharmexa-Epimmune	Pharmexa-Epimmune Inc.
Roche	F. Hoffmann-La Roche Ltd
VaxOnco	VaxOnco Inc.
Xoma	XOMA Ireland Ltd.

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Part IV. Appendices

1. Articles of Association

I. NAME, REGISTERED OFFICE AND OBJECTS

Article 1

1.1. The name of the Company is Affitech A/S.

1.2 The Company also carries on business under the secondary names of M&E A/S (Affitech A/S), Mouritsen & Elsner A/S (Affitech A/S), M&E Biotech A/S (Affitech A/S) and Pharmexa A/S (Affitech A/S).

1.3 The company's registered office shall be situated in the municipality of Rudersdal.

Article 2

2.1 The objects for which the company is established are to carry on research and development activities.

II. THE COMPANY'S SHARE CAPITAL AND SHARES

Article 3

3.1 The Company's share capital is DKK 96,584,152, divided into shares of DKK 0.50 or any multiple thereof.

Article 4

4.1 For the period ending 31 December 2010, the board of directors shall be authorised, by one or more issues of negotiable registered shares, to increase the Company's share capital by up to a nominal amount of DKK 150,000,000 (300,000,000 shares of DKK 0.50 each), such shares to carry the same rights as the existing shares. The capital increase may take place by way of a cash contribution or otherwise. If the subscription price equals at least the market price, the board of directors may decide to offer the shares without any pre-emption right for the shareholders. If the capital increase takes place by way of a debt conversion or as consideration for the acquisition of an existing entity or assets, the shareholders will have no pre-emption right. The other terms and conditions of the share subscription will be laid down by the board of directors.

4.2 (Cancelled).

4.3 (Cancelled).

4.4 (Cancelled).

4.5 (Cancelled).

4.6 The new shares issued pursuant to Article 4.1 shall be negotiable instruments, be issued in the name of their holders and rank for dividends and other rights in the company from the time determined by the Board of Directors in its resolution to increase the share capital. In future capital increases the new shares shall enjoy the same rights of pre-emption as the existing shares.

4.7 For the period ending on 1 April 2010, the board of directors shall be authorised to issue warrants to some of or all of the company's employees at the board of directors' discretion and subject to the board of director's terms and conditions for subscription in one or more issues for a total of nominally DKK 2,950,000 shares (5,900,000 shares of DKK 0.50) by cash payment at a price to be fixed by the board of directors, which price shall not be below the market price of the company's shares on the OMX Nordic Exchange Copenhagen A/S at the time of the issue of the warrants and without pre-emption right for the company's shareholders.

In the event that new shares are being subscribed pursuant to the warrants, they shall carry the same rights as the existing shares according to the articles of association, including that the new shares shall be negotiable instruments, shall be issued in the name of the holder and carry the right to dividend and other rights in the company as from the date specified in the board of directors' decision to increase the share capital. In future capital increases the new shares shall carry the same pre-emption right as the existing shares.

During the period until 1 April 2010, for the implementation of the capital increase pertaining to the exercise of the warrants, the board of directors shall be authorised to increase the company's share capital on one or more occasions by up to a total of nominally DKK 2,950,000 by cash payment at a price to be fixed by the board of directors, which price shall not be below the market price of the company's shares on the OMX Nordic Exchange Copenhagen A/S at the time of the issue of the warrants and without any pre-emption right for the company's existing shareholders. The terms and conditions of the subscription for shares shall be determined by the board of directors.

4.8 (Cancelled).

4.9 (Cancelled).

4.10 (Cancelled).

4.11 The Board of Directors has issued warrants to the company's employees for subscription of nominally DKK 709,000 shares by cash payment of DKK 3.91 per share of the nominal value of DKK 0.50 plus 10% p.a. from the date of grant to the date of the warrant holder's payment of the subscription amount. Percentage charge shall be payable on accrued percentage charges every year. The

minimum subscription price shall, however, be DKK 0.50 per share of a nominal value of DKK 0.50.

Subscription of new shares according to the granted warrants may take place in each of the windows arising in the exercise period from 1 January 2011 to 31 December 2012. "Window" means any two-week period from the Company's publication of its preliminary announcement of financial statements or interim financial report.

Warrants that have not been exercised during the subscription period lapse without any compensation at the end of the subscription period and cannot be exercised by the warrant holder. The warrants shall not be taken in execution, transferred or in any other way assigned, this including in a state division. The warrants are not passed to the beneficiaries of the deceased in the case of death nor are they retained in an undistributed estate. The warrants shall be exercised without any pre-emption right for the company's other shareholders. In the event of new shares being subscribed for pursuant to the warrants, they shall carry the same rights as the existing shares, including that the new shares shall be registered in the name of the holder and shall not be transferable to bearer, shall be registered in the company's register of shareholders and shall be negotiable instruments. No restrictions shall apply to the transferability of the new shares and there shall be no obligation to redeem. The new shares shall carry the right to receive dividend as from the subscription date. In connection with future capital increases the new shares shall have the same pre-emption rights as the existing shares.

If, prior to the warrants being exercised (in whole), a resolution is adopted by the company to introduce share classes, then, following the adoption of such resolution, each share subscribed for based on the warrants shall still be included in the same share class as the company's share capital at the time of the issuance of the warrants.

If, prior to the warrants being exercised (in whole), the company decides to effect a capital increase through a bonus issue, the warrant holders shall upon an exercise of the warrants, receive such additional whole number (rounded down) of shares, free of charge, as corresponds to the relationship between the company's share capital before the capital increase and the amount by which the nominal share capital is increased multiplied by the number of shares subscribed for by the exercise of the warrants, thus the warrant holders are placed in a position as if the exercise had been effected immediately prior to the bonus issue.

If, prior to exercise of the warrants (in whole), a resolution is adopted to increase the capital, including by way of a rights issue or as an issue directed towards a certain group of investors, issue warrants to the company's or it's subsidiaries' employees or board members, issue convertible instruments of indebtedness or the like, this shall not affect the terms and conditions governing the exercise of the warrants regardless of whether the resolution in question takes place on market terms.

If, prior to exercise of the warrants (in whole), the company reduces its capital to cover any losses, then the (remaining) number of shares that can be subscribed for pursuant to the warrants and the related subscription price shall be adjusted in such a way that, both with respect to (rounded down) stock ownership and subscription price, the warrant holders shall be placed in the same position as if the warrants had been exercised immediately prior to the capital reduction.

If, prior to the exercise of the warrants (in whole), a capital reduction is implemented with or without distribution to the shareholders the warrant holders shall, upon exercising their (remaining) warrants be placed in the same position as if their (remaining) warrants had been exercised immediately prior to the adoption of said resolution.

If any buyer of shares in the company is obliged to submit a tender to the other shareholders pursuant to the Danish Securities Trading Act, or if an industrial buyer or a group of industrial buyers jointly acquire 50% or more of the company's share capital by a capital increase, or if the company sells 50% or more of its activities, or if a resolution is adopted regarding winding up or demerger or merger, notwithstanding the date of the exercise, the allotted warrants may be exercised early. Where early subscription is possible the subscription form shall be received by the Company within 21 calendar days after notice being given by the Company to the warrant holder of the final resolution concerning the event triggering the possibility of such early exerciser. Upon an early exercise the warrant holder shall be placed in a position as if he had exercised his warrant immediately prior to the event in question. If the warrant holder does not use the opportunity for early exercise, the warrants lapse without any compensation.

If a warrant holder ceases to be employed in the Company or any subsidiary of the Company and leaves as a so-called "good leaver", his/her warrants shall continue on the same terms. A departing warrant holder I a "good leaver" if the employment is terminated as a result of

a) termination by the warrant holder due to the employer's material breach of the employment contract, or

b) termination by the employer company which is not due to the warrant holder's breach of the employment contract, or

c) the warrant holder reaching the age of retirement applying in his/her profession or in the employer company, or the warrant holder becoming eligible for state pension or old-age pension from the employer company.

If a warrant holder ceases to be employed with the Company or any subsidiary of the Company and leaves as a so-called "bad leaver", all his/her unexercised warrants shall lapse on the termination of the employment, without any compensation being payable, a departing warrant

holder is a "bad leaver" if the employment is terminated for reasons other than those described above.

For the implementation of the capital increase pertaining the exercise of the warrants, the Board of Directors has decided to increase the company's share capital in one or more occasions by up to nominally DKK 709,000 shares by cash payment of the subscription price and without pre-emption for the company's existing shareholders. The terms and conditions of the subscription for shares shall be determined by the Board of Directors.

4.12 The Board of Directors has issued warrants to the company's Chief Executive Officer for subscription of nominally DKK 300,000 shares by cash payment of DKK 3.54 per share of the nominal value of DKK 0.50 plus 10% p.a. from the date of grant to the date of the warrant holder's payment of the subscription amount. Percentage charge shall be payable on accrued percentage charges every year. The minimum subscription price shall, however, be DKK 0.50 per share of a nominal value of DKK 0.50.

Of the 600,000 warrants granted, 300,000 may be exercised according the following:

New shares may be subscribed for in whole or in part in accordance with the 300,000 warrants in each of the windows arising in the exercise period from 1 January 2011 to 31 December 2012. "Window" means any two-week period from the Company's publication of its preliminary announcement of financial statements or interim financial report. Any warrant that has not been exercised by the warrant holder within a window in the exercise period shall automatically be transferred to the next window in the exercise period and may be exercised in this or in subsequent windows in the exercise period.

Of the 600,000 warrants granted, 300,000 may be exercised according the following:

Of the 300,000 warrants 1/3 may be exercised in each of the windows in the exercise period from 1 January 2009 to 31 December 2010; 1/3 may be exercised in each of the windows in the exercise period from 1 January 2010 to 31 December 2011; 1/3 may be exercised in each of the windows in the exercise period from 1 January 2011 to 31 December 2012. "Window" means any two-week period from the Company's publication of its preliminary announcement of financial statements or interim financial report. Any warrant that has not been exercised by the warrant holder within a window in the exercise period shall automatically be transferred to the next window in the exercise period and may be exercised in this or in subsequent windows in the exercise period.

Warrants that have not been exercised during the subscription period lapse without any compensation at the end of the subscription period and cannot be exercised by the warrant holder. The warrants shall not be taken in execution, transferred or in any other way assigned, this including in a state division. The warrants are not passed to the beneficiaries of the deceased in the case of death nor are they retained in an undistributed estate. The warrants shall be exercised without any pre-emption right for the company's other shareholders. In the event of new shares being subscribed for pursuant to the warrants, they shall carry the same rights as the existing shares, including that the new shares shall be registered in the name of the holder and shall not be transferable to bearer, shall be registered in the company's register of shareholders and shall be negotiable instruments. No restrictions shall apply to the transferability of the new shares and there shall be no obligation to redeem. The new shares shall carry the right to receive dividend as from the subscription date. In connection with future capital increases the new shares shall have the same pre-emption rights as the existing shares.

If, prior to the warrants being exercised (in whole), a resolution is adopted by the company to introduce share classes, then, following the adoption of such resolution, each share subscribed for based on the warrants shall still be included in the same share class as the company's share capital at the time of the issuance of the warrants.

If, prior to the warrants being exercised (in whole), the company decides to effect a capital increase through a bonus issue, the warrant holders shall upon an exercise of the warrants, receive such additional whole number (rounded down) of shares, free of charge, as corresponds to the relationship between the company's share capital before the capital increase and the amount by which the nominal share capital is increased multiplied by the number of shares subscribed for by the exercise of the warrants, thus the warrant holders are placed in a position as if the exercise had been effected immediately prior to the bonus issue.

If, prior to exercise of the warrants (in whole), a resolution is adopted to increase the capital, including by way of a rights issue or as an issue directed towards a certain group of investors, issue warrants to the company's or it's subsidiaries' employees or board members, issue convertible instruments of indebtedness or the like, this shall not affect the terms and conditions governing the exercise of the warrants regardless of whether the resolution in question takes place on market terms.

If, prior to exercise of the warrants (in whole), the company reduces its capital to cover any losses, then the (remaining) number of shares that can be subscribed for pursuant to the warrants and the related subscription price shall be adjusted in such a way that, both with respect to (rounded down) stock ownership and subscription price, the warrant holders shall be placed in the same position as if the warrants had been exercised immediately prior to the capital reduction.

If, prior to the exercise of the warrants (in whole), a capital reduction is implemented with or without distribution to the shareholders the warrant holders shall, upon

exercising their (remaining) warrants be placed in the same position as if their (remaining) warrants had been exercised immediately prior to the adoption of said resolution.

If any buyer of shares in the company is obliged to submit a tender to the other shareholders pursuant to the Danish Securities Trading Act, or if an industrial buyer or a group of industrial buyers jointly acquire 50% or more of the company's share capital by a capital increase, or if the company sells 50% or more of its activities, or if a resolution is adopted regarding winding up or demerger or merger, notwithstanding the date of the exercise, the allotted warrants may be exercised early. Where early subscription is possible the subscription form shall be received by the Company within 21 calendar days after notice being given by the Company to the warrant holder of the final resolution concerning the event triggering the possibility of such early exerciser. Upon an early exercise the warrant holder shall be placed in a position as if he had exercised his warrant immediately prior to the event in question. If the warrant holder does not use the opportunity for early exercise, the warrants lapse without any compensation.

If a warrant holder ceases to be employed in the Company or any subsidiary of the Company and leaves as a so-called "good leaver", his/her warrants shall continue on the same terms. A departing warrant holder I a "good leaver" if the employment is terminated as a result of

a) termination by the warrant holder due to the employer's material breach of the employment contract, or

b) termination by the employer company which is not due to the warrant holder's breach of the employment contract, or

c) the warrant holder reaching the age of retirement applying in his/her profession or in the employer company, or the warrant holder becoming eligible for state pension or old-age pension from the employer company.

If a warrant holder ceases to be employed with the Company or any subsidiary of the Company and leaves as a so-called "bad leaver", all his/her unexercised warrants shall lapse on the termination of the employment, without any compensation being payable, a departing warrant holder is a "bad leaver" if the employment is terminated for reasons other than those described above.

For the implementation of the capital increase pertaining the exercise of the warrants, the Board of Directors has decided to increase the company's share capital in one or more occasions by up to nominally DKK 300,000 shares by cash payment of the subscription price and without pre-emption for the company's existing shareholders. The terms and conditions of the subscription for shares shall be determined by the Board of Directors.

4.13 The board of directors shall be authorised, in the period until 31 December 2009 – without any pre-emption right for the shareholders of the company – to issue warrants to Dr. Keith McCullagh for subscription on one or more issues for at total number of nominally DKK 2,709,751 shares (5,419,502 shares of DKK 0.50 each) by way of cash payment at a price corresponding to the price at which the first capital increase by way of cash payment is implemented by the Company following the adoption of this authority. Further terms and conditions for the warrants are laid down by the board of directors.

In the event that new shares are being subscribed pursuant to the warrants, they shall carry the same rights as the existing shares according to the Articles of Association, including that the new shares shall be negotiable instrument, shall be issued in the name of the holder and carry the right to dividend and other rights in the company as from the date specified in the board of directors' decision to increase the share capital. In future capital increases the new shares shall carry the same pre-emption right as the existing shares.

During the period until 31 December 2009, for the implementation of the capital increase pertaining to the exercise of the warrants, the board of directors shall be authorised to resolve to increase the company's share capital on one or more occasions by up to a total of nominally DKK 2,709,751 (5,419,502 shares of DKK 0.50 each) by cash payment at a price, which is determined in accordance with the terms and conditions as stated above. Further terms and conditions for the subscription of shares shall be laid down by the board of directors.

Article 5

5.1 The shares shall be registered in the name of the holder and shall not be transferable to bearer.

5.2 The shares shall be entered in the name of their holder in the company's Register of Shareholders. The Register of Shareholders shall be kept by Aktiebog Danmark A/S, Kongevejen 118, 2840 Holte, which has been designated as the company's registrar.

5.3 No restrictions shall apply to the transferability of the shares. The shares shall be negotiable instruments.

5.4 No share shall carry any special rights and no shareholder shall be obliged to have his shares redeemed.

Article 6

6.1 The shares shall be issued through the Danish Securities Centre (Værdipapircentralen). The distribution of dividends etc. shall be subject to the rules of the Danish Securities Centre.

III. GENERAL MEETINGS

Article 7

7.1 The company's general meetings shall be held at the company's registered office or in Greater Copenhagen. The Board of Directors shall convene general meetings by giving not less than 8 days' and not more than four weeks' notice by advertisements inserted in at least one national newspaper and in the information system of the Danish Commerce and Companies Agency (Erhvervs- & Selskabsstyrelsen). Moreover, a written notice shall be sent to any shareholder registered in the company's Register of Shareholders upon request.

7.2 The agenda shall be included in the notice and if any resolution requires the adoption by a qualified majority, it shall be specified in the notice together with the essential content of such resolution. If any resolution requires the adoption by a special majority as set out in section 79 of the Danish Companies Act (aktieselskabsloven), the complete wording of such resolution shall be included in the notice.

Article 8

8.1 The ordinary general meeting shall be held every year before the end of April.

8.2 Extraordinary general meetings shall be held whenever resolved by the general meeting, the Board of Directors or one of the company's auditors, or upon a written request to the Board of Directors from shareholders who holds not less than one-tenth of the company's share capital. Upon the receipt of such a request the Board of Directors shall within 14 days convene an extraordinary general meeting at the shortest possible notice.

8.3 Not later than eight days before a general meeting, the agenda and the complete wording of any proposals to be considered at a general meeting shall be made available at the company's office for inspection by the shareholders. In case of an ordinary general meeting the audited annual report shall likewise be available. The said material shall at the same time be sent to any registered shareholder upon request.

8.4 Any proposals from the shareholders to be considered at the ordinary general meeting must be submitted to the Board of Directors not later than four weeks prior to the ordinary general meeting.

Article 9

9.1 If it is not possible at a general meeting to finalise the discussion of business submitted for transaction, then another general meeting shall be held within eight days. The time and place of the new general meeting shall, not later than the day preceding the general meeting, be advertised in the Danish Official Gazette and a national newspaper, which advertisement shall contain information about the business to be transacted at the meeting.

Article 10

10.1 The Board of Directors shall appoint a chairman to preside over the general meeting. The chairman shall determine all matters pertaining to the transaction of business and voting, including whether the voting shall be in writing.

10.2 Minutes of the proceedings of the general meeting shall be entered into a minute book, which shall be signed by the chairman of the meetings.

10.3 Each share of a nominal value of DKK 0.50 shall carry one vote.

10.4 All shareholders shall be entitled to attend a general meeting after having submitted a request for an admission card not less than five days prior to the date of the meeting. Admission cards shall be issued to shareholders registered in the company's Register of Shareholders, or against presentation of a custody account statement from the Danish Securities Centre or the account-holding bank to substantiate the shareholding, dated within the last eight days.

10.5 Only shareholders having obtained admission cards in due time shall be entitled to vote. The voting rights attached to shares acquired by transfer shall moreover be subject to the shareholder having been entered in the Register of Shareholders not later than at the time when the general meeting is convened, or the shareholder having registered and documented his acquisition at the above time at the latest.

10.6 Shareholders may appear in person or by proxy, and shall be entitled to bring an advisor. Voting rights may be exercised under the instrument of proxy subject to the proxy, against delivery of the instrument of proxy, having obtained an admission card to appear on behalf of the shareholder issuing the instrument. The holder of the proxy shall present a dated instrument of proxy. Instruments of proxy may not be issued for a period exceeding one year and may be issued for one general meeting only.

Article 11

11.1 The agenda of the ordinary general meeting shall include:

1) The board of director's report on the company's activities during the past year.

2) Presentation of the annual report for adoption and the discharge of the board of directors and the management.

3) The board of directors' resolution on the distribution of the profit or covering of the loss.

4) Any proposals from the board of directors or the shareholders pursuant to article 8.4.

5) Appointment of members to the board of directors.

6) Appointment of one or two state-authorised public accountants.

Article 12

12.1 Unless otherwise provided by the Danish Companies Act, all business transacted at general meetings shall be resolved upon by a simple majority of votes.

12.2 Unless the Danish Companies Act otherwise provides, the adoption of any resolution to alter the company's Articles of Association or wind up the company shall be subject to the affirmative votes of not less than two thirds of the votes cast as well as of the voting share capital represented at the general meeting.

IV. BOARD OF DIRECTORS AND MANAGEMENT

Article 13

13.1 In addition to members elected by the company's employees pursuant to the applicable rules, the Board of Directors shall be made up of three to six members elected by the general meeting. Board members elected by the general meeting shall hold office for a term of one year. Board members shall be eligible for re-election.

13.2 The Board of Directors shall elect among its members a chairman and a vice-chairman. In the event of an equality of votes drawing lots may elect them. .

