

Karolinska Development AB (publ)

Corporate identity number 556707-5048

Interim report January – June 2011

CEO's comment

In April, Karolinska Development completed a public listing and a new share issue. The Group has SEK 740m in liquid assets, which is a strength given the renewed turbulence in the financial market.

During the second quarter, Karolinska Development made a number of significant investments, amongst other in Axelar, Akinion and Umechrine Mood. The plans for commercialization of the projects within the portfolio companies which we presented during the Spring remain firm. In Axelar, one of our companies in cancer treatment, intensive work is now under way to launch a clinical Phase II study in the Fall of this year, which is according to plan.

As a result of our continuous evaluation of the portfolio companies, resources are being shifted to priority projects. At the same time, the holdings in the preclinical companies IMED and Eribis Pharmaceuticals are being discontinued, as the projects in these companies failed to achieve the study results we had set out as a requirement and therefore no longer meet our criteria for further investment. Business development has been bolstered with additional resources, and discussions with potential partners and licensees for selected portfolio companies have been intensified. I look forward to continuing the progress of Karolinska Development and our portfolio companies that, according to plan, are estimated to reach several milestones during the second half of this year.

Torbjörn Bjerke

Chief Executive Officer

Significant events during the second quarter and after the end of the reporting period

- Karolinska Development was listed on NASDAQ OMX Stockholm on 15 April 2011 and issued shares - generated proceeds of SEK 608.0m before issue costs.
- Axelar announced positive interim data from a Phase I/II study and after the end of the current reporting period, successful completion of the same study. During the reporting period, Axelar secured funding for its upcoming Phase II program in lung cancer and an additional share issue was approved in Axelar, after which Karolinska Development's interest in the company will be 49.8 percent. A new shareholder agreement gives Karolinska Development controlling influence in Axelar, which is consolidated as of the second quarter.
- Karolinska Development participated in a new share issue by Pergamum and Kurma Biofund co-invested with Karolinska Development in Umechrine Mood.
- The portfolio companies IMED, Eribis Pharmaceuticals and HBV Theranostica did not reach their required targets and were fully written down. Pergamum's associated company Omnio Healer was closed and fully written down. As a whole, this affected operating profit by SEK -66.2m and the financial net result by SEK -12.0m.

Group

Amounts in SEKm	2011	2010	2011	2010
	Apr - June	Apr - June	Jan - June	Jan - June
Revenue	2.3	5.9	5.2	8.5
Profit/loss after tax	-93.2	-99.8	-130.8	-99.7
Earnings per share before and after dilution (SEK)	-1.92	-3.00	-3.09	-2.94
Investments in portfolio companies (Parent Company, see Note 10)	190.6*	41.6	226.2*	87.9
Of which conversions and transfers not affecting cash flow	88.6	0.0	94.5	0.0
Cash flow	20.3	33.7	54.8	-176.4
Cash, cash equivalents and short-term investments on closing date			739.7	411.1
Net asset value per share (SEK) on closing date			49.59	59.09
Value of total portfolio on closing date			1,652.1	1,497.5

*Investments affecting cash flow amount to SEK 131.7m for the reporting period and SEK 102.0m for the second quarter. Investment activity not affecting cash flow during the reporting period consists of SEK 84.1m in receivables which have been offset against shares and SEK 10.4m in investments which have been transferred to the associated company KCIF Co – Investment Fund KB.

Significant events during the second quarter

Karolinska Development AB was listed on NASDAQ OMX Stockholm on 15 April 2011 and issued shares – generated proceeds of SEK 608.0m before issue costs

Karolinska Development AB was listed on NASDAQ OMX Stockholm on 15 April 2011. In connection with the listing, a total of 15,200,000 series B shares in Karolinska Development were issued, generating SEK 608.0m before costs. After costs, the issue generated SEK 563.1m for Karolinska Development. After registration on 21 April 2011, there were a total of 48,531,417 shares in Karolinska Development, divided into 1,503,098 series A shares and 47,028,319 series B shares and 62,059,299 votes in the company.

Axelar AB reported positive interim data from a Phase I/II study and secured funding for its upcoming Phase II program in lung cancer

In April, Axelar reported positive interim data from the first part of a Phase I/II study. The company achieved its goals to identify a recommended Phase II dose and show that AXL1717 is safe and tolerable. Axelar also secured SEK 123m (EUR 13.7m) in funding, which will allow the company to complete its upcoming Phase II program in patients suffering from non-small cell lung cancer.

Kurma Biofund co-invested with Karolinska Development in the portfolio company Umeocrine Mood AB

Kurma Biofund completed a co-investment with Karolinska Development in Umeocrine Mood, securing the financing for the continued clinical development through clinical Phase II of its drug candidate to treat severe premenstrual symptoms. Umeocrine Mood develops novel products to treat the mental and physical symptoms associated with Premenstrual Dysphoric Disorder (PMDD) and severe Premenstrual Syndrome (PMS).

Holdings in two portfolio companies were discontinued

The portfolio companies IMED AB and Eribis Pharmaceuticals AB failed to achieve the study results that had been established as requirements and further investments in HBV Theranostica were also discontinued. These three holdings were fully written down, which affects profit for the current period by SEK -58.5m.

Karolinska Development AB participated in a new share issue by the portfolio company Pergamum AB – offset receivables of SEK 77.6m against the issue proceeds

Pergamum AB, Karolinska Development's portfolio company in wound and skin infections, completed an offset share issue valued at a total of SEK 119.6m, of which SEK 77.6m came from Karolinska Development.

Significant events after the end of the reporting period

Axelar reported the completion of the Phase I/II safety study with AXL1717 in cancer patients, with data to be presented at ESMO

Axelar AB announced the completion of the Phase I/II clinical safety trial carried out in Sweden in patients with solid tumors. The preliminary results of the study will be presented at the European Multidisciplinary Cancer Congress (ESMO) meeting in Stockholm, Sweden, on September 26, 2011. The Phase II program is scheduled to begin later this year.

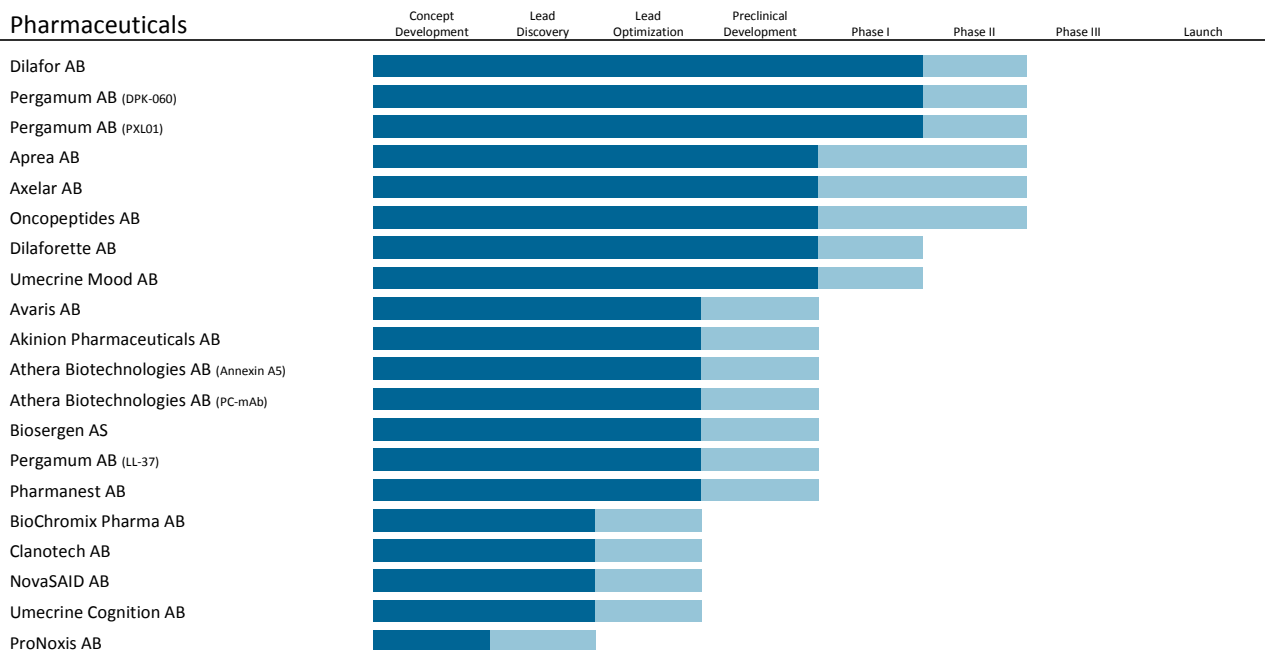
Pergamum's associated company Omnio Healer AB was closed

