

**Active Biotech Group
Annual Accounts Report
January – December 1999**

- **Active Biotech invests in new pharmaceuticals against cancer**
- **Sale of Polio vaccine to new partner**
- **SAIK goes into Phase I clinical trials in MS patients**
- **ETEC-vaccine – first data on efficacy by the end of the quarter**
- **Dukoral travel vaccine, 70 % increase in sales in 1999, 100 % increase in January this year**
- **New international order for SBL Cholera Vaccine**
- **Results better than prognosis, -58 million SEK net**
- **Available assets 680 million SEK. Real estate payment in April gives another 122 million SEK**

ACTIVE BIOTECH INVESTS IN NEW PHARMACEUTICALS AGAINST CANCER

Active Biotech acquires TTS

Active Biotech and Pharmacia & Upjohn, P&U, have signed a Letter of Intent concerning to the "TTS"; Tumor Targeted Superantigens research area. TTS is a cancer therapy where the body's own immune response is selectively directed towards the tumor.

Active Biotech will acquire from P&U all of the TTS patents and rights concerning the ongoing development of new candidate drugs within cancer, in the first instance, lung and kidney cancer. Active Biotech in Lund has so far managed the project according to a contract research agreement.

According to the agreement P&U will honour payments according to the original research agreement, which means that there is no increase on cash burn for year 2000. Active Biotech's payment for the TTS-project consists in that Active Biotech return the so called β 1 Integrin-project, concluded in the agreement from 1998, and that Active Biotech pay a royalty on future TTS-products. P&U maintain a sales option for the USA, Japan with market adjusted milestone and royalty payments to Active Biotech if the option is used.

Clinical trials against lung cancer

Ongoing clinical phase I/phase II studies, against lung cancer have during autumn 1999 demonstrated promising effects of TTS therapy. The same substance has the potential to be used in other types of cancer, such as kidney cancer. The product has been developed by the researchers at Active Biotech who have an extensive competence in the area of new effective cancer products based on TTS therapy.

New clinical trials in combination with interleukin-2 are planned to begin in the first half of 2001 and product launches against lung and kidney cancer are expected within 4-5 years.

TTS will increase the number of projects in clinical phase and the possibility of therapeutic vaccines

"Now that we have acquired the complete project and patent portfolio for TTS, we are in a better position to further develop the technology required for our own future products. We see this as a unique possibility to quickly develop new cancer products and apply the competence within TTS to our core competence, immunomodulation.

An additional highly attractive and expanding product area of interest is therapeutic vaccines", says Karl Olof Borg, Vice President of Active Biotech.

"The acquisition of the TTS products brings to our already balanced project portfolio more projects in the clinical phase", says Sven Andréasson, President & CEO of Active Biotech.

POLIO VACCINE SOLD TO NEW PARTNER

Negotiations are in progress with a new international partner for a long-term agreement on the bulk delivery of the injectable polio vaccine (IPV) from Active Biotech for use in combination vaccines. An agreement requires a registration in Europe and deliveries are expected to begin at the end of the year. The provision for the newly purchased polio plant in Solna is secured by using the capacity at a maximum

SAIK GOES INTO PHASE I CLINICAL TRIALS IN MS PATIENTS

During the autumn 1999, SAIK-MS, a substance intended for use in patients with multiple sclerosis, has been tested on healthy volunteers with very promising results.

The Swedish Medical Products Agency has now approved a more extensive Phase I study in more healthy volunteers and in MS patients. It is anticipated that SAIK-MS will enter phase II trials to study its clinical effect in Q4 2000, which is earlier than originally expected.

The current market for existing pharmaceuticals used in the treatment of MS is 5 billion SEK per year, which is expected to grow by more than 50%. There are over 50,000 new patients every year, only a portion of which can be treated with existing therapies.

ETEC-VACCINE – FIRST DATA ON EFFICACY BY THE END OF THE QUARTER

The first data on efficacy from the phase III studies in Guatemala and Mexico are expected to be presented by the end of the quarter. Securing of all the data in a so-called Clean File is in progress.

Since November 1999, our collaboration partner SmithKline Beecham has been conducting the last part of phase III. In all, over 1,500 patients will have participated in the studies.

DUKORAL TRAVEL VACCINE, 70 % INCREASE IN SALES IN 1999, 100 % INCREASE IN JANUARY THIS YEAR

The strong sales of the Dukoral Travel Vaccine are continuing to increase, 70% increase compared to last year. So far the product is only sold in Sweden and Norway, however, registration applications have been submitted to Switzerland and Mexico and are being prepared for several other countries.

In January this year, sales in Sweden increased by 100% and in Norway by 280%.

NEW INTERNATIONAL ORDER FOR SBL CHOLERA VACCINE

The cholera epidemic on Madagascar is about to spread over the entire island and the authorities are taking steps to protect the population with vaccination.

A new part order for 250,000 doses has been received. The SBL Cholera Vaccine is recommended by the WHO as being the only cholera vaccine in the world with a documented protective effect.

