

**The Active Biotech Group
Final Accounts Report For
The 2000 Operating Year**

- **SAIK-MS phase I study now also includes MS patients**
- **TTS phase I study completed**
- **GAS-vaccine – high protective effect**
- **Increase in vaccine sales by 26%**
- **Profit/loss after net financial items (before items affecting comparability) MSEK -148.6 –according to forecast (MSEK -150)**
- **Profit/loss after items affecting comparability MSEK -419.3 million (MSEK -62.0)**

Clinical studies now include MS patients

A million people worldwide are affected by multiple sclerosis, a chronic autoimmune disease. The body's own immune defence attacks the myelin sheaths surrounding the nerve fibres in the brain, disrupting or breaking the nerve impulses. The disease has a slow, drawn-out cycle and often occurs in spells with alternating periods of improvement and deterioration.

There is currently no treatment to halt MS, although beta interferon injections slow the disease in some patients. Active Biotech has selected a new treatment strategy with its immunomodulators, which also have the advantage of being available in tablet form.

At present Active Biotech's substance for the treatment of multiple sclerosis, SAIK-MS, is in phase I of clinical trials. A phase I study normally takes the form of a safety study involving healthy volunteers. The Swedish Medical Products Agency has, however, granted Active Biotech permission to include MS patients as early as in phase I, as the product is already regarded as satisfying the necessary safety requirements. The inclusion of MS patients has now commenced. These trials are expected to be concluded during the current year.

At the same time as the development work proceeds according to plan, discussions are being conducted with potential cooperation partners.

TTS phase I study completed

Non small-cell lung cancer (NSCLC) is one of the most commonly occurring malignant diseases. NSCLC is a disease with one of the highest mortality rates in the western world, currently affecting some half a million people every year. There are no effective methods of treatment. NSCLC is primarily treated today with chemotherapy and surgery.

Renal cancer (RCC) affects fewer people than NSCLC, approximately 80,000 annually, however the medical need is extensive as no satisfactory treatment currently exists.

Within the TTS (Tumor Targeted Superantigens) project, phase I of the study relating to non small-cell lung cancer and renal cancer has been concluded. The preliminary results look promising and the compilation of the final report is currently under way. Discussions are being conducted with leading cancer clinics in Sweden and internationally with a view to commencing phase II trials.

Results from the first clinical trials endorse the company's assessment that TTS represents a unique concept for cancer treatment. Moreover, the obtained results give a good starting-point for further development of the TTS-products towards new indications and applications.

Diarrhoea vaccines

Diarrhoea diseases cause up to four million deaths a year. Infections caused by cholera or enterotoxin forming E.coli bacteria (ETEC) trigger off a diarrhoea that, in severe cases, can lead to dehydration and death. For tourists and business travellers these do not represent the same threat as the symptoms in these categories generally disappear by themselves after a short while. On the other hand they are highly unpleasant and have an extremely limiting effect upon physical mobility during the days in which the condition is present.

Discussions are being conducted with the American Food and Drug Administration (FDA) regarding modification of the target effect ("clinical endpoint") for the ongoing ETEC vaccine phase III study in Guatemala and Mexico, to apply to protection against pronounced diarrhoea disease. As the company previously reported, the product have shown a significant vaccination effect for patient groups with pronounced, ETEC induced, diarrhoea disease.

Work is also proceeding with the registration of the products *SBL Cholera Vaccine* and *Dukoral* internationally, in cooperation with Aventis Pasteur.

Other projects

The pre-clinical study of Active Biotech's GAS vaccine against tonsillitis, conducted in cooperation with Vaccine Solutions Pty Ltd. in Australia, has been concluded. The vaccine consists of peptides from the streptococcus bacterium's surface structure, produced by Active Biotech in cooperation with external research groups. One of the peptides in the study has also been formulated by means of what is known as proteosome technology in collaboration with the Canadian vaccine company Intellivax. Results from this study indicate a vaccine with a high protective effect, 85-90%, even when administered intranasally against infection caused by streptococci. The company considers the patent protection as being strong for all the antigens. Discussions are being conducted with regard to extended cooperation with Intellivax and Vaccine Solutions. Planning of the clinical development has commenced and a phase I study can start in the first half of 2002.

The sale of the CDT technology (Covalent Display Technology) has been completed. The project has been spun off to a newly-formed company, Isogenica Ltd., in which Active Biotech remains as a minority shareholder with a 20 per cent share.

Increase in vaccines sales by 26%

The increase in turnover, excluding income for contract research, amounted to 25%.