Pergamum's associated company Omnio Healer was closed, as the company has failed to reach its established targets, and is fully written down, resulting in a charge of SEK 7.7m in the period.

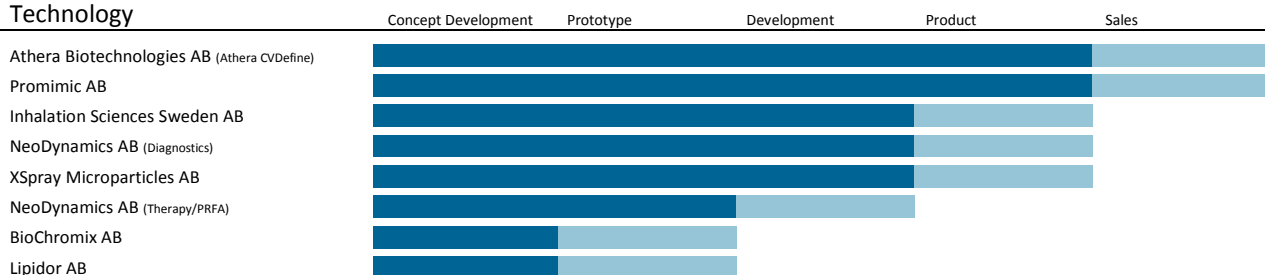
Portfolio

Karolinska Development's portfolio currently consists of over 35 projects at various stages. In total, twelve projects are in clinical trials.

Pharmaceuticals

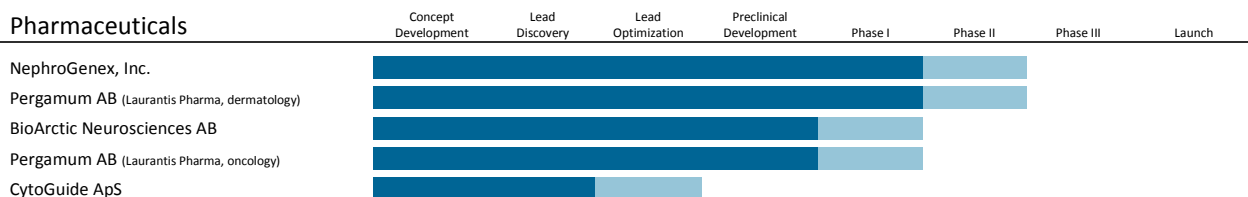


Technology

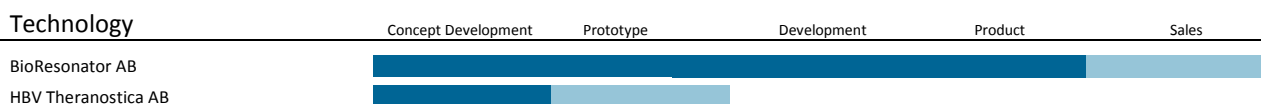


Passive/Financial Investments

Pharmaceuticals



Technology



Solid color = Completed phase

Shaded color = Ongoing phase

Parent Company

January – June 2011

- Revenue amounted to SEK 1.4m (6.3)
- The operating loss amounted to SEK -96.7m (-81.2)
- Investments in subsidiaries during the period amounted to SEK 69.0m (29.5) and investments in joint ventures, associated companies and other long-term securities holdings amounted to SEK 157.2m (58.4)

Financial overview – Group

Total fair value

The total value of portfolio holdings calculated in accordance with the International Private Equity and Venture Capital Valuation Guidelines for fair value on closing date was SEK 1,652.1m, compared with SEK 1,454.7m on December 31, 2010.

Revenue

Consolidated revenue during the first half year 2011 amounted to SEK 5.2m, a decrease of SEK 3.3m compared with the previous year.

Results

The Group's operating loss for the reporting period amounted to SEK -131.6m (-107.2), a change of SEK -24.4m compared with the same period of 2010. The loss after tax amounted to SEK -130.8m (-99.7). The increased loss was mainly due to write-downs in certain portfolio companies, increased operating costs in both the Parent Company and subsidiaries, the consolidation of the former associated company Axelar AB as of the second quarter as a subsidiary, and listing costs in the Parent Company.

The portion of the change in fair value affecting income during the first half year 2011 amounted to SEK -62.9m (-49.6), which was largely due to the impact of discontinued projects, SEK -66.2m (IMED AB, Eribis AB, HBV Theranostica AB and OmnioHealer AB).

*Financial position**

The Group's equity to debt ratio was 93 percent (96) on June 30, 2011 and equity amounted to SEK 2,428.3m (1,717.2).

Cash and cash equivalents and short-term investments amounted to SEK 739.7m on June 30, 2011, an increase of SEK 495.7m since the beginning of the year. A new share issue in April provided the Group with proceeds of SEK 563.1m after deducting issue costs.

Total assets amounted to SEK 2,611.3m (1,773.6) on June 30.

*Comparable figures refer to 31 December 2010

Investments in portfolio companies

Investments during the reporting period amounted to SEK 226.2m (87.9). Of this amount, SEK 84.1m consisted of receivables which have been offset against shares and SEK 10.4m of investments transferred to the associated company KCIF Co – Investment Fund KB, which means that investments affecting cash flow for the period amounted to SEK 131.7m. For further information, see Note 10.

Financial overview– Parent Company

Revenue

Parent Company revenue during the reporting period from services rendered to portfolio companies declined to SEK 1.4m (6.3). The decrease occurred primarily because consulting support to KCIF Fund Management AB, which sells services to KCIF Co - Investment Fund KB during the introductory phase, has been lower than expected.

Results

The Parent Company's operating loss during the reporting period amounted to SEK -96.7m (-81.2), a change of SEK -15.5m compared with the same period in 2010. The increased loss was mainly due to write-downs of portfolio companies, listing costs and higher operating costs.

The loss after taxes for the period was SEK -104.7m (-77.4).

Investments in portfolio companies

The Parent Company invested a total of SEK 69.0m (29.5) in subsidiaries during the reporting period. The largest investments were in Akinion Pharmaceuticals AB at SEK 30.0m, Axelar AB at SEK 20.0m, and NovaSAID AB at SEK 12.0m.

The Parent Company invested SEK 154.2m (51.7) in associated companies and joint ventures. The largest investments were in Pergamum AB at SEK 95.9 where loans of SEK 77.6m have been converted, Aprea AB at SEK 12.5m, and Dilafor AB at SEK 9.0m. Investments in co-owned portfolio companies with KCIF Investment Fund KB amounting to SEK 10.4m were transferred to the Fund.

The Parent Company invested SEK 3.0m (6.7) in other long-term securities holdings (Note 10).

Information on risks and uncertainties

Parent Company and Group

Risks and uncertainties primarily relate to risks associated with the Group's investment operations and indirectly to the operational risks in the portfolio companies' development operations, as well as financial risks.