RESULTS AND FINANCIAL POSITION

Turnover amounted to 267 million SEK (259 million SEK). Contract research for 75 million SEK (50 million SEK) is included in this figure. This year's net proceeds were -58 million SEK (-40 million SEK). A comparison between the final accounts for 1999 and 1998 is misleading as the acquisition of the research plant in Lund was consolidated within the group in April 1998.

Active Biotech's financial position is very strong, with available assets of 680 million SEK. Payment for the real estate in Solna gives a further 122 million SEK.

The solvency in the group was 74% and the total equity amounted to 1,064 million SEK, or 95 SEK per share

In the prospectus for the issue of new shares to shareholders and institutions in the spring 1998, a predicted deficit for the years 1998-2000 of -200 million SEK per year was forecast. The actual results for 1998 and 1999 were -40 million SEK and -58 million SEK, respectively.

ANNUAL GENERAL MEETING

The ordinary annual general meeting will take place on Wednesday the 12th of April at 5.00 pm at the Star Hotel in Lund

Lund 18th February 2000

Board of Directors Active Biotech AB (publ)

Active Biotech AB is a Swedish biotechnology group focused on the research and development of pharmaceuticals and vaccines, our core competence being our knowledge of the human immune system. We have a high quality project portfolio and considerable financial resources. Important products include our Cholera vaccine, a vaccine against tourist diarrhoea (ETEC), innovative drugs against MS (SAIK) and cancer (TTS). The turnover of Active Biotech was SEK 267 million in 1999.

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PRIORITISED PROJECTS WITH PARTNERS

Project (partner)	2000 (according to plan)	2001 (according to plan)
ETEC (SmithKline Beecham) Tourist diarrhoea vaccine	Application/ registration	Launch (1 st European country)
SBL Cholera Vaccine (SmithKline Beecham) Partnership agreement for the EU, USA, Australia	Registration	Launch
SBL Cholera Vaccine Other countries, under our own management	Registration/ launch	Launch
Dukoral Travel vaccine with ETEC indication. Own sales in Sweden, Norway. Own export rights excl. EU, USA, Australia	Registration/ launch in several countries	Registration/ launch in several countries
Polio IPV (new partner) Bulk sales from the new SBL polio plant	Registration/ launch	Launch
SAIK MS drug	Phase I/ Phase II	Phase II
Strep-A (Vaccine Solutions PTY) Tonsillitis vaccine	Selection of antigens	Phase I
Dental - 1025 (UMDS) Search for commercial partner Treatment for dental caries	Phase I	Phase II
TTS (Pharmacia & Upjohn) Lung and kidney cancer drug	Phase II New drug candidate	Phase II/III Phase I
Benzamides (OXiGENE) Autoimmune disease treatment	Drug candidate chosen	Phase I

THE GROUP'S PROFIT AND LOSS ACCOUNTS		
KSEK	1999	1998*
Net sales	267 347	259 351
Cost of sold goods	-147 852	-203 399
Gross Profit	119 495	55 952
Selling expenses	-23 779	-18 590
Administrative expenses	-74 680	-53 658
Research & Development costs	-270 732	-133 062
Items affecting comparability (capital gain sale of real estate)	139 574	79 682
Other operating income and costs	-2 201	7 985
Operating profit/loss	-112 323	-61 691
Net financial items	54 739	21 976
Operating profit/loss after financial items	-57 584	-39 715
Appropriations	-	392
Tax	-4 464	-548
Net profit/loss for the year	-62 048	-39 871
THE GROUP'S BALANCE SHEET		
KSEK	991231	981231*
Intangible fixed assets	283 343	263 844
Tangible fixed assets	203 487	287 345
Financial fixed assets	102 305	41 279
Inventories	55 051	57 678
Current receivables	248 019	376 433
Short-term investments	545 092	557 997
Total assets	1 437 297	1 584 576
Shareholders' equity	1 064 314	1 140 291
Allocations	32 494	26 929
Long-term liabilities	141 024	182 950
Current liabilities	199 465	234 406
Total shareholders' equity and liabilities	1 437 297	1 584 576

**THE GROUP'S STATEMENT OF CHANGES IN
FINANCIAL POSITION**

KSEK	1999
Operating profit/loss after financial items	-57 585
Adjustment for items not incl. in cash-flow	-118 175
Tax paid	-960
Cash-flow from current business before changes in working capital	-176 719
Change in working capital	281 998
Cash-flow from current business	105 279
Distribution of subsidiary	-104 590
Net investments in assets	-35 943
Cash-flow from investments	-140 533
Options program	719
Amortization of debts	-32 814
Cash-flow from financing activities	-32 095
Net increase/decrease in cash and cash equivalents	-67 349
Cash and cash equivalents at the beginning of the year	612 441
Cash and cash equivalents at the end of the year	545 092

KEY FIGURES	1999	1998*
Equity/share, SEK	95	101
Available liquid funds, MSEK	680	602
Parent Company equity/assets ratio, %	64,5	76,1
Group equity/assets ratio, %	74,0	72,0
Average number of employees	341	317
Total number of shares	11 246 292	11 246 292

*) Proforma Biotechnology (excl. Wilh. Sonesson)