

May 11, 2007

## **KARO BIO'S PREFERENTIAL RIGHTS ISSUE FULLY SUBSCRIBED**

**Karo Bio has conducted a new share issue with preferential rights for the company's shareholders. The new share issue will generate 406 MSEK, before transaction costs.**

The subscription period ended May 8, 2007. The rights issue will generate 406 MSEK before transaction costs and is to 99 % subscribed with preferential rights for the company's shareholders. The remaining shares will be allocated by the Karo Bio board to shareholders who have declared an interest to subscribe for shares, over and above their right. The level of applications to subscribe without preferential rights amount to 47 MSEK.

"We are very pleased with the support that our shareholders have shown us in relation to this rights issue. The issue will provide Karo Bio with a stable financial position and capital that will last up to 2010. Our projects are developing according to plan and through this share issue we create opportunities to develop the projects to late clinical phase and to take further steps towards developing Karo Bio to a profitable and sustainable pharmaceutical company", says Per Olof Wallström, CEO for Karo Bio.

The new shares are estimated to be subject to trading around June 8, 2007 at the Stockholm Stock Exchange Nordic List. The total number of shares will after the new share issue amount to 116 119 192 and represent a share capital amounting to 58.1 MSEK.

Catella Health Care and Mangold Fondkommission have acted as financial advisors to Karo Bio.

KARO BIO AB

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**Facts about Karo Bio**

*Karo Bio is a drug discovery and development company specializing in nuclear receptors for the development of novel pharmaceuticals with focus on metabolic diseases. Karo Bio has three clinical and four preclinical projects.*

*The company has expanded from being a drug discovery company by adding in-house preclinical and clinical development resources and competence for development of drugs to treat metabolic diseases. The company has a strong project portfolio with innovative molecules that primarily targets diseases such as diabetes, atherosclerosis and dislipidemia. In all of these areas there are significant market opportunities and a growing need for new pharmaceuticals with new mechanisms of action.*

*In addition to the proprietary projects Karo Bio has two strategic collaborations with international pharmaceutical companies and one biotech collaboration for development of innovative therapies for the treatment of common diseases.*

*Karo Bio is listed on the Stockholm Stock Exchange since 1998 (Reuters: KARO.ST).*

This press release is also available online at: [www.karobio.com](http://www.karobio.com) and [www.waymaker.net](http://www.waymaker.net).