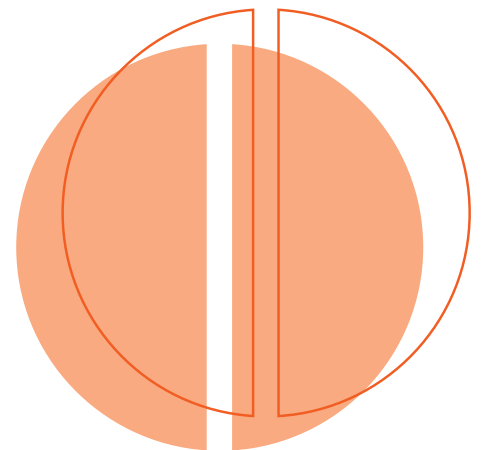


*Offer to subscribe for shares
in Active Biotech AB (publ)*

Rights issue 2009



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Dates for announcement of financial information

Interim report January - June 2009	6 August 2009
Interim report January - September 2009	5 November 2009

Incorporation by reference

The Company's financial statements for the 2006-2008 financial years are part of this Prospectus and shall be read as a part thereof. The financial statements for the 2006-2008 financial years are presented in the annual report for each year, respectively. Reference is thereby made to pages 6-43 in the 2006 annual report, pages 6-43 in the 2007 annual report and pages 6-37 in the 2008 annual report. Those sections not referred to in the annual reports contain information provided in other parts of this Prospectus and are not deemed to be relevant. The financial statements have been audited by the Company's auditor and the audit reports are included in the annual reports. The annual reports are available at the Company's website, www.activebiotech.com, and may also be acquired free of charge from the Company during the valid period of this Prospectus.

Important information

In this prospectus (the "Prospectus") "Active Biotech" or the "Company" refers to Active Biotech AB (publ) or the group of which Active Biotech AB (publ) is the parent company. The "Group" refers to the group of which Active Biotech AB (publ) is the parent company. The "Offer" refers to the offer to subscribe for newly issued shares in Active Biotech as described in this Prospectus.

Forward-looking statements contained in this Prospectus are made by the Board of Active Biotech and are based on the Board's knowledge of current circumstances in the Group, market conditions and other external factors. Readers should be aware that such statements, as all other estimates of the future, are associated with uncertainty and that no assurance is made that estimates or forecasts of the future will be realized. Accordingly, a reader considering investing in Active Biotech is advised to study this Prospectus carefully, in particular the section entitled "Risk factors".

This Prospectus contains information received from third-parties. Such information has been correctly reproduced and, to the Board's knowledge, no information has been omitted in such a manner that it would render the reproduced information incorrect or misleading.

Avanza Bank AB is the account operating institute in connection with the Offer. Avanza Bank AB has no financial or other relevant interest in the Offer other than the pre-negotiated fee for its services.

Since the figures in this Prospectus have been rounded off in certain cases, amounts in tables do not always tally.

The Offer is not directed to shareholders domiciled in the United States, Canada, Japan or Australia, or in any other country where participation in the Offer would require additional prospectuses, registration or measures other than those pursuant to Swedish law or would conflict with regulations in such country. No shares, interim shares, subscription rights or other securities issued by Active Biotech have been or will be registered in accordance with the United States Securities Act of 1933 (the "Securities Act"), or in accordance with any securities legislation in any state of the United States or any province in Canada. Accordingly, no new shares, interim shares, subscription rights or other securities issued by Active Biotech, other than in such exceptional cases that do not require registration, may be transferred or offered for sale in the United States or Canada. Neither this Prospectus nor any other documentation relating to the Offer may be distributed in or to any other country where such distribution, or the Offer, would require additional prospectuses, registration or measures other than those pursuant to Swedish law or would conflict with regulations in such country. Applications for subscription contravening the above may be deemed to be invalid.

Swedish law shall apply to this Prospectus. Disputes concerning, or related to, the content of this Prospectus or pursuant legal relations in connection therewith shall be settled exclusively by Swedish courts. The Swedish version of this Prospectus has been approved and registered by the Swedish Financial Supervisory Authority pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (1991:980). Such approval and registration does not imply that the Swedish Financial Supervisory Authority guarantees the correctness or completeness of the factual information contained in the Prospectus. In the event of any discrepancy between the Swedish and the English versions of this Prospectus, the Swedish language version shall prevail.