13.3 The Board of Directors shall draw up its own rules of procedure governing the performance of its duties.

13.4 The Board of Directors shall form a quorum when more than half of its members are present.

13.5 The business of the Board of Directors shall be resolved upon by a simple majority of votes. The chairman of the Board of Directors and, in his absence, the vice-chairman, shall hold the casting vote in the event of an equality of votes.

13.6 The Board of Directors shall receive an annual remuneration the size of which shall be stated in the annual report.

Article 14

14.1 The chairman of the Board of Directors or, in his absence, the vice-chairman shall ensure that the Board of Directors meets whenever required. A member of the Board of Directors or a manager may demand that a meeting of the Board of Directors be convened.

14.2 Minutes of the proceedings of the Board of Directors shall be entered into a minute book, which shall be signed by all attending members of the Board or Directors.

14.3 The auditors' records shall be laid before every meeting of the Board of Directors and all entries be signed by all members of the Board of Directors.

14.4 The Board of Directors shall appoint a management made up of two to four members who shall be responsible for the day-to-day management of the company. The Board of Directors may grant powers of procuration and determine rules as to who shall be authorised to sign for the company in relation to banks etc.

Article 14A

14A.1 General guidelines for incentive payment for the board of directors and the management have been prepared. These guidelines have been reviewed and approved by the general meeting and made publicly available on the company's website.

V. POWERS TO BIND THE COMPANY

Article 15

15.1 The company is bound by the joint signatures of the chairman or the vice-chairman of the Board of Directors and either another member of the Board of Directors or a manager.

VI. ACCOUNTS AND AUDIT

Article 16

16.1 The company's financial year shall be the calendar year.

16.2 The company's annual report shall be audited by one or two state-authorised public accountants appointed by the general meeting.

16.3 The annual report shall be signed by the management and the Board of Directors and shall contain the auditors' report.

Article 17

17.1 The annual report shall be presented in a clear and easily understandable manner pursuant to the provisions of the Danish Financial Statements Act and shall give a true and fair view of the company's financial position, its assets and liabilities and the year's result.

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2. Financial Information

Index to Financial Information

Introduction to Financial Information

On the following pages, we present financial information for both Pharmexa A/S (now Affitech A/S) and Affitech AS (now Affitech Research AS) as well as pro forma financial statements for the combined Pharmexa A/S and Affitech AS.

Pharmexa A/S
The following unaudited interim financial statements of Pharmexa A/S for the three months ended March 31, 2009 with comparative figures for the three months ended March 31, 2008 are presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

The interim financial statements included in this Prospectus deviate in certain respects from the interim report for the three months ended March 31, 2009 in the Company's announcement dated May 27, 2009. The interim report in the announcement mainly contains figures at an aggregated level, while the interim financial statements in the Prospectus include additional information on the underlying assets and liabilities. In addition to this the interim report in the announcement does not include a statement of comprehensive income which has been included in the interim financial statements in the Prospectus.

Information not included in the interim financial statements in this Prospectus, but disclosed in the announcement comprise depreciation and impairment of non-current assets.

For the purposes of this Prospectus, Ernst & Young has reviewed the interim financial statements for Pharmexa A/S for the three months ended March 31, 2009. The review performed did not comprise comparative figures for the three months ended March 31, 2008.

The following audited financial statements for the years ended December 31, 2008, 2007 and 2006 are extracts of the Company's published annual report for 2008, 2007 and 2006 presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies.

The published annual reports include a Directors' and Management's report, accounting policies, financial statements and notes to the financial statements. The financial statements in this Prospectus do not include the Directors' and Management's reviews in the published annual reports. Such information is incorporated in this Prospectus by cross reference to the published annual reports. See "Information incorporated by reference".

Affitech AS
The following unaudited interim financial statements of Affitech AS for the three months ended March 31, 2009 with comparative figures for the three months ended March 31, 2008 are presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

For the purposes of this Prospectus, Ernst & Young have reviewed the interim financial statements for Affitech AS for the three months ended March 31, 2009. The review performed did not comprise comparative figures for the three months ended March 31, 2008.

The following audited financial statements for the year ended December 31, 2008 with comparative figures for 2007 presented in accordance with the International Financial Reporting Standards as adopted by the EU are prepared for the purpose of this Prospectus as Affitech AS' official Annual Report is based on the Norwegian Accounting Act. As this is the first financial statements of Affitech AS complying with IFRS the company has applied IFRS 1 "First-time Adoption of IFRS".

For the purposes of this Prospectus Ernst & Young has audited the financial statements for 2008 with comparative figures for 2007 presented in accordance with the International Financial Reporting Standards as adopted by the EU.

Pro forma financial statements, for the combined company
For the purpose of this Prospectus the Board of Directors and Management has assessed that the Combination of the two companies are significant and therefore require the presentation of pro forma financial statements.

The unaudited pro forma financial statements in the Prospectus has been prepared for the sole purpose of giving an inherently illustrative estimated and hypothetical presentation of Affitech A/S assets, liabilities, financial position and results of operations as if Pharmexa A/S and Affitech AS were combined on January 1, 2008.

For the purposes of this Prospectus Ernst & Young has examined the pro forma financial statements prepared by the Board of Directors and Management.

Information incorporated by reference

The annual reports of Pharmexa A/S for the years ended December 31, 2008, 2007 and 2006 and the interim report for the three months ended March 31, 2009 include Statements by the Board of Directors and the Executive Management on the Reports and Directors' and Management's Reports which are incorporated in this Prospectus by reference, as set out below. The Management's Reports only apply as of the date of publication and have since been updated and in some cases made superfluous by the information in this Prospectus, especially with regard to the information in "9. Review of Operations and Financial Statements" and "10. Capital Resources".

Information element	Reference
Interim Report for the three Months Ended March 31, 2009	The Company's interim report announcement for the three months ended March 31, 2009 is available at www.affitech.com.
Directors' and Management's Report for 2008	The Company's annual report for 2008, page 10, available at www.affitech.com.
Directors' and Management's Report for 2007	The Company's annual report for 2007, page 14, available at www.affitech.com.
Directors' and Management's Report for 2006	The Company's annual report for 2006, page 23, available at www.affitech.com.
Directors' and Management's Report for the three Months Ended March 31, 2009	The Company's interim report announcement for the three months ended March 31, 2009, page 7-8, available at www.affitech.com.
Statement by the Board of Directors and the Executive Management on the Annual Report 2008	The Company's annual report for 2008, page 49, available at www.affitech.com.
Statement by the Board of Directors and the Executive Management on the Annual Report 2007	The Company's annual report for 2007, page 49, available at www.affitech.com.
Statement by the Board of Directors and the Executive Management on the Annual Report 2006	The Company's annual report for 2006, page 60, available at www.affitech.com.
Statement by the Board of Directors and the Executive Management on the Interim Report for the three Month Ended March 31, 2009	The Company's interim report announcement for the three months ended March 31, 2009, page 2, available at www.affitech.com.
Auditors' Report for 2008	The Company's annual report for 2008, page 50, available at www.affitech.com.
Auditors' Report for 2007	The Company's annual report for 2007, page 50, available at www.affitech.com.
Auditors' Report for 2006	The Company's annual report for 2006, page 62, available at www.affitech.com.
Annual Report for 2006 for Affitech AS (Norway)	The Annual Report for 2006 of Affitech AS' (Norge) is available through The Brønnøysund Register Centre (www.brreg.no)

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Unaudited Interim Financial Statements for the Three Months Ended March 31, 2009 for Pharmexa A/S (now Affitech A/S)

Statement by the Board of Directors' and the Executive Management on the Interim Financial Statements for use in this Prospectus

The Board of Directors and the Executive Management have today considered and adopted the interim financial statements for Affitech A/S-Group for the three months ended March 31, 2009 with comparative figures for the three months ended March 31, 2008. The interim financial statements are presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

We consider the accounting policies appropriate and the accounting estimates made reasonable. In our opinion, the interim financial statements gives a true and fair view of the Group's assets and liabilities and financial position as of March 31, 2009 and of the results of the Group's operations and cash flows for three months ended March 31, 2009. Furthermore, we consider the interim financial statements to be consistent with the Group's accounting policies as described on pages F-18 to F-21.

Certain shareholders in Affitech A/S have committed to invest DKK 26.8 million in share capital in connection with the Offering (Cash Offering). This will make it possible to finance the planned activities until June 2010.

Copenhagen, June 30, 2009

Board of Directors

Keith McCullagh Chairman Board member	Ole Steen Andersen Vice Chairman Board member	Pål Rødseth Partner
Arne Handeland Partner	Michel Pettigrew Director	Steinar Engelsen Partner

Executive Management

Achim Kaufhold

Independent Auditors' Report on review of Interim Financial Statement

To the readers of the Prospectus
We have reviewed the interim financial statements of Affitech A/S-Group for the period January 1 to March 31, 2009, which comprises the Statement of the Board of Directors and Executive Management, the income statement, balance sheet, statement of changes in equity, cash flow statement and notes.

The Board of Directors and Executive Management are responsible for the preparation and fair presentation of these interim financial statements in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review
We conducted our review in accordance with the Danish Standard on Auditing applicable to review of interim financial information performed by the independent auditor of the company. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Danish Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and we do therefore not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention which causes us to believe that the interim financial statements do not give a true and fair view of the Affitech A/S-Group's assets, liabilities and financial position at March 31, 2009 and of the results of its operations and cash flows for the period from January 1 to March 31, 2009 in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Emphasis of matter
Without qualifying our opinion, we note that the Group's ability to carry out the activities planned is dependent on the injection of new capital. Reference is made to the Directors' and Management's comments thereon in their statement on the interim financial statements for use in this Prospectus included on page F-6.

We have not audited or reviewed the comparative numbers for the three month period ended March 31, 2008, and consequently we do not express a conclusion about the comparative numbers.

Copenhagen, June 30, 2009

Ernst & Young
Godkendt Revisionsaktieselskab

Benny Lynge Sørensen
State Authorised Public Accountant

Jesper Slot
State Authorised Public Accountant

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Income statement for the period January 1 – March 31

DKK'000	Note	Group January 1 – March 31 2009	Group January 1 – March 31 2008
Revenue		**4,072**	**2,222**
Research costs		-3,883	-12,658
Development costs		-6,593	-24,813
Administrative expenses		-6,402	-6,071
Loss before other operating income/expenses		**-12,806**	**-41,320**
Other operating income		0	4,704
Other operating expenses		0	0
Operating loss		**-12,806**	**-36,616**
Other financial income		218	1,291
Other financial expenses		-161	-213
Loss before tax		**-12,749**	**-35,538**
Income taxes		0	0
Net loss for the period		**-12,749**	**-35,538**
Earnings and diluted earnings per share (DKK)		-0.2	-0.7
Statement of comprehensive income			
Net loss for the period		-12,749	-35,538
Exchange adjustments, foreign subsidiaries		-	-4,170
Total comprehensive income		**-12,749**	**-39,708**

Balance sheet at March 31 – Assets

DKK'000	Note	Group March 31 2009	March 31 2008
Licences and rights		0	1,052
Patents, trade marks and technologies		0	67,431
Intangible assets		**0**	**68,483**
Plant and machinery		2,072	5,003
Other fixtures and fittings, tools and equipment		1,243	2,388
Leasehold improvements		0	1,534
Property, plant and equipment		**3,315**	**8,925**
Deposit		197	5,151
Financial non-current assets		**197**	**5,151**
Non-current assets		**3,512**	**82,559**
Deposit		4,000	-
Other receivables		2,004	7,149
Prepayments		22	-
Receivables		**6,026**	**7,149**
Cash and cash equivalents		**18,149**	**120,793**
Receivables, cash and cash equivalents		**24,175**	**127,942**
Assets held for sale		**6,143**	**-**
Current assets		**30,318**	**127,942**
ASSETS		**33,830**	**210,501**

Balance sheet at March 31 – Equity and liabilities

DKK'000	Note	Group March 31 2009	March 31 2008
Share capital		29,846	298,460
Special fund		107,446	0
Profit and loss account		-99,437	-94,046
Other shareholders' equity		-8,404	-12,681
Shareholders' equity		**29,451**	**191,733**
Loan, Vækstfonden		-	4,936
Finance lease commitments		-	105
Trade payables		1,700	6,582
Other payables		2,679	7,145
Current liabilities		**4,379**	**18,768**
Liabilities		**4,379**	**18,768**
EQUITY AND LIABILITIES		**33,830**	**210,501**
Accounting policies	1		
Substantial post balance sheet events	2		

Statement of changes in equity

	Group							
DKK'000	**Number of shares**	**Share capital**	**Share premium**	**Profit and loss account**	**Share-based payment**	**Special fund**	**Ex-change-adjust-ments**	**Total**
Shareholders' equity at January 1, 2009	**59,691,940**	**29,846**	**0**	**-86,688**	**5,654**	**107,446**	**-14,491**	**41,767**
Net loss for the period				-12,749				-12,749
Exchange adjustments, foreign subsidiaries				-			-	-
Comprehensive income				-12,749				-12,749
Expensed value of warrants granted					433			433
Shareholders' equity at March 31, 2009	**59,691,940**	**29,846**	**0**	**-99,437**	**6,087**	**107,446**	**-14,491**	**29,451**
Shareholders' equity at January 1, 2008	**41,454,395**	**207,272**	**0**	**-47,142**	**7,246**	**0**	**-16,623**	**150,753**
Net loss for the period				-35,538				-35,538
Exchange adjustments, foreign subsidiaries							-4,170	-4,170
Comprehensive income				-35,538			-4,170	-39,708
Capital increase by way of a share issue	18,237,545	91,188						91,188
Expenses, capital increase				-11,366				-11,366
Expensed value of warrants granted					866			866
Shareholders' equity at March 31, 2008	**59,691,940**	**298,460**	**0**	**-94,046**	**8,112**	**0**	**-20,793**	**191,733**

Cash flow statement for the period January 1 – March 31

DKK'000	Note	Group January 1 – March 31 2009	Group January 1 – March 31 2008
Net loss for the period		-12,749	-35,538
Adjustments		710	2,529
Changes in working capital		-6,296	-1,202
Cash flow from operating activities before net financials		-18,335	-34,211
Interest received etc.		218	1,233
Interest paid etc.		-161	-570
Cash flow from operating activities		**-18,278**	**-33,548**
Disposal of property, plant and equipment		356	5
Cash flow from investing activities		**356**	**5**
Net proceeds, share issue		-	79,822
Repayments, loans		-	-1,275
Repayments, finance leases		-	-46
Cash flow from financing activities		**0**	**78,501**
Change in cash and cash equivalents		**-17,922**	**44,958**
Unrealised currency gain/loss		0	-175
Cash and cash equivalents at January 1		36,071	76,010
Cash and cash equivalents at March 31		**18,149**	**120,793**
Analysis of cash and cash equivalents:			
Cash and demand deposits		3,149	793
Fixed-term deposits		15,000	120,000
		18,149	120,793

Notes to the interim financial statements

1 Accounting policies

The interim financial statements of Affitech A/S for the three months ended March 31, 2009 are presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

The accounting policies applied for the interim financial statements are consistent with those applied in the financial statements for 2008.

Some new or amended Standards and Interpretations are effective for the financial year 2009. The assessment of the management is that these Standards and Interpretations do not have significant influence on the Interim financial statements and only has resulted in disclosure of additional financial information.

2 Substantial post balance sheet events

On March 3, 2009, the Board of Directors of Pharmexa A/S and Affitech AS announced a conditional agreement to combine the two companies by means of a share-for-share acquisition by Pharmexa A/S of Affitech AS. The combination was contingent on subsequent approval in the two companies and was subject of an Extraordinary General Meeting in Pharmexa A/S held on May 5, 2009. Both Affitech's and Pharmexa's shareholders has approved the combination of the two companies.

On April 20 2009, Pharmexa announced that VaxOnco, Inc., a Korean company specialized in peptide based vaccines, has acquired Pharmexa-Epimmune by the purchase of all outstanding shares from Pharmexa A/S for Euro 440,000. VaxOnco will thus assume all rights and responsibilities relating to the Pharmexa-Epimmune patent portfolio.

Audited Financial Statements for the Years Ended December 31, 2008, 2007 and 2006 for Pharmexa A/S (now Affitech A/S)

Statement by the Board of Directors' and the Executive Management on the audited Financial Statements

The Board of Directors and Executive Management considered and adopted the published annual reports for 2008, 2007 and 2006 on March 31, 2009, March 3, 2008 and March 1, 2007, respectively.

The financial statements in this Prospectus for the years ended December 31, 2008, 2007 and 2006 have been extracted from the published annual reports for 2008, 2007 and 2006.

The annual reports have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

We consider the accounting policies used to be appropriate. Accordingly, the annual reports give a true and fair view of the Group's assets, liabilities and financial position as of December 31, 2008, 2007 and 2006 and of the Group's results operations and cash flows for the financial years ended December 31, 2008, 2007 and 2006.

Copenhagen, June 30, 2009

Board of Directors

Keith McCullagh
Chairman
Board member

Ole Steen Andersen
Vice Chairman
Board member

Pål Rødseth
Partner

Arne Handeland
Partner

Michel Pettigrew
Director

Steinar Engelsen
Partner

Executive Management

Achim Kaufhold

Independent Auditors' Report on the audited Financial Statements

To the readers of this Prospectus
We have audited the annual reports of Pharmexa A/S for the financial years 2008, 2007 and 2006, as prepared and published by the Executive Management and Board of Directors. The summary financial statements on F-18 to F-48 have been derived from the annual reports for 2008, 2007 and 2006. We performed our audit in accordance with Danish Standards on Auditing. We provided the annual report for 2008, dated 31 March 2009, and the annual report for 2006, dated 1 March 2007, with an unmodified audit opinion. We provided the annual report for 2007, dated 3 March 2008, with an unqualified audit opinion with emphasis of matters.

Our Independent Auditors' Report on the Annual Report for 2008, dated 31 March 2009, is rendered below:

"To the Shareholders of Pharmexa A/S
We have audited the Annual Report of Pharmexa A/S for the financial year ended 31 December 2008, which comprises the Statement of the Board of Directors and Executive Management on the Annual Report, the Management's Review, a summary of significant accounting policies, the income statement, balance sheet, statement of changes in equity, cash flow statement for the year then ended and notes for the Group as well as for the Parent Company. The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for Annual Reports of listed companies.

The Board of Directors and Executive Managements' Responsibility for the Annual Report
The Board of Directors and Executive Management are responsible for the preparation and fair presentation of this Annual Report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for Annual Reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Basis of Opinion
Our responsibility is to express an opinion on this Annual Report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Executive Management, as well as evaluating the over-all presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit did not result in any qualification.

Opinion
In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's financial position at 31 December 2008 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies."

Our emphasis of matter in the audit opinion for 2007 is stated below:

"Emphasis of Matter
Without qualifying our audit opinion, we wish to refer to the Management's Review, which mentions management's expectations of 2008 and the Group's capital resources and cash flow situation. Management gives an account of the process having been initiated in an attempt to seek strategic alternatives to ensure that the Group will remain a going concern and carry on its research and development projects. In the opinion of management, the measures having been initiated will lead to a solution ensuring the Group's continued operation. Against this background, management presents the Annual Report on an assumption of going concern."

We did not carry out any additional audit procedures after 31 March 2009.

We have checked that the financial statements have been correctly summarised and represented from the published annual reports for the financial years 2008, 2007 and 2006.

The Executive Management and Board of Directors are responsible for the correct summary of the financial statements on pages F-18 to F-48 from the annual reports for the financial years 2008, 2007 and 2006. It is our responsibility to express a conclusion on the financial statements summarised and represented from the published annual reports based on our work.

Basis of conclusion
We planned and performed our procedures in accordance with the Danish Standard on Auditing applicable to the independent auditor's report on specific-purpose audit engagements to obtain reasonable assurance that the financial statements are, in all material aspects, in accordance with the published annual reports from which the financial statements have been derived.

Conclusion
In our opinion, the financial statements on F-18 to F-48 are, in all material aspects, in accordance with the annual reports for 2008, 2007 and 2006, from which they have been derived.

Copenhagen, June 30, 2009
Ernst & Young
Godkendt Revisionsaktieselskab

Benny Lynge Sørensen
State Authorised
Public Accountant

Jesper Slot
State Authorised
Public Accountant

Accounting policies

Basis of accounting
The annual report of the Pharmexa Group for 2008 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. The accounting policies are consistent with those of last year with the exception of the implementation of new/updated standards which are obligatory for reporting years commencing on January 1, 2008.

Effect from the implementation of new and updated standards issued by the IASB
In 2008 IASB has only issued new and updated standards effectively for accounting periods beginning on January 1, 2008 that are not relevant for Pharmexa. The implementation of new and updated standards have therefore not had any effect on the financial statements of Pharmexa.

