Release no. 16/2011

Affitech A/S reports progress in development of its fully human antibody drug programs AT001 and AT008 and financial result for the second quarter of 2011

- **First payment of DKK 18.6m received under Russian strategic alliance**
- **AT001/r84 GMP manufacturing completed for clinical trials**
- **AT008/anti CCR4 development candidate identified**
- **Affitech generated human antibody LC06 targeting angiopoietin-2 combined with Avastin® in Roche's bi-specific antibody program**
- **Net loss for the first six months DKK 32 million**
- **Cash reserves of DKK 37 million as per 30th June 2011**
- **Unchanged estimated net loss for 2011 of DKK 50-60 million**
- **Danish High Court found in favor of Affitech in minority shareholder case**

Copenhagen and Oslo, 31st August, 2011

Affitech A/S, (NASDAQ OMX: AFFI), the antibody medicines company, today announced that in the second quarter of 2011 the Company received its first payment under the Russian Strategic alliance, and that its two most advanced research and development programs continue to make strong progress. The Company generated a loss for the period of DKK 32 million. Affitech had cash of DKK 37 million as of 30th June 2011.

Martin Welschof, Managing Director of Affitech A/S commented on the interim report:
"I am very pleased that in the first six months of 2011 Affitech continued to make significant progress. It was a major milestone for the Company when our Russian partner IBC Generium exercised the license for AT001/r84 in June 2011 and thereby confirmed their confidence in our lead antibody therapeutic program. We expect further material revenues from license fees and milestone payments from the cooperation with IBC Generium over the remaining part of 2011. We share with IBC Generium the excitement about the clinical and commercial potential of our human anti-VEGF antibody AT001/r84 and we are currently finalizing the Investigational New Drug enabling package for the clinical trial application in Russia."

Highlights of the second quarter of 2011

- On 27th April, 2011, Affitech A/S announced two collaboration agreements:

    - A license agreement with Cancer Research Technology (CRT), the commercial arm of Cancer Research UK that grants Affitech exclusive rights to a CRT patent application and relevant know how to develop and use therapeutic antibodies that recognize and block the function of CCR4, a protein found on certain tumors.

- A sponsored research agreement with Dr. Rolf Brekken at the University of Texas Southwestern to further understand the mechanism and potential differentiation of Affitech's lead antibody drug candidate AT001/r84 as an anti-angiogenic compound.

- On 7th June, 2011 Affitech announced that the Danish High Court had found in its favor in the court case brought by some minority shareholders who challenged the validity of certain decisions taken by the General Meetings of the Company in 2009 and 2010. As expected by Affitech, the High Court rejected all of the plaintiffs' claims. Affitech was, furthermore, awarded costs in the amount of DKK 500.000. The High Court decision in favour of Affitech is final.

- On 11th June, 2011 Affitech A/S announced that NauchTekhStroy Plus (NTS Plus) and Affitech A/S had amended their Research & Development and Licensing Agreement signed in April 2010. With this amendment the rights and obligations under the R&D and Licensing Agreement was transferred from NTS Plus to the newly established Russian biotech company, International Biotech Center Generium (IBC Generium) controlled by Aleksandr Shuster and Victor Kharitonin, who through Trans Nova Investments Ltd. are majority shareholders in Affitech A/S.

- On 16th June, 2011 Affitech A/S announced that IBC Generium had exercised the license to Affitech's lead anti-VEGF antibody drug candidate AT001/r84. The license grant triggered a payment of Euro 2.5 million (DKK 18.6 million) by IBC Generium to Affitech A/S and provides IBC Generium with the exclusive rights to develop and market AT001/r84 in Russia and CIS while Affitech maintains the rights for the rest of the world.

- On June 20th 2011 Schaefer, W. et al. published results on Roche's bi-specific antibody program in *Proceedings of the National Academy of Sciences, USA*. The authors describe the generation of a bi-specific antibody combining Roche's anti-VEGF antibody bevacizumab (Avastin®) with LC06, a human anti–angiopoietin 2 antibody, which has been generated by Affitech A/S under a Research and License agreement with Hoffmann-La Roche signed in May 2007.