The Offer in brief

Pre-emptive rights:	Every four shares held in Active Biotech entitle the holder to subscribe for one new share
Subscription price:	SEK 20 per share
Subscription period:	27 May 2009 - 10 June 2009
Trading in subscription rights:	27 May 2009 - 4 June 2009

Summary

The summary below shall be considered as an introduction to the Prospectus. The summary does not claim to be complete. Every decision to invest in the Offer shall be based on an assessment of the entire Prospectus, including documents incorporated by reference. The summary shall be read in its entirety in light of the more detailed information and the Company's accounts with accompanying notes found elsewhere in this Prospectus or incorporated by reference. An investor who initiates legal proceedings in a court of law pertaining to the information contained in this Prospectus may be forced to bear the costs of translating this Prospectus. A person may be made responsible for the information included in or missing from the summary, or a translation thereof, only if the summary or the translation is misleading, inaccurate or inconsistent in relation to the other parts of the Prospectus.

The Offer in brief

On 7 May 2009, the Annual General Meeting of Active Biotech resolved to issue new shares with pre-emptive rights for the shareholders, whereby every four shares held in Active Biotech entitle the holder to subscribe for one new share in the Company. The issue is guaranteed in its entirety by MGA Holding AB and Nordstjernan AB and will provide Active Biotech with approximately SEK 256 million before issue expenses. The reason for the share issue is to strengthen the Company's financial position and to drive the development of the Company's project portfolio.

Summary of terms and conditions

Pre-emptive rights: Every four shares held in Active Biotech entitle the holder to subscribe for one new share in the Company

Subscription price: SEK 20 per share

Subscription period: 27 May 2009 - 10 June 2009

Trading in

subscription rights: 27 May 2009 - 4 June 2009

The Company's business

Active Biotech is a biotechnology company that originated in Pharmacia's research operations. The Company's research portfolio focuses on the development of pharmaceuticals to treat autoimmune/inflammatory diseases and cancer.

Active Biotech's business concept is to develop effective pharmaceuticals, through specialist competence in the human immune defense system and cancer, for diseases where a major medical need exists. Operations are organized with a focus

on the clinical phases of pharmaceutical development. The Company seeks to conduct the development of new products up to Proof of Concept, that is, until the respective candidate drug has demonstrated biological activity in human beings.

Project portfolio

Active Biotech currently has five projects in clinical development, two of which are out-licensed. Three of the projects involve pharmaceuticals intended for the treatment of the autoimmune diseases multiple sclerosis ("MS"), systemic lupus erythematosus ("SLE") and rheumatoid arthritis ("RA") and two of the projects involve pharmaceuticals for the treatment of cancer diseases, primarily renal cell cancer and prostate cancer. In addition thereto, Active Biotech initiated a new project during 2008, Inhibition of S100A9 Interactions ("ISI").

Laquinimod is a compound under development for the treatment of MS. Compared with existing treatment alternatives, laquinimod has the advantage of being orally administered. Active Biotech has signed an agreement with the Israeli company Teva Pharmaceutical Industries Ltd. ("Teva") for the development and commercialization of laquinimod. Clinical Phase III trials were initiated in the autumn of 2007. Laquinimod was granted Fast Track status by the FDA in February 2009, which means that laquinimod may be launched in the US during 2011.

57-57 is a compound for the treatment of SLE, a disease that causes inflammation and damage to the connective tissue of many organs in the body with serious secondary symptoms, such as renal failure. Phase I clinical trials were concluded during 2008. Active Biotech will not initiate a Phase II/III clinical development program for *57-57* on its own. A complete Phase II/III clinical development program has been prepared in co-operation with European and US regulatory authorities and the Company will actively seek a partner for the continued clinical development of the project during 2009. An exploratory clinical study will be performed during 2009/2010.

RbuDexTM is a compound primarily intended to be used as a drug for the treatment of RA. Active Biotech has entered into a licensing agreement with the German pharmaceutical company MediGene AG ("MediGene"), which grants MediGene the exclusive right to further develop and market the product. During 2008, a Phase II clinical trial was concluded. A supplementary Phase IIb study is planned to start during 2009.

ANYARA is a protein drug that makes the treatment of cancer tumor-specific. The development of *ANYARA* is principally focused on renal cell cancer. A pivotal Phase III study is currently ongoing which will encompass in total 500 patients. Results from the study are estimated to be presented by the end of 2010.