Future financing needs

Future investments in new and current portfolio companies will require capital. There is no guarantee that such capital can be obtained.

Valuation risks

Companies active in pharmaceutical development and medical technology at an early phase are, by their very nature, difficult to value, as lead times are very long and the development risks are high. Due to the uncertainty in these assessments, the estimated value of the portfolio may deviate substantially from the future generated value.

For a description of other risks and uncertainties, refer to the annual report 2010.

The Board of Directors and the CEO hereby certify that this interim report gives a true and fair view of the operations, financial position and results of operations of the Parent Company and the Group and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group.

Solna, August 24, 2011

Hans Wigzell
Chairman

Per-Olof Edin

Rune Fransson

Michael Rosenlew

Peter Sjöstrand

Ulrica Slåne

Raymond Hill

Torbjörn Bjerke
CEO

Dates for publication of financial information

Interim report January – September 2011

November 25, 2011

Year-end report 2011

February 2012

The reports will be published on Karolinska Development's website, www.karolinskadevelopment.com

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SE-171 65 Solna, Sweden

This interim report has not been reviewed by the Company's auditors.

Note: This report is a translation of the Swedish interim report. In the event of any discrepancies, the Swedish version shall prevail.

Financial reports

Condensed consolidated income statement

		2011	2010	2011	2010	2010
<i>Amounts in SEK 000</i>	<i>Note</i>	<i>Apr-Jun</i>	<i>Apr-Jun</i>	<i>Jan-Jun</i>	<i>Jan-Jun</i>	<i>Full year</i>
Revenue	2	2,278	5,868	5,179	8,469	13,895
Other external expenses		-24,212	-19,208	-42,370	-29,235	-62,559
Personnel costs		-16,350	-11,049	-29,981	-21,507	-43,393
Depreciation, amortization and impairment losses on tangible and intangible non-current assets		-1,193	-15,104	-1,599	-15,354	-27,418
Change in fair value of shares in joint ventures and associated companies		-57,360	-73,576	-65,895	-53,580	-224,104
Change in fair value of other long-term securities holdings		6,822	5,257	3,031	3,991	-1,685
Operating loss		-90,015	-107,812	-131,635	-107,216	-345,264
Financial net	3	-8,128	4,178	-7,587	3,690	5,983
Loss before tax	2	-98,143	-103,634	-139,222	-103,526	-339,281
Deferred taxes		4,921	3,870	8,456	3,870	4,697
NET LOSS FOR THE YEAR		-93,222	-99,764	-130,766	-99,656	-334,584
Attributable to:						
Parent Company's shareholders		-86,612	-99,308	-121,149	-97,694	-325,615
Non-controlling interests		-6,610	-456	-9,617	-1,962	-8,969
TOTAL		-93,222	-99,764	-130,766	-99,656	-334,584

Consolidated statement of comprehensive income

		2011	2010	2011	2010	2010
<i>Amounts in SEK 000</i>	<i>Note</i>	<i>Apr-Jun</i>	<i>Apr-Jun</i>	<i>Jan-Jun</i>	<i>Jan-Jun</i>	<i>Full year</i>
Net loss for the period		-93,222	-99,764	-130,766	-99,656	-334,584
Total comprehensive income for the period		-93,222	-99,764	-130,766	-99,656	-334,584
Attributable to:						
Parent Company's shareholders		-86,612	-99,308	-121,149	-97,694	-325,615
Non-controlling interests		-6,610	-456	-9,617	-1,962	-8,969
TOTAL		-93,222	-99,764	-130,766	-99,656	-334,584

Earnings per share

		2011	2010	2011	2010	2010
<i>Amounts in SEK</i>	<i>Note</i>	<i>Apr-Jun</i>	<i>Apr-Jun</i>	<i>Jan-Jun</i>	<i>Jan-Jun</i>	<i>Full year</i>
Earnings per share, weighted average, before and after dilution, SEK		-1.92	-3.00	-3.09	-2.94	-9.79
Number of shares, weighted average, before dilution		45,023,725	33,079,705	39,209,870	33,193,588	33,263,938

Condensed consolidated statement of financial position

<i>Amounts in SEK 000</i>	<i>Note</i>	30 June 2011	30 June 2010	31 Dec 2010
Assets				
Non-current assets				
Intangible assets	4	702,809	180,659	179,778
Tangible non-current assets		2,194	3,186	2,493
Shares in joint ventures and associated companies	5	1,101,526	1,309,055	1,220,791
Other long-term securities holdings	5	33,880	37,430	24,761
Other financial assets		0	6,208	0
Total non-current assets		1,840,409	1,536,538	1,427,823
Current assets				
Inventories		80	0	0
Accounts receivable		1,206	985	680
Other short-term receivables	6	26,237	66,690	93,054
Prepaid expenses and accrued income		3,752	5,029	8,138
Current investments		577,540	193,401	136,607
Cash and cash equivalents		162,115	217,708	107,325
Total current assets		770,930	483,813	345,804
TOTAL ASSETS		2,611,339	2,020,351	1,773,627

Condensed consolidated statement of financial position (cont.)

<i>Amounts in SEK 000</i>	<i>Note</i>	30 June 2011	30 June 2010	31 Dec 2010
Equity and liabilities				
Equity				
Share capital	7	24,265	16,665	16,665
Share premium		1,768,062	1,211,998	1,212,611
Retained earnings including current period result		323,268	682,405	454,484
Equity attributable to Parent Company's shareholders		2,115,595	1,911,068	1,683,760
Non-controlling interests		312,730	36,580	33,414
Total equity		2,428,325	1,947,648	1,717,174
Liabilities				
Long-term liabilities				
Deferred taxes	8	155,118	33,218	34,195
Interest-bearing liabilities		2,000	2,000	2,000
Total long-term liabilities		157,118	35,218	36,195
Current liabilities				
Accounts payable		6,511	6,976	3,117
Other short-term liabilities		5,378	19,685	5,044
Accrued expenses and prepaid income		14,007	10,824	12,097
Total short-term liabilities		25,896	37,485	20,258
Total liabilities		183,014	72,703	56,453
TOTAL EQUITY AND LIABILITIES		2,611,339	2,020,351	1,773,627

Consolidated statement of changes in equity

<i>Amounts in SEK 000</i>	Note	Equity attributable to Parent Company's shareholders					Non-controlling interests	Total equity
		Issued capital	Share premium	Retained earnings incl. current year result	Total			
Opening equity at 1 Jan 2011		16,665	1,212,611	454,484	1,683,760		33,414	1,717,174
<i>Net loss for the period</i>				-121,149	-121,149		-9,617	-130,766
Total comprehensive income for the year		0	0	-121,149	-121,149		-9,617	-130,766
Business combinations					0		222,834	222,834
Change in non-controlling interests				-10,067	-10,067		66,099	56,032
New share issue		7,600	600,400		608,000			608,000
Issue costs			-44,949		-44,949			-44,949
Closing equity at 30 June 2011	7	24,265	1,768,062	323,268	2,115,595		312,730	2,428,325
Opening equity at 1 Jan 2010		16,576	1,201,673	780,099	1,998,348		0	1,998,348
<i>Profit/loss for the period</i>				-97,694	-97,694		-1,962	-99,656
Total comprehensive income for the year		0	0	-97,694	-97,694		-1,962	-99,656
Business combinations					0		38,542	38,542
New share issue		89	10,956		11,045			11,045
Issue costs			-631		-631			-631
Closing equity at 30 June 2010	7	16,665	1,211,998	682,405	1,911,068		36,580	1,947,648
Opening equity at 1 Jan 2010		16,576	1,201,673	780,099	1,998,348		0	1,998,348
<i>Profit/loss for the period</i>				-325,615	-325,615		-8,969	-334,584
Total comprehensive income for the year		0	0	-325,615	-325,615		-8,969	-334,584
Business combinations					0		42,383	42,383
Effect of warrants			613		613			613
New share issue		89	10,956		11,045			11,045
Issue costs			-631		-631			-631
Closing equity at 31 Dec 2010	7	16,665	1,212,611	454,484	1,683,760		33,414	1,717,174

