Release no. 23/2012

Affitech A/S reports financial result for the first six months of 2012

- **Clinical trials sites initiated in Russia in late June 2012 by Affitech's collaboration partner IBC Generium for anti-VEGF antibody AT001/r84**
- **Share capital reduction adopted at the AGM on 27th April 2012 completed**
- **Cash reserves of DKK 6.6 million as per 30th June 2012**
- **Net loss for the first half year DKK 29.5 million**
- **Maintain estimated net loss for 2012 of DKK 45-50 million**

Additional key events following the end of the second quarter of 2012:

- **First patients dosed in phase I clinical trial with AT001/r84 in Russia**
- **On 6th July, 2012 NASDAQ OMX Copenhagen accepted Affitech's application for delisting of the Company provided that Trans Nova Investment Ltd., Affitech's major shareholder, made a new offer to Affitech's other shareholders. Such an offer was announced on 17th July, 2012 and it expired on 28th August, 2012. The delisting of the Company is expected to happen in October 2012**
- **An agreement for transfer of the MBAS™ technology from Affitech to IBC Generium**
- **1.5 million Euro short term loan provided by Trans Nova Investment Ltd.**
- **First development milestone payment from Roche re. LC06 antibody**

Copenhagen and Oslo, 30th August, 2012

Affitech A/S, (NASDAQ OMX: AFFI), the antibody medicines company, today reported a loss for the first half year 2012 of DKK 29.5 million and a cash position of DKK 6.6 million as of 30th June 2012.

Highlights of the second quarter of 2012

- Clinical trials with anti-VEGF antibody AT001/r84 were initiated in Russia in late June 2012 by Affitech's collaboration partner IBC Generium
- **On 10th May, 2012** Affitech announced the reduction of the Company's share capital by nominally DKK 156,070,892.48 from nominally DKK 243,860,769.50 to nominally DKK 87,789,877.02 for the purpose of covering losses, adopted at Affitech A/S' ordinary general meeting on 27th April, 2012. The capital reduction was carried out by a reduction of the denomination of all the shares of the company from nominally DKK 0.50 to nominally DKK 0.18.
- **On 31th May, 2012,** Affitech A/S issued an application to NASDAQ OMX Copenhagen for delisting of the Company according to the resolution at the Annual General Meeting on 27th April, 2012.

- **On 8th June, 2012** Affitech announced that the Company had completed the reduction of the Company's share capital by DKK 82,912,661.63, nominal value, from DKK 87,789,877.02, nominal value, to DKK 4,877,215.39, nominal value. The capital reduction was carried out by a reduction of the denomination of all the shares of the company from nominally DKK 0.18 to nominally DKK 0.01.

Progress with AT001/r84

AT001/r84 is a fully human antibody that binds to vascular endothelial growth factor A (VEGF-A), a drug target validated clinically and commercially by bevacizumab (Avastin®). Affitech's product is a fully human antibody with highly selective binding properties: it inhibits binding to VEGF receptor 2, but not receptor 1, and in addition has very different binding kinetics to bevacizumab. Higher selectivity and altered affinity offer potential for an increased safety/efficacy profile when compared to other anti-angiogenesis compounds in the treatment of human cancer.

Manufacturing

AT001/r84 is a recombinant human antibody, and sufficient quantities of drug substance have been produced to support multiple clinical trials under Good Manufacturing Practice (GMP) standards. Drug product has been manufactured under ICH guidelines and released ready for human administration. A new production cell line has been developed that is expected to result in improved production yields at larger scales and discussions with contract manufacturing companies to scale up manufacturing are ongoing.

Clinical

Affitech's Russian collaboration partner, IBC Generium, initiated the first clinical trial sites with AT001/r84 in late June and the first patients were dosed by August 2012. The clinical strategy for AT001/r84 is to develop the product for improved treatment of patients with various cancer sub-types which could be amenable to anti angiogenesis therapy, such as metastatic colorectal cancer, including co-administration with chemotherapy and other anticancer treatments. The first human clinical study will involve administration of single doses of the antibody to cancer patients to assess human safety and dosage level. A three month exploratory toxicology animal study has been successfully completed to help understand effects of longer term treatment. Currently a 26 week GLP animal study to support multiple dosing is ongoing.

Commercial

The pharmaceutical anti-angiogenesis market is large with world wide sales approaching $15 billion and Roche is predicting peak annual sales of bevacizumab (Avastin®) reaching USD 7.6 billion. AT001/r84 has the potential to have similar efficacy to bevacizumab with an improved safety profile. However, the properties and potential of AT001/r84 have yet to be confirmed through human clinical studies and until such data is available, it is not possible to make meaningful estimates for the probability of achieving marketing approval in different territories nor potential market size or share. Several new anti-angiogenic drugs have recently been approved for human use, while others are in late stage clinical development by a variety of pharmaceutical and biopharmaceutical companies.