At the end of 2008, the following standards were issued with effective date January 1, 2009, which have not yet been implemented:

- IAS 1 " Presentation"
- IAS 27 "consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate"
- IFRS 2 "Share based payments – vesting conditions and cancellations"
- IFRS 3 "Business combinations"

The adoption of these standards are not expected to have any significant effect on the financial statements of Pharmexa.

General recognition and measurement criteria
The financial statements are based on the historic cost principle. Results of operations, assets and liabilities are therefore measured as described in the following.

Income is recognised in the income statement as earned. All expenses are recognised in the income statement as incurred.

Assets are recognised in the balance sheet once it is probable that future economic benefits attributable to the assets will flow to the Group and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that there will be an outflow of future economic benefits from the Group and the value of the liability can be measured reliably.

Critical accounting assessments and estimates
Regular estimates and assessment are based on historic experience and other factors, including expectations as to future events on the basis of present circumstances.

Critical estimates relating to development costs
An intangible asset arising from a development project must, according to IAS 38 "Intangible Assets", be recognised in the balance sheet if the criteria for recognition in the balance sheet are met. Which means that (1) the development project is clearly defined and identifiable, (2) the technical feasibility has been demonstrated as well as the availability of adequate resources to complete the development project and market the final product or to use the product internally, and (3) the management has demonstrated its intention to manufacture and sell the product or use it internally. Finally, it must be documented with adequate certainty that the future income from the development project will exceed the expenses for production and development as well as the expenses to sell and administer the product.

Development costs regarding individual projects are recognised as assets only if it is sufficiently certain that the future earnings for the individual projects will exceed not only the expenses for production, sale and administration, but also the actual product development costs. In the management's opinion, there is generally a high risk connected with the development of pharmaceuticals, for which reason sufficient certainty as to the future earnings cannot be obtained at present. The future economic benefits related to the product development cannot be made up with reasonable certainty until the development activities are complete and the requisite approvals have been granted. As a result, the management has chosen to expense the development costs incurred during the year.

Critical estimates relating to valuation of income
In 2008 Pharmexa sold all rights and responsibilities relating to the patent portfolio of Gemvax including GV1001. Pharmexa received an upfront payment for the sale of Gemvax, as well as milestones and royalties upon successful commercialization of the GV1001 peptide vaccine. Management has estimated the value of the future milestones and royalties to zero due to the risk attached in obtaining future economic benefits from the agreement.

Critical estimates relating to presentation of assets held for sale
In 2008 Pharmexa decided to put up for sale the subsidiary Pharmexa-Epimmune Inc. and all activities attached hereto. Pharmexa is currently in active negotiations regarding a sale of Pharmexa-Epimmune Inc. and Management has assessed that the presentation requirements in IFRS 5 should be applied.

Consolidation principle
The consolidated financial statements comprise Pharmexa A/S (the parent company) and the enterprises in which Pharmexa A/S, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest (subsidiaries). Pharmexa A/S and its subsidiaries are jointly referred to as "the Group".

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and its subsidiaries by aggregating uniform items and by subsequently eliminating related party transactions, shareholdings and balances as well as unrealised intra-group gains and losses. The consolidation financial statements are based on financial statements prepared in accordance with the accounting policies used in the Pharmexa Group.

Additions and disposals of enterprises are recognized in the income statement for the period during which Pharmexa has owned the enterprise. Comparatives are not restated for such additions or disposals. Gains and losses consist of the difference

between the selling price and the carrying amount of net assets at the time of disposal and expenses for sale or disposal.

Newly acquired enterprises are treated according to the acquisition method. The cost is measured at the fair value of the assets taken over and liabilities assumed at the takeover date plus expenses directly connected with the takeover. Identifiable assets and liabilities and contingencies in connection with a business integration are measured, on initial recognition, at the fair value at the takeover date, without considering a minority interest, if any. Any positive differences between the cost and the fair value of the Group's portion of the identifiable net assets are recognised as goodwill.

Foreign currency translation
The annual report is presented in the parent company's functional currency, Danish kroner. Transactions in foreign currency are translated during the year at the exchange rate at the date of the transaction. Gains and losses arising between the exchange rate at the date of the transaction and the exchange rate at the date of payment are recognised in the income statement under "Net financials".

Receivables, payables and other monetary items in foreign currency not settled at the balance sheet date are translated at the closing rate. Differences between the closing rate and the exchange rate at the date of the transaction are recognised in the income statement under "Net financials". Non-monetary items in foreign currency which are measured at cost and which are not settled at the balance sheet date are translated at the date of the transaction. Non-monetary items in foreign currency which are measured at fair value are translated at the exchange rate at the date at which the fair value was assigned.

Items in the financial statements of foreign subsidiaries are translated into Danish kroner using closing rates for balance sheet items and average exchange rates for items in the income statement.

Exchange differences arising on the translation of foreign subsidiaries' opening balance sheet items to the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates to exchange rates at the balance sheet date are taken directly to equity. Similarly, exchange differences arising as a result of changes made directly in the equity of the foreign subsidiary are also taken directly to equity.

Income taxes and deferred tax
The tax for the year, which consists of the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the share that is attributable to the net profit or loss for the year and directly in equity as regards the share that is attributable to entries directly in equity. Any share of the expensed tax charge relating to the extraordinary profit or loss for the year is taken to this item, whereas the remaining share is taken to the net profit or loss for the year.

Current tax liabilities and receivables are recognized in the balance sheet as a receivable in case of an overpayment of tax on account and as a liability in case of an underpayment of tax on account.

Deferred tax is measured using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax on temporary differences is not recognised regarding non-deductible (for tax purposes) goodwill and other items on which temporary differences – part from corporate acquisitions – have arisen at the time of acquisition without affecting neither the results of operations nor the taxable income. Where the tax base may be set using alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or the intended settlement of the liability.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.
The group enterprises are not taxed on a joint basis.

Incentive plans
Warrants are measured at their fair value at the time of grant and are recognised in the income statement as vested under "Research costs", "Development costs" or "Administrative expenses", respectively. The counter item is taken directly to equity. The most significant terms for warrants granted appear in the notes to the financial statements.

Share-based payments settled with cash are measured at fair value at the balance sheet date and are recognised in the income statement as vested under "Research costs", "Development costs" or "Administrative expenses", respectively. The counter item is taken as a liability. The most significant terms for share-based payments settled with cash appear in the notes to the financial statements.

Segment information
The Company is administered as one entity, which operates in one geographical market. Separate business areas cannot be identified in respect of the individual product candidates or geographical markets. Consequently, no segment information is reported in respect of business segments or geographical markets.

Revenue
Income from research, development and cooperation agreements are recognised in the income statement if the general recognition criteria are met, including that the service concerned has been provided before year-end, that the amount can be made up reliably and that it can be expected to be received. Revenue is recognised over the term of the agreement in accordance with the terms and conditions of the agreement. Revenue is made up exclusive of VAT and charges and net of price reductions in the form of discounts.

Research costs
Research costs include salaries, expenses related to patents and premises as well as other expenses such as IT expenses and depreciation attributable to the Company's research activities. The Company expenses all research costs in the year they are incurred.

Development costs
Development costs include salaries, expenses related to patents and premises as well as other expenses such as IT expenses and depreciation relating to the Company's development activities. Development projects are characterised by a single compound undergoing a number of toxicological tests to illustrate its physical/chemical properties and effect on human beings.

Administrative expenses
Administrative expenses include salaries, expenses related to premises as well as other expenses such as IT expenses and depreciation relating to administration.

Other operating income/expenses
Other operating income and other operating expenses include accounts of a secondary nature relative to the companies' main activity, including government grants and gains and losses on the sale of intangible assets and property, plant and equipment.

Government grants are recognised under "Other operating income" when the final right to the grant has vested. However, government grants from SkatteFUNN in Norway are recognised under "Research costs", "Development costs" and "Administrative expenses".

Net financials
Financial income and expenses include interest, realised and unrealised value adjustments on securities and foreign currency.

Balance sheet

Intangible assets
Licences and rights acquired for consideration are measured at cost net of accumulated amortisation. Licences and rights are amortised on a straight-line basis over the expected useful life of the assets. The amortisation period is based on the expected economic and technological life of the assets, which is 5 to 10 years.

Patent rights acquired on the takeover or enterprises or activities are measured at fair value at the time of acquisition, net of accumulated amortisation. Patent rights are amortised on a straight-line basis over the remainder of their life.

The basis of amortisation, which is made up as cost, is distributed on a straight-line basis of the expected useful life of the assets, as follows:

Licences and rights	5-10 years
Acquired patents, trade marks and technologies	Up to 20 years

Property, plant and equipment
Property, plant and equipment are measured at cost net of accumulated depreciation and write-downs.

The cost comprises the cost of acquisition and expenses directly related to the acquisition until such time as the asset is ready to be put into use. As for assets of own manufacture, the cost comprises direct and indirect costs of labour, materials, components and sub-suppliers. Borrowing costs are not recognised as part of the cost.

The basis of depreciation, which is cost less any residual value, is distributed on a straight-line basis over the expected life of the assets, as follows:

Plant and machinery	5-10 years
Other fixtures, fittings, tools and equipment	2-10 years
Leasehold improvements	10 years

Gains and losses on current replacements of property, plant and equipment are recognised under "Other operating income" and "Other operating expenses", respectively.

Write-down of non-current assets
The carrying amount of intangible assets and property, plant and equipment and investments is assessed on an annual basis to determine whether there are any indications of impairment other than that provided for by normal amortisation and depreciation. In the event of impairment, the asset concerned is written down to its recoverable amount, which is made up as the higher of the net selling price and the value in use. If it is not possible to make up the recoverable amount of the individual asset, the impairment requirement is assessed for the smallest group of assets for which the recoverable amount can be made up. Impairment losses are recognised in the income statement under "Research costs", "Development costs" and "Administrative expenses", respectively or shown separately if material.

Assets for which no value in use can be ascertained as the assets will not in themselves generate future cash flows are assessed together with the group of assets to which they belong.

Receivables
Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, corresponding to the nominal value net of provisions for bad debts. Provisions for bad debts are based on an individual assessment of each account receivable.

Cash and cash equivalents
Cash and cash equivalents comprises cash, bank balances and bank deposits on demand.

Equity
Share premium comprises payment of share premium in connection with the issuing of shares. Share-based payment comprises the value of included costs for share-based payment measured at their fair value at the time of grant adjusted for subsequent changes. Conditional shareholders' equity comprises the value of convertible debt instrument measured at fair value at the time of grant. Exchange adjustments comprises the exchange deviations arising on the translation of foreign subsidiaries income statement and balance sheet from their respective currency to Pharmexa's functional currency, Danish kroner.

Provisions
Provisions are recognized once the Group has a legal or constructive obligation as a result of event occurring prior to or on the balance sheet date and it is probable that economic resources will be required to settle the obligation.

Financial liabilities
Liabilities are measured at amortised cost, which in all essential respect equal the nominal value.

Leases
Leases for property, plant and equipment in respect of which the Group has all significant risks and rewards of ownership are classified as finance leases. Finance leases are recognised in the balance sheet at the lower of the fair value of the asset and the net present value of the minimum lease payments at the time of acquisition.

The capitalized residual commitment, net before interest, is recognized in the balance sheet as a liability. The interest element of finance leases is recognized periodically in the income statement over the lease term so as to recognize an interest element of the outstanding residual lease commitment for the individual periods.

Assets held under finance leases are depreciated and written down over the expected useful live of the assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessee are classified as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

Prepayments and deferred income
Prepayments recorded as assets comprise expenses relating to subsequent reporting years such as prepaid expenses regarding rent, licences, insurance premiums, subscription fees and interest. Deferred income recorded as liabilities consist of payments received relating to income in subsequent reporting years.

Cash flow statement
The cash flow statement shows the Company's net cash flow for the year, broken down by operating, investing and financing activities, changes in cash and cash equivalents for the year and the Company's cash and cash equivalents at the beginning and at the end of the year.

Cash flow from operating activities
Cash flows from operating activities consist of the net profit or loss for the year, adjusted for non-cash income statement items such as amortisation, depreciation and write-downs, provisions and changes in the working capital, interest received and paid, payments regarding extraordinary items and income taxes paid. Working capital includes current assets less current liabilities exclusive of the items included in cash and cash equivalents.

Cash flow from investing activities
Cash flows from investing activities consist of cash flows from the purchase and sale of intangible assets, property, plant and equipment and investments.

Cash flow from financing activities
Cash flows from financing activities consist of cash flows from the raising and repayment of non-current liabilities and cash flows from capital increases.

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank balance and bank deposits on demand.

The cash flow statement cannot be derived solely from the financial records disclosed.

Definition of financial ratios

$$\text{Current and diluted EPS} = \frac{\text{Net result}}{\text{Average number of shares}} \times \text{adjustment factor}$$

$$\text{Net asset value per share} = \frac{\text{Equity}}{\text{Number of shares at year-end}}$$

$$\text{Share price/net asset value} = \frac{\text{Shareprice x number of shares}}{\text{Total equity}}$$

$$\text{Assets/equity} = \frac{\text{Total assets}}{\text{Total equity}}$$

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Income statement for the period January 1 – December 31

DKK'000	Note	Group 2008	2007	2006
Revenue		**5,577**	**10,879**	**2,040**
Research costs		-49,224	-43,343	-47,644
Development costs		-88,935	-124,481	-117,443
Administrative expenses		-27,325	-36,029	-32,335
Loss before other operating income/expenses		**-159,907**	**-192,974**	**-195,382**
Other operating income	1	15,922	23,203	21,855
Other operating expenses		0	0	-70
Loss on sale of Gemvax activities		-11,736	-	-
Write down of Intangible assets		-42,452	-	-
Operating loss		**-198,173**	**-169,771**	**-173,597**
Other financial income	2	4,455	6,423	8,459
Other financial expenses	3	-880	-1,363	-3,912
Loss before tax		**-194,598**	**-164,711**	**-169,050**
Income taxes	4	0	0	0
Net loss for the year		**-194,598**	**-164,711**	**-169,050**
Earnings and diluted earnings per share (DKK)	5	-3.4	-4.0	-4.5

Balance sheet at December 31

DKK'000	Note	Group 2008	2007	2006
ASSETS				
Licences and rights	6	0	1,188	1,776
Patents, trade marks and technologies	6	0	72,376	84,958
Intangible assets		**0**	**73,564**	**86,734**
Plant and machinery	7	2,315	5,803	8,993
Other fixtures and fittings, tools and equipment	7	1,691	2,616	3,466
Leasehold improvements	7	0	1,749	2,414
Prepayments for assets under construction	7	0	0	578
Property, plant and equipment		**4,006**	**10,168**	**15,451**
Deposit		0	5,260	5,828
Financial non-current assets		**0**	**5,260**	**5,828**
Non-current assets		**4,006**	**88,992**	**108,013**
Deposit		4,000	-	-
Other receivables		377	10,109	6,877
Prepayments	8	89	3,177	4,741
Receivables		**4,466**	**13,286**	**11,618**
Cash and cash equivalents		**36,071**	**76,010**	**165,260**
Receivables, cash and cash equivalents		**40,537**	**89,296**	**176,878**
Assets held for sale	9	**10,036**	**-**	**-**
Current assets		**50,573**	**89,296**	**176,878**
ASSETS		**54,579**	**178,288**	**284,891**

Balance sheet at December 31

DKK'000	Note	Group 2008	2007	2006
EQUITY AND LIABILITIES				
Share capital	10	29,846	207,272	376,893
Special fund		107,446	-	-
Profit and loss account		-86,688	-63,765	-118,833
Other shareholders' equity		-8,837	7,246	159
Shareholders' equity		**41,767**	**150,753**	**258,219**
Loan, Vækstfonden	12	0	1,148	4,847
Finance lease commitments	13	-	-	151
Non-current liabilities		**0**	**1,148**	**4,998**
Loan, Vækstfonden	12	1,247	4,975	4,538
Finance lease commitments	13	0	151	180
Trade payables		4,305	9,259	6,715
Other payables		5,770	12,002	10,241
Current liabilities		**11,322**	**26,387**	**21,674**
Liabilities associated with assets held for sale	9	**1,490**	**-**	**-**
Liabilities		**12,812**	**27,535**	**26,672**
EQUITY AND LIABILITIES		**54,579**	**178,288**	**284,891**

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Statement of changes in equity

Group	Number of shares	Share capital	Share premium	Profit and loss account	Share-based payment	Special fund	Exchange adjust-ments	Total
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Shareholders' equity at January 1, 2008	**41,454,395**	**207,272**	**0**	**-47,142**	**7,246**	**0**	**-16,623**	**150,753**
Net loss for the year	-	-	-	-194,598	-	-	-	-194,598
Exchange adjustments, foreign subsidiaries	-	-	-	-	-	-	2,132	2,132
Comprehensive income	-	-	-	-194,598	-	-	2,132	-192,466
Capital increase by way of a share issue	18,237,545	91,188	-	-	-	-	-	91,188
Write down of share capital	-	-268,614	-	161,168	-	107,446	-	0
Expenses, capital increase	-	-	-	-11,366	-	-	-	-11,366
Expensed value of warrants granted	-	-	-	5,250	-1,592	-	-	3,658
Shareholders' equity at December 31, 2008	**59,691,940**	**29,846**	**0**	**-86,688**	**5,654**	**107,446**	**-14,491**	**41,767**
Shareholders' equity at January 1, 2007	**37,689,240**	**376,893**	**0**	**-118,833**	**9,595**	**0**	**-9,436**	**258,219**
Net loss for the year	-	-	-	-164,711	-	-	-	-164,711
Exchange adjustments, foreign subsidiaries	-	-	-	-	-	-	-7,187	-7,187
Comprehensive income	-	-	-	-164,711	-	-	-7,187	-171,898
Transfer to cover loss	-	-	-26,356	26,356	-	-	-	-
Capital increase by way of a share issue	3,765,155	37,651	26,356	-	-	-	-	64.007
Write down of share capital	-	-207,272	-	207,272	-	-	-	0
Expenses, capital increase	-	-	-	-4,074	-	-	-	-4,074
Expensed value of warrants granted	-	-	-	6,848	-2,349	-	-	4,499
Shareholders' equity at December 31, 2007	**41,454,395**	**207,272**	**0**	**-47,142**	**7,246**	**0**	**-16,623**	**150,753**

Statement of changes in equity

Group	Number of shares	Share capital	Share premium	Profit and loss account	Share-based payment	Conditional-shareholder's equity	Exchange adjustments	Total
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Shareholders' equity at January 1, 2006	**37,599,840**	**375,999**	**49,561**	**-**	**4,703**	**33,000**	**358**	**463,621**
Net loss for the year				-169,050			-	-169,050
Exchange rate adjustments, foreign subsidiaries				-			-9,794	-9,794
Comprehensive income				-169,050			-9,794	-178,844
Transfer to cover loss	-	-	-50,217	50,217	-	-	-	0
Capital increase by way of a share issue	89,400	894	805	-	-	-	-	1,699
Conditional shareholders' equity	-	-	-	-	-	-33,000	-	-33,000
Expenses, capital increase	-	-	-149	-	-	-	-	-149
Expensed value of warrants granted	-	-	-	-	4,892	-	-	4,892
Shareholders' equity at December 31, 2006	**37,689,240**	**376,893**	**0**	**-118,833**	**9,595**	**0**	**-9,436**	**258,219**

Analysis of movements in the share capital:

DKK'000	2008	2007	2006	2005	2004
Share capital at January 1	207,272	376,893	375,999	163,999	40,999
Capital increase	91,188	37,651	894	212,000	123,000
Write-down of share capital	-268,614	-207,272	-	-	-
Share capital at December 31	**29,846**	**207,272**	**376,893**	**375,999**	**163,999**

Cash flow statement for the period January 1 – December 31

DKK'000	Note	Group 2008	2007	2006
Net loss for the year		-194,598	-164,711	-169,050
Adjustments	15	64,941	12,196	14,205
Changes in working capital	16	-1,605	4,458	-7,613
Cash flow from operating activities before net financials		-131,262	-148,057	-162,458
Interest received etc.		4,829	6,423	8,459
Interest paid etc.		-710	-1,363	-2,407
Cash flow from operating activities		**-127,143**	**-142,997**	**-156,406**
Additions of intangible assets		-	-	-97
Additions of property, plant and equipment		-91	-788	-3,832
Disposals of property, plant and equipment		1,840	2	-
Disposals of subsidiaries		11,205	-	-
Disposals of marketable securities		-	-	70,853
Cash flow from investing activities		**12,954**	**-786**	**66,924**
Net proceeds, share issue		79,822	59,934	-
Net proceeds, warrant exercise		-	-	1,550
Repayments, loans		-4,876	-4,537	-5,100
Repayments, finance leases		-151	-166	-173
Cash flow from financing activities		**74,795**	**55,231**	**-3,723**
Change in cash and cash equivalents		**-39,394**	**-88,552**	**-93,205**
Unrealised currency gain/loss		-545	-698	-1,859
Cash and cash equivalents at January 1		76,010	165,260	260,324
Cash and cash equivalents at December 31		**36,071**	**76,010**	**165,260**
Analysis of cash and cash equivalents:				
Cash and demand deposits		7,024	20,143	25,691
Fixed-term deposits		29,047	55,867	139,569
		36,071	**76,010**	**165,260**

Notes

Note	DKK'000	Group 2008	2007	2006
1	**Other operating income**			
	Public grants, USA	14,223	21,716	20,649
	Public grants, Norway	1,109	1,487	1,206
	Other operating income	590	-	-
		15,922	**23,203**	**21,855**
2	**Other financial income**			
	Exchange gains	888	789	646
	Securities	-	-	1,710
	Other financial income	3,567	5,634	6,103
		4,455	**6,423**	**8,459**
3	**Other financial expenses**			
	Exchange adjustments	567	704	2,252
	Finance leases	4	13	16
	Realised and unrealised capital losses	-	-	604
	Other financial expenses	309	646	1,040
		880	**1,363**	**3,912**

Note	DKK'000	Group 2008	2007	2006
4	**Income taxes**			
	Total tax for the year	**0**	**0**	**0**
	Analysis of the year's tax charge:			
	Estimated 25% tax on the pre-tax loss for the year	-48,650	-41,178	-51,610
	Reduction of tax rate from 28-25%	-	19,258	0
	Reverse of write down regarding subsidiaries	10,613	-	-
	Deductible expenses taken to equity	-2,842	-1,018	-28
	Other non-deductible expenses	921	1,131	1,246
	Reduction of tax losses due to disposal of activities	44,742	-	
	Change in non-recognised deferred tax asset	-4,784	21,807	50,392
		0	**0**	**0**

5	**Earnings per share and diluted earnings per share**			
	Earnings per share and diluted earnings per share have been calculated on the basis of the average number of shares.			
	Net loss for the year (in DKK thousands)	-194,598	-164,711	-169,050
	Average number of shares	57,943,134	41,009,610	37,649,206
	Earnings and diluted earnings per share	-3.4	-4.0	-4.5

As of January 7, 2008 the share capital has been increased with 18,237,545 shares of DKK 5 per share.

