The Active Biotech Group
Interim Report
January – September 2000

- **Continued strong investment in projects for multiple sclerosis (MS), cancer and diarrhoea diseases**
- **New Board members: Mats Arnhög, Maria Borelius and Peter Sjöstrand**
- **Results according to plan, MSEK -98 (-117 previous year)**
- **Forecast for full-year profit unchanged, MSEK –150 (before extraordinary items)**

SAIK-MS

Active Biotech is in discussion with potential business partners regarding the continued development and marketing of SAIK-MS.

Multiple sclerosis is a chronic autoimmune disease that disables a million people worldwide, often the young. 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 administrated orally.

These substances have shown very good results in experimental models for MS. A defined substance, SAIK-MS, has been selected and is undergoing clinical evaluation (Phase I).

The total global market for the beta interferon preparation is estimated to be worth over MSEK 15,000 in 2000.

TTS

Within the TTS cancer project, the inclusion of patients for the Phase I trial of the TTS-CD2 product is complete, and evaluation will take place in spring 2001. The target group has been patients with advanced non small-cell lung cancer.

Plans are under way to progress next year into the clinical phase of TTS-CD2 (Phase II) and TTS-CD3 (Phase I). The indications being considered for these products are primarily non small-cell lung cancer and renal cancer.

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 65,000 annually, however the medical need is extensive as no satisfactory treatment currently exists.

Diarrhoea vaccines

As reported previously, the ETEC product did not show a satisfactory effect in the first Phase III study.

Analysis work following the results of the first study has now been completed in collaboration with world-leading external expertise. The conclusion is that the product shows a significant vaccination effect for patient groups with pronounced, ETEC-induced, diarrhoea disease. This result will now be presented to the American Food and Drug Administration (FDA). Assuming that the FDA confirms the company's conclusions, the ongoing Phase III study can progress further towards a revised target effect ("clinical endpoint") within the framework of the prevailing project plan.

Sales of *SBL Cholera Vaccine* are showing strong growth. At the end of October, the company was able to announce delivery of an order worth MSEK 11.5 to the French island of Mayotte off the east coast of Africa, following a decision by France's Ministry of Health to vaccinate all island inhabitants.

SBL Cholera Vaccine is currently being launched on a broad basis in accordance with the co-operative agreement concluded with Aventis Pasteur this summer. Collaboration has enjoyed a very positive start, and thanks to Aventis' strong competence in both registration and marketing, Active Biotech expects the product to be established quickly on the markets (outside Europe and the USA) currently covered by the partnership agreement. This should ensure continued good growth in sales. The actual growth rate is partially dependent on the varying demands that may be imposed by the registration authorities in the various countries.

Ongoing further development of the *SBL Cholera Vaccine* includes producing a dry formula. This development is showing positive results and progressing according to plan. A dry formula product simplifies distribution and storage, which is particularly important in the countries where the product is intended to be used.

Dukoral, Active Biotech's product against tourist diarrhoea, continues to set new sales records on the Swedish and Norwegian markets. The company is now preparing to register the product in selected countries in Europe. Discussions are in progress with Aventis Pasteur MSD, regarding an extension of the partnership agreement to include marketing of *Dukoral* in Europe (exc. Sweden and Norway). Assuming registration authority approval, continued strong sales growth is expected for *Dukoral*.

Other projects

Other projects within the framework of our pre-clinical research activities, mainly within the area of immunomodulation, are proceeding according to schedule in all significant aspects.

Dismantling of Actinova, UK

The process of dismantling Active Biotech's UK research activity is progressing according to plan. In the second quarter, the Actigen subsidiary was sold to Norway's Affitech.

During the third quarter, progress was made on work to finance the continued development of the CDT (Covalent Display Technology) project externally. The plan is to spin-off the activity into a separate legal entity before the end of the year, with Active Biotech as minority owner.

Further projects in Actinova's project portfolio are being discussed with potential business partners.