AT008/CCR4 makes good progress

Affitech's first anti-GPCR antibody program AT008, designed to block the binding of chemokine ligands to its cell surface receptor CCR4, continues to make good progress. A primary development candidate has been selected; *in-vitro* proof-of-concept has been achieved as well as *in-vivo* proof of concept in hematological tumor and solid tumor disease models; and the development of a manufacturing cell line has been initiated. The program includes several different antibodies with multiple potential mechanisms of action targeting both hematological cancers and solid tumors, and also has potential utility in some immunological diseases such as severe asthma.

Subsequent events after the end of the reporting period 30th June, 2012

- **On 1st July, 2012** Affitech announced that International Biotech Center Generium (IBC Generium) and Affitech Research AS (Affitech A/S' Norwegian subsidiary), had entered into an agreement for the transfer of Molecular Based Antibody Screening (MBAS™) technology to IBC Generium. This new agreement provides to IBC Generium access to parts of Affitech's antibody technology platform and includes the transfer of MBAS™ technology as well as access to Affitech's phage antibody libraries. Affitech expects to obtain revenues of 0.5 million Euro in 2012 under this agreement.
- **On 6th July, 2012** Affitech announced NASDAQ OMX Copenhagen's response to the application as of May 31st for delisting of the Company. NASDAQ OMX accepted the request from Affitech provided that Trans Nova Investment Limited (Trans Nova) prepared a new offer to Affitech's other shareholders.
- **On 17th July, 2012** Trans Nova announced its new offer to all other shareholders with expiry date 28th August 2012. Trans Nova plans the announcement of the results of the new offer 31st August 2012.
- **On 19th July, 2012** Affitech announced that Trans Nova had provided Affitech a short term loan of 1.5 million Euro paid out in three tranches of 0.5 million Euro in July, August and September 2012. This loan will in the short term finance Affitech's current operations including the operations of Affitech's subsidiary in Norway, Affitech Research AS, until Affitech's total financing has been determined and resolved in the longer term which is expected to happen before the loan's due date on 16th October, 2012.
- **On 9th August, 2012** Affitech A/S announced that Roche has selected a development candidate and reached the first development milestone in a Research and License agreement between Hoffmann-La Roche and Affitech Research AS, Affitech A/S Norwegian subsidiary. Under the agreement Roche has licensed LC06, a human anti–angiopoietin 2 antibody, which has been generated by Affitech Research AS and which Roche has combined with its anti-VEGF antibody bevacizumab (Avastin®) to generate a bi-specific antibody, as described in Proceedings of the National Academy of Sciences, USA (PNAS July 5, 2011 vol. 108 no. 27 11187-11192).
- **On 20th August, 2012** Affitech A/S announced that IBC Generium, the Company's Russian collaboration partner has enrolled the first patients and thus initiated a First-in-Man clinical trial with Affitech's anti-VEGF antibody AT001 in patients with various metastatic cancers.

Outlook for 2012

Affitech's financial performance for 2012 is mainly dependent on the progress and expenses of its ongoing R&D projects. Affitech will focus on the further development of its novel anti-VEGF antibody AT001/r84, in particular on supporting the Company's Russian strategic partner, IBC Generium, in its drive to conduct clinical trials of the drug in cancer patients.

A delisting of Affitech A/S from NASDAQ OMX Copenhagen is estimated to happen in October, 2012

Trans Nova agreed in line with its commitment to financially support Affitech's operations until end of first quarter 2013, to provide Affitech a loan of 1.5 million Euro paid in three tranches to finance Affitech's current operations until Affitech's total financing needs have been determined and resolved in the longer term which is expected to happen before the loan's due date on 16th October, 2012.

At current staffing levels and project commitments, expected net loss is estimated to be in the range of DKK 45-50 million as announced in the Annual Report 2011.

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About Affitech
Affitech A/S is a publicly traded (NASDAQ OMX Copenhagen) human therapeutic antibody company based in Copenhagen, Denmark with R&D facilities in Oslo, Norway. The company utilizes a range of proprietary antibody technologies for the discovery of fully human antibodies for application in oncology, inflammation and other disease areas. CBAS™ (Cell Based Antibody Selection) is Affitech's premier discovery engine for the isolation of lead antibodies to cell surface molecules. Affitech co-develops its two lead antibody drug programs AT001/r84 and AT008/CCR4 with Russian partner IBC Generium. The Company's initial focus is on rapid and cost effective development by partnering clinical trials in emerging markets. Further information is available at www.affitech.com.