Vaccine sales increased by 26% to MSEK 234.5 (MSEK 184.5). The growth is primarily attributable to continued strong development for *SBL Cholera Vaccine* and *Dukoral*, which increased sales by 97% to MSEK 64.4 (MSEK 32.7). *Dukoral* continues to show a strong sales growth in Sweden and Norway.

Sales in Sweden increased by 52% to MSEK 27.0 (MSEK 17.8). In Norway, where the product was launched in 1998, sales increased by 106% to MSEK 6.8 (MSEK 3.3). This positive development is explained by increased market penetration and solid growth in the number of travellers to the risk areas.

SBL Cholera Vaccine also shows a strong growth in comparison with the preceding year. Sales increased by 176% to MSEK 28.9 (MSEK 10.5).

Sales of agency products within the vaccine sector developed less favourably during the year, falling by 2% to MSEK 58.0 (MSEK 59.0). The decrease is primarily attributable to ongoing supply problems, including those relating to influenza vaccines. Distribution orders showed a 25% sales increase to MSEK 99.5 (MSEK 79.7).

Net turnover specified according to activity

	2000	1999	% change	% of sales 2000	% of sales 1999
Vaccine sales					
Own produced vaccines	76.9	46.8	64%	32.8%	25.5%
Dukoral/SBL Cholera Vaccine	64.4	32.7	97%		
Other products	12.5	14.1	-11%		
Agency products	58.0	59.0	-2%	24.7%	31.8%
Distribution orders	99.5	79.7	25%	42.5%	43.0%
Total vaccine sales	234.5	185.4	26%	100.0%	100.0%
Income from contract research	40.0	75.0	-47%		
Other income	5.9	6.9	-15%		
Total net turnover	280.4	267.3	5%		

Profit/loss after net financial items MSEK -148.6 (before items affecting comparability)

In accordance to the previously reported decision that all research projects will be accounted for as costs on a continuous basis, the year's result has been debited with a one-off write-off of previous years' capitalised research costs relating to the vaccine business. The write-off amounts to MSEK 270.2, and will not influence the group's cash-flow.

The operating profit/loss before financial items, amounted to MSEK -509.5 (MSEK -112.3). The negative development is explained by items affecting comparability in 2000 and 1999. The current year's result has been debited with MSEK 270.8, of which a one-off write-off of intangible assets amounts to MSEK 270.2. The 1999 result included one-off income derived from property and site sales, amounting to MSEK 139.6.

The result before items affecting comparability was thereby improved by MSEK 13, despite a reduction in income from contract research by MSEK 35, when Active Biotech acquired all the rights to the TTS project from Pharmacia and now finances the further development under its own management.

The Group's net profit/loss after net financial items improved strongly, from MSEK 54.7 in 1999 to MSEK 90.0 this year, reflecting profits from the disposal of the shares in Lifco AB, realised profits in the Zenit fund as well as, in general, a good development for the financial investments.

The positive profit/loss development for comparable units and extraordinary depreciation, is explained by a strong sales growth, a restrictive cost development and also a strong net result after net financial items.

The operating profit/loss after net financial items, but before items affecting comparability, amounted to MSEK -148.6 (MSEK -62.0), in line with the submitted full year forecast of MSEK -150. The profit/loss after depreciation of intangible assets amounted to MSEK -419.3 (MSEK -62.0).

Financial position

Equity capital amounted to MSEK 645.9. Solvency as at 31 December 2000 amounted to 74.3% (74.0%). Liquid funds and financial investments amount to MSEK 416 (MSEK 545).

Dividend

The Board does not intend recommending a dividend to be paid to the shareholders for the 2000 operating year.

General meeting of shareholders

An ordinary general meeting of shareholders will take place on Thursday, 29 March, 2001 at 17.00 at the Scandic Star Hotel, Lund, Sweden.

Future publication of information

- Complete annual report and accounts available at the beginning of March
- Quarterly reports to be published on 9 May, 8 August and 6 November
- Final accounts report for the complete year 2001 to be published on 14 February 2002

Lund, 15 February 2001

Active Biotech AB (Publ)

Sven Andréasson
President & CEO

Active Biotech AB is a biotechnics company focusing on research and development of medicines and vaccines. Our expertise lies in the knowledge of the human immune defence system. We have a high-quality project portfolio and financial strength. The most important products and projects are medicines for multiple sclerosis (SAIK) and cancer (TTS), the SBL Cholera Vaccine, and Dukoral and ETEC vaccines against tourist diarrhoea. Active Biotech's turnover was MSEK 280 in 2000.