There is no difference between the calculation of earnings per share and diluted earnings per share as the Group reported an operating loss.

Note	DKK'000		
6	**Intangible assets**		
		Licences and rights	**Acquired patents, trade marks and technologies**
	Group		
	Cost at January 1, 2008	7,680	93,481
	Exchange adjustments	-	2,344
	Disposals for the year	-	-36,721
	Transfer to assets held for sale	-	-59,104
	Cost at December 31, 2008	7,680	0
	Amortisation and write-downs at January 1, 2008	6,492	21,105
	Exchange adjustments	-	367
	Amortisation for the year	547	6,373
	Write-downs for the year	641	41,811
	Disposals for the year	-	-13,952
	Transfer to assets held for sale	-	-55,704
	Amortisation and write-downs at December 31, 2008	7,680	0
	Carrying amount at December 31, 2008	**0**	**0**
	Amortised over	5-10 years	10-20 years

Pharmexa has decided to dispose the subsidiary Phamexa-Epimmune Inc. The activities in the company has been closed down and Pharmexa is currently negotiating with third party on the disposal of the company. Management has assessed that the value of the intangible assets in Pharmexa-Epimmune is significantly lower than previously expected. Therefore Management has decided to write sown the book value of these assets by 42.4 million based on the fair value of the assets less cost to sell.

	Group		
	Cost at January 1, 2007	7,680	100,036
	Exchange adjustments	-	-6,555
	Additions for the year	-	-
	Disposals for the year	-	-
	Cost at December 31, 2007	7,680	93,481
	Amortisation and write-downs at January 1, 2007	5,904	15,078
	Exchange adjustments	-	-808
	Amortisation for the year	588	6,835
	Amortisation and write-downs at December 31, 2007	6,492	21,105
	Carrying amount at December 31, 2007	**1,188**	**72,376**
	Amortised over	5-10 years	10-20 years

6 Intangible assets – continued

	Licences and rights	Acquired patents, trade marks and techno-logies
Group		
Cost at January 1, 2006	7,680	140,343
Exchange adjustments	-	-7,404
Additions for the year	-	97
Disposals for the year	-	-33,000
Cost at December 31, 2006	7,680	100,036
Amortisation and write-downs at January 1, 2006	4,858	9,774
Exchange adjustments	-	-221
Amortisation for the year	1,046	8,999
Reversal of amortisation of disposals for the year	-	-3,474
Amortisation and write-downs at December 31, 2006	5,904	15,078
Carrying amount at December 31, 2006	**1,776**	**84,958**
Amortised over	5-10 years	10-20 years

In 2006, a milestone payment on TeloVac project was not realised. A part of the acquisition payment fort GemVax is therefore cancelled. The value of this milestone T.DKK 33,000, and the related depreciations T.DKK 3,474 has been reversed in 2006.

	Group		
	2008	**2007**	**2006**
Amortisation and write-downs of intangible assets is expensed over the following accounts:			
Research costs	1,997	1,976	2,418
Development costs	5,564	5,410	4,114
Administrative expenses	0	36	39
Other operating expenses	42,452	-	-
	50,013	**7,422**	**6,571**

Note	DKK'000				
7	**Property, plant and equipment**				
		Plant and machinery	**Other fixtures, fittings, tools and equip-ment**	**Leasehold improve-ments**	**Prepayments for assets under construction**
	Group				
	Cost at January 1, 2008	40,970	12,515	5,104	-
	Exchange adjustments	136	37	55	-
	Additions for the year	39	53	0	-
	Disposals for the year	-17,138	-2,941	0	-
	Transfer to assets held for sale	-729	-573	-	-
	Cost at December 31, 2008	23,278	9,091	5,159	-
	Depreciation at January 1, 2008	35,167	9,899	3,355	-
	Exchange adjustments	73	17	28	-
	Depreciation for the year	2,129	764	506	-
	Write-down for the year	-	-	1,270	-
	Reversal of depreciation of disposals for the year	-15,740	-2,894	-	-
	Transfer to assets held for sale	-666	-386	-	-
	Depreciation at December 31, 2008	20,963	7,400	5,159	-
	Carrying amount at December 31, 2008	**2,315**	**1,691**	**0**	**-**
	Hereof assets held under finance leases	0	0	0	
	Depreciated over	5-10 years	2-10 years	10 years	
	Group				
	Cost at January 1, 2007	40,384	12,431	5,082	578
	Reclassification at January 1, 2007	395	-385	-10	-
	Exchange adjustments	-382	-63	-141	-
	Additions for the year	634	559	173	-
	Disposals for the year	-61	-27	-	-578
	Cost at December 31, 2007	40,970	12,515	5,104	0
	Depreciation at January 1, 2007	31,391	8,965	2,668	-
	Exchange adjustments	-170	-24	-66	-
	Depreciation for the year	3,997	983	753	-
	Reversal of depreciation of disposals for the year	-51	-25	0	-
	Depreciation at December 31, 2007	35,167	9,899	3,355	-
	Carrying amount at December 31, 2007	**5,803**	**2,616**	**1,749**	**0**
	Hereof assets held under finance leases	0	330	0	
	Depreciated over	5-10 years	2-10 years	10 years	

7 Property, plant and equipment – continued

	Plant and machinery	Other fixtures, fittings, tools and equipment	Leasehold improvements	Prepayments for assets under construction
Group				
Cost at January 1, 2006	40,120	11,361	5,192	821
Reclassification at January 1, 2006	-444	434	10	-
Exchange adjustments	-795	155	-142	-
Additions for the year	2,016	2,037	22	578
Disposals for the year	-513	-1,556	-	-821
Cost at December 31, 2006	40,384	12,431	5,082	578
Depreciation at January 1, 2006	26,588	9,336	1,913	-
Exchange adjustments	-29	-2	-10	-
Depreciation for the year	5,278	1,172	765	-
Reversal of depreciation of disposals for the year	-446	-1,541	0	-
Depreciation at December 31, 2006	31,391	8,965	2,668	-
Carrying amount at December 31, 2006	**8,993**	**3,466**	**2,414**	**578**
Hereof assets held under finance leases		439		
Depreciated over	5-10 years	2-10 years	10 years	

	Group		
	2008	**2007**	**2006**
Depreciation and writedown of property, plant and equipment is expensed as follows:			
Research costs	2,040	2,783	2,833
Development costs	2,190	2,529	3,813
Administrative expenses	440	421	569
	4,670	**5,733**	**7,215**

8 Prepayments

Prepayments mainly consist of prepaid expenses relating to insurance, subscriptions and service agreements.

Note	DKK'000	2008
9	**Assets held for sale and liabilities associated with assets held for sale**	
	Group	
	Intangible assets	3,400
	Deposits	2,493
	Other assets	4,143
	Assets held for sale	**10,036**
	Trade payables	1,364
	Other liabilities	126
	Liabilities associated with assets held for sale	**1,490**

Pharmexa has decided to dispose the subsidiary Phamexa-Epimmune Inc. The activities in the company has been closed down and Pharmexa is currently negotiating with third party on the disposal of the company. The activities in Pharmexa-Epimmune has therefore been classified as held for sale in the Group accounts and in the Parent Company, where a net amount of DKK 8,546 thousand are capitalised.

10 Share capital

2008

On February 5, 2008, the company increased the share capital with nom. DKK 91,187,368 in a rights issue to existing shareholders and issued 18,237,545 new shares.

On July 1, 2008, the Company's Extraordinary General Meeting wrote-down the share capital by a transfer to a special fund and to cover loss. The share capital was written down with DKK 268,613,370 to nom. DKK 29,845,970 by reducing the value of each share from nom. DKK 5 to nom. DKK 0.5. The special fund may only be used as resolved by the general meeting. The company's creditors was requested to file their proofs of claims against the company in a period of three months. No creditors filed proofs in this time period.

The share capital consists hereafter of 59,691,940 shares of DKK 0.5 each or multiples thereof. No shares carry any special rights.

2007

On December 17, 2007, the Company's Annual Meeting wrote-down the share capital to cover loss with DKK 207,271,972 to nom. DKK 207,271,972 by reducing the value of each share from nom. DKK 10 to nom. DKK 5.

The share capital consists hereafter of 41,454,395 shares of DKK 5 each or multiples thereof. No shares carry any special rights.

The Annual General Meeting has further more authorized the Board of Directors to increase the share capital by one or more issues with up to 82,908,790 shares for a period ending December 31, 2008. A part of this authorization was used by the Board of Directors in February 2008, where 18,237,545 new shares where issued.

2006

The Company's share capital consists of 37,689,240 shares of a nominal value of DKK 10 each or mutiples thereof. No shares carry any special rights. The Annual General Meeting has authorized the Board of Directors to increase the share capital by one or more issues with up to 41,270,760 shares for a period ending December 31, 2007.

Note	DKK'000	2008	Group 2007	2006
11	**Deferred tax**			
	Tax asset	221,101	225,530	200,138
	Write-down to assessed value	-221,101	-225,530	-200,138
	Carrying amount	**0**	**0**	**0**

The potential tax asset has been stated at 25%, corresponding to the current tax rate.

The tax asset has not been capitalised, as it cannot, at present, be expected to be realised in future earnings.

Analysis of the tax asset:			
Intangible assets	823	800	1,038
Property, plant and equipment	3,177	3,371	4,486
Research and development costs capitalised for tax purposes	0	3,679	13,826
Tax losses	217,101	217,680	180,788
	221,101	**225,530**	**200,138**

12 Loan, Vækstfonden

The loan concerns the HER-2 project. The loan from Vækstfonden of DKK 4.5 million is secured on the project and related production equipment. The loan carries interest of 7.3% per annum.

13 Finance lease commitments

Minimum commitment under finance leases:			
Total future lease payments:			
Within 1 year	0	155	191
Between 1 and 5 years	0	0	155
Total	0	155	346
Future finance charge, finance leases	0	-4	-15
Net present value of finance leases	0	151	331
Net present value of the commitments:			
Within 1 year	0	151	180
Between 1 and 5 years	0	0	151
Total	0	151	331

The Company's finance leases relate to computer equipment. The lease includes an option to purchase the equipment at the end of the lease term. Where the option is expected to be exercised, the payment for exercising the option is part of the statement of total lease payments. The carrying amount at December 31, 2007 is equal in all material respects to the fair value.

Note	DKK'000	2008	Group 2007	2006
14	**Contingencies and other financial obligations**			
	Leases			
	Total future lease payments:			
	Within 1 year	450	15,835	16,103
	Between 1 and 5 years	-	46,415	53,305
	After 5 years	-	4,966	17,389
		450	**67,216**	**86,797**

Security for loans

The loan from Vækstfonden, cf. note 13 above, is secured upon the project and related production equipment.

Government grants

In previous years, the Company has, under the item "Revenue" in the income statement, recognised a grant with a conditional charge from Industri- og Handelsstyrelsen. In accordance with the agreement, the Company is liable to repay the grant if, in future, the Company generates income from the research results eligible for the grant. At December 31, 2007, the contingency was DKK 3,175 thousand. Repayment, if any, is to take place as a percentage of future income. A 2.5% charge is to be paid on a sale of the product. In case of a sale of the aggregate research results, a 25% charge will become payable.

15	**Cash flow statement – adjustments**			
	Other financial income	-4,455	-6,423	-8,459
	Other financial expenses	880	1,363	3,912
	Loss on disposal of subsidiaries	11,736	-	-
	Value of share-based payments	3,658	4,498	4,892
	Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment	53,884	12,766	13,790
	Gain and loss on the sale of non-current assets	-762	-8	70
		64,941	**12,196**	**14,205**
16	**Cash flow statement – changes in working capital**			
	Change in receivables	8,091	-1,108	-5,447
	Change in other current liabilities	-9,696	5,566	-2,166
		-1,605	**4,458**	**-7,613**

Note	DKK'000	Group 2008	2007	2006
17	**Fees to auditors appointed by the general meeting of shareholders**			
	Fee to Ernst & Young			
	Audit	320	350	318
	Non-audit services	492	1,183	372
18	**Staff**			
	Wages and salaries	55,317	61,606	57,883
	Share-based remuneration	3,658	4,091	5,366
	Pensions	2,583	3,640	3,261
	Other social security costs	1,256	1,383	1,710
	Other staff costs	1,081	2,635	3,752
		63,895	**73,355**	**71,972**
	Expensed as follows:			
	Research costs	23,929	17,265	21,638
	Development costs	24,509	35,692	33,972
	Administrative expenses	15,457	20,398	16,362
		63,895	**73,355**	**71,972**
	Hereof remuneration to the Executive Management and Board of Directors:			
	Executive Management	2,814	3,804	4,009
	Board of Directors	1,093	1,175	760
		3,907	**4,979**	**4,769**
	Analysis of remuneration to the Executive Management:			
	Salaries	2,483	2,224	2,225
	Bonus	166	-	150
	Pension	165	165	134
	Total pay	2,814	2,389	2,509
	Value of warrants granted	1,184	1,415	1,500
	Total remuneration	**3,998**	**3,804**	**4,009**
	Average number of employees	**74**	**102**	**104**
	Number of employees at year-end	**12**	**101**	**107**

19 Share-based payments

Warrants

Warrants are measured at fair value at the time of grant and are included in the income statement during the period until the exercise date. The exercise of these warrants is conditional upon whether the employee concerned is employed at the time of exercise or has been given notice of the Company. Warrants are not considered part of pay and cannot be characterized as bonus or performance pay.

Analysis of movements in warrants issued by the Company:

	Staff[1)]	Executive Management	Board of Directors	Other	Total
January 1, 2006	2,005,760	558,790	10,925	97,885	2,673,360
Expired	-337,630	-36,000	-10,925	-97,885	-482,440
Warrants granted during the year	695,000	200,000	0	0	895,000
December 31, 2006	**2,363,130**	**722,790**	**0**	**0**	**3,085,920**
January 1, 2007	2,363,130	722,790	0	0	3,085,920
Expired	-1,528,895	-317,790			-1,846,685
Warrants granted due to Capital increase	519,000	205,000	0	0	724,000
Warrants granted during the year	150,000	-	0	0	150,000
December 31, 2007	**1,503,235**	**610,000**	**0**	**0**	**2,113,235**
January 1, 2008	1,503,235	610,000	0	0	2,113,235
Expired	-1,217,147	-410,000	0	0	-1,627,147
Warrants granted during the year	1,418,000	600,000	0	0	2,018,000
December 31, 2008	**1,704,088**	**800,000**	**0**	**0**	**2,504,088**

[1)] Including warrants issued to employee representatives on the Board of Directors.

Fair value of warrants granted during the year at the time of grant:					
2006	5,820,825	1,708,000	-	-	7,528,825
2007	1,355,000	-	-	-	1,355,000
2008	2,212,000	704,000	-	-	2,916,000

The values are recognized in the period up till the exercise date, affecting the net loss for the year as outlined in note 18.

The estimation of the fair value of the warrants granted during the year is based on the Black-Scholes valuationmodel. The valuation was based on the assumption of no dividend per share, a volatility rate of 50% per annum, the risk free interest was made up at 4.26% per annum, expected duration of 3.8-4.8 years and the share price of Pharmexa at the warrants granted in March 2008 was DKK 3.9 per share and in May 2008 DKK 3.65 per share.

19 Share-based payments – continued

The Company's total outstanding warrants at December 31, 2008:

	Subscription price	Outstanding warrants	Subscription date	Market value per warrant in DKK[2)]	Market value in DKK in 2008 [2)]	Market value in DKK in 2007[3)]	Market value in DKK in 2006[5)]
Employees	19	0	June 7, 2007	0	-	0	138,484
	27	0	Dec. 7, 2007	0	-	0	170,692
	22.6	0	June 8, 2007	0	-	0	552,550
	11.3	-	June 6, 2008	0	-	56,880	1,805,425
	13.55	0	June 8, 2007	0	-	0	15,675
	27.1	-	June 6, 2008	0	-	900	90,725
	21	389,088	June 10, 2009	0	0	37,219	2,826,000
	5	1,045,000	Dec. 31, 2012	0.03	31,350	-	-
		1,434,088			31,350	94,999	5,599,551
Executive Management	19	0	June 7, 2007	0	-	0	39,160
	27	0	Dec. 7, 2007	0	-	0	53,341
	22.6	0	June 8, 2007	0	-	0	176,300
	11,304	-	June 6, 2008	0	-	24,600	576,050
	21[4)]	200,000	June 10, 2009	0	0	16,000	942,000
	5[4)]	100,000	Dec. 31, 2010	0.00	0	-	-
	5[4)]	100,000	Dec. 31, 2011	0.01	1,000	-	-
	5[4)]	100,000	Dec. 31, 2012	0.03	3,000	-	-
	5[4)]	300,000	Dec. 31, 2012	0.03	9,000	-	-
	5	270,000	Dec. 31, 2012	0.03	8,100	-	-
		1,070,000			21,100	40,600	1,786,851
Total		**2,504,088**			**52,450**	**135,599**	**7,386,402**

At December 31, 2008, there are no outstanding, exercisable warrants.

[2)] The market values of the warrants were made up at December 31, 2008 based on the Black-Scholes valuation model. The valuation was based on the assumption of no dividend per share and a volatility rate of 50% per annum, the risk-free interest was made up at 3.0% per annum, the expected duration is determined on the basis of the subscription date, and the Pharmexa share price at December 31, 2008 was DKK 0.66 per share.

[3)] The market values of the warrants were made up at December 31, 2007 based on the Black-Scholes valuation model. The valuation was based on the assumption of no dividend per share and a volatility rate of 50% per annum, the risk-free interest was made up at 4.26% per annum, the expected duration is determined on the basis of the subscription date, and the Pharmexa share price at December 31, 2007 was DKK 6.45 per share.

[4)] Warrants has been granted to former executive management Jakob Schmidt

[5)] The market values of warrants were made up at December 31, 2006 based on Black-Scoles valuation model. The valuation was based on the assumption of no dividend per share and a volatility rate of 50% per annum, the risk-free interest was made up at 3.75% per annum, the expected duration is determined on the basis of the subscription date, and the share price at December 31, 2006 was 17.5 in Pharmexa.

19 Share-based payments – continued

Share-based payments settled with cash 2008

As a result of the close down of activities in Pharmexa-Epimmune Inc. and the termination of employment contracts all agreements regarding sharebased payments have been terminated.