With the *TASQ*-project, Active Biotech is developing a so-called antiangiogenic compound that attacks the tumor's growth through inhibition of the formation of blood vessels in the tumor. The development of *TASQ* is mainly focused on the treatment of prostate cancer. A Phase II clinical trial is currently ongoing which will encompass 200 patients. Results are expected by the end of 2009.

ISI is a project, initiated during 2008, which is based on a target molecule of the quinoline compounds. The aim of the project is to utilize the Company's own preclinical results that were generated around one target molecule, S100A9, for the quinoline compounds and their biological mode of action. The project aims at producing new, patentable chemical compounds that interact with S100A9. Candidate drug selection is planned during 2010.

Risk factors

An investment in a research-oriented company such as Active Biotech is associated with considerable risks. A number of factors that entirely or partially are outside the Company's control influence or may influence the value of the shares. Additional risks not presently known to the Company may also impair the Company's operations. Examples of risk factors that are deemed to have a significant impact on the Company's operations are (not ranked in any order of priority) the following: early development stage of the Company's products, uncertainty regarding efficacy and safety of the Company's compounds, uncertainty regarding the commercial success of the Company's products, uncertainty regarding partnership

agreements, dependence on key employees, intense competition, dependency on reimbursement systems, the registration process of new drugs, uncertain protection for intellectual property rights, lack of sales and marketing capability and experience, permission and legislation, risks relating to product liability, taxation risks relating to incentive programs and environmental regulations and risks. There are also certain financial risks, such as the risk of continuing losses and future capital requirements and exchange rate and credit risks.

For a more detailed account of the risks that are deemed to have importance for Active Biotech's operations and the Offer, please refer to the section "Risk factors" on pages 5-10.

Organization

Board of Directors: Mats Arnhög (Chairman), Klas Kärre, Tomas Nicolin, Magnhild Sandberg-Wollheim, Peter Sjöstrand, Peter Ström, Anette Sundstedt (employee representative) and Karin Hallbeck (employee representative).

Management: Tomas Leanderson (President and CEO), Hans Kolam (CFO), Göran Forsberg (VP Investor Relations & Business Development) and Lars M Nilsson (VP Regulatory & Quality Affairs).

Number of employees: 90 employees, of whom approximately 80 per cent work within the research operations and the remaining 20 per cent work in administrative and corporate departments.

Auditors: KPMG AB with the authorized public accountant David Olow as auditor in charge.

Major shareholders: MGA Holding AB (30.01 per cent), Nordstjernan AB (15.3 per cent), Brummer&Partners (5.0 per cent), Catella fondförvaltning (4.3 per cent) and JP Morgan Bank (2.4 per cent).

Financial development in summary

SEK million	2009-Q1	2008-Q1	2008	2007	2006
Net sales	2.2	3.2	53.5	12.1	66.4
Operating results	-63.7	-52.2	-184.6	-202.7	-124.6
Results of the period	-62.2	-52.7	-181.6	-207.7	-139.2
Total shareholders' equity and liabilities	410.4	429.8	472.9	489.5	462.4
Operating cash flow for the period	-66.7	-44.3	-166.7	-183.7	-82.6
Equity/assets ratio (%)	25	32	35	39	13
Average number of employees	90	89	90	89	89

Risk factors

Prior to an investor deciding on making an investment in Active Biotech, the investor should carefully consider the risk factors described below. Each of these risk factors may have a negative impact on the Company's operations, financial position and operating profit and may consequently reduce the price of the Company's shares. An investment in a research-oriented company such as Active Biotech is associated with considerable risks.

A number of factors that entirely or partially are outside the Company's control influence or may influence the value of the shares. Additional risks not presently known to the Company may also impair the Company's operations. The non-exhaustive description below presents those risk factors (not ranked in any order of priority) that are deemed to have the greatest significance for the Company's operations, financial position and operating profit. An investor should also consider all other information presented in this Prospectus in addition to the risk factors described below.

Risks related to the Company's operations

Early development stage

Since February 2004, Active Biotech has been focusing on the clinical development of a number of projects. However, the Company has not yet completed clinical development of any drug, independently or jointly with a partner, and has thus not commenced drug sales or received any royalty income from the sale of any drug. The Company's projects continue to require research and development, preclinical and/or clinical testing and regulatory approval before sales and/or royalty revenues can be received. None of Active Biotech's product candidates has yet generated any revenues, and may never do so. There is no guarantee that Active Biotech's projects will be successfully finalized, that any drugs will be safe and effective, that the requisite approval will be received or that drugs launched in the market will be successful.