Consolidated statement of cash flows

<i>Amounts in SEK 000</i>	<i>Note</i>	2011 <i>Jan-June</i>	2010 <i>Jan-June</i>
Operating activities			
Operating income		-131,635	-107,216
Adjustments for depreciation, amortization and impairment losses		1,599	15,354
Adjustments for changes in fair value		62,864	19,916
Capital gain on sale of associated company		0	29,673
Interest paid		-39	-62
Interest received		879	8,978
Cash flow from operating activities, before changes in working capital		-66,332	-33,357
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-1,856	128
Increase (+)/Decrease (-) in operating liabilities		3,638	4,149
Cash flow from operating activities		-64,550	-29,080
Investing activities			
Payments for intangible non-current assets		-1,136	-3,191
Payments for tangible non-current assets		-247	-1,207
Payments to acquire subsidiaries		12,878	16,820
Payments to acquire shares in joint ventures and associated companies	10	-70,165	-51,670
Payments to acquire other long-term securities	10	-3,002	-6,740
Cash flow from short-term investments		-437,111	-81,604
Sale of shares in joint ventures/associated companies		21,811	20,673
Sale of shares in other long-term securities		540	0
Loans provided to associated companies		-20,400	-34,828
Cash flow from investing activities		-496,832	-141,747
Financing activities			
Non – controlling interests share of subsidiary issue		53,121	0
New share issue		608,000	19,960
Issue costs		-44,949	-27,496
Loans raised		0	2,000
Cash flow from financing activities		616,172	-5,536
Cash flow for the year		54,790	-176,363
Cash and cash equivalents at beginning of period		107,325	394,071
CASH AND CASH EQUIVALENTS AT END OF PERIOD		162,115	217,708

¹ In addition to cash and cash equivalents, the Group has at its disposal short-term investments amounting to SEK 577,540 (193,401)

Income statement for the Parent Company

		2011	2010	2011	2010	2010
<i>Amounts in SEK 000</i>	<i>Note</i>	<i>Apr-Jun</i>	<i>Apr-Jun</i>	<i>Jan-Jun</i>	<i>Jan-Jun</i>	<i>Full year</i>
Net sales		544	3,623	1,396	6,258	11,007
Revenue		544	3,623	1,396	6,258	11,007
Other external expenses		-10,943	-10,757	-20,351	-16,529	-31,048
Personnel costs		-8,994	-5,736	-16,583	-12,334	-25,685
Depreciation and amortization of tangible and intangible assets		-16	-23	-33	-45	-88
Impairment losses on shares in subsidiaries, associated companies and other long-term securities holdings		-58,360	-50,379	-61,157	-50,379	-63,680
Result from sale of shares		0	-29,673	0	-29,673	-29,439
Dividends from subsidiaries		0	21,552	0	21,552	21,552
Operating loss		-77,769	-71,393	-96,728	-81,150	-117,381
Financial net		-8,492	4,212	-7,956	3,733	6,032
NET LOSS FOR THE PERIOD		-86,261	-67,181	-104,684	-77,417	-111,349

Statement of comprehensive income for the Parent Company

		2011	2010	2011	2010	2010
<i>Amounts in SEK 000</i>	<i>Note</i>	<i>Apr-Jun</i>	<i>Apr-Jun</i>	<i>Jan-Jun</i>	<i>Jan-Jun</i>	<i>Full year</i>
Net loss for the period		-86,261	-67,181	-104,684	-77,417	-111,349
Total comprehensive income for the period		-86,261	-67,181	-104,684	-77,417	-111,349
Attributable to:						
Parent Company's shareholders		-86,261	-67,181	-104,684	-77,417	-111,349
TOTAL		-86,261	-67,181	-104,684	-77,417	-111,349

Condensed statement of financial position for the Parent Company

<i>Amounts in SEK 000</i>	<i>Note</i>	<i>30 June 2011</i>	<i>30 June 2010</i>	<i>31 Dec 2010</i>
Assets				
Non-current assets				
Tangible non-current assets		76	152	109
Shares in subsidiaries, associated companies and other long-term securities holdings	5	870,487	639,466	731,370
Other financial assets		1,853	9,955	1,515
Total non-current assets		872,416	649,573	732,994
Current assets				
Accounts receivable		243	917	129
Group receivables		38	1,972	2,072
Other receivables	6	21,381	63,140	91,431
Prepaid expenses and accrued income		2,284	4,366	7,617
Short-term investments		577,540	193,401	136,607
Cash and cash equivalents		31,491	181,324	73,208
Total current assets		632,977	445,120	311,064
TOTAL ASSETS		1,505,393	1,094,693	1,044,058

Condensed statement of financial position for the Parent Company (cont.)

<i>Amounts in SEK 000</i>	<i>Note</i>	<i>30 June 2011</i>	<i>30 June 2010</i>	<i>31 Dec 2010</i>
Equity and liabilities				
Equity				
Share capital	7	24,266	16,666	16,666
Retained earnings		-207,281	-95,932	-95,932
Share premium reserve		1,778,136	1,222,072	1,222,685
Net loss for the period		-104,684	-77,417	-111,349
Total equity		1,490,437	1,065,389	1,032,070
Liabilities				
Long-term liabilities				
Pension obligations		1,853	1,150	1,515
Total long-term liabilities		1,853	1,150	1,515
Current liabilities				
Accounts payable		1,935	4,268	991
Group liabilities		952	2,025	660
Other current liabilities		3,736	17,411	3,535
Accrued expenses and deferred income		6,480	4,450	5,287
Total current liabilities		13,103	28,154	10,473
Total liabilities		14,956	29,304	11,988
TOTAL EQUITY AND LIABILITIES		1,505,393	1,094,693	1,044,058

Pledged assets and contingent liabilities

<i>Amounts in SEK 000</i>	<i>Note</i>	<i>30 June 2011</i>	<i>30 June 2010</i>	<i>31 Dec 2010</i>
Pledged assets		4,690	6,375	4,563
Contingent liabilities	9	50,900	7,100	2,100
		55,590	13,475	6,663

Statement of changes in equity for the Parent Company

<i>Amounts in SEK 000</i>	<i>Note</i>	Restricted equity	Unrestricted equity			<i>Total equity</i>
		<i>Share capital</i>	<i>Share premium reserve</i>	<i>Retained earnings</i>	<i>Net profit/loss for the period</i>	
Opening equity at 1 Jan 2011		16,666	1,222,685	-95,932	-111,349	1,032,070
Appropriation of loss				-111,349	111,349	0
Net loss for the period					-104,684	-104,684
Total		16,666	1,222,685	-207,281	-104,684	927,386
New share issue		7,600	600,400			608,000
Issue costs			-44,949			-44,949
Closing equity at 30 June 2011	7	24,266	1,778,136	-207,281	-104,684	1,490,437
Opening equity at 1 Jan 2010		16,576	1,211,658	-5,665	-90,267	1,132,302
Appropriation of loss				-90,267	90,267	0
Net loss for the year					-77,417	-77,417
Total		16,576	1,211,658	-95,932	-77,417	1,054,885
New share issue		90	11,045			11,135
Issue costs			-631			-631
Closing equity at 30 June 2010	7	16,666	1,222,072	-95,932	-77,417	1,065,389
Opening equity at 1 Jan 2010		16,576	1,211,658	-5,665	-90,267	1,132,302
Appropriation of profit/loss				-90,267	90,267	0
Net loss for the year					-111,349	-111,349
Total		16,576	1,211,658	-95,932	-111,349	1,020,953
New share issue		90	11,045			11,135
Issue costs			-631			-631
Warrants			613			613
Closing equity at 31 Dec 2010	7	16,666	1,222,685	-95,932	-111,349	1,032,070

Notes to the financial reports

Note 1 Accounting principles

This report has been prepared in accordance with the **International Accounting Standard (IAS) 34 Interim Financial Reporting**. The accounting principles applied to the Group and the Parent Company correspond, unless otherwise stated below, to the accounting principles and valuation methods applied in the preparation of the previous annual report.