  Affitech also continues the development of its own in-house bi-specific antibody program.

- Fully human antibody AT001/r84, an anti-angiogenesis development compound, is in late pre-clinical testing with initial clinical trials planned for this year.
  - Affitech and IBC Generium is finalizing a Clinical Trial Application for phase I clinical trials with AT001/r84 in Russia
  - AT001/r84 GMP manufacturing completed for clinical trials

- Affitech's first anti-GPCR antibody program AT008, designed to block the binding of chemokine ligands to its cell surface receptor CCR4, is in preclinical pharmacology testing. The program includes several different antibodies with multiple potential mechanisms of action targeting hematological cancers, solid tumors, metastatic lesions and regulatory T cells
  - Preliminary proof of concept has been achieved in animal efficacy studies
  - A xenograph model has been successfully completed

- A potential development candidate has been identified
- Development of an AT008/CCR4 manufacturing cell line has been initiated

- Six other chemokine receptor programs are being profiled in *in vitro* and *in vivo* models

Outlook for 2011
During the remainder of 2011, Affitech expects to continue its research and development programs in line with its objectives of building a pipeline of novel antibody products in development. At the same time the Company anticipates receiving significant revenues from its Russian development partnership. The net loss for 2011 is estimated to be in the range of DKK 50-60 million which is unchanged from previously announced.

Affitech has funding until late first quarter of 2012 and the Company is working on financing strategies.

As of 30th June 2011 Affitech has made payments of DKK 28 million to outsourced contract manufacturing companies for supplies of AT001/ r84 drug material made to Good Manufacturing Practice (GMP) standards for use in pre-clinical and clinical trials. This amount is included in the balance sheet under Other Current Assets. IBC Generium will use the main part of this GMP drug product in human clinical trials in Russia and is committed to reimburse Affitech for the fully burdened manufacturing costs of their share of the material during 2011 and 2012.

During 2011, Affitech expects to make the following progress in its R&D programs:
- Complete pre-clinical development of AT001/r84 to support a Clinical Trial Application
- File a Clinical Trial Application in Russia to commence the first human clinical trial for AT001/r84
- Complete pharmacological testing of potential drug candidates in the AT008 program targeting CCR4 and commence preclinical toxicology testing of a development candidate
- Continue optimization of the proprietary CBAS™ technology platform through investments in quality control and new equipment and to continue the process of making new antibody libraries
- Identify the next target program likely to result in the Company's third product candidate

Subsequent events after the end of the reporting period 30th June, 2011

- On 14th July, 2011 Affitech announced two major shareholder transactions:
  - Trans Nova Investments Ltd. reduced the number of shares in Affitech A/S from 260,187,010 shares of each DKK 0.50/number of voting rights (equal to 53.34% of Affitech A/S' total share capital /number of voting rights) to 195,140,258 shares of each DKK 0.50 equal to 40% of Affitech A/S' total share capital/number of voting rights.
  - Krosalter Enterprises Ltd. Cyprus acquired 65,046,752 shares in Affitech A/S of a nominal value of DKK 0.50 each equal to 13.34% of the total share capital/number of voting rights.

- Affitech was informed that both MedImmune and Crucell filed opposition against patent EP2025753 at the European Patent Office. The patent, which had been granted on September 15, 2010 is part of the Breitling patent family and exclusively licensed to Affitech. The patent will expire in July 2012.

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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 interim report

The Board of Directors and the Executive Management have today considered and adopted the Interim Report for the period 1st January – 30th June, 2011.

The interim 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 interim 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 interim report to meet the requirements, so that the interim 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, 2011.