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CONSOLIDATED INCOME STATEMENTS

MSEK	Whole yr. 2000	Whole yr. 1999*	Whole yr. 1998*
Net sales	280.4	267.3	259.4
Cost of goods sold	-179.9	-147.9	-203.4
Gross income	100.6	119.5	56.0
Sales & marketing costs	-28.1	-23.8	-18,6
Administration costs	-64.1	-74.7	-53.7
Research and development costs	-271.5	-270.7	-133.1
Other income/expense	24.5	-2,2	8,0
Operating results before items affecting comparability and financial net	-238,7	-251,9	-141,4
Net financial situation	90,0	54,7	22,0
Operating results after financial net, but before items affecting comparability	-148,6	-197,2	-119,4
Items affecting comparability	-270,8	139,6	79,7
Operating results before app. and tax	-419,4	-57,6	-39,7
Appropriations	0,0	-	0,4
Tax on profit for the year	0.1	-4.5	-0.5
Profit/loss for the year	-419.3	-62.0	-39.8

CONSOLIDATED BALANCE SHEETS

MSEK	Dec 31, 2000	Dec 31, 1999*	Dec 31, 1998*
Intangible fixed assets	47.1	283.3	263.8
Tangible fixed assets	197.4	203.5	287.4
Financial fixed assets	45.2	102.3	41,3
Total fixed assets	289.7	589.1	592.5
Inventories	63.5	55.1	57.7
Current receivables	99.6	248.0	376.4
Short-term investments & liquid funds	416.1	545.1	558.0
Total current assets	579.1	848.2	992.1
Total assets	868.9	1 437.3	1 584.6
Equity	645.9	1064.3	1140.3
Provisions	35.8	32.5	26.9
Long-term liabilities*	57.3	141.0	183.0
Current liabilities*	129.8	1995	234.4
Total equity and liabilities	868.9	1 437.3	1 584.6

* 2000-12-31 There are no interestbearing long-term/current liabilities

CASH FLOW ANALYSIS

MSEK	Whole yr. 2000	Whole yr. 1999*
Profit/loss after financial items	-419.3	-57.6
Adjustments for items not included in cash flow, etc	233.2	-118.2
Tax paid	-1.5	-1.0
Cash flow from ongoing operations before change in working capital	-187.6	-176.7
Change in working capital	32.8	282.0
Cash flow from ongoing operations	-154.8	105.3
Net investment in fixed assets	66.8	-140.5
Cash flow from investment activity	66.8	-140.5
Loans raised/loan amortisation	-41.0	-32.1
Cash flow from financing activity	-41.0	-32.1
Cash flow for the period	-129.0	-67.3
Liquid funds, opening balance	545.1	612.4
Liquid funds, closing balance	416.1	545.1

KEY FIGURES

	Whole yr. 2000	Whole yr. 1999*	Whole yr. 1998*
Equity per share, SEK	57.4	94.6	101.4
Unappropriated liquidity, MSEK	446	680	602
Parent company equity/assets ratio, %	59.5	64.5	76.1
Group equity/assets ratio, %	74.3	74.0	72.0
Average number of employees	337	341	317
Number of shares (000)	11 246	11 246	11 246

*) Pro forma Bioteknik (exc. Wilh. Sonesson)

PARENT COMPANY INCOME STATEMENT

MSEK	Whole yr. 2000	Whole yr. 1999	Whole yr. 1998
Net operating turnover	7.0	3.3	4,4
Cost of goods sold	0.0	0.0	0.0
Gross income	7,0	3.3	4,4
Sales costs	0.0	0.0	0.0
Administration costs	-44.9	-512	-62.4
Research and development costs	0.0	-9.4	0.0
Items affecting comparability	-0.3	15.0	0.0
Other income/expenses	1.4	0.1	0.0
Operating results	-36.7	-42.2	-58.0
Net financial situation	1.6	-25.5	-19.4
Profit/loss after financial items	-35.1	-67.7	-77.5
Appropriations	-70.1	0.1	0.5
Tax on profit for the year	0.0	-17.7	-1.1
Profit/loss for the year	-105.1	-85.4	-78.1

PARENT COMPANY BALANCE SHEET

MSEK	Dec 31, 2000	Dec 31, 1999	Dec 31, 1998
Intangible fixed assets	0.0	0.0	0.0
Tangible fixed assets	0.6	0.8	1.1
Financial fixed assets	715.7	893.4	909.6
Total fixed assets	716.3	894.2	910.7
Inventories	0.0	0.0	0.0
Current receivables	111.6	157.4	146.2
Short-term investments and liquid funds	360.8	485.6	495.4
Total current assets	472.4	643.0	641.6
Total assets	1 188.7	1 537,3	1 552,3
Equity	707.0	991.4	1311.7
Provisions	0.0	0.0	0.1
Long-term liabilities	45.0	79.0	120.0
Current liabilities	436.7	466.8	120.5
Total equity and liabilities	1 188.7	1 537.3	1 552.3