New and revised accounting principles 2011

The new or revised IFRS standards and interpretations by IFRIC have had no impact on the Group or, to the extent that these recommendations are applied to legal entities, on income or financial position.

Definition of key ratios

Net asset value per share: Estimated fair value of the total portfolio, cash and cash equivalents, and financial assets less interest-bearing liabilities in relation to the number of shares outstanding on the closing date.

Other definitions

First In Class: The first approved medicine with a defined mechanism for a specific target or a specific disease.

Portfolio companies: Companies owned fully or in part by Karolinska Development (subsidiaries, associated companies and other long-term securities holdings) which are active in pharmaceuticals, medtech, theranostics and formulation technology.

Fair value: The NASDAQ OMX regulations for issuers state that companies listed on a public market which constitute groups shall apply the International Financial Reporting Standards, IFRS. The standards are applied only in the consolidated financial statements. The application of the standards allows groups of an investment company nature to apply so-called fair value in the calculation of asset values. These calculations are made on the basis of established principles and are not included in the opening accounts of the group's legal entity, nor do they affect cash flows. This is exemplified by the fact that the parent company's assets are recognized at acquisition cost rather than fair value.

Fair value is estimated according to the International Private Equity and Venture Capital Valuation Guidelines. According to these guidelines, fair value can be calculated using different methods, depending on which method is considered to provide the best estimation of market value in each separate case. For Karolinska Development, this implies that the fair value of many of portfolio companies is produced using a model to calculate the value of discounted and risk-adjusted cash flows. In other cases, Karolinska Development's total investment is used as the best estimation of fair value, though in one case the valuation of the most recent transaction is used.

Note 2 Operating segments

Karolinska Development considers the Board of Directors to be the Group's chief operating decision maker, since this function determines the allocation of resources to investments in portfolio companies and to the Parent Company. The Board of Directors monitors each investment at the project level as well as the Parent Company's results and financial position.

Karolinska Development's investments are primarily focused on companies that yield the best returns. Regardless of a project's maturity, therapeutic area and whether the company is active within pharmaceuticals or medical technology, each company's projects are evaluated by Karolinska Development in the same manner, due to which Karolinska Development has aggregated all the portfolio companies into a single reportable segment.

Karolinska Development's measure of profit is the aggregate change in the fair value of its shares in the portfolio companies, including those that are consolidated as subsidiaries. The Board of Directors and management monitor the investments based on changes in their fair value independently of the company's level of influence. Consequently, the Board of Directors and management monitor subsidiaries, associated companies, joint ventures and other holdings based on changes in their fair value and not based on their historical acquisition costs as subsidiaries recognized in the consolidated financial statements. The accounting principles applied in the internal reporting otherwise correspond to the Group's accounting principles as described in Note 1.

Profit/loss per segment

	Profit/loss from change in fair value of portfolio companies				
	2011 Apr-Jun	2010 Apr-Jun	2011 Jan-Jun	2010 Jan-Jun	2010 Full year
<i>Amounts in SEK 000</i>					
Aggregate profit/loss from change in fair value of portfolio companies	4,528	-51,168	-3,557	-45,660	-232,787
Consolidated adjustments and eliminations	-55,066	12,522	-59,307	25,744	6,998
Recognized loss from change in fair value	-50,538	-38,646	-62,864	-19,916	-225,789

Reconciliation between aggregate profit/loss from change in fair value of portfolio companies for segments and consolidated loss before tax

	2011 Apr-Jun	2010 Apr-Jun	2011 Jan-Jun	2010 Jan-Jun	2010 Full year
<i>Amounts in SEK 000</i>					
Recognized loss from change in fair value	-50,538	-38,646	-62,864	-19,916	-225,789
Consolidated loss before tax excluding change in fair value of associated companies, joint ventures and other long-term securities holdings	-47,605	-64,988	-76,358	-83,610	-113,492
Consolidated loss before tax	-98,143	-103,634	-139,222	-103,526	-339,281

Assets per segment

	Fair value of portfolio companies		
	30 June 2011	30 June 2010	31 Dec 2010
<i>Amounts in SEK 000</i>			
Aggregate fair value of shares in portfolio companies	1,652,090	1,497,540	1,454,660
Group adjustments and eliminations	-516,684	-151,055	-209,108
Group	1,135,406	1,346,485	1,245,552

Reconciliation between the aggregate fair value of portfolio companies for segments and consolidated total assets

<i>Amounts in SEK 000</i>	30 June 2011	30 June 2010	31 Dec 2010
Aggregate fair value of portfolio companies' reportable segments	1,652,090	1,497,540	1,454,660
Less fair value of consolidated subsidiaries	-516,684	-151,055	-209,108
The Group's other assets, excluding shares in associated companies, joint ventures and other long-term securities holdings	1,475,933	673,866	528,075
Consolidated total assets	2,611,339	2,020,351	1,773,627

The Group's revenue is mainly comprised of invoiced services provided to the portfolio companies in Sweden. These services consist of management, communication, finance, administration, legal services and analytical operations. Operations are conducted in Sweden, where the Group's assets, in all material respects, are located.

Note 3 **Financial net**

<i>Amounts in SEK 000</i>	2011 Apr-Jun	2010 Apr-Jun	2011 Jan-Jun	2010 Jan-Jun	2010 Full year
Interest income	3,009	1,584	3,396	1,589	3,966
Interest expenses	-24	-22	-39	-28	-22
Change in value of short-term investments	318	2,647	3,448	2,163	3,904
Exchange rate gains and losses	-27	-31	-249	-34	-870
Impairment of receivable from associated company, IMED	-12,000	0	-12,000	0	0
Impairment of convertible debentures	0	0	0	0	-995
Dividends from subsidiaries and other securities holdings	596	0	654	0	0
Share of profit/loss in KCIF Co-Investment Fund KB	0	0	-2,797	0	0
Financial net	-8,128	4,178	-7,587	3,690	5,983

Note 4 Intangible assets

Goodwill

Impairment tests for the recoverable amount of goodwill

Assets with an indefinite useful life are tested annually for impairment rather than amortized or depreciated. Assets that are amortized or depreciated are evaluated for any reduction in value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. As a result of the valuations that are regularly carried out, impairment losses were recognized in 2010 on goodwill, which mainly related to the subsidiary Actar AB.

<i>Amounts in SEK 000</i>	Group		
	30 June 2011	30 June 2010	31 Dec 2010
Accumulated acquisition cost			
At beginning of the year	1,711	1,711	1,711
Closing balance	1,711	1,711	1,711
Accumulated impairment losses			
At beginning of the year	-1,711	-525	-525
Impairment losses for the year	0	0	-1,186
Closing balance	-1,711	-525	-1,711
Carrying amount	0	1,186	0

Patents, licenses and similar rights

<i>Amounts in SEK 000</i>	Group		
	30 June 2011	30 June 2010	31 Dec 2010
Accumulated acquisition cost			
At beginning of the year	8,141	28	28
Business combinations	3,657	3,026	5,416
Acquisitions during the year	1,136	0	2,697
Closing balance	12,934	3,054	8,141
Accumulated amortization and impairment losses			
At beginning of the year	-2,395	0	0
Amortization for the year	-1,051	0	-2,395
Closing balance	-3,446	0	-2,395
Carrying amount	9,488	3,054	5,746

Development projects in progress

The carrying amount for development projects in progress consists of the acquisition costs of subsidiaries.