Future product development efforts of the Company and/or its partners are subject to the risks of failure inherent in the development of pharmaceutical products. These risks include the possibilities that any or all of the product candidates will be found to be ineffective, unsafe or toxic or otherwise fail to either meet applicable regulatory standards or to receive necessary regulatory approvals or clearances.

Uncertainty regarding efficacy and safety of the Company's compounds

Before a drug is launched in the market, its safety and efficacy in treating humans must be demonstrated for each particular indication. This is achieved by means of extensive preclinical and clinical testing. However, the results of preclinical testing, which is conducted in animals, are not always in line with the results subsequently achieved in humans. Also, results from previous clinical testing do not always provide an accurate indication of the effects that may be attained in more extensive clinical testing. There is no guarantee that the clinical testing conducted by Active Biotech, independently or in cooperation with partners, will demonstrate sufficient safety and efficacy to ensure the granting of the requisite regulatory approval or that the tests will lead to a drug that can be sold in the market. Adverse or inconclusive clinical trial results concerning any of Active Biotech's product candidates may require Active Biotech and/or its partners to conduct additional clinical trials, which could result in increased costs, significantly delay the filing with regulatory authorities, result in a filing for a narrower indication or cause Active Biotech and/or its partners to abandon the commercialization of the product candidate.

A number of drug companies have been affected by substantial setbacks and forced to discontinue development at a late stage of clinical testing, despite initially promising test results. If Active Biotech or its partners cannot show during the development stages with sufficient reliability that the potential drug is safe and effective, approval may not be granted.

Even after receiving approval, products may later exhibit adverse effects that could prevent their widespread use and necessitate their withdrawal from the market. Furthermore, there is a risk that Active Biotech's product candidates, even if safe and effective, will be difficult to develop into commercially viable products.

Uncertainty regarding the commercial success of the Company's products

The Company believes that there is a significant need for new and effective treatments for the diseases within the Company's target therapeutic areas. However, even if Active Biotech receives regulatory approval to market its product candidates, the market may not be receptive to its product candidates upon their commercial introduction, which could entail that the Company does not become profitable. Hospitals, physicians and patients or the medical community in general may conclude that the Company's products are less attractive than other therapies or procedures. The below factors, among others, may materially affect the market acceptance of the Company's products:

- the timing of Active Biotech's receipt of regulatory approval, the terms of any such approval and the countries in which such approvals are obtained,
- the quality, safety, efficacy, ease of administration and pricing of the Company's as well as competing products, and
- the selling effort and commitment by the Company's partners.

Uncertainty regarding partnership agreements

Active Biotech is, and will continue to be, dependent on partnership agreements with external partners, primarily for the testing, production, marketing and distribution of compounds and drugs. There is no guarantee that the companies with whom Active Biotech has signed or will sign partnership agreements will meet the commitments of these agreements.

Active Biotech relies on certain third parties for some of its research and production activities, such as the CROs involved in the operational management and monitoring of clinical trials in the development of the Company's products. There is no guarantee that such third parties will be successful in performing their services, which could delay and/or obstruct the continuing development of the Company's projects.

To optimize the utilization of its own resources and its own skills, Active Biotech plans to enter into partnership agreements at the appropriate time for each project. However, there can be no assurance that the Company will be successful in this effort. There is no guarantee that existing partnership agreements will not be terminated or that adjustments will not be made to established agreements. Even if Active

Biotech believes that current and future partners have financial interests in ensuring the fulfillment of their commitments pursuant to established agreements, Active Biotech will not be able to control either the resources provided by partners to a project or at which stage this occurs. There is no guarantee that current or future partners will be able to fulfill their obligations or that the partnership agreements will lead to future royalty revenues.

Dependence on key employees

Active Biotech is dependent on certain key employees. The departure of some or several of them from the Company could delay and/or obstruct the continuing development of the Company's projects. Also, it is crucial for Active Biotech's success to be able to attract and retain qualified researchers. Although Active Biotech believes that it would be possible to attract and retain qualified researchers, no guarantee can be given that this can be done on satisfactory terms and conditions. If the Company is unsuccessful in its recruitment and retention efforts, its business will be harmed.