Disclaimer
This announcement may contain forward-looking statements including statements about Affitech's expectations of the progression of its pipeline including the timing for commencement and completion of clinical trials and with respect to cash burn guidance. Such statements are based on management's current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Affitech cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the following: risks associated with technological development, the risk that research & development will not yield new products that achieve commercial success, the impact of competition, the ability to transact viable and profitable commercial deals, the risk of non-approval of patents not yet granted, and difficulties of obtaining relevant governmental approvals for new products.
No expressed or implied representations or warranties are given concerning Affitech A/S or the accuracy or completeness of the information provided herein, and no claims shall be made by the recipient of this news release by virtue of the information contained herein.

Directors' and Executive Management's statement on the quarterly report

The Board of Directors and the Executive Management have today considered and adopted the quarterly Report for the period 1st January – 30th June, 2012.

The quarterly report is prepared in accordance with IAS 34 Interim Financial Reporting, as approved by the EU and any additional Danish disclosure requirements for the presentation of financial statements by listed companies. The quarterly report is not reviewed or audited.

We consider the accounting policies to be appropriate, the practiced accounting estimates to be reasonable and the complete presentation of the quarterly report to meet the requirements, so that the quarterly report, in our opinion, gives a true and fair view of the assets, liabilities, financial position, and results of operations and cash flows of the Company for the period 1st January – 30th June, 2012.

We further consider that the Executive Management's review contains a fair account of the development in the Group's activities and affairs, the loss for the period and the Group's financial position as a whole, and a description of the most significant risks and uncertainties to which the Group is subject.

Copenhagen, 30th August, 2012

Executive Management

Alexander Duncan Stig Jarle Pettersen

Board of Directors

Aleksandr Shuster
Chairman

Yegor S. Vassetzky
Vice Chairman

Andrei Petrov

Igor Fisch

Steven Morrell

Summary financial figures (unaudited)

(DKK'000 except key figures)	2nd quarter 2012	2nd quarter 2011	1st half year 2012	1st half year 2011	Full year 2011
	Group	Group	Group	Group	Group
Condensed income statement					
Net revenues	5 498	19 410	5 631	19 449	53 845
Royalty expenses, Cost of goods sold	-4 529	-8 363	-4 538	-8 363	-19 784
Research costs	-6 369	-12 940	-16 300	-28 009	-50 811
Development costs	-4 680	-2 385	-7 195	-5 553	-11 119
Administrative expenses	-3 235	-5 088	-7 113	-9 738	-19 286
Restructuring expenses	-	-	-	-	-3 033
Loss before other operating income/expenses	**-13 315**	**-9 366**	**-29 515**	**-32 215**	**-50 188**
Other operating items	-	-	212	106	1 452
Operating loss	**-13 315**	**-9 366**	**-29 302**	**-32 108**	**-48 736**
Share of loss of associated company	-330	-187	-617	-493	-492
Net financials	191	12	417	261	-299
Profit/loss before tax	-13 452	-9 540	-29 502	-32 340	-49 527
Net loss	**-13 452**	**-9 540**	**-29 502**	**-32 340**	**-49 527**
Depreciations and write-down on non current assets	543	490	1 099	1 024	3 062
Current EPS and diluted EPS	-0,03	-0,02	-0,06	-0,07	-0,1
Statement of comprehensive income					
Net loss			-29 502	-32 340	-49 527
Other comprehensive loss			30	64	-8
Total comprehensive income			**-29 472**	**-32 276**	**-49 535**

Summary financial figures (continued)

(DKK'000)	30th June 2012	30th June 2011	Full year 2011
	Group	Group	Group
Condensed balance sheet			
Intangible assets	9 713	9 777	9 872
Tangible fixed assets	4 013	3 330	4 601
Financial fixed assets	546	1 149	1 163
Other current assets	25 221	33 906	35 015
Cash and cash equivalents	6 662	37 286	30 293
Assets	**46 155**	**85 447**	**80 944**
Equity	15 274	61 390	44 054
Non-current liabilities	16 919	612	17 095
Current liabilities	13 963	23 445	19 795
Equity and Liabilities	**46 155**	**85 447**	**80 944**

(DKK'000)	1st half year 2012	1st half year 2011	2011
	Group	Group	Group
Condensed cash flow statement			
Cash flow from operating activities before net financials	-23 006	-43 287	-46 191
From operating activities	-23 408	-43 027	-46 490
From investing activities	-193	-819	-4 217
herof invested in tangible fixed assets and intangible assets	-193	-819	-4 217
From financing activities	-241	-11	-172
Change in cash and cash equivalents	**-23 843**	**-43 857**	**-50 879**
Cash and cash equivalents at the beginning of the period	30 293	81 098	81 098
Exchange rate adjustments	212	45	74
Cash and cash equivalents at the end of the period	**6 662**	**37 286**	**30 293**