<i>Amounts in SEK 000</i>	Group		
	30 June 2011	30 June 2010	31 Dec 2010
Accumulated acquisition cost			
At beginning of the year	196,688	0	0
Business combinations (Note 5)	519,289	176,419	196,688
Closing balance	715,977	176,419	196,688
Accumulated amortization and impairment losses			
At beginning of the year	-22,656	0	0
Impairment for the year	0	0	-22,656
Closing balance	-22,656	0	-22,656
Carrying amount	693,321	176,419	174,032

Total carrying amount, intangible assets

	Group		
	30 June 2011	30 June 2010	31 Dec 2010
Carrying amount			
Goodwill	0	1,186	0
Patents, licenses and similar rights	9,488	3,054	5,746
Development projects in progress ¹	693,321	176,419	174,032
Total carrying amount, intangible assets	702,809	180,659	179,778

¹The carrying amount of development projects in progress consists of the acquisition costs of subsidiaries.

Note 5 Shares in subsidiaries, joint ventures, associated companies and other long-term securities holdings

The Parent Company's direct and indirect holdings of shares in subsidiaries as of 30 June 2011

<i>Amounts in SEK 000</i>	Corporate identity number	Registered office	Activity	Ownership interest	% of votes
Actar AB	556593-9856	Solna	Biotechnological research and development	99.96%	99.96%
Akinion Pharmaceuticals AB	556777-0978	Solna	Biotechnological research and development	88.09%	88.09%
Axelar AB ¹	556623-6708	Stockholm	Biotechnological research and development	40.03%	40.03%
ClanoTech AB	556706-6658	Solna	Biotechnological research and development	86.32%	86.32%
Inhalation Sciences Sweden AB	556665-6038	Solna	Biotechnological research and development	68.75%	68.75%
KCIF Fund Management AB	556777-9219	Solna	Management responsibility for KCIF Co-Investment Fund, KB	37.50%	37.50%
KD Incentive AB	556745-7675	Solna	Management of incentive programs	100.00%	100.00%
Limone AB	556759-9211	Stockholm	Biotechnological research and development	100.00%	100.00%
NovaSAID AB	556669-2181	Solna	Biotechnological research and development	88.91%	88.91%
Pharmanest AB	556785-1158	Solna	Biotechnological research and development	53.57%	53.57%
SoftCure Pharmaceuticals AB	556683-9345	Solna	Biotechnological research and development	100.00%	100.00%

The Parent Company's holdings of shares in subsidiaries as of date

Name <i>Amounts in SEK 000</i>	Parent Company ownership interest			Carrying amount in Parent Company		
	30 June 2011	30 June 2010	31 Dec 2010	30 June 2011	30 June 2010	31 Dec 2010
Actar AB	99.96%	99.96%	99.96%	6,844	6,844	6,844
Akinion Pharmaceuticals AB	88.09%	78.64%	78.64%	48,070	18,070	18,070
Axelar AB ¹	40.03%	-	-	48,343	-	-
ClanoTech AB	86.32%	84.90%	86.32%	34,695	29,696	34,695
Inhalation Sciences Sweden AB	68.75%	59.97%	66.62%	19,738	11,180	17,238
KCIF Fund Management AB	37.50%	37.50%	37.50%	43	43	43
KD Incentive AB	100.00%	100.00%	100.00%	100	100	100
Limone AB	100.00%	85.29%	100.00%	1,500	0	0
NovaSAID AB	88.91%	86.85%	87.73%	74,407	54,907	62,407
Pharmanest AB	49.96%	-	48.56%	9,966	-	7,776
SoftCure Pharmaceuticals AB	100.00%	87.23%	100.00%	0	0	0
Total book value				243,706	120,840	147,173
Total fair value	516,684	151,055	209,108			

¹Axelar AB has been reclassified from an associated company to a subsidiary as of 1 April 2011 as a result of a new shareholder agreement which gives Karolinska Development controlling influence in the company (see also Note 4). The new share issue during the second quarter 2011 caused a

dilution. A decision has been made on an additional share issue, after which Karolinska Development will hold approximately 49.8 percent of the total number of shares outstanding.

Shares in joint ventures and associated companies

Amounts in SEK 000	Group		
	30 June 2011	30 June 2010	31 Dec 2010
Accumulated fair value			
At beginning of the year	1,220,791	1,450,427	1,450,427
Acquisitions during the year	154,240	51,670	135,327
Change resulting in reclassification as subsidiary	-182,173	-131,489	-139,264
Change resulting in reclassification from other long-term securities holdings	3,000	6,740	0
Sale of associated companies	-21,811	-44,386	-17,881
Change resulting in reclassification as other long-term securities holdings	-6,626	0	16,286
Acquisitions during the year indirect ownership	0	0	0
Change in fair value through net profit/loss for the year	-65,895	-23,907	-224,104
Total fair value	1,101,526	1,309,055	1,220,791

Shares in joint ventures

Amounts in SEK 000	Group ownership interest ¹			Book value in Parent Company		
	30 June 2011	30 June 2010	31 Dec 2010	30 June 2011	30 June 2010	31 Dec 2010
Apra AB	40.12%	43.18%	43.18%	46,199	36,485	36,485
Athera Biotechnologies AB	57.43%	61.20%	69.07%	74,797	43,038	78,097
Avaris AB	68.40%	65.54%	67.75%	53,650	46,851	51,850
BioChromix Pharma AB	56.15%	42.77%	50.34%	12,350	6,350	9,350
Bioneris AB	26.31%	26.84%	26.31%	0	5,983	0
Biosergen AS	50.97%	48.21%	50.97%	15,114	13,588	15,114
Calabar International AB	63.17%	63.17%	63.17%	0	4,000	0
Dilafor AB	54.76%	53.24%	53.60%	88,831	74,831	79,830
Dilaforette Holding AB	54.02%	-	-	188	-	-
Eribis Pharmaceuticals AB	43.14%	33.77%	39.02%	0	8,240	10,970
HBV Theranostica AB	72.52%	69.23%	70.73%	0	2,040	2,190
IMED AB	57.38%	52.12%	57.38%	0	37,307	45,307
Lipidor AB	39.98%	30.01%	30.01%	9,000	4,003	4,003
NeoDynamics AB*	24.89%	-	22.58%	11,097	-	7,551
NT-NeuroTherapeutics AB (in liquidation)	51.85%	51.85%	51.85%	0	0	0
Oncopeptides AB	42.32%	42.32%	42.32%	18,536	18,536	18,536
OncoReg AB	88.91%	88.91%	88.91%	0	0	0
Pergamum AB	61.75%	63.53%	59.75%	198,643	102,786	102,786
Pharmanest AB**	-	40.64%	-	-	3,030	-
Promimic AB	-	24.69%	24.50%	-	5,500	8,101
Pronoxis AB*	17.60%	-	14.16%	4,500	-	3,000
Umecrine Cognition AB	42.86%	40.00%	40.00%	8,200	7,000	7,000
Umecrine Mood AB	37.63%	43.00%	43.00%	25,112	22,530	22,530
XSpray Microparticles AB	58.04%	59.20%	64.85%	27,872	21,246	32,172

¹ Ownership interest corresponds to share of votes

*The above companies have been reclassified from other long-term securities holdings

**The above company has been reclassified as a subsidiary as of 1 January 2010 after Karolinska Development changed its influence over the company

Shares in joint ventures, cont.