New Board members

As reported previously, three new Board members were voted in at the extraordinary general meeting on 19 October 2000: Mats Arnhög, Maria Borelius and Peter Sjöstrand.

Active Biotech's Board is now composed as follows: Hugo Thelin (Chair), Håkan Åström (Dep. Chair), Sven Andréasson, Mats Arnhög, Maria Borelius, Svend Holst-Nielsen, Mats Pettersson, Peter Sjöstrand and Anders Williamsson. The Board's employee representatives are Anders Hagberg and Hans Wännman.

At its first meeting, the Board decided to work in accordance with partially new guidelines. The aim is to utilise the in-depth competence and international networks of the individual Board members within their respective areas more effectively. Working committees of an informal nature, with representatives from the Board and management, will be established as required. The committees will penetrate certain issues considered particularly important for the development of the company in more depth, before they are finally dealt with by the Board in the customary way. The new working approach will entail strong support for the management's work, at the same time as ensuring high-quality decision-making by the Board in the business's key issues.

24% increase in turnover, result MSEK -98 (-117)

The increase in turnover, excluding income for contract research, amounted to 24%.

Sales of vaccines amounted to MSEK 156.5 (124.3), an increase of 26% compared with the corresponding period last year. Sales on the Nordic market increased by 69% in total, where Sweden as the largest single market showed a 52% rise.

SBL Cholera Vaccine, which was launched in 1999, is showing strong growth, and sales amounted to MSEK 17.1 (4.4). In total, sales of *SBL Cholera Vaccine/Dukoral* increased by 125%.

Income for contract research amounted to MSEK 30, a decrease of MSEK 26.3 compared with 1999. This is explained by the acquisition of the rights to the TTS (Tumor Targeted Superantigens) cancer project, which was previously run as commissioned research.

The period's results amounted to MSEK -98, an improvement of MSEK 19 compared with the corresponding period last year. This improvement in results can be explained by the positive sales development and an improvement in net financial income. The third quarter's net financial income includes capital gains from the sale of Lifco shares at MSEK 11.

Continued prioritisation in the research projects and the dismantling of British subsidiary Actinova has had a positive effect on the cost outcome.

Cost reimbursement received from SmithKline Beecham amounting to MSEK 17 has been entered as income in the third quarter, as the business agreement has been terminated. This has been set off against capitalised development cost, and therefore does not affect the result for the period. Last year's operating results for the same period included a capital gain on property sales amounting to MSEK 15.

The forecast for 2000 as a whole (before extraordinary items) remains unchanged at MSEK -150.

The Board decided today that all research projects will be accounted for as cost on a continuous basis, which previously did not apply to all business segments. Consequently, development costs capitalised (MSEK 286 on 30 September 2000) will be entered as extraordinary one-off expenditure in future full-year accounts. This change will not affect the company's cash flow.

Lund, 16 November 2000

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 267 in 1999.

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CONSOLIDATED INCOME STATEMENTS

MSEK	Jan-Sep 2000	Jan-Sep 1999*	Whole yr. 1999*
Net operating turnover (inc. contract research)	190.2	185.2	267.3
Cost of goods sold	-124.4	-101.4	-147.9
Gross income	**65.8**	**83.8**	**119.5**
Sales & Marketing costs	-19.3	-15.6	-23.8
Administration costs	-51.8	-43.5	-74.7
Research and development costs	-193.3	-190.5	-270.7
Items affecting comparability	-3.3	15.0	139.6
Other income/expense	21.9	-2.0	-2.2
Operating results	**-180.1**	**-152.8**	**-112.3**
Net financial situation	81.7	36.2	54.7
Profit/loss after financial items	**-98.4**	**-116.6**	**-57.6**
Appropriations		-	
Tax on profit for the year	-	-	**-4.5**
Profit/loss for the year	**-98.4**	**-116.6**	**-62.0**