Summary financial figures (continued)

(DKK'000 except key figures)	2nd quarter 2012	2nd quarter 2011	1st half year 2012	1st half year 2011	Full year 2011
	Group	Group	Group	Group	Group
Key figures					
Current EPS and diluted EPS (DKK 0.5 per share)	-0,03	-0,02	-0,06	-0,07	-0,1
Average number of shares	487 721 539	487 721 539	487 721 539	487 721 539	487 721 539
Number of shares, end of period	487 721 539	487 721 539	487 721 539	487 721 539	487 721 539
Net asset value per share			0,03	0,13	0,09
Share-price, end of period			0,13	0,31	0,21
Price/net asset value per share			4,15	2,46	2,32
Assets/equity			3,02	1,39	1,84
Number of employees (full-time equivalents), end of period	18	41	18	41	39
Number of employees (full-time equivalents), average	20	40	27	40	37

The ratios have been calculated in accordance with "Recommendations & Ratios 2010 issued by the Danish Society of Investment Professionals, dated June 2010

Development in shareholders equity	Share capital	Share premium	Profit and loss account	Other equity	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Equity as of January 1, 2012	202 103	185 895	-344 523	579	44 054
Comprehensive income			-29 502	30	-29 472
Exchange rate adjustments	424	6 523	-6 097	-158	691
Equity as of June 30, 2012	**202 527**	**192 418**	**-380 122**	**451**	**15 274**
Equity as of January 1, 2011	202 035	184 731	-293 996	534	93 304
Comprehensive income			-32 340	64	-32 276
Exchange rate adjustments	56	948	-740	99	363
Equity as of June 30, 2011	**202 091**	**185 679**	**-327 076**	**697**	**61 390**

Comments on report for first six months of 2012

Net revenues in the Affitech Group totaled DKK 5,631 thousand in the first six months of 2012 compared to DKK 19,449 thousand in the same period in 2011. Most of the revenues in 2012 are sale of clinical material to IBC Generium, Affitech's collaboration partner in Russia. Revenues in 2011 include DKK 18,622 thousand in license fee from IBC Generium.

Research costs was reduced by 42% to DKK 16,300 thousand in the first six months of 2012 compared to DKK 28,009 thousand in the same period in 2011. The reduction in research costs is mainly due to the staff reduction initiated in November 2011 when the staff in total was reduced by 24 employees, mostly in R&D.

Development costs of DKK 7,195 thousand in the first six months of 2012 includes further development costs of AT001/r84 to support the clinical trials. Development costs in the first six months of 2012 were 30% higher than in the same period in 2011 due to more external activities on AT001/r84.

Administrative expenses decreased by 27% to DKK 7,113 thousand in the first six months of 2012 compared to DKK 9,738 thousand in the same period of 2011. The decrease is mainly due to reduced staff and legal/consulting fees.

Other operating items in 2012 of DKK 212 thousand mainly include public grants in Norway.

Share of loss of associated company of DKK 617 thousand in the first six months of 2012 represents the net result for the period in Expres2ion Biotechnologies ApS multiplied by Affitech's ownership share.

Net financial profit amounted to DKK 417 thousand in the first six months of 2012, mainly due to foreign exchange effects.

On 30th June, 2012 the Affitech Group's total assets amounted to DKK 46,155 thousand and cash and cash equivalents amounted to DKK 6,662 thousand. Other current assets of DKK 25,221 thousand include inventory of DKK 21 million of GMP material for AT001/r84 expected to be sold to IBC Generium in 2012.

Notes to the Quarterly Financial Statement

Note 1 Accounting policies

The financial statements of Affitech A/S for the six months ended 30th June, 2012 are presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for the presentation of quarterly financial statements by listed companies.

Some new or amended Standards and Interpretations are effective for the financial year 2012. The assessment of the management is that these Standards and Interpretations do not have significant influence on the Quarterly financial statements and has resulted only in disclosure of additional financial information.

Shares in Expres2ion Biotechnologies ApS are included as an associated company from 16th September, 2010 and the share of loss is consolidated in one line using the equity method.

Other accounting policies applied for the quarterly financial statements are consistent with those applied in the financial statements for 2011.

Note 2 Other information

a) Related party transactions

Trans Nova Investments Ltd. increased the number of shares in Affitech A/S from 195,140,258 shares of each DKK 0.50/number of voting rights (equal to 40.01% of Affitech A/S' total share capital /number of voting rights) to 347,559,802 shares of each DKK 0.50 (equal to 71.26% of Affitech A/S' total share capital/number of voting rights).

Revenues include sale of vials to IBC Generium with DKK 4,638 thousand.

b) Subsequent Events after the end of the reporting period to 30thJune, 2012

Reference is made to the text on page 3 in the report under the same heading.