<i>Amounts in SEK 000</i>	Group ownership interest ¹			Book value in Parent Company		
	30 June 2011	30 June 2010	31 Dec 2010	30 June 2011	30 June 2010	31 Dec 2010
<i>Holdings in Pergamum AB</i>						
Laurantis Pharma OY	9.80%	22.66%	9.80%	-	-	-
DermaGen AB	100.00%	51.28%	100.00%	-	-	-
Lipopeptide AB	100.00%	57.79%	100.00%	-	-	-
OmnioHealer AB	53.82%	34.13%	53.82%	-	-	-
PharmaSurgics in Sweden AB	100.00%	49.01%	100.00%	-	-	-
Total book value				594,089	463,344	534,872
Total fair value	1,056,127	1,169,966	1,034,086			

¹ Ownership interest corresponds to share of votes

Shares in associated companies

<i>Amounts in SEK 000</i>	Group ownership interest ¹			Book value in Parent Company		
	30 June 2011	30 June 2010	31 Dec 2010	30 June 2011	30 June 2010	31 Dec 2010
Axelar AB*	-	44.98%	44.98%	-	28,342	28,342
Cytoguide ApS**	-	-	11.00%	-	-	3,300
KCIF Co-Investment Fund KB	26.00%	26.00%	26.00%	8,624	2,555	7,476
Promimic AB	24.50%	-	-	8,100	-	-
Total book value				16,724	30,897	39,118
Total fair value	45,399	139,089	186,705			

¹ Ownership interest corresponds to share of votes

*The above company has been reclassified as a subsidiary as of 1 April 2011 after Karolinska Development changed its influence over the company

**The above company has been reclassified as other long-term securities holdings

Total fair value of joint ventures and associated companies	1,101,526	1,309,055	1,220,791
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Other long-term securities holdings

<i>Amounts in SEK 000</i>	Group		
	30 June 2011	30 June 2010	31 Dec 2010
Accumulated fair value			
At beginning of the year	24,761	33,439	33,439
Acquisitions during the year	3,002	6,740	9,293
Sale of other long-term securities holdings	-540	0	0
Reclassified as associated companies	-3,000	-6,740	-16,286
Reclassified from associated companies	6,626	0	0
Change in fair value through net profit/loss for the year	3,031	3,991	-1,685
Total fair value	33,880	37,430	24,761

Shares in other long-term securities holdings

<i>Amounts in SEK 000</i>	Group ownership interest ¹			Book value in Parent Company		
	30 June 2011	30 June 2010	31 Dec 2010	30 June 2011	30 June 2010	31 Dec 2010
BioArctic Neuroscience AB	3.17%	3.17%	3.17%	600	600	600
BioChromix AB	5.84%	-	-	1,461	-	-
Bioresonator AB	7.62%	7.62%	7.62%	2,500	2,500	2,500
Cytoguide ApS*	9.06%	22.01%	-	3,300	6,180	-
Independent Pharmaceutica AB	5.98%	5.98%	5.98%	0	0	0
InDex Pharmaceuticals AB	-	0.003%	0.003%	0	0	0
NeoDynamics AB**	-	18.51%	-	-	4,998	-
NephroGenex Inc.	0.58%	0.58%	0.58%	709	709	709
Pronoxis AB**	-	14.16%	-	-	3,000	-
Umecrine AB	10.41%	10.01%	10.01%	7,398	6,398	6,398
Total book value				15,968	24,385	10,207
Total fair value	33,880	37,430	24,761			

¹ Ownership interest corresponds to share of votes

*The above company has been reclassified from associated companies

**The above companies have been reclassified as joint ventures

Total book value in subsidiaries, joint ventures, associated companies and other long-term securities holdings	870,487	639,466	731,370
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Business combinations

This company was previously reported as an associated company and valued at fair value with changes in value recognized through profit or loss. As a result of an amended shareholder agreement, Karolinska Development has controlling interest in the company as of the second quarter 2011, due to which it is classified as a subsidiary and consolidated in the Group. This means that the full income statement, statement of financial position and cash flows for this company are now consolidated and that the holding is no longer recognized at fair value. Recognition of the acquisition price does not imply that any cash consideration has been paid.

Business combinations

Subsidiary	Operations	Acquisition date	Share of acquired equity that carries voting rights, %	Acquisition cost
Axelar AB	Biotechnological research and development	1 April 2011	44.98%	182,173
Total acquisition cost				182,173

Acquisition cost

Amounts in SEK 000	Invested amount	Change in fair value	Total
Axelar AB	28,342	153,831	182,173
Total acquisition cost			182,173

The change in fair value was previously recognized through profit or loss, as all associated companies are valued at fair value.

Revenue and loss before tax since the acquisition date included in the consolidated statement of comprehensive income

Amounts in SEK 000	Revenue	Loss before tax
Axelar AB	0	-6,688
	0	-6,688

Revenue and loss before tax if the acquisition date had been at the beginning of the financial year

Amounts in SEK 000	Revenue	Loss before tax
Axelar AB	0	-25,898
	0	-25,898

Acquired assets and assumed liabilities on the acquisition date

<i>Amounts in SEK 000</i>		Axelar AB
Intangible assets		
Patents, licenses and similar rights		3,657
Development projects in progress		519,289
Deferred tax assets from fiscal deficit		7,196
Other current receivables		465
Prepaid expenses and accrued income		95
Cash and cash equivalents		12,878
Deferred tax liabilities from development projects in progress		-136,573
Accounts payable		-746
Other current liabilities		-80
Accrued expenses and deferred income		-1,174
Net identifiable assets and liabilities		405,007
Less non-controlling interests		-222,834
Acquisition cost		182,173

Note 6 **Other current receivables**

<i>Amounts in SEK 000</i>	Group			Parent Company		
	30 June 2011	30 June 2010	31 Dec 2010	30 June 2011	30 June 2010	31 Dec 2010
<i>Financial receivables</i>						
Receivables from associated companies	14,325	52,828	83,870	14,325	52,828	83,870
Current portion of restricted bank accounts	5,473	5,765	5,879	2,837	3,880	5,879
Total financial receivables	19,798	58,593	89,749	17,162	56,708	89,749
<i>Other current receivables</i>						
Tax assets	1,089	327	276	780	279	145
VAT receivables	4,234	2,363	2,850	2,842	790	1,369
Other	1,116	5,407	179	597	5,363	168
Total other current receivables	6,439	8,097	3,305	4,219	6,432	1,682
Total current receivables	26,237	66,690	93,054	21,381	63,140	91,431

Note 7 Changes in share capital

The number of shares has changed as follows:

Year	Transaction	Increase in number of shares	Increase in share capital	Share capital	Number of A shares	Number of B shares	Subscription price	Par value
Total as of 1 Jan 2010		32,609,993			1,503,098	31,106,895		0.5
January 2010	New share issue	541,824	270,912	16,575,909	0	541,824	62	0.5
April 2010	New share issue	179,600	89,800	16,665,709	0	179,600	62	0.5
Total as of 31 Dec 2010		33,331,417			1,503,098	31,828,319		0.5
April 2011	New share issue	15,200,000	7,600,000	24,265,709	0	15,200,000	40	0.5
Total as of 30 June 2011		48,531,417			1,503,098	47,028,319		0.5

Calculation of net asset value

Amounts in SEK 000	Group		
	30 June 2011	30 June 2010	31 Dec 2010
<i>Net assets</i>			
Cash and cash equivalents	162,115	217,708	107,325
Short-term investments	577,540	193,401	136,607
Other financial non-current assets	0	6,208	0
Financial receivables	19,798	58,593	89,749
Financial liabilities	-2,000	-2,000	-2,000
Other owners' share of restricted accounts	-2,636	-1,885	-2,831
Total net assets	754,817	472,025	328,850
Estimated fair value of portfolio companies including subsidiaries	1,652,090	1,497,600	1,454,660
Total net asset value	2,406,907	1,969,625	1,783,510
Number of shares	48,531,417	33,331,417	33,331,417
Net asset value per share*	49.59	59.09	53.51