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, 31th August, 2011

Executive Management

Martin Welschof	Alexander Duncan	Stig Jarle Pettersen

Board of Directors

Aleksandr Shuster Chairman	Keith McCullagh Vice Chairman	Andrei Petrov
Igor Fisch	Steven Morrell	Yegor S. Vassetzky

Summary financial figures (unaudited)

(DKK'000 except key figures)	2nd quarter 2011	2nd quarter 2010	1st half year 2011	1st half year 2010	Full year 2010
	Group	Group	Group	Group	Group
Condensed income statement					
Net revenues	19,410	982	19,449	1,601	2,395
Royalty expenses	-8,363	-	-8,363	-	-
Research costs	-12,940	-7,323	-28,009	-16,240	-45,873
Development costs	-2,385	-	-5,553	-	-6,396
Administrative expenses	-5,088	-9,630	-9,738	-15,342	-23,892
Loss before other operating income/expenses	**-9,366**	**-15,971**	**-32,215**	**-29,981**	**-73,766**
Other operating items	-	-	106	5,898	6,921
Operating loss	**-9,366**	**-15,971**	**-32,108**	**-24,083**	**-66,845**
Share of loss of associated company	-187	-	-493	-	-345
Net financials	12	-382	261	-6,494	-4,554
Profit/loss before tax	-9,540	-16,353	-32,340	-30,577	-71,744
Net loss	**-9,540**	**-16,353**	**-32,340**	**-30,577**	**-71,744**
Depreciations and write-down on non current assets	490	798	1,024	5,678	13,096
Current EPS and diluted EPS (DKK 0.5 per share)	-0.02	-0.04	-0.07	-0.09	-0.2
Statement of comprehensive income					
Net loss			-32,340	-30,577	-71,744
Exchange adjustments, foreign subsidiaries			64	-107	-48
Total comprehensive income			**-32,276**	**-30,684**	**-71,792**

Summary financial figures (continued)

(DKK'000)	30th June 2011	30th June 2010	Full year 2010
	Group	Group	Group
Condensed balance sheet			
Intangible assets	9,777	18,565	10,067
Tangible fixed assets	3,330	3,237	3,225
Financial fixed assets	1,149	-	1,655
Other current assets	33,906	4,611	20,805
Cash and cash equivalents	37,286	126,618	81,098
Assets	**85,447**	**153,031**	**116,850**
Equity	61,390	134,105	93,304
Non-current liabilities	612	1,707	822
Current liabilities	23,445	17,219	22,724
Equity and Liabilities	**85,447**	**153,031**	**116,850**

(DKK'000)	1st half year 2011	1st half year 2010	2010
	Group	Group	Group
Condensed cash flow statement			
Cash flow from operating activities before net financials	-43,287	-25,532	-71,930
From operating activities	-43,027	-32,027	-76,484
From investing activities	-819	-	-823
herof invested in tangible fixed assets and intangible assets	-819	-	-823
From financing activities	-11	156,435	155,778
Change in cash and cash equivalents	**-43,857**	**124,408**	**78,471**
Cash and cash equivalents at the beginning of the period	81,098	2,126	2,126
Exchange rate adjustments	45	84	501
Cash and cash equivalents at the end of the period	**37,286**	**126,618**	**81,098**

Summary financial figures (continued)

(DKK'000 except key figures)	2nd quarter 2011	2nd quarter 2010	1st half year 2011	1st half year 2010	Full year 2010
	Group	Group	Group	Group	Group
Key figures					
Current EPS and diluted EPS (DKK 0.5 per share)	(0.02)	-0.04	(0.07)	-0.09	-0.2
Average number of shares	487,721,539	427,678,383	487,721,539	328,159,339	406,774,469
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 (DKK 0.5 per share)			0.13	0.27	0.19
Share-price, end of period			0.31	0.46	0.44
Price/net asset value per share			2.46	1.67	2.30
Assets/equity			1.39	1.14	1.25
Number of employees (full-time equivalents), end of period	41	29	41	29	34
Number of employees (full-time equivalents), average	40	29	40	28	28

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, 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**
Equity as of January 1, 2010	71,544	149,455	-212,092	1,241	10,148
Comprehensive income			-30,577	-107	-30,685
Capital increase, share issue	130,094	26,019	-2,608		153,505
Shareholders contribution				3,073	3,073
Warrants				-369	-369
Exchange rate adjustments	270	6,271	-8,107		-1,568
Equity as of June 30, 2010	**201,908**	**181,745**	**-253,385**	**3,838**	**134,105**

Comments on the interim report for the first six months of 2011

Net revenues in the Affitech Group totaled DKK 19,449 thousand in the first six months of 2011 compared to DKK 1,601 thousand in the same period in 2010. The increase is primarily due to payment of license fee of EUR 2.5 million (DKK 18.622 thousand) from IBC Generium.