Share-based payments settled with cash 2007

Share-based payments settled with cash are measured at fair value at the balance sheet date and are included in the income statement during the period until the exercise date. The exercise of these are conditional upon whether the employee concerned is employed at the time of exercise. Share-based payments settled with cash are not considered part of pay and cannot be characterized as bonus or performance pay.

Analysis of movements in share-based payments settled with cash issued by the Company:

	Staff	Executive Management	Board of Directors	Other	Total
January 1, 2007	708,049	-	-	-	708,049
Granted during the year	0	-	-	-	0
Expired	-240,500	-	-	-	-240,500
Total number of outstanding share-based payment settled with cash at December 31, 2007	**467,549**	**-**	**-**	**-**	**467,549**

The values are recognized in the period up till the exercise date, affecting the net loss for the year as outlined in note 18.

The Company's total outstanding share-based payment to be settled with cash at December 31, 2007:

	Subscription price	Outstanding share-based payment settled with cash	Exercise date	Market value per share-based payment with cash in DKK[6)]	Market value in DKK in 2007[6)]	Market value in DKK in 2006[7)]
Employees	24.27	0	June 1, 2007	0	0	139,490
	24.27	240,500	June 2, 2008	0	0	594,035
	21	227,049	June 1, 2009	0.08	18,164	1,078,483
Total		**467,549**			**18,164**	**1,812,008**

[6)] The market values of the warrants were made up at December 31, 2007 based on the Black-Scholes valuation model. The valuation was based on the assumption of no dividend per share and a volatility rate of 50% per annum, the risk-free interest was made up at 4.26% per annum, the expected duration is determined on the basis of the subscription date, and the share price at December 31, 2007 was 6.45 in Pharmexa.

[7)] The market values of warrants were made up at December 31, 2006 based on Black-Scoles valuation model. The valuation was based on the assumption of no dividend per share and a volatility rate of 50% per annum, the risk-free interest was made up at 3.75% per annum, the expected duration is determined on the basis of the subscription date, and the share price at December 31, 2006 was 17.5 in Pharmexa.

Note	DKK'000

20 Interest-rate and currency risks

Group

Interest-rate risk:

Analysis of the Group's financial assets and liabilities:

	December 31, 2008	Cash flow	Terms
	DKK'000		
Cash and cash equivalents	7,024	Ordinary demand deposits	Realised effective interest rate, average 2.8%
Fixed-term deposits	29,047	Ordinary demand deposits	Realised effective interest rate, average 3.2%
Non-current borrowings:			
Vækstfonden	1,247	Repayment has started in 2006	Interest rate of 7.3% per annum

Currency risk:

The Group does not hedge its currency exposure. Analysis of the Group's foreign currency balances at December 31, 2008:

Currency	Payment/expiry	Receivables	Payables
		DKK'000	DKK'000
USD	0-12 months	3,356	2,871
	Over 12 months	-	-
GBP	0-12 months	-	228
	Over 12 months	-	-
EUR	0-12 months	-	3,156
	Over 12 months	-	-
NOK	0-12 months		-
	Over 12 months	-	-
Other	0-12 months	-	-
	Over 12 months	-	-
		3,356	**6,255**

Note	DKK'000

20 Interest-rate and currency risks – continued

Group

Interest-rate risk:

Analysis of the Group's financial assets and liabilities:

	December 31, 2007	Cash flow	Terms
	DKK'000		
Cash and cash equivalents	20,143	Ordinary demand deposits	Realised effective interest rate, average 2.6%
Fixed-term deposits	55,867	Ordinary demand deposits	Realised effective interest rate, average 3.0%
Non-current borrowings:			
Vækstfonden	6,123	Repayment has started in 2006	Interest rate of 7.3% per annum

Currency risk:

The Group does not hedge its currency exposure. Analysis of the Group's foreign currency balances at December 31, 2007:

Currency	Payment/expiry	Receivables	Payables
		DKK'000	DKK'000
USD	0-12 months	11,233	2,031
	Over 12 months	-	-
GBP	0-12 months	-	1,461
	Over 12 months	-	-
EUR	0-12 months	-	3,718
	Over 12 months	-	-
NOK	0-12 months	1,821	2,059
	Over 12 months	-	-
Other	0-12 months	-	24
	Over 12 months	-	-
		13,054	**9,293**

20 Interest-rate and currency risks – continued

Group

Interest-rate risk:

Analysis of the Group's financial assets and liabilities:

	December 31, 2006	Cash flow	Terms
Cash and cash equivalents	25,685	Ordinary demand deposits	Realised effective interest rate, average 2.6%
Fixed-term deposits	139,569	Ordinary demand deposits	Realised effective interest rate, average 3.0%
Marketable securities	0	Investments in marketable securities are made in accordance with the Company's investment policy. All marketable securities were realized in 2006	The average effective yield was 1.9% .
Non-current borrowings:			
Vækstfonden	9,385	Repayment has started in 2006	Interest rate of 7.3% per annum

Currency risk:

The Group does not hedge its currency exposure. Analysis of the Group's foreign currency balances at December 31, 2006:

Currency	Payment/expiry	Receivables	Payables
		DKK'000	DKK'000
USD	0-12 months	1,994	3,288
	Over 12 months	-	-
GBP	0-12 months	-	1,230
	Over 12 months	-	-
EUR	0-12 months	-	1,254
	Over 12 months	-	-
NOK	0-12 months	2,007	1,246
	Over 12 months	-	-
Other	0-12 months	-	4
	Over 12 months	-	-
		4,001	**7,022**

Note	DKK'000	2008	Group 2007	2006
21	**Financial instruments**			
	The group has divided its financial assets into the categories below:			
	Loans and receivables:			
	Other receivables	4,377	15,369	12,705
	Cash and deposits	36,071	76,010	165,260
	Total loans and receivables	40,448	91,379	177,965
	Financial liabilities at amortized cost price:			
	Loan from Vækstfonden	1,247	6,123	9,385
	Debt financial lease	0	151	331
	Suppliers of goods and services	4,305	9,259	6,715
	Other debts	5,770	12,002	10,241
	Financial liabilities at amortized cost prize	11,322	27,535	26,672

The fair value of the financial assets and liabilities correspond to the carrying value.

Currency risk

2008

Due to the reduction of activity Pharmexa is no longer significantly exposed on currency risk.

2007

The group has during the year defrayed net costs in USD of DKK 32,649 thousand. A change in the USD/DKK currency rate of +/- 10% would effect the net costs with DKK 3,265 / -3,265 thousand. Such a currency rate change would have a similar effect on the equity.

Per the end of the year the groups net financial liabilities in USD were DKK 22,856 thousand. A 10% change in the USD/DKK exchange rate would result in a currency gain / loss of DKK 2,286 / -2,286 thousand. The exchange rate change would have a similar effect on the equity.

Interest risk

2008

The group has during the year had interest income of DKK 4,455 thousand. The case that the interest level was +/- 2% the interest income would have been DKK 7,425 / 1,485 thousand. There would have been a similar effect on the equity.

2007

The group has during the year had interest income of DKK 6,423 thousand. The case that the interest level was +/- 2% the interest income would have been DKK 11,364 / 1,482 thousand. There would have been a similar effect on the equity.

Note	DKK'000

22 Information about related parties and related party transactions

Group

The Group has no related parties with a controlling interest.

The Group has identified related parties with significant influence to comprise all group enterprises, the members of the parent company's Board of Directors, the members of the Group's Executive Management and executive officers and these persons' relatives. Related parties further include companies in which said persons have a significant interest.

A member of the Board of Directors in Pharmexa has carried out assignments in addition to duty as a member of the Board and a fee of DKK 50 thousand has been paid in 2006. Besides this and the payment of usual remuneration, including warrants, as outlined in notes 18 and 19, no transactions were conducted in the year with members of the Board of Directors and Executive Management or with executive officers, significant shareholders or other related parties.

Note	DKK'000

23 Board of Directors and Executive Management 2008

The members of the Company's Board of Directors and Executive Management own the following shareholdings and warrants in Pharmexa A/S and hold the following executive offices in other companies apart from wholly owned subsidiaries:

	No. of shares owned	No. of Warrants owned	Executive offices held in other companies
Board			
Ole Steen Andersen , chairman Board member since 2007	30,000		Auriga Industries A/S, (CM), BB Electronics A/S, (CM), BB Electronics Holding A/S, (BF), HedgeCorp A/S, (CM), Cowi A/S, (CM).
Jørgen Buus Lassen Board member since 1997	20,000		NS Gene A/S, (CM), Gudme Raaschou Health Care Invest A/S, (CM), Investeringsforeningen Gudme Raaschou, (BM), Effector Holding A/S, (BM), NeuroSearch A/S, (BM), Effector Nordic A/S, (BM), Effector Communications A/S, (BM), NicOx S.A., (BM).
Karl Olof Borg Board member since 2001	8,000		Eurocine AB, (CM), Bioinvent International AB, (CM), Cyncron, (BM), Galenica AB (BM), Alligator AB (BM)
Alf A. Lindberg Board member 2005			Curalogic A/S, (BM), Catella Health Care, (BM), Proteome Sciences Ltd., (BM), Avant Immunotherapeutics, (BM), Eurocine AB, (BM), Isconova AB, (BM).
Michel L. Pettigrew Board member 2006	6,000		Ferring Italy, (CM), Ferring Inc., (BM), Farmaceutisk Laboratorium Ferring A/S, (BM), Arpida, (BM).
Karen Lykke Sørensen Board member since 2007			SanofiAventis Denmark A/S, (M+BM).
Executive Management			
Achim Kaufhold, CEO		270,000	CMP Therapeutics, Inc. (CM).

(CM) = Chairman
(BM) = Board member
(M) = Management

23 Board of Directors and Executive Management 2007

The members of the Company's Board of Directors and Executive Management own the following shareholdings and warrants in Pharmexa A/S and hold the following executive offices in other companies apart from wholly owned subsidiaries:

	No. of shares owned	No. of Warrants owned	Executive offices held in other companies
Board			
Ole Steen Andersen , chairman Board member since 2007	30,000		Auriga Industries A/S, (CM), BB Electronics A/S, (CM), BB Electronics Holding A/S, (BF), HedgeCorp A/S, (CM), Cowi A/S, (CM).
Jørgen Buus Lassen Board member since 1997	20,000		NS Gene A/S, (CM), Gudme Raaschou Health Care Invest A/S, (CM), Investeringsforeningen Gudme Raaschou, (BM), Effector Holding A/S, (BM), NeuroSearch A/S, (BM), Effector Nordic A/S, (BM), Effector Communications A/S, (BM), NicOx S.A., (BM).
Karl Olof Borg Board member since 2001	8,000		Eurocine AB, (CM), Bioinvent International AB, (CM), Cyncron, (BM), Galenica AB (BM), Alligator AB (BM)
Alf A. Lindberg Board member 2005			Curalogic A/S, (BM), Catella Health Care, (BM), Proteome Sciences Ltd., (BM), Avant Immunotherapeutics, (BM), Eurocine AB, (BM), Isconova AB, (BM).
Michel L. Pettigrew Board member 2006	6,000		Ferring Italy, (CM), Ferring Inc., (BM), Farmaceutisk Laboratorium Ferring A/S, (BM), Arpida, (BM).
Karen Lykke Sørensen Board member since 2007			SanofiAventis Denmark A/S, (M+BM),
Tomas Brink Wikborg* Board member since 2007		49,330	
Finn Stausholm Nielsen* Board member since 2003		29,330	
Executive Management			
Jakob Schmidt, CEO	31,579	610,000	Curalogic A/S, (CM), GemVax A/S, (CM), Pharmexa Inc. (CM).

(CM) = Chairman
(BM) = Board member
(M) = Management
*) Employee reprensentative

Unaudited Interim Financial Statements for the Three Months Ended March 31, 2009 for Affitech AS (now Affitech Research AS)

Statement by the Board of Directors' and the Executive Management on the Interim Financial Statements for use in this Prospectus

The Board of Directors and the Executive Management have today considered and adopted the interim financial statements for Affitech Research AS for the three months ended March 31, 2009 with comparative figures for three months ended March 31, 2008. The interim financial statements are presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

We consider the accounting policies appropriate and the accounting estimates made reasonable. In our opinion, the interim financial statements gives a true and fair view of the Group's assets and liabilities and financial position as of March 31, 2009 and of the results of the Group's operations and cash flows for three months ended March 31, 2009. Furthermore, we consider the interim financial statements to be consistent with the Group's accounting policies as described on pages F-74 to F-77.

Certain shareholders in Affitech A/S have committed to invest DKK 26.8 million in share capital in connection with the Offering (Cash Offering). This will make it possible to finance the planned activities until June 2010.

Copenhagen, June 30, 2009

Board of Directors

Keith McCullagh
Chairman
Board member

Ole Steen Andersen
Vice Chairman
Board member

Pål Rødseth
Partner

Arne Handeland
Partner

Michel Pettigrew
Director

Steinar Engelsen
Partner

Executive Management

Achim Kaufhold

Independent Auditors' Report on review of Interim Financial Statements

To the readers of this Prospectus
We have reviewed the interim financial statements of Affitech Research AS Group for the period January 1 to March 31, 2009, which comprises the Statement of the Board of Directors and Executive Management, the income statement, balance sheet, statement of changes in equity, cash flow statement and notes.

The Board of Directors and Executive Management are responsible for the preparation and fair presentation of these interim financial statements in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review
We conducted our review in accordance with the Danish Standard on Auditing applicable to review engagements. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Danish Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and we do therefore not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention which causes us to believe that the interim financial statements do not give a true and fair view of the Group's assets, liabilities and financial position at March 31, 2009 and of the results of its operations and cash flows for the period from January 1 to March 31, 2009 in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Emphasis of matter
Without qualifying our opinion, we note that the Group's ability to carry out the activities planned is dependent on the injection of new capital. Reference is made to the Directors' and Management's comments thereon in their statement on the interim financial statements for use in this Prospectus included on page F-50.

We have not audited or reviewed the comparative numbers for the three month period ended March 31, 2008, and consequently we do not express a conclusion about the comparative numbers.

Copenhagen, June 30, 2009

Ernst & Young
Godkendt Revisionsaktieselskab

Benny Lynge Sørensen
State Authorised Public Accountant

Jesper Slot
State Authorised Public Accountant

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Income statement for the period January 1 – March 31

NOK'000	Note	Group January 1 – March 31 2009	Group January 1 – March 31 2008
Revenue		**1,502**	**664**
Research and development costs		-9,403	-8,791
Administrative expenses		-3,392	-2,114
Loss before other operating income/expenses		**-11,293**	**-10,241**
Other operating income		0	0
Other operating expenses		0	0
Operating loss		**-11,293**	**-10,241**
Other financial income		70	423
Other financial expenses		-53	-158
Loss before tax		**-11,276**	**-9,976**
Income taxes		0	0
Net loss for the period		**-11,276**	**-9,976**
Statement of comprehensive income			
Net loss for the period		-11,276	-9,976
Exchange adjustments, foreign subsidiaries		8	-2
Total comprehensive income		**-11,268**	**-9,978**

Balance sheet at March 31 – Assets

NOK'000	Note	Group March 31 2009	March 31 2008
Licences and rights		760	1,081
Patents, trade marks and technologies		845	0
Intangible assets		**1,605**	**1,081**
Plant and machinery		5,659	6,752
Other fixtures and fittings, tools and equipment		175	163
Leasehold improvements		30	65
Property, plant and equipment		**5,864**	**6,980**
Non-current assets		**7,469**	**8,061**
Inventory		469	518
Accounts receivables		1,416	1,510
Other receivables		1,024	1,226
Prepayments		863	1,108
Receivables		**3,303**	**3,844**
Cash and cash equivalents		**1,745**	**24,459**
Current assets		**5,517**	**28,821**
ASSETS		**12,986**	**36,882**

Balance sheet at March 31 – Equity and liabilities

NOK'000	Note	Group March 31 2009	Group March 31 2008
Share capital		5,150	51,495
Share premium		138,228	138,228
Profit and loss account		-166,458	-170,173
Subordinate convertible loan		19,621	0
Share based payments		3,047	2,726
Other shareholders' equity		-342	51
Shareholders' equity		**-754**	**22,327**
Other non-current liabilities		668	764
Finance lease commitments		1,644	2,040
Non-current liabilities		**2,312**	**2,804**
Finance lease commitments		396	364
Trade payables		3,337	2,827
Other payables		4,225	4,215
Deferred income		3,470	4,345
Current liabilities		**11,428**	**11,751**
Liabilities		**13,740**	**14,555**
EQUITY AND LIABILITIES		**12,986**	**36,882**
Accounting policies	1		
Substantial post balance sheet events	2		

Statement of changes in equity

	Group						
NOK'000	Share capital	Share premium	Profit and loss account	Share-based payment	Sub ordinate convertible loan	Exchange-adjustments	Total
Shareholders' equity at January 1, 2009	**5,150**	**138,228**	**-154,503**	**2,967**	**18,941**	**-350**	**10,433**
Net loss for the period			-11,276				-11,276
Exchange adjustments, foreign subsidiaries						8	8
Comprehensive income			-11,276			8	-11,268
Interest on subordinate convertible loan			-680		680		0
Expensed value of warrants granted				81			81
Shareholders' equity at March 31, 2009	**5,150**	**138,228**	**-166,458**	**3,047**	**19,621**	**-342**	**-754**
Shareholders' equity at January 1, 2008	**51,495**	**138,228**	**-160,197**	**2,645**	**-**	**53**	**32,224**
Net loss for the period			-9,976				-9,976
Exchange adjustments, foreign subsidiaries						-2	-2
Comprehensive income			-9,976			-2	-9,978
Expensed value of warrants granted				81			81
Shareholders' equity at March 31, 2008	**51,495**	**138,228**	**-170,173**	**2,726**	**-**	**51**	**22,327**

Cash flow statement for the period January 1 – March 31

NOK'000	Note	Group January 1 – March 31 2009	Group January 1 – March 31 2008
Net loss for the period		-11,276	-9,976
Adjustments		801	490
Changes in working capital		-480	-2,521
Cash flow from operating activities before net financials		-10,955	-12,007
Interest received etc.		70	423
Interest paid etc.		-53	-158
Cash flow from operating activities		**-10,938**	**-11,742**
Additions of intangible assets		0	0
Additions of property, plant and equipment		0	-132
Cash flow from investing activities		**0**	**-132**
Repayments, finance leases		-94	-86
Cash flow from financing activities		**-94**	**-86**
Change in cash and cash equivalents		**-11,032**	**-11,960**
Unrealised currency gain/loss		19	43
Cash and cash equivalents at January 1		12,758	36,376
Cash and cash equivalents at March 31		**1,745**	**24,459**
Analysis of cash and cash equivalents:			
Cash and demand deposits		1,745	4,459
Money market funds		-	20,000
		1,745	**24,459**

Notes to the interim financial statements

1 Accounting policies

The interim financial statements of Affitech Research AS for the three months ended March 31, 2009 are presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

The accounting policies applied for the interim financial statements are consistent with those applied in the financial statements for 2008.

Some new or amended Standards and Interpretations are effective for the financial year 2009. The assessment of the management is that these Standards and Interpretations do not have significant influence on the Interim financial statements and only has resulted in disclosure of additional financial information.

2 Substantial post balance sheet events

In December 2008 the company signed a term sheet with Pharmexa A/S, a Danish public biopharmaceutical company previously dedicated to immunotherapeutic vaccines, for a combination of the two companies and the adoption of the new Affitech business plan. Since the end of the year, the two companies have committed substantial effort and resources to managing the combination successfully and in March 2009 signed a conditional combination agreement. The transaction, which is a share for share acquisition of Affitech AS by Pharmexa, is expected to result in the shareholders of Affitech becoming the owners of approximately 70% of the shares of the combined company, which will be renamed Affitech and retain a listing on the Copenhagen Stock Exchange. The transaction was finally approved by the respective shareholders on 5 May 2009.

Audited Financial Statements for the Years Ended December 31, 2008 and 2007 for Affitech AS (now Affitech Research AS)

Managements Review

Company profile
Affitech AS is a Norwegian based biopharmaceutical research company focused on the field of human antibody therapeutics. The Company aims to create safe and effective new medicines based on antibodies, the natural proteins which the body uses to fight disease. Using its proprietary technologies to identify and optimize new human antibodies from large scale genetic libraries, Affitech has developed into an internationally competitive drug discovery company with an emerging pipeline of exciting human antibodies as potential new drugs.