CONSOLIDATED BALANCE SHEETS

KSEK	30 Sep 2000	30 Sep 1999*	31 Dec 1999*
Intangible fixed assets***	335.9	299.9	283.3
Tangible fixed assets	196.4	277.3	203.5
Financial fixed assets	51.9	95.2	102.3
Total fixed assets	584.2	672.4	589.1
Inventories	74.6	60.4	55.1
Current receivables	79.9	106.4	248.0
Short-term investments & liquid funds	476.7	536.3	545.1
Total current assets	631.1	703.1	848.2
Total assets	**1 215.3**	**1 375.5**	**1 437.3**
Equity	966.3	1 009.5	1 064.3
Provisions	32.5	26.9	32.5
Long-term liabilities**	90.8	167.3	141.0
Current liabilities	125.7	171.8	199.5
Total equity and liabilities	**1 215.3**	**1 375.5**	**1 437.3**

*** Pro forma Bioteknik (exc. Wilh. Sonesson)**
**** Interest-bearing long-term liabilities on 30 September 2000 amount to MSEK 0**
***** Of which development costs capitalised R&D MSEK 286 (30 September 2000)**

CASH FLOW ANALYSIS

KSEK	Jan-Sep 2000	Jan-Sep 1999*	Whole yr. 1999*
Profit/loss after financial items	-98.4	-116.6	-57.6
Adjustments for items not included in cash flow, etc.	29.3	28.5	-118.2
Tax paid	-2.3	0.0	-1.0
Cash flow from ongoing operations before change in working capital	**-71.3**	**-88.1**	-176.7
Change in working capital	64.2	204.7	282.0
Cash flow from ongoing operations	**-7.2**	**116.6**	**105.3**
Net investment in fixed assets	-21.0	-108.5	-140.5
Cash flow from investment activity	**-21.0**	**-108.5**	**-140.5**
Loans raised/loan amortisation	-40.3	-29.9	-32.1
Cash flow from financing activity	**-40.3**	**-29.9**	**-32.1**
Cash flow for the period	**-68.4**	**-21.8**	**-67.3**
Liquid funds, opening balance	**545.1**		**612.4**
Liquid funds, closing balance	**476.7**	**536.3**	**545.1**

KEY FIGURES	Sep 2000	Sep 1999*	Whole yr. 1999*
Equity per share, SEK	85.9	89.8	94.6
Unappropriated liquidity, MSEK	507	648	680
Parent company equity/assets ratio, %	63.8	64.1	64.5
Group equity/assets ratio, %	79.5	73.4	74.0
Average number of employees	339	349	341
Number of shares (000)	11 246	11 246	11 246

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

PARENT COMPANY INCOME STATEMENT

MSEK	Jan-Sep 2000	Jan-Sep 1999*
Net operating turnover	5.3	2.4
Cost of goods sold	0.0	0.0
Gross income	**5.3**	**2.4**
Sales & Marketing costs	-	-
Administration costs	-36.2	-29.6
Research and development costs	-	-
Items affecting comparability	-0.2	15.0
Other income/expenses	-10.6	-124.5
Operating results	**-41.7**	**-136.7**
Net financial situation	83.6	37.2
Profit/loss after financial items	**41.8**	**-99.5**
Appropriations	-	-
Tax on profit for the year	-37.9	-
Profit/loss for the year	**4.0**	**-99.5**

PARENT COMPANY BALANCE SHEET

KSEK	Sep 30, 2000	Sep 30, 1999*
Intangible fixed assets	-	-
Tangible fixed assets	0.9	0.9
Financial fixed assets	827.9	980.8
Inventories	-	-
Current receivables	109.4	88.7
Short-term investments & liquid funds	471.1	508.3
Total assets	**1 409.3**	**1 578.8**
Equity	899.0	1 011.4
Untaxed reserves	-	0.1
Long-term liabilities	79.0	105.0
Current liabilities	431.4	462.3
Total equity and liabilities	**1 409.3**	**1 578.8**

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