Royalty expenses of DKK 8,363 thousand is directly linked to the licensee fee revenues. According to the amended License agreement between Affitech A/S and Peregrine Pharmaceuticals Inc. which was announced on 30th September, 2010, Peregrine Pharmaceuticals, Inc has an obligation to reinvest their portion of the milestone payments for AT001/r84, which was received by Affitech in June 2011, into further development of AT001/r84. Affitech will include Peregrine's portion of the milestone payments as royalty expenses and the reinvestment as a conditional loan from which will be paid back to Peregrine if the Company enters into a licensing deal in a major pharmaceutical market.

Research costs increased by 72% to DKK 28,009 thousand in the first six months of 2011 compared to DKK 16,240 thousand in the same period in 2010. The increase in research costs is due to increased activity level on external studies and increased staff.

Administrative expenses decreased by 37% to DKK 9,738 thousand in the first six months of 2011 compared to DKK 15,342 thousand in the same period in 2010. The decrease is mainly due to reduced staff and extraordinary expenses in 2010 like severance to former CEO.

Other operating items in 2010 of DKK 5,898 thousand reflect the net profit from the divestment and restructuring of the Company's potential future milestone and royalty rights in connection with collaboration agreements with KAEL-GemVax Co Ltd. (DKK 3,150 thousand) and Omeros Corporation (DKK 2,748 thousand).

Net financial profit amounted to DKK 261 thousand in the first six months of 2011 compared to a net financial loss of DKK 6,494 thousand for the same period in 2010. The loss in 2010 is related to the bridge loan from three shareholders from 4th January, 2010. The Company borrowed a total of DKK 9.33 million in three tranches in 1Q 2010 and the loan was fully repaid in May 2010. The loan carried an underwriting fee of 60% of the loan amount and a monthly interest of 2%.

On 30th June, 2011 the Affitech Group's total assets amounted to DKK 85,447 thousand and cash and cash equivalents amounted to DKK 37,286 thousand. The directed offering in April, 2010 increased net equity by DKK 153.5 million. Short term liabilities were reduced when the bridge loan from three existing shareholders was repaid in May, 2010.

Notes to the Interim Financial Statement

Note 1 Accounting policies

The interim financial statements of Affitech Research AS for the six months ended 30th June, 2011 are presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the

EU and additional Danish disclosure requirements for the presentation of interim financial statements by listed companies.

Some new or amended Standards and Interpretations are effective for the financial year 2011. 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.

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 interim financial statements are consistent with those applied in the financial statements for 2010.

Note 2 Other information

a) Related party transactions

The license fee of EUR 2.5 million (DKK 18.6 million) was received from IBC Generium. IBC Generium is controlled by Aleksandr Shuster and Victor Kharitonin who through Trans Nova Investment Ltd. are major shareholders in Affitech A/S. Aleksandr Shuster is also Chairman of the Board of Affitech A/S.

On 11th June, 2011 Affitech A/S announced that NauchTekhStroy Plus (NTS Plus) and Affitech A/S had amended their Research & Development and Licensing Agreement signed in April 2010. With this amendment the rights and obligations under the R&D and Licensing Agreement was transferred from NTS Plus to the newly established Russian biotech company, International Biotech Center Generium (IBC Generium) controlled by Aleksandr Shuster and Victor Kharitonin, who through Trans Nova Investments Ltd. are majority shareholders in Affitech A/S.

b) Subsequent Events after the end of the reporting period to 30th June, 2011

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