Activities during the year
The Company continued to develop its successful technology platform and identify proprietary product candidates in 2008. In addition, research continued under collaborative agreements with pharmaceutical and biotech companies and academic institutions. Affitech currently has ongoing cooperation agreements with F. Hoffman-LaRoche Ltd ("Roche"; Switzerland), Peregrine Pharmaceuticals Inc. (USA), Omeros Corporation (USA), Dyax Corp. (USA), Xoma Ltd. (USA), NatImmune A/S (Denmark), Micromet, Inc. (USA), Pharmexa A/S (Denmark), the Norwegian Radium Hospital (Norway), the University of Oslo (Norway), NTNU and SINTEF (Norway) and the German Cancer Research Centre (DKFZ, Germany).

Key milestones achieved during the year are summarised below.

- In February 2008, Dr. Sergej Kiprijanov was appointed as Vice President of Discovery Research and Preclinical Development. Joining Affitech at a key stage in the company's growth, Dr Kiprijanov brings a wealth of experience in the antibody therapeutic field. Previously CSO of Novoplant GmbH, a German plant biotech company developing antibodies for oral applications, Dr. Kiprijanov was also Head of Research with Affimed Therapeutics AG in Heidelberg, Germany, focusing on engineering human antibodies and antibody fragments for cancer indications.
- In April 2008, Affitech announced its membership in the newly inaugurated Norwegian Center for Stem Cell Based Tumor Therapy (CAST). The identification and successful targeting of cancer stem cells would rank as one of the most exciting potential breakthroughs in the treatment of cancer. Affitech's is utilising its proprietary CBAS™ (Cell Based Antibody Selection) platform to identify molecules of clinical interest. The CAST program, which has its origin in the stem cell research activities at Oslo University and the combined Rikshospitalet/Radiumhospitalet has been granted financial support from The Norwegian Research Council. In addition, Oslo-based Ullevål Hospital and the University of Oslo are partners in the consortium, along with leading Norwegian diagnostic and biopharmaceutical companies. The Center is being coordinated by professors Stefan Krauss and Ola Myklebost and it aims to foster closer cooperation between academic and industry researchers leading to the development of new methods and entities for the diagnosis and treatment of cancer.
- In May 2008, Affitech successfully completed an important milestone in its long-term antibody discovery partnership with Peregrine Pharmaceuticals, a California based public biopharmaceuticals company. At the 2008 Annual Meeting of the American Association for Cancer Research (AACR), Peregrine presented preclinical studies demonstrating that PGN635, a fully human antibody discovered through the Affitech collaboration, exhibits anti tumor efficacy by targeting phosphatidylserine (PS). The new antibody has several potential advantages over bavituximab, an earlier anti-PS antibody in development by Peregrine that has shown positive results in phase II clinical trials for the treatment of breast and lung cancers and is in a phase I study for the treatment of chronic HCV infection.
- In August 2008, Affitech entered into a research collaboration agreement with Omeros Corporation, a Seattle-based clinical-stage biopharmaceutical company, for the discovery and development of fully human antibodies for Omeros' MASP-2 program. MASP-2, or mannan-binding lectin-associated serine protease-2, mediates activation of the complement system via the lectin pathway and is linked to multiple potential indications across a wide range of inflammatory diseases including macular degeneration, rheumatoid arthritis, transplant rejection and cardiovascular and renal ischemia-reperfusion injury.
- In September 2008, Affitech achieved the second milestone under its 2007 research and licensing agreement with Roche to produce fully human recombinant antibodies against an undisclosed Roche proprietary oncology disease target. Affitech used its proprietary molecular screening system (MBAS) and its antibody library and high throughput screening technology to generate final candidates that met Roche's pre-determined success criteria. This accomplishment triggered a milestone payment and Roche is currently evaluating the potential new drug candidates for further development.
- Also in September 2008, Dr Keith McCullagh joined the company's Board of Directors as Chairman. Dr McCullagh is an experienced bioscience entrepreneur, having founded and built three previous companies in the life science industry. Most recently, from October 2003 to June 2008, he was CEO of Santaris Pharma, a Danish biopharmaceutical company.

In October 2008 Affitech completed its acquisition of the patents and full rights to the innovative "diabody" technology previously owned by Pharmexa A/S, the Danish immunotherapeutic vaccine company. Also known as bi-specific single chain antibodies, diabodies are recombinant antibody-like proteins whose unique attributes make them attractive candidates for a variety of therapeutic applications. The acquisition follows an exclusive license of the diabody IP that Affitech obtained in 2007 from Pharmexa to carry out certain non-clinical GLP compliant studies, as well as sub-licensing arrangements with third parties.

Revenue
Revenue in the Group totalled NOK 4.2 million in 2008, against NOK 2.9 million in 2007, representing an increase of 47%. The increase is primarily due to higher sales of ProteinL and higher up-front and milestone revenue from collaboration projects in 2008.

Research costs
Research costs totalled NOK 37.4 million in 2008, against NOK 43.1 million in 2007, representing a decrease of 13%. The

decrease is primarily due to lower external costs for cell line development and pre-clinical studies in 2008.

Administrative expenses
Administrative expenses totalled NOK 10.5 million in 2008, against NOK 10.0 million in 2007, representing an increase of 5%.

Other operating income
Other operating items in 2008 amounted to net NOK 2.7 million, compared to net NOK 1.1 million in 2007. The other operating items primarily consists of grants from public authorities in both 2008 and 2007. The increase in other operating items is primarily a result of the recognized income related to the Company's participation in a consortium receiving a grant from the EU under the 6th framework program.

Net loss for the year
The Group reported a net loss of NOK 39.9 million in 2008, compared to a net loss of NOK 47.6 million in 2007 and the decrease is primarily due to lower research costs.

Balance Sheet Items
The group's balance sheet total at December 31, 2008 was NOK 23.4 million compared to NOK 48.2 million at December 31, 2007. At December 31, 2008, cash and cash equivalents amounted to NOK 12.8 million, and shareholders' equity amounted to NOK 10.4 million. At December 31, 2007 cash and cash equivalents amounted to NOK 36.4 million and shareholders equity amounted to NOK 32.2 million.

Cash Flow Statement
The net cash flow for 2008 is negative by NOK 23.6 million, compared to net cash inflows of NOK 3.4 million in 2007. Cash flows primarily relate to the loss on operations and a cash inflow of NOK 18.9 million from the issuance of a subordinated convertible loan in 2008. Cash flows in 2007 were positively affected by a capital increase of NOK 41.4 million.

Substantial post balance sheet events
In December 2008 the company signed a term sheet with Pharmexa A/S, a Danish public biopharmaceutical company previously dedicated to immunotherapeutic vaccines, for a combination of the two companies and the adoption of the new Affitech business plan. Since the end of the year, the two companies have committed substantial effort and resources to managing the combination successfully and in March 2009 signed a conditional combination agreement. The transaction, which is a share for share acquisition of Affitech AS by Pharmexa, is expected to result in the shareholders of Affitech becoming the owners of approximately 70% of the shares of the combined company, which will be renamed Affitech and retain a listing on the Copenhagen Stock Exchange. The transaction was finally approved by the respective shareholders on 5 May 2009.

Statement by the Board of Directors and Executive Management on the audited Financial Statements

The Board of Directors and the Executive Management have today discussed and approved the financial statements of Affitech AS for the financial year ended December 31, 2008 with comparative figures for 2007.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

We consider the accounting policies used to be appropriate and the accounting estimates made reasonable. To the best of our belief, the financial statements includes the information which is relevant for an assessment of the Group's financial position. Against this background, it is our opinion that the financial statements gives a true and fair view of the Group's assets and liabilities, financial position and the consolidated results of operations and cash flows for the year ended December 31, 2008 with comparative figures for 2007.

Certain shareholders in Affitech A/S have committed to invest DKK 26.8 million in share capital in connection with the Offering (Cash Offering). This will make it possible to finance the planned activities until June 2010.

Copenhagen, June 30, 2009

Board of Directors

Keith McCullagh
Chairman
Board member

Ole Steen Andersen
Vice Chairman
Board member

Pål Rødseth
Partner

Arne Handeland
Partner

Michel Pettigrew
Director

Steinar Engelsen
Partner

Executive Management

Achim Kaufhold

Independent Auditor's Report on the Financial Statements

To the readers of this Prospectus
We have audited the financial statements of Affitech AS for the financial year ended 31 December 2008 with comparative figures for 2007, which comprises the Statement of the Board of Directors and Executive Management on the financial statements, the Management's Review, the income statement, balance sheet, statement of changes in equity, cash flow statement for the year then ended and notes. The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The Board of Directors and Executive Managements' Responsibility for the financial statements
The Board of Directors and Executive Management are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Basis of Opinion
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Executive Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit did not result in any qualification.

Opinion
In our opinion, the financial statements gives a true and fair view of the Group's financial position at 31 December 2008 with comparative figures for 2007 and of the results of the Group's operations and cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Emphasis of matter
Without qualifying our opinion, we note that the Company's ability to carry out the activities planned is dependent on the injection of new capital. Reference is made to the Directors' and Management's comments thereon in their statement on the interim financial statements for use in this Prospectus included on page F-62.

Copenhagen, June 30, 2009

Ernst & Young
Godkendt Revisionsaktieselskab

Benny Lynge Sørensen
State Authorised Public Accountant

Jesper Slot
State Authorised Public Accountant

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Income statement for the period January 1 – December 31

NOK'000	Note	Group 2008	Group 2007
Revenue		**4,183**	**2,852**
Research costs		-37,378	-43,139
Administrative expenses		-10,490	-10,037
Loss before other operating income/expenses		**-43,685**	**-50,324**
Other operating income		2,661	1,149
Other operating expenses		-	-
Operating loss		**-41,024**	**-49,175**
Other financial income	3	1,911	2,193
Other financial expenses	4	-751	-575
Loss before tax		**-39,864**	**-47,557**
Income taxes	5	0	0
Net loss for the year		**-39,864**	**-47,557**

Balance sheet at December 31 – Assets

NOK'000	Note	Group 2008	Group 2007
Licences and rights	6	841	1,161
Patents, trade marks and technologies	6	867	-
Intangible assets		**1,708**	**1,161**
Plant and machinery	7	6,259	7,259
Other fixtures and fittings, tools and equipment	7	204	129
Leasehold improvements	7	38	74
Property, plant and equipment		**6,501**	**7,462**
Non-current assets		**8,209**	**8,623**
Inventory		477	544
Accounts receivables		48	928
Other receivables		1,422	1,192
Prepayments	8	468	563
Receivables		**1,938**	**2,683**
Cash and cash equivalents		**12,758**	**36,376**
Current assets		**15,173**	**39,603**
ASSETS		**23,382**	**48,226**

Balance sheet at December 31 – Equity and liabilities

NOK'000	Note	Group 2008	2007
Share capital	9	5,150	51,495
Share premium		138,228	138,228
Profit and loss account		-154,503	-160,197
Subordinate convertible loan	10	18,941	-
Share based payments		2,967	2,645
Other shareholders' equity		-350	53
Shareholders' equity		**10,433**	**32,224**
Other non-current liabilities		700	812
Finance lease commitments	12	1,746	2,134
Non-current liabilities		**2,446**	**2,946**
Finance lease commitments	12	388	356
Trade payables		1,819	3,177
Other payables		5,070	5,178
Deferred income	13	3,226	4,345
Current liabilities		**10,503**	**13,056**
Liabilities		**12,949**	**16,002**
EQUITY AND LIABILITIES		**23,382**	**48,226**

Other notes:

Statement of changes in equity

					Group			
NOK'000	Number of shares	Share capital	Share premium	Profit and loss account	Share-based payment	Sub ordinate convertible loan	Exchange-adjustments	Total
Shareholders' equity at January 1, 2008	**5,149,548**	**51,495**	**138,228**	**-160,197**	**2,645**	**-**	**53**	**32,224**
Net loss for the year				-39,864				-39,864
Exchange adjustments, foreign subsidiaries							-403	-403
Comprehensive income				-39,864			-403	-40,267
Capital decrease to cover loss		-46,345		46,345				-
Subordinate convertible loan						18,154		18,154
Interest on subordinate convertible loan				-787		787		-
Expensed value of warrants granted					322			322
Shareholders' equity at December 31, 2008	**5,149,548**	**5,150**	**138,228**	**-154,503**	**2,967**	**18,941**	**-350**	**10,433**
Shareholders' equity at January 1, 2007	**4,197,681**	**41,977**	**106,445**	**-112,640**	**1,863**	**-**	**-**	**37,645**
Net loss for the year				-47,557				-47,557
Exchange adjustments, foreign subsidiaries							53	53
Comprehensive income				-47,557			53	-47,504
Capital increase by way of a share issue	951,867	9,518	31,783					41,302
Expensed value of warrants granted					782			782
Shareholders' equity at December 31, 2007	**5,149,548**	**51,495**	**138,228**	**-160,197**	**2,645**	**-**	**53**	**32,224**

Analysis of movements in the share capital:

NOK'000	2008	2007	2006	2005	2004
Share capital at January 1	**51,495,480**	**41,976,810**	**26,302,050**	**20,909,550**	**11,017,690**
Capital increase		9,518,670	15,674,760	5,392,500	9,891,860
Write of down share capital by write down of nominal value per share	-46,345,932				
Share capital at December 31	**5,149,548**	**51,495,480**	**41,976,810**	**26,302,050**	**20,909,550**

Cash flow statement for the period January 1 – December 31

NOK'000	Note	Group 2008	2007
Net loss for the year		-39,864	-47,557
Adjustments	15	2,011	1,267
Changes in working capital	16	-1,950	10,492
Cash flow from operating activities before net financials		-39,803	-35,798
Interest received etc.		1,911	2,193
Interest paid etc.		-751	-575
Cash flow from operating activities		**-38,643**	**-34,180**
Additions of intangible assets		-889	-1,352
Additions of property, plant and equipment		-1,593	-4,882
Cash flow from investing activities		**-2,482**	**-6,234**
Net proceeds, share issue		-	41,302
Issuance of convertible loan		18,154	-
Repayments, finance leases		-356	-112
Establishment of leasing debt		-	2,602
Cash flow from financing activities		**17,798**	**43,792**
Change in cash and cash equivalents		**-23,327**	**3,378**
Unrealised currency gain/loss		-291	27
Cash and cash equivalents at January 1		36,376	32,971
Cash and cash equivalents at December 31		**12,758**	**36,376**

Notes to the financial statements

1 Changes in accounting policies

Effective (as from) 1 January 2008, the accounting policies were changed to reflect the International Financial Reporting Standards (IFRS), as adopted by the EU, the transitional date being 1 January 2007. In accordance with IFRS 1, all relevant standards and interpretations issued at 31 December 2008 have been applied.

The transition to IFRS is performed in order to provide financial information for the purpose of this Prospectus. The company's official Annual Report continue to be presented in accordance with Norwegian GAAP.

Under Norwegian GAAP the company was exempt from presenting consolidated figures. In accordance with IFRS the company has made the consolidation and is presenting the adjustments to the Affitech Annual report in column 2 in the below table and the consolidated Norwegian GAAP figures in column 3.

Executive management has reassessed some of the accounting estimates in order to treat items similar in Affitech and Pharmexa. Executive management has assessed that the previously capitalized patents cost should be expensed and has adjusted for this in column 2.

In consequence of the adoption of IFRS, the accounting policies have been changed in the following respects:

a) Share based compensation regarding warrants has not previously been expensed in the income statement under Norwegian GAAP. Under IFRS equity-settled share based compensation granted after 7 November 2002 and not vested at 1 January 2007 is charged to the income statement representing the fair value of the warrants at the date of grant and is amortized over the vesting period. The Company used appropriate present economic valuation models and methodologies for calculating the fair value of each warrant.

b) Leasing, both operating and finance lease, has previously been expensed in the income statement under Norwegian GAAP. In accordance with IFRS a finance lease should be recognized as if the company had acquired the assets and obtained a loan to finance the acquisition. This has increased depreciations and interest expenses and an equivalent decrease in expensed leasing cost.

c) Under IFRS, the convertible debt is a compound financial instrument as defined by IAS 32. As such the debt and conversion option components have to be separately classified and measured. As at September 15, 2008, the date of issue of the subordinated convertible loan, the fair value of the convertible loan was NOK 18,154 thousand, the debt component being measured at NOK 0 and the conversion option being measured at NOK 18,154 thousand. According to the terms in the convertible loan the lenders may only claim repayment of the loan and interest if the Company approves a repayment. It is therefore the Company's decision whether the convertible loan should be repaid. Management has assessed that the convertible loan will be converted into shares and not repaid and has therefore classified all of the convertible loan as equity and the interest attached hereto as dividend in accordance with IAS 32.

In consequence of Affitech AS's adoption of IFRS, the following changes have been made as compared with the financial statements for 2007 and 2008, which were presented in accordance with the accounting policies applied so far.

The letters a) to c) in the tables below refer to the above description of the policy changes resulting from the adoption of IFRS.

Note	NOK'000

1 Changes in accounting policies – continued

	Official Annual Report for Affitech AS	Con-solidation adjustments	Group Norwegian GAAP	IFRS adjustments	Group financial statements according to IFRS
Income statement 2007					
Revenue	4,001	-1,149	2,852	0	2,852
Research costs	-42,106	-608	-42,714	-425[a+b)]	-43,139
Administrative expenses	-9,663	-46	-9,709	-328[a)]	-10,037
Loss before other operating income and expenses	-47,768	-1,803	-49,571	-753	-50,324
Other operating income	-	1,149	1,149	-	1,149
Loss before financial income and expenses	-47,768	-654	-48,422	-753	-49,175
Other financial income	2,122	71	2,193	0	2,193
Other financial expenses	-371	-115	-486	-89[b)]	-575
Loss before tax	-46,017	-698	-46,715	-842	-47,557
Income taxes	0	0	0	0	0
Loss for the year	**-46,017**	**-698**	**-46,715**	**-842**	**-47,557**
Income statement 2008					
Revenue	6,844	-1,541	5,303	0	5,303
Research costs	-36,951	-243	-37,194	-184[a+b)]	37,378
Administrative expenses	-10,623	204	-10,419	-71[a)]	10,490
Loss before other operating income and expenses	-40,730	-1,580	-42,310	-255	-42,565
Other operating income	-	1,541	1,541	-	1,541
Loss before financial income and expenses	-40,730	-39	-40,769	-255	-41,024
Other financial income	1,472	439	1,911	0	1,911
Other financial expenses	-1,310	0	-1,310	559[b+c)]	-751
Loss before tax	-40,568	400	-40,168	304	-39,864
Income taxes	0	0	0	0	0
Loss for the year	**-40,568**	**400**	**-40,168**	**304**	**-39,864**

	2008	2007
Net loss for the year – previous accounting policies	**-40,168**	**-46,715**
a) Share-based compensation	-322	-782
b) Finance leasing – research costs	67	29
b) Finance leasing – financial expenses	-228	-89
c) Convertible debt	787	-
Net loss for the year – IFRS	**-39,864**	**-47,557**

Note	NOK'000

1 Changes in accounting policies – continued

	Official Annual Report for Affitech AS	Con-solidation adjustments	Group Norwegian GAAP	IFRS adjustments	Group financial statements according to IFRS
Balance sheet 1 January 2007					
Assets					
Intangible assets	1,145	-992	153	-	153
Other non-current assets	5,178	-884	4,294	-	4,294
Current assets	41,849	-39	41,810	-	41,810
Total assets	**48,172**	**-1,915**	**46,257**	**0**	**46,257**
Equity and liabilities					
Shareholders' equity	38,372	-727	37,645	0[a)]	37,645
Non-current liabilities	-	-	-	-	-
Current liabilities	9,800	-1,188	8,612	-	8,612
Total liabilities	9,800	-1,188	8,612	-	8,612
Total equity and liabilities	**48,172**	**-1,915**	**46,257**	**0**	**46,257**
Balance sheet 31 December 2007					
Assets					
Intangible assets	2,761	-1,600	1,161	-	1,161
Other non-current assets	5,382	-850	4,532	2,930[b)]	7,462
Current assets	39,865	238	40,103	-500[b)]	39,603
Total assets	**48,008**	**-2,212**	**45,796**	**2,430**	**48,226**
Equity and liabilities					
Shareholders' equity	33,656	-1,372	32,284	-60[a+b)]	32,224
Non-current liabilities	812	0	812	2,134[b)]	2,946
Current liabilities	13,540	-840	12,700	356[b)]	13,056
Total liabilities	14,352	-840	13,512	2,490	16,002
Total equity and liabilities	**48,008**	**-2,212**	**45,796**	**2,430**	**48,226**

Note	NOK'000

1 Changes in accounting policies – continued

	Official Annual Report for Affitech AS	Con-solidation adjustments	Group Norwegian GAAP	IFRS adjustments	Group financial statements according to IFRS
Balance sheet 31 December 2008					
Assets					
Intangible assets	3,551	-1,843	1,708	-	1,708
Non-current assets	4,958	-870	4,088	2,413[b)]	6,501
Current assets	15,500	173	15,673	-500[b)]	15,173
Total assets	**24,009**	**-2,540**	**21,469**	**1,913**	**23,382**
Equity and liabilities					
Shareholders' equity	-6,913	-1,374	-8,287	18,720[a+b+c)]	10,433
Non-current liabilities	19,641	0	19,641	-17,195[b+c)]	2,446
Current liabilities	11,281	-1,166	10,115	388[b)]	10,503
Total liabilities	30,922	-1,166	29,756	-16,807	12,949
Total equity and liabilities	**24,009**	**-2,540**	**21,469**	**1,913**	**23,382**

	31/12 2008	31/12 2007	1/1 2007
Shareholders' equity – previous accounting policies	**-8,287**	**32,284**	**37,645**
a) Share-based compensation	0	0	0
b) Finance leasing	-221	-60	-
c) Convertible debt	18,941	-	-
Shareholders' equity – IFRS	**10,433**	**32,224**	**37,645**

2 Accounting policies

Basis of accounting
The financial statements of the Affitech Group for 2008 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Effect from the implementation of new and updated standards issued by the IASB
In 2008 IASB has only issued new and updated standards effectively for accounting periods beginning on January 1, 2008 that are not relevant for Affitech. The implementation of new and updated standards have therefore not had any significant effect on the financial statements of Affitech.