*Definition: Estimated fair value of the total portfolio holding, cash and cash equivalents, short-term investments and financial assets less interest-bearing liabilities in relation to the number of shares outstanding on the closing date

Warrant programs

Karolinska Development has, through its subsidiary KD Incentive AB, issued warrants in three separate programs, which entitle holders to subscribe for 121,750 shares at a price of SEK 91.10 per share (warrant program 2008), 13,246 shares at a price of SEK 120 per share (supplemental warrant no. 1 associated with warrant program 2008), 28,149 shares at a price of SEK 93 (supplemental warrant no. 2 associated with warrant program 2008), 72,075 shares at a price of SEK 120 per share (warrant program 2009), 11,625 shares at a price of SEK 93 (supplemental warrants associated with warrant program 2009) and 78,888 shares at a price of SEK 124 associated with warrants program 2010.

As of 30 June 2010, subscriptions have been made, in the above mentioned order, of 163,145 warrants, 83,700 warrants and 78,888 warrants associated with the three warrant programs. This will dilute current shareholders to the extent that the market price of the shares exceeds the subscription price of the associated shares. Share warrants in the 2008 warrant program and its supplemental programs can be exercised for during the period 1 October 2012 to 31 December 2012, share warrants in the 2009 warrant program and its supplemental programs can be exercised from 1 October 2013 to 31 December 2013, and share warrants in the 2010 warrant program can be exercised for during the period 1 October 2014 to 31 December 2014. The number of shares issuable under these programs is limited to a maximum of 1% of the total number of shares in issue.

The company has an obligation to offer subscription right holders the opportunity to purchase supplemental warrants related to future share issues as protection against dilution. As of 30 June 2011, subscription right holders have therefore been offered, within the framework of the three programs, the opportunity to subscribe for 55,653 warrants, 29,551 warrants and 31,853 warrants, respectively, as a result of the new share issue in April 2011. None of the warrants have been subscribed for as of the closing date.

Note 8 Deferred tax liabilities

Amounts in SEK 000	Group		
	30 June 2011	30 June 2010	31 Dec 2010
Intangible non-current assets ¹	-182,344	-46,053	-45,770
Tax loss carry forwards ²	27,226	12,835	11,575
Deferred tax assets/liabilities, net	-155,118	-33,218	-34,195

¹ Refers to deferred tax liability related to adjustment in the fair value of ongoing development projects in connection with the acquisition of subsidiaries

² Deferred tax assets from fiscal deficits are recognized to the extent they can be deducted from future taxable revenue in acquired subsidiaries or offset against surplus values in the Group

Note 9 Pledged assets and contingent liabilities

Investment commitments

Commitments that exist at the end of each period relate to remuneration for creating additional investment opportunities in accordance with contractual commitments. During the period, Karolinska Development entered into an investment commitment related to Axelar AB in the amount of SEK 50.0m. Commitments related to further financing in portfolio companies apply only to Axelar AB as indicated above.

Note 10 Investments in portfolio companies

	Parent Company				
	2011 Jan-Mar	2011 Apr-June	2011 Jan-June	2010 Jan-June	2010 Full year
Amounts in SEK 000					
Investments in subsidiaries					
Akinion Pharmaceuticals AB	10,000	20,000	30,000	10,000	10,000
Axelar AB*	0	20,000	20,000	0	0
ClanoTech AB	0	0	0	11,001	16,000
Inhalation Sciences Sweden AB	2,500	0	2,500	0	6,058
Limone AB	1,500	0	1,500	0	0
NovaSAID AB	4,000	8,000	12,000	7,500	15,000
Pharmanest AB, formerly Dilanest AB**	0	3,000	3,000	0	388
SoftCure Pharmaceuticals AB	0	0	0	1,000	1,000
Total investments in subsidiaries	18,000	51,000	69,000	29,501	48,446
Investments in joint ventures/associated companies					
Apra AB**	5,900 ¹	6,570	12,470	0	0
Athera Biotechnologies AB**	0	8,760	8,760	9,609	44,667
Avaris AB	1,800	0	1,800	5,000	10,000
Axelar AB*	0	0	0	7,876	7,876
BioChromix Pharma AB	0	3,000	3,000	0	3,000
Biosergen AS	0	0	0	0	1,526
Dilafor AB	4,000	5,000	9,000	11,903	16,903
Dilaforette Holding AB	0	188	188	0	0
Eribis Pharmaceuticals AB	0	2,490	2,490	0	2,730
HBV Theranostica AB	0	200	200	250	400
IMED AB	0	0	0	6,500	14,500
KCIF Fund KB	2,760	1,186	3,946	0	4,921
Lipidor AB	0	4,997	4,997	2,803	2,803
NeoDynamics AB	0	3,546 ³	3,546	0	0
Pergamum AB	228	95,629 ²	95,857	0	0
Pharmanest AB, formerly Dilanest AB**	0	0	0	3,000	7,745
Promimic AB	0	0	0	0	2,600
ProNoxis AB	0	1,500	1,500	0	0
Umecrine Cognition AB	0	1,200	1,200	0	0
Umecrine Mood AB**	0	5,286	5,286	4,730	4,730
XSpray Microparticles AB**	0	0	0	0	10,927
Total investments in joint ventures and associated companies	14,688	139,552	154,240	51,670	135,327
Investments in other long-term securities holdings					
BioChromix AB**	2,002	0	2,002	0	0
Bioresonator AB	0	0	0	1,000	1,000
CytoGuide ApS	0	0	0	1,685	1,685
KCIF Fund KB	0	0	0	2,555	2,555
NeoDynamics AB	0	0	0	0	2,553
ProNoxis AB	0	0	0	1,500	1,500
Umecrine AB	1,000	0	1,000	0	0
Total investments in other long-term securities holdings	3,002	0	3,002	6,740	9,293
Total investments	35,690	190,552	226,242	87,911	193,066

¹ Refers to the conversion of previously issued loans

² Of which SEK 77,629,000 relates to the conversion of previously issued loans

³ Of which SEK 546,000 relates to the conversion of previously issued loans

*The company was reclassified as a subsidiary during the period

**Co-owned with KCIF Co – Investment Fund

Note 11 Related parties

Summary of transactions with related parties in the statement of financial position

Amounts in SEK 000	30 June 2011		30 June 2010		31 Dec 2010	
	Liabilities to related party	Receivables from related party	Liabilities to related party	Receivables from related party	Liabilities to related party	Receivables from related party
Relationship with related party						
Owner: Karolinska Institutet Holding Group	1,011	40	320	0	0	0
Joint ventures/associated companies	0	22,971	0	57,233	0	83,881
Total	1,011	23,011	320	57,233	0	83,881

Summary of transactions with related parties in the income statement

Amounts in SEK 000	2011 Apr-June		2010 Apr-June		2011 Jan-June		2010 Jan-June		2010 Full year	
	Sale of services	Purchase of services	Sale of services	Purchase of services	Sale of services	Purchase of services	Sale of services	Purchase of services	Sale of services	Purchase of services
Relationship with related party										
Owner: Karolinska Institutet Holding Group	55	1,346	26	996	60	2,156	89	1,299	146	5,246
(Of which rental costs)		(322)		(564)		(668)		(754)		(1,176)
Joint ventures/associated companies	257	0	1,800	0	936	0	2,588	0	3,072	15
Total	312	1,346	1,826	996	996	2,156	2,677	1,299	3,218	5,261