Intense competition

The development in the drug and biotechnology industry is rapid and highly competitive. A large number of companies, universities and research institutions worldwide are active in research and development of drugs and thus represent potential competitors to Active Biotech and its partners. Some of these potential competitors have a substantially stronger financial position and considerably greater resources and capacity in terms of, for example, research and development, contacts with regulatory authorities and marketing than Active Biotech. Consequently, there is no guarantee that another company or institution will not be able to develop a more effective drug than Active Biotech and its partners. Neither is there any guarantee that a similar drug could not be developed more rapidly than what is possible for Active Biotech and its partners. Furthermore, competitors with greater marketing resources than the Company may be able to successfully market a similar or even inferior drug and gain wider acceptance within the medical community in general for such drug.

Dependency on reimbursement systems

The Company and its partners' opportunities to successfully commercialize products will be dependent on such factors as the reimbursement available for the products from private insurance companies, public authorities and other payers of healthcare products and services. Authorities and other payers in the healthcare sector are increasingly seeking to reduce healthcare costs by challenging the prices of products or by limiting the number of patients who can benefit from them. Reimbursement from various payers also depends on other factors, such as the paying party's perception of whether the product is safe and effective, non-experimental, medically important and suitable for patients and whether it is cost efficient based on the laws and regulations applicable in the specific market. It cannot be guaranteed that sufficient reimbursement can be obtained for the Company's products, that any approved reimbursement can be secured or that possible limitations from various payers will not entail a lower price or reduced demand for the Company's products. Insufficient reimbursement for the Company's products may affect its operations and financial position negatively. Furthermore, changes in the existing reimbursement systems governing pharmaceutical products, or the introduction of new laws or reimbursement regulations, could have a negative impact on the Company's ability to generate revenues, which could impair its ability to pursue its research operations.

New drug registration

In order to be marketed, all drugs developed must undergo extensive registration procedures with the relevant authorities in individual markets, such as the FDA or the EMEA. For example, the FDA's registration procedure includes, in applicable areas, requirements in terms of development, testing, registration, approval, labeling, manufacturing and distribution of new drugs and medical and biological products. An inability to meet such requirements, which exist or may arise in the future, could result in extensive actions, including the recall of products, suspension of import, refusal of registration, recall of previously approved applications or the filing of legal proceedings. Even if a drug manufactured by Active Biotech or by another party subject to agreements with the Company, is registered for commercialization, there is no guarantee that Active Biotech will meet new regulations or be able to receive corresponding permission for additional drugs. Neither is there any guarantee that the rules currently applying, or interpretations of these rules, will not be changed in such a manner that adversely impacts the Company's operations, resulting in effects on earnings and its financial position.

Uncertain protection for intellectual property rights

Active Biotech's future success is largely dependent on the Company's ability to obtain patent protection for potential drugs in terms of the specific compounds, application areas and production methods, as well as protecting the Company's own research secrets and those of its partners. There is no guarantee that drugs and production methods developed by Active Biotech can be patent protected, that current and future patent applications lead to patents, or that any approved patents are sufficient to protect Active Biotech's rights. Neither is there any guarantee that a patent offers a competitive advantage for the Company's drugs and/or methods, or that competitors will not manage to circumvent any patents. If Active Biotech is compelled to defend its patent rights against a competitor, this may lead to substantial costs, which can in turn adversely impact the Company's earnings and financial position. If Active Biotech utilizes or is accused of utilizing compounds or methods in its own operations that are patent-protected or will be patent-protected by another party, the holder of these patents may accuse Active Biotech of patent infringement. Third-party patents may also obstruct or restrict the Company or its partners from freely utilizing the particular product or production method. The process of identifying and seeking patent protection for Active Biotech's methods and compounds is expensive and time-consuming. Active Biotech may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Further, the Company's existing and future partner agreements may provide that all or some of the granted patents may be utilized only by the Company's partners and thus not be directly under the Company's control.

There has been substantial litigation and other proceedings regarding patents and other intellectual property rights in the pharmaceutical and biotechnology industries. In addition to infringement claims directed against the Company, the Company may become involved in other patent litigations and proceedings, including interference proceedings declared by applicable authorities. The uncertainty associated with the protection of intellectual property rights means that the outcome of such disputes is difficult to predict. In addition, the costs of a dispute even with a favorable outcome for Active Biotech can be substantial, with a negative impact on the Company's earnings and financial position.

Active Biotech is dependent on research secrets and know-how. There is no guarantee that the Company's employees, consultants, advisers, partners or others will not breach nondisclosure obligations regarding the Company's