At the end of 2008, the following standards were issued with effective date January 1, 2009, which have not yet been implemented:

- IAS 1 "Presentation"
- IAS 27 "consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate"
- IFRS 2 "Share based payments – vesting conditions and cancellations"
- IFRS 3 "Business combinations"

The adoption of these standards are not expected to have any significant effect on the financial statements of Affitech.

General recognition and measurement criteria
The financial statements are based on the historic cost principle. Results of operations, assets and liabilities are therefore measured as described in the following.

Income is recognised in the income statement as earned. All expenses are recognised in the income statement as incurred.

Assets are recognised in the balance sheet once it is probable that future economic benefits attributable to the assets will flow to the Group and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that there will be an outflow of future economic benefits from the Group and the value of the liability can be measured reliably.

Critical accounting assessments and estimates
Regular estimates and assessment are based on historic experience and other factors, including expectations as to future events on the basis of present circumstances.

Critical estimates relating to development costs
An intangible asset arising from a development project must, according to IAS 38 "Intangible Assets", be recognized in the balance sheet if the criteria for recognition in the balance sheet are met. Which means that (1) the development project is clearly defined and identifiable, (2) the technical feasibility has been demonstrated as well as the availability of adequate resources to complete the development project and market the final product or to use the product internally, and (3) the management has demonstrated its intention to manufacture and sell the product or use it internally. Finally, it must be documented with adequate certainty that the future income from the development project will exceed the expenses for production and development as well as the expenses to sell and administer the product.

Development costs regarding individual projects are recognized as assets only if it is sufficiently certain that the future earnings for the individual projects will exceed not only the expenses for production, sale and administration, but also the actual product development costs. In the management's opinion, there is generally a high risk connected with the development of pharmaceuticals, for which reason sufficient certainty as to the future earnings cannot be obtained at present. The future economic benefits related to the product development cannot be made up with reasonable certainty until the development activities are complete and the requisite approvals have been granted. As a result, the management has chosen to expense the development costs incurred during the year.

Classification of subordinate convertible loan
Affitech AS issued in 2008 subordinate convertible loan to some of its shareholders. According to the terms in the convertible loan the lenders may only claim repayment of the loan and interest if the Company approves a repayment. It is therefore the Company's decision whether the convertible loan should be repaid, whereas the lenders can claim conversion of the loan including interest into shares. Management has assessed that the convertible loan will be converted into shares and not repaid and has therefore classified the convertible loan as equity and the interest attached hereto as dividend.

Deferred tax
We recognize deferred tax assets when it is likely that there will be sufficient future taxable income to utilize the temporary differences and unutilized tax losses. Management has carefully assessed whether the tax assets should be recognized as income in the income statement and as an asset in the balance sheet. However, based on the accounting criteria in this respect, management believes that it is not yet possible to recognize the tax assets. So far, the decision is to continue to disclose the size of the assets in the notes to the financial statements. Management will regularly reconsider whether the accounting criteria for recognizing the assets in the balance sheet and income statement have been met.

Income from collaboration and licensing agreements
We receive fees from collaboration agreements for the performance of research and development activities and fees from licensing agreements including upfront, annual and milestone payments. Revenue is recognized in the income statement if the general recognition criteria are met,

including that the services concerned has been provided, that the amount can be made up reliably and that it can be expected to be received. Revenue is recognized in accordance with the terms and conditions in the collaboration or licensing agreements.

Consolidation principle
The consolidated financial statements comprise Affitech AS (the parent company) and the enterprises in which Affitech AS, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest (subsidiaries). Affitech AS and its subsidiaries are jointly referred to as "the Group".

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and its subsidiaries by aggregating uniform items and by subsequently eliminating related party transactions, shareholdings and balances as well as unrealised intra-group gains and losses. The consolidation financial statements are based on financial statements prepared in accordance with the accounting policies used in the Affitech Group.

Additions and disposals of enterprises are recognized in the income statement for the period during which Affitech has owned the enterprise. Comparatives are not restated for such additions or disposals. Gains and losses consist of the difference between the selling price and the carrying amount of net assets at the time of disposal and expenses for sale or disposal.

Newly acquired enterprises are treated according to the acquisition method. The cost is measured at the fair value of the assets taken over and liabilities assumed at the takeover date plus expenses directly connected with the takeover. Identifiable assets and liabilities and contingencies in connection with a business integration are measured, on initial recognition, at the fair value at the takeover date, without considering a minority interest, if any. Any positive differences between the cost and the fair value of the Group's portion of the identifiable net assets are recognised as goodwill.

Foreign currency translation
The financial statements are presented in the parent company's functional currency, Norwegian kroner. Transactions in foreign currency are translated during the year at the exchange rate at the date of the transaction. Gains and losses arising between the exchange rate at the date of the transaction and the exchange rate at the date of payment are recognised in the income statement under "Net financials".

Receivables, payables and other monetary items in foreign currency not settled at the balance sheet date are translated at the closing rate. Differences between the closing rate and the exchange rate at the date of the transaction are recognised in the income statement under "Net financials". Non-monetary items in foreign currency which are measured at cost and which are not settled at the balance sheet date are translated at the date of the transaction. Non-monetary items in foreign currency which are measured at fair value are translated at the exchange rate at the date at which the fair value was assigned.

Items in the financial statements of foreign subsidiaries are translated into Norwegian kroner using closing rates for balance sheet items and average exchange rates for items in the income statement.

Exchange differences arising on the translation of foreign subsidiaries' opening balance sheet items to the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates to exchange rates at the balance sheet date are taken directly to equity. Similarly, exchange differences arising as a result of changes made directly in the equity of the foreign subsidiary are also taken directly to equity.

Income taxes and deferred tax
The tax for the year, which consists of the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the share that is attributable to the net profit or loss for the year and directly in equity as regards the share that is attributable to entries directly in equity. Any share of the expensed tax charge relating to the extraordinary profit or loss for the year is taken to this item, whereas the remaining share is taken to the net profit or loss for the year.

Current tax liabilities and receivables are recognized in the balance sheet as a receivable in case of an overpayment of tax on account and as a liability in case of an underpayment of tax on account.

Deferred tax is measured using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax on temporary differences is not recognised regarding non-deductible (for tax purposes) goodwill and other items on which temporary differences – part from corporate acquisitions – have arisen at the time of acquisition without affecting neither the results of operations nor the taxable income. Where the tax base may be set using alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or the intended settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the value at which the asset is expected to be realised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. The group enterprises are not taxed on a joint basis.

Incentive plans
Warrants are measured at their fair value at the time of grant and are recognised in the income statement as vested under "Research costs" or "Administrative expenses", respectively. The counter item is taken directly to equity. The most significant terms for warrants granted appear in the notes to the financial statements.

Revenue
Income from research, development and cooperation agreements are recognised in the income statement if the general recognition criteria are met, including that the service concerned has been provided before year-end, that the amount can be made up reliably and that it can be expected to be received. Revenue is recognised over the term of the agreement in accordance with the terms and conditions of the agreement. Revenue is made up exclusive of VAT and charges and net of price reductions in the form of discounts.

Research costs
Research costs include salaries, expenses related to patents and premises as well as other expenses such as IT expenses and depreciation attributable to the Group's research activities. The Group expenses all research costs in the year they are incurred.

Administrative expenses
Administrative expenses include salaries, expenses related to premises as well as other expenses such as IT expenses and depreciation relating to administration.

Other operating income/expenses
Other operating income and other operating expenses include accounts of a secondary nature relative to the companies' main activity, including government grants and gains and losses on the sale of intangible assets and property, plant and equipment.

Government grants are recognised under "Other operating income" when the final right to the grant has vested.

Net financials
Financial income and expenses include interest, realised and unrealised value adjustments on securities and foreign currency.

Balance sheet

Intangible assets
Licences, rights and patents acquired for consideration are measured at cost net of accumulated amortisation. Licences, rights and patents are amortised on a straight-line basis over the expected useful life of the assets. The amortisation period is based on the expected economic life of the assets, which is 5 to 10 years.

Property, plant and equipment
Property, plant and equipment are measured at cost net of accumulated depreciation and write-downs.

The cost comprises the cost of acquisition and expenses directly related to the acquisition until such time as the asset is ready to be put into use. As for assets of own manufacture, the cost comprises direct and indirect costs of labour, materials, components and sub-suppliers. Borrowing costs are not recognised as part of the cost.

The basis of depreciation, which is cost less any residual value, is distributed on a straight-line basis over the expected life of the assets, as follows:

Plant and machinery	3-10 years
Other fixtures, fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Gains and losses on current replacements of property, plant and equipment are recognised under "Other operating income" and "Other operating expenses", respectively.

Write-down of non-current assets
The carrying amount of intangible assets and property, plant and equipment and investments is assessed on an annual basis to determine whether there are any indications of impairment other than that provided for by normal amortisation and depreciation. In the event of impairment, the asset concerned is written down to its recoverable amount, which is made up as the higher of the net selling price and the value in use. If it is not possible to make up the recoverable amount of the individual asset, the impairment requirement is assessed for the smallest group of assets for which the recoverable amount can be made up. Impairment losses are recognised in the income statement under "Research costs" and "Administrative expenses", respectively or shown separately if material.

Assets for which no value in use can be ascertained as the assets will not in themselves generate future cash flows are assessed together with the group of assets to which they belong.

Receivables
Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, corresponding to the nominal value net of provisions for bad debts. Provisions for bad debts are based on an individual assessment of each account receivable.

Cash and cash equivalents
Cash and cash equivalents comprises cash, bank balances and bank deposits on demand.

Equity
Share premium comprises payment of share premium in connection with the issuing of shares. Share-based payment comprises the value of included costs for share-based payment measured at their fair value at the time of grant adjusted for subsequent changes. Convertible debt classified as equity comprise the value of convertible debt instrument measured at fair value at the time of issuance. Exchange adjustments comprises the exchange deviations arising on the translation of foreign subsidiaries income statement and balance sheet from their respective currency to Affitech's functional currency, Norwegian kroner.

Provisions
Provisions are recognized once the Group has a legal or constructive obligation as a result of event occurring prior to or on the balance sheet date and it is probable that economic resources will be required to settle the obligation.

Financial liabilities
Liabilities are measured at amortised cost, which in all essential respect equal the nominal value.

Leases
Leases for property, plant and equipment in respect of which the Group has all significant risks and rewards of ownership are classified as finance leases. Finance leases are recognised in the balance sheet at the lower of the fair value of the asset and the net present value of the minimum lease payments at the time of acquisition.

The capitalized residual commitment, net before interest, is recognized in the balance sheet as a liability. The interest element of finance leases is recognized periodically in the income statement over the lease term so as to recognize an interest element of the outstanding residual lease commitment for the individual periods.

Assets held under finance leases are depreciated and written down over the expected useful live of the assets.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessee are classified as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

Prepayments and deferred income
Prepayments recorded as assets comprise expenses relating to subsequent reporting years such as prepaid expenses regarding rent, licences, insurance premiums, subscription fees and interest.

Deferred income recorded as liabilities consist of payments received relating to income in subsequent reporting years.

Cash flow statement
The cash flow statement shows the Group's net cash flow for the year, broken down by operating, investing and financing activities, changes in cash and cash equivalents for the year and the Group's cash and cash equivalents at the beginning and at the end of the year.

Cash flow from operating activities
Cash flows from operating activities consist of the net profit or loss for the year, adjusted for non-cash income statement items such as amortisation, depreciation and write-downs, provisions and changes in the working capital, interest received and paid, payments regarding extraordinary items and income taxes paid. Working capital includes current assets less current liabilities exclusive of the items included in cash and cash equivalents.

Cash flow from investing activities
Cash flows from investing activities consist of cash flows from the purchase and sale of intangible assets, property, plant and equipment and investments.

Cash flow from financing activities
Cash flows from financing activities consist of cash flows from the raising and repayment of non-current liabilities and cash flows from capital increases.

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank balance and bank deposits on demand.

The cash flow statement cannot be derived solely from the financial records disclosed.

Note	NOK'000	Group 2008	2007
3	**Other financial income**		
	Exchange gains	920	447
	Other financial income	991	1,746
		1,911	**2,193**
4	**Other financial expenses**		
	Exchange losses	517	483
	Finance leases	227	88
	Other financial expenses	7	4
		751	**575**
5	**Income taxes**		
	Total tax for the year	**0**	**0**
	Analysis of the year's tax charge:		
	Estimated 28% tax on the pre-tax loss for the year	-11,162	-13,316
	Tax effect of:		
	Deductible expenses taken to equity	-311	-219
	Other permanent differences	-279	-211
	Change in non-recognised deferred tax asset	11,752	13,746
		0	**0**

Note	NOK'000

6 Intangible assets

	Licences and rights	Acquired patents, trade marks and technologies
Group		
Cost at January 1, 2008	3,430	
Additions for the year		889
Disposals for the year		
Cost at December 31, 2008	3,430	889
Amortisation and write-downs at January 1, 2008	2,268	
Amortisation for the year	321	22
Write-downs for the year		
Amortisation and write-downs at December 31, 2008	2,589	22
Carrying amount at December 31, 2008	**841**	**867**
Amortised over	5 years	10 years
Cost at January 1, 2007	2,077	
Additions for the year	1,353	
Disposals for the year		
Cost at December 31, 2007	3,430	-
Amortisation and write-downs at January 1, 2007	1,925	
Amortisation for the year	344	
Write-downs for the year		
Amortisation and write-downs at December 31, 2007	2,269	-
Carrying amount at December 31, 2007	**1,161**	**-**
Amortised over	5 years	

Amortisation and write-downs of intangible assets is expensed over the following accounts:

	Group	
	2008	**2007**
Research costs	343	344
Administrative expenses	-	-
	343	**344**

Note	NOK'000			
7	**Property, plant and equipment**			
		Plant and machinery	**Other fixtures, fittings, tools and equipment**	**Leasehold improvement**
	Group			
	Cost at January 1, 2008	10,261	374	113
	Additions for the year	1,373	175	-
	Disposals for the year	-	-	-
	Cost at December 31, 2008	11,634	549	113
	Depreciation at January 1, 2008	3,002	245	39
	Depreciation for the year	2,373	100	36
	Depreciation at December 31, 2008	5,375	345	75
	Carrying amount at December 31, 2008	6,259	204	38
	Hereof assets held under finance leases	2,413		
	Depreciated over	3-10 years	3-5 years	3-5 years
	Cost at January 1, 2007	5,535	243	88
	Additions for the year	4,726	131	25
	Disposals for the year	-	-	-
	Cost at December 31, 2007	10,261	374	113
	Depreciation at January 1, 2007	1,319	200	8
	Depreciation for the year	1,683	45	31
	Depreciation at December 31, 2007	3,002	245	39
	Carrying amount at December 31, 2007	7,259	129	74
	Hereof assets held under finance leases	2,930		
	Depreciated over	3-10 years	3-5 years	3-5 years

Depreciation of property, plant and equipment is expensed as follows:

	Group	
	2008	**2007**
Research costs	2,333	1,554
Administrative expenses	175	206
	2,508	**1,760**

Note NOK'000

8 Prepayments

Prepayments mainly consist of prepaid expenses relating to facilities rent, insurance and service agreements.

9 Share capital

The Company's share capital consists of 5,149,548 shares of a nominal value of NOK 1 each. No shares carry any special rights.

The Annual General Meeting has authorized the Board of Directors to increase the share capital by one or more issues with up to 350,000 shares for a period ending June 25, 2010.

10 Subordinate convertible loan

In August 2008 the company signed a loan agreement with 17 of its shareholders. The loan is for NOK 36,307,592, and is a subordinate convertible loan with priority after all other debt. The lenders may convert the loan and accrued interest, but only claim repayment of the loan and interest if the Borrower so approves. Payment of the loan by the lenders shall in accordance with the loan agreement be made in two equal tranches, of which the first was paid in September 2008. Accordingly, on December 31, 2008, 50% of the loan including accrued interest, in total NOK 18,940,565, was included in the balance sheet as subordinate convertible loan. The remaining part of the loan, NOK 18,153,796, is available for payment to the company upon draw down notice from the company to the lenders.

11 Deferred tax

	Group	
	2008	**2007**
Tax asset	57,870	46,118
Write-down to assessed value	-57,870	-46,118
Carrying amount	**0**	**0**

The potential tax asset has been stated at 28%, corresponding to the current tax rate.

The tax asset has not been capitalised, as it cannot, at present, be expected to be realised in future earnings.

Analysis of the tax asset:		
Fixed assets	-82	-186
Other assets and liabilities	-1	6
Tax losses	57,953	46,298
	57,870	**46,118**

Note	NOK'000	Group 2008	Group 2007
12	**Finance lease commitments**		
	Minimum commitment under finance leases:		
	Total future lease payments:		
	Within 1 year	557	557
	Between 1 and 5 years	2,043	2,600
	Total	2,600	3,157
	Future finance charge, finance leases	-466	-667
	Net present value of finance leases	2,134	2,490
	Net present value of the commitments:		
	Within 1 year	388	356
	Between 1 and 5 years	1,746	2,134
	Total	2,134	2,490
13	**Deferred income**		
	Deferred income consists of payments received under a research agreement and a public grant.		
14	**Contingencies and other financial obligations**		
	Leases		
	Total future lease payments:		
	Within 1 year	2,831	2,732
	Between 1 and 5 years	979	1,104
	After 5 years	-	-
		3,810	**3,836**

Note	NOK'000	Group 2008	2007
15	**Cash flow statement – adjustments**		
	Other financial income	-1,911	-2,193
	Other financial expenses	751	575
	Value of share-based payments	322	782
	Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment	2,849	2,103
		2,011	**1,267**
16	**Cash flow statement – changes in working capital**		
	Change in receivables	745	5,592
	Change in other current liabilities	-2,695	4,900
		-1,950	**10,492**

Note	NOK'000	Group 2008	2007
17	**Staff**		
	Wages and salaries	19,796	15,398
	Share-based remuneration	322	782
	Pensions	988	779
	Other social security costs	2,828	2,162
	Other staff costs	1,096	1,249
		25,030	**20,370**
	expensed as follows:		
	Research costs	20,138	16,066
	Administrative expenses	4,892	4,304
		25,030	**20,370**
	Hereof remuneration to the Executive Management and Board of Directors:		
	Executive Management	1,065	1,261
	Board of Directors	607	275
		1,672	**1,536**
	Analysis of remuneration to the Executive Management and Board of Directors:		
	Salaries	1,028	956
	Bonus	0	125
	Pension	37	40
	Total pay	1,065	1,121
	Value of warrants granted	0	140
	Total remuneration	**1,065**	**1,261**
	Average number of employees	**35**	**27**
	Number of employees at year-end	**37**	**31**

18 Share-based payments

Warrants

Warrants are measured at fair value at the time of grant and are included in the income statement during the period until the exercise date. Warrants vest over a period of 0 to 3 years and no futher vesting conditions are attached to the warrants. Warrants are not considered part of pay and cannot be characterized as bonus or performance pay.

