

KARO BIO AND ALKEM LABORATORIES LTD COLLABORATE TO DEVELOP EPROTIROME

STOCKHOLM, April 26, 2011 – Karo Bio AB (publ) and Alkem Laboratories Ltd have entered into a collaboration and license agreement regarding eprotriome, currently in late-stage clinical testing for dyslipidemia. Karo Bio will grant Alkem rights to commercialize eprotriome in India and certain other countries. Alkem will participate in Karo Bio's phase III program for eprotriome by conducting a pivotal clinical study on eprotriome in India.

Karo Bio has entered into a collaboration and license agreement with the Indian pharmaceutical company Alkem Laboratories Ltd (Alkem). Under the agreement, Alkem will receive the exclusive rights to commercialize eprotriome in India and certain other markets in Asia-Pacific and Africa. Karo Bio is entitled to royalty on Alkem's future sales of eprotriome.

Alkem will conduct a pivotal clinical phase III trial in order to obtain marketing approval of eprotriome in India. The clinical trial will comprise up to 500 patients with primary hyperlipidemia with a high risk for cardiovascular disease, mainly patients with previous cardiovascular events.

Data from the Indian study will be included in Karo Bio's application for marketing approval of eprotriome for the treatment of high-risk patients with heterozygous familial hypercholesterolemia (HeFH) in the EU. Karo Bio's phase III program for HeFH has previously been estimated to be an investment of SEK 400 million. As a consequence of the collaboration with Alkem, Karo Bio estimates that the investment will be reduced by approximately SEK 100 million.

"The benefits with the collaboration are several. Firstly, it represents a substantial financial value, since our investment in eprotriome's phase III program will decrease from about SEK 400 million to SEK 300 million as a consequence of Alkem conducting one of the studies. Secondly, we secure distribution in the Indian market, as well as in a number of emerging markets. Finally, we facilitate a broadening of the indication scope of eprotriome, by conducting the study in India in patients representing a larger patient population" said Karo Bio's President and CEO Fredrik Lindgren.

Eprotriome is a novel, liver-selective thyroid hormone receptor agonist for the treatment of dyslipidemia. The thyroid hormone is one of the body's own ways of regulating lipids in the blood. This effect is exercised in the liver. Eprotriome's profile is unique. In one single compound, powerful reductions of several independent risk factors for the development of atherosclerotic cardiovascular diseases are combined. Eprotriome has in three clinical phase II trials been demonstrated to, when administered either as monotherapy or on top of ongoing statin or ezetimibe treatments, produce a profound and clinically meaningful lowering of several important risk factors for the development of cardiovascular disease in patients with high blood lipids. The results are very encouraging, since many patients do not reach their treatment goals with current drugs.

Alkem is the 7th largest company in the Indian pharmaceutical market with leadership in anti-infectives, gastro intestinal and pain management segments. With over 500 products, Alkem is among the fastest growing companies in the Indian pharmaceutical market. Alkem is also focusing on strengthening its forays in the chronic segments of cardiology and diabetology. Headquartered in Mumbai, Alkem has international operations in both advanced and emerging markets with its products available in over 50 countries. Alkem has strong manufacturing capabilities in India with regulatory accreditations from agencies such as US FDA and UK MHRA for most of its manufacturing plants. Alkem currently has annual revenues of about USD 350 million dollars and a sound set of financials and cash reserves.

Dr. C.B.Sanjeevi at Karolinska Institutet and Invest Sweden assisted Karo Bio in establishing the partnership with Alkem.

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About Karo Bio

Karo Bio is a pharmaceutical company focused on the research and development of innovative drugs for unmet medical needs. Karo Bio's vision is to become a pharmaceutical company with sustainable profitability, commercial products and a competitive project portfolio.

Karo Bio runs a number of development projects within the indication areas cardiovascular and metabolic diseases, neuropsychiatry, inflammatory conditions, autoimmune diseases, cancer and women's health. An important foundation for the company's activities is its unique knowledge of nuclear receptors as target proteins for the development of novel pharmaceuticals, as well as related mechanisms of action. Important processes and competencies within the company include structurally based research, drug discovery, preclinical and clinical development, and medical and regulatory expertise.

Karo Bio has the capacity to process select compounds for niche indications through the whole development chain, while compounds addressing large patient groups require development collaborations or out-licensing at some stage in the process. In addition to proprietary projects, Karo Bio has three strategic collaborations with international pharmaceutical companies.

Karo Bio, headquartered in Huddinge, has 70 employees, and is listed on NASDAQ OMX Stockholm since 1998 (Reuters: KARO.ST).

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This press release is also available online at www.karobio.com and www.newsroom.cision.com