Analysis of movements in warrants issued by the Company:

	Staff	Executive Manage-ment	Board of Directors	Other	Total
January 1, 2007	201,000	72,000	32,000	-	305,000
Warrants granted during the year	-	-	-	-	-
December 31, 2007	**201,000**	**72,000**	**32,000**	**-**	**305,000**
January 1, 2008	201,000	72,000	32,000	-	305,000
Expired	-	-	-	-	-
Warrants granted during the year	-	-	-	-	-
Samlet tildeling 31. december 2008	**201,000**	**72,000**	**32,000**	**-**	**305,000**

18 Share-based payments – continued

The Company's total outstanding warrants at December 31, 2008:

	Subscrip-tion price	Outstanding warrants	Subscription date	Market value per warrant in NOK	Market value in NOK in 2008[2)]	Market value in NOK in 2007[3)]
Employees	16.00	132,000	Nov. 2, 2009	3.05	402,600	3,828,000
	43.39	69,000	Jun. 1, 2010	0.4	26,910	1,031,550
		201,000			429,510	4,859,550
Executive Management	16.00	72,000	Nov. 2, 2009	3.05	219,600	2,088,000
Board of Directors	16.00	32,000	Nov. 2, 2009	3.05	97,600	928,000
Total		305,000			746,710	7,875,550

At December 31, 2008 there are 287,750 outstanding exercisable warrants.

2) The market values of the warrants were made up at December 31, 2008 based on the Black-Scholes valuation model. The valuation was based on the assumption of no dividend per share and a volatility rate of 50% per annum, the risk-free interest was made up at 3.0% per annum, the expected duration is determined on the basis of the subscription date, and a share price of NOK 16 per share corresponding to the value per share assessed by Management.

3) The market values of the warrants were made up at December 31, 2007 based on the Black-Scholes valuation model. The valuation was based on the assumption of no dividend per share and a volatility rate of 50% per annum, the risk-free interest was made up at 4.26% per annum, the expected duration is determined on the basis of the subscription date, and a share price of NOK 43.39 per share corresponding to the latest external valuation in 2006.

Note	NOK'000	Group 2008	2007
19	**Financial instruments**		
	The group has divided its financial assets into the categories below :		
	Loans and receivables:		
	Other receivables	1,470	2,120
	Cash and deposits	12,758	36,376
	Total loans and receivables	14,228	38,496
	Financial liabilities at amortized cost price:		
	Other non-current liabilities	700	812
	Debt financial lease	2,134	2,490
	Other payables	6,889	8,355
	Financial liabilities at amortized cost price	9,723	11,657

The fair value of the financial assets and liabilities correspond to the carrying value.

20 Capital management

As a biotech company, Affitech is dependent on continuous contributions of capital from new or existing shareholders until the Company becomes self-financing, either by selling products or by continuing to enter into new collaborative agreements with third parties regarding the Company's development projects. As in most biotech companies, Affitech's capital structure is based almost solely on equity. The proportion of loans is limited to occational subordinate convertible debt. The reason is partly that the Company generates losses so it may be difficult to pay interest and make repayments on debt, and partly that the market for lending to biotech companies is generally not well developed in Norway and Europe. Affitech expects that it will continue to be mainly equity financed until such a time as the Company begins to generate lasting profits. Affitech's research and development projects require capital, in particular when the projects reach last-stage clinical studies. Therefore, it is important that the Company is well financed at all times. It is Affitech's goal to always have capital for at least one year's continuing operations. The Company has consequently raised capital through equity issues relatively frequently in recent years. Based on its current strategy, the Company expects that its future operations will be financed through collaborative agreements with third parties and public grants for specific projects, combined with additional equity issues. Affitech's Board of Director's regularly discusses the Company's capital resources. The capital resources are assessed in light of the Company's budgets, strategic plans, the status of ongoing negotiations of collaborative agreements with third parties and conditions on the capital markets.

Note NOK'000

21 Financial risk

Based on the Group's financial assets and liabilities, the Group is exposed to certain financial risks, primarily risk on changes in currencies and changes in interest rates. The Group's policy is to not actively conduct speculation in financial risks.

Currency risk

The general objective of currency risk management is to limit the short-term adverse impact of exchange rate fluctuations on earnings and cash flows and thus increase the predictability of the financial results. The Group's policy is that management regularly evaluates the need to hedge expected exchange rate risk as a result of future transactions denominated in foreign currency.

The group has during the year recorded income in USD of NOK 4.1 million. A change in the USD/NOK currency rate of +/- 10% would effect the income with NOK 0.4/-0.4 million. Such a currency rate change would have a similar effect on the equity.

The group has during the year recorded expenses in USD of approximately NOK 4.9 million. A change in the USD/NOK currency rate of +/- 10% would effect the income with NOK -0.5/0.5 million. Such a currency rate change would have a similar effect on the equity.

Income and expenses do almost off-set during 2008 hence the currency risk is limited.

Per the end of the year the groups net financial liabilities in USD were NOK 4.2 million. A 10% change in the USD/NOK exchange rate would result in a currency gain / loss of NOK 0.4/-0.4 million. The exchange rate change would have a similar effect on the equity.

21 Financial risk – continued

Interest risk

The general objective of interest rate risk and liquidity risk management is to ensure that cash is held in banks with good credit ratings and money market funds of minimal credit risk and short duration.

The group has during the year had interest income of NOK 1.0 million. The case that the interest level was +/- 2% the interest income would have been NOK 1.4/0.6 million. There would have been a similar effect on the equity.

Credit risk

The general objective of credit risk management is to ensure that cash is held in banks with good credit ratings and that other receivables are frequently monitored.

Liquidity risk

	< 1 year	1-3 year	> 3 year	Total
Other receivables	1,470	-	-	1,470
Cash and cash equivalents	12,758	-	-	12,758
Total financial assets	14,228	-	-	14,228
Other non-current liabilities	-	700	-	700
Debt financial lease	557	1,114	929	2,600
Other payables	6,889			6,889
Total financial liabilities	7,446	1,814	929	10,189
Net financial assets and liabilities	6,782	-1,814	-929	4,039

Note NOK'000

22 Information about related parties and related party transactions

Group

The Group has identified related parties with significant influence to comprise shareholders with presentation at the board, all group enterprises, the members of the company's Board of Directors, the members of the Executive Management and these persons' relatives. Related parties further include companies in which said persons have a significant interest.

Besides payment of usual remuneration, including warrants, as outlined in note 18 and interest expenses on the subordinated convertible loan as shown below, no transactions were conducted in the year with members of the Board of Directors and Executive Management or with significant shareholders or other related parties.

	Subordinated convertible loan		Interest expenses	
	2008	2007	2008	2007
Arendals Fossekompani ASA	3,580	-	157	-
Teknoinvest VII KS	2,000	-	82	-
Verdane Capital IV TWIN AS	4,273	-	187	-
Ferd AS	3,750	-	164	-
Braganza AS	3,000	-	131	-

Unaudited pro forma Financial Information for the Year Ended December 31, 2008 and the Three Months Ended March 31, 2009 for Affitech A/S group

Statement by the Board of Directors' and the Executive Management on the unaudited combined condensed pro forma Financial Information

We have prepared the following unaudited combined condensed pro forma financial information (pro forma financial information) for the Affitech A/S Group, including the sections "Preparation of pro forma financial information" and "Basis for preparation of pro forma financial information". The pro forma financial information comprises the pro forma balance sheet at 31 December 2008 and at 31 March 2009 and pro forma income statements for 2008 and for the period 1 January – 31 March 2009.

The pro forma financial information has been prepared on a basis that is consistent with the accounting policies of the Affitech A/S Group, except for matters pertaining to the information prepared being indicative pro forma financial information, as there is no conceptual framework or International Financial Reporting Standards covering the preparation of such pro forma financial information.

The pro forma financial information for the Affitech A/S Group has been prepared and included in the Prospectus to comply with the requirements of Commission Regulation (EC) No 809/2004 and is based on a number of hypothetical assumptions. In our opinion, the significant assumptions applied are properly described and presented in the following. The pro forma financial information has been prepared with the sole purpose of illustrating the effect on the Affitech A/S Group's assets, liabilities, financial position and results of operations as if the combination of Affitech A/S and Affitech AS had been completed at 1 January 2008.

Because of its nature, the pro forma financial information addresses a hypothetical situation. It does not, therefore, reflect the Affitech A/S Group's actual assets, liabilities and financial position at 31 December 2008 and at 31 March 2009 or the actual results of operations for 2008 or the actual results of operations for the period 1 January – 31 March 2009 as if the combination of Affitech A/S and Affitech AS had been completed at 1 January 2008. The application of pro forma financial information is subject to significant limitations, cf. "Basis for preparation of pro forma financial information".

Attention is drawn to the fact that the pro forma financial information reflects an illustrative preliminary purchase price allocation and the estimated effect of the illustrative preliminary purchase price allocation on the items of the pro forma income statement. The purchase price allocation has not been completed. Material changes will be made to the preliminary purchase price allocation indicated in the pro forma balance sheet, and such changes may have a material impact on the indicated illustrative preliminary effects on the items of the pro forma income statement.

Copenhagen, June 30, 2009

Board of Directors

Keith McCullagh Chairman Board member	Ole Steen Andersen Vice Chairman Board member	Pål Rødseth Partner
Arne Handeland Partner	Michel Pettigrew Director	Steinar Engelsen Partner

Executive Management

Achim Kaufhold

Independent Auditors' report on examination of unaudited combined condensed pro forma Financial Information

To the readers of this Prospectus
We have examined the unaudited combined condensed pro forma financial information (pro forma financial information) prepared by Management, including the Management statement, "Preparation of pro forma financial information" and "Basis for preparation of pro forma financial information". The pro forma financial information comprises the condensed pro forma balance sheet at 31 December 2008 and at 31 March 2009 and condensed pro forma income statements for 2008 and for the period 1 January – 31 March 2009.

The pro forma financial information has been prepared by Management for illustrative purposes only to reflect the effect on the Affitech A/S Group's assets, liabilities, financial position and results of operations as if the combination of Affitech A/S and Affitech AS had been completed at 1 January 2008. Because of its nature, the pro forma financial information addresses a hypothetical situation. It does not, therefore, reflect the Affitech A/S Group's actual assets, liabilities and financial position at 31 December 2008 and at 31 March 2009 or the actual results of operations for 2008 and for the period 1 January – 31 March 2009.

The pro forma financial information and the determination and application of both the basis for preparation and the underlying assumptions are the responsibility of Management. Our responsibility is to express a conclusion, as required by item 7 of Annex II of Commission Regulation (EC) No 809/2004, as to the proper preparation of the pro forma financial information prepared by Management based on our examination thereof and on the described basis, and also that such basis is in accordance with the accounting policies applied by the Affitech A/S Group.

In providing this conclusion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the preparation of the pro forma financial information, nor do we accept any responsibility for such reports and opinions in relation to the pro forma financial information.

Basis of conclusion
We conducted our examination of the pro forma financial information in respect of the Affitech A/S Group in accordance with the Danish Standard on Auditing on 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information'. In accordance with this standard, we planned and conducted our examination to obtain reasonable assurance that the pro forma financial information has been properly prepared based on the described financial information and in accordance with the assumptions stated and consistently in all material respects with the accounting policies of the Affitech A/S Group, except for matters pertaining to the information prepared being indicative pro forma financial information, as there is no conceptual framework or International Financial Reporting Standards covering the preparation of such pro forma financial information.

Our examination comprised:
- reading the pro forma financial information prepared by Management, including the description of the method for preparing the pro forma financial information, and the limitations and uncertainties described by Management;
- discussing with Management the method used for collecting data and determining the assumptions used and pro forma adjustments made;
- verifying on a test basis that the pro forma financial information has been prepared in accordance with the basis stated and that the pro forma adjustments are based on the assumptions determined and described by Management; and
- verifying the mathematical accuracy of the pro forma financial information presented.

We have not performed an audit or a review of the pro forma financial information prepared by Management and therefore do not express an opinion. Furthermore, the examination that we performed for the purpose of making this report involved no independent examination of the underlying financial information, including the basis for the preliminary purchase price allocation, determination of fair values and the pro forma assumptions and adjustments stated in the pro forma notes.

In our opinion, the examination conducted provides an adequate basis for our conclusion.

Conclusion
Based on our examination, it is our opinion that the unaudited combined condensed pro forma financial information as of December 2008 and as of March 31, 2009 and for 2008 and for the period January 1 – March 31, 2009 prepared by Management has been properly prepared based on the described financial information and in accordance with the assumptions described. Furthermore, it is our opinion that this basis is in all material respects consistent with the accounting policies of the Affitech A/S Group in effect at March 31, 2009.

This report is required by Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that Regulation and for no other purpose.

Emphasis of matter
We wish to note that Management in its statement on page F-92 states that the purchase price allocation has not yet been completed. Management expects that material changes will be made to the indicated illustrative preliminary purchase price allocation and that such changes may have a material impact on the indicated illustrative preliminary effects on the items of the pro forma income statement.

As mentioned at the beginning of this report, to which we refer, the pro forma financial information reflects a hypothetical situation. We also refer to Management's description on page F-92 of the limitations to the application of the pro forma financial information.

Copenhagen, June 30, 2009

Ernst & Young
Godkendt Revisionsaktieselskab

Benny Lynge Sørensen
State Authorised Public Accountant

Jesper Slot
State Authorised Public Accountant

Preparation of pro forma Financial Information

On 5 May 2009 the shareholders of Pharmexa A/S (now Affitech A/S) approved the combination with Affitech AS (now Affitech Research AS). The financial information below shows unaudited combined condensed pro forma financial information ("pro forma financial information") as if Pharmexa A/S had been combined with Affitech AS for the period January 1 – December 31, 2008 and for the period January 1 – March 31, 2009.

This presentation is made solely for the purpose of this Prospectus.

The combination of the two companies lead to former Affitech AS shareholders obtaining approximately 70 % of the shares in the Company while existing shareholders of Pharmexa A/S after the combination held approximately 30% of the shares of the Company. In accordance with IFRS 3 (International Financial Reporting Standards) regarding business combinations the acquisition shall, for accounting purposes, be treated as a "reverse acquisition". In a "reverse acquisition" the acquired company in legal terms, Affitech AS, is considered to be the acquirer because the shareholders of Affitech AS in reality obtain control over Pharmexa A/S. Consequently the fair value adjustments performed for accounting purposes in accordance with IFRS 3 is performed on the assets and liabilities of Pharmexa A/S and not on assets and liabilities of Affitech AS.

The historical financial information for Pharmexa A/S and Affitech AS shown below has been derived from the audited financial statements for the financial year 2008 and the interim financial statements for the period January 1 – March 31, 2009, which have been prepared in accordance with International Financial Reporting Standard as adopted by the EU.

Pro forma Income statement

DKK'000	Affitech[a)]	Pharmexa	Pro forma adjustments	Pro forma combined
Pro forma income statement for the period January 1, 2008 to December 31, 2008				
Revenue	3,472	5,577	0	9,049
Research costs	-31,024	-49,224	0	-80,248
Development costs	-	-88,935	0	-88,935
Administrative expenses	-8,707	-27,325	0	-36,032
Loss before other operating income/expenses	**-36,259**	**-159,907**	**0**	**-196,116**
Other operating income	2,209	15,922	0	18,131
Loss on disposal of activities and impairment write downs	-	-54,188	0	-54,188
Operating loss	**-34,050**	**-198,173**	**0**	**-232,223**
Other financial income	1,586	4,455	0	6,041
Other financial expenses	-623	-880	0	-1,503
Loss before tax	**-33,087**	**-194,598**	**0**	**-227,685**
Income taxes	0	0	0	0
Net loss for the year	**-33,087**	**-194,598**	**0**	**-227,685**

Pro forma income statement for the period January 1, 2009 to March 31, 2009				
Revenue	1,262	4,072	0	5,334
Research costs	-7,899	-3,883	0	-11,782
Development costs	-	-6,593	0	-6,593
Administrative expenses	-2,849	-6,402	0	-9,251
Loss before other operating income/expenses	**-9,486**	**-12,806**	**0**	**-22,292**
Other operating income	0	0	0	0
Operating loss	**-9,486**	**-12,806**	**0**	**-22,292**
Other financial income	59	218	0	277
Other financial expenses	-45	-161	0	-206
Loss before tax	**-9,472**	**-12,749**	**0**	**-22,221**
Income taxes	0	0	0	0
Net loss for the year	**-9,472**	**-12,749**	**0**	**-22,221**

Pro forma balance sheet

DKK'000	Affitech[a)]	Pharmexa	Pro forma adjustments	Pro forma combined
Pro forma balance sheet as of December 31, 2008				
Assets				
Intangible assets	1,298	0	19,000[b)]	20,298
Property, plant and equipment	4,941	4,006	0	8,947
Financial assets	0	0	0	0
Total non-current assets	**6,239**	**4,006**	**19,000**	**29,245**
Cash and cash equivalents	9,696	36,071	0	45,767
Other current assets	1,835	14,502	0	16,337
Total current assets	**11,531**	**50,573**	**0**	**62,104**
TOTAL ASSETS	**17,770**	**54,579**	**19,000**	**91,349**
Equity and liabilities				
Share capital	3,914	29,846	-3,914[c)]	29,846
Other reserves	105,053	0	19,000[b)]	124,053
Subordinate convertible loan	14,395	0	0	14,395
Retained earnings	-115,433	11,921	3,914[c)]	-99,598
Total equity	**7,929**	**41,767**	**19,000**	**68,696**
Non-current liabilities	1,859	0	0	1,859
Current liabilities	7,982	12,812	0	20,794
Total Liabilities	**9,841**	**12,812**	**0**	**22,653**
TOTAL EQUITY AND LIABILITIES	**17,770**	**54,579**	**19,000**	**91,349**
Pro forma balance sheet as of March 31, 2009				
Assets				
Intangible assets	1,348	0	19,000[b)]	20,348
Property, plant and equipment	4,926	3,315	0	8,241
Financial assets	0	197	0	197
Total non-current assets	**6,274**	**3,512**	**19,000**	**28,786**
Cash and cash equivalents	1,466	18,149	0	19,615
Other current assets	3,168	12,169	0	15,337
Total current assets	**4,634**	**30,318**	**0**	**34,952**
TOTAL ASSETS	**10,908**	**33,830**	**19,000**	**63,738**
Equity and liabilities				
Share capital	4,326	29,846	-4,326[c)]	29,846
Other reserves	116,112	0	19,000[b)]	135,112
Subordinate convertible loan	16,482	0	0	16,482
Retained earnings	-137,553	-395	4,326[c)]	-133,622
Total equity	**-633**	**29,451**	**19,000**	**47,818**
Non-current liabilities	1,942	0	0	1,942
Current liabilities	9,600	4,379	0	13,979
Total Liabilities	**11,542**	**4,379**	**0**	**15,921**
TOTAL EQUITY AND LIABILITIES	**10,908**	**33,830**	**19,000**	**63,738**

Basis for presentation of the pro forma Financial Information

The pro forma financial information has been prepared for illustrative purposes only, and because of the nature of pro forma financial information, such pro forma financial information addresses a hypothetical situation and therefore does not represent the Company's actual financial position or results nor is it to be considered an indication of the future overall results or financial position of the Company.

The pro forma financial information is prepared as if the combination took place on January 1, 2008. In accordance with IFRS 3 the actual acquisition cost is based on the fair value of Pharmexa A/S at the time of the combination equivalent to DKK 0.81 per share. The total acquisition cost amounts to DKK 49 million excluding transaction costs. The allocation of the total acquisition cost to Pharmexa A/S' identifiable assets and liabilities has not yet been completed. The allocation of the acquisition cost to individual intangible assets is therefore also to be considered hypothetical until the final valuation and allocation has been performed.

In the pro forma financial information Pharmexa A/S' total assets and liabilities have been revalued resulting in an unallocated excess amount of DKK 19 million compared to book values at the latest publicly announced financial statements as of March 31, 2009. This excess amount has been classified as "Intangible assets". It is Management's assessment that the excess value primarily relate to goodwill, patents, rights and research and development projects, but it should be emphasized that the final allocation of the excess amount to these assets has not yet been made. Intangible assets are not amortized in the pro forma income statements, as the criteria for amortization set out in IAS 38 are not yet met since the allocation has not yet been finalized.

Pro forma adjustments

The following pro forma adjustments have been made:

a) The audited historical financial information of Affitech AS (now Affitech Research AS) are translated from NOK to DKK at the exchange rate DKK/NOK 83 for the period January 1 – December 31, 2008 and the exchange rate DKK/NOK 84 for the period January 1 – March 31, 2009 and the exchange rate DKK/NOK 76 as of December 31, 2008 and DKK/NOK 84 as of March 31, 2009.
b) The acquisition cost is based on the fair value of Pharmexa A/S at the time of the combination DKK 0.81 equivalent to DKK 49 million. Offsetting the book value of net assets and liabilities of Pharmexa A/S DKK 30 million as of March 31, 2009 results in an excess value of DKK 19 million.
c) Intercompany elimination of the share capital has been performed in connection with the presentation of the pro forma combination.

3. Cross reference list

Reference is made to the cross reference list on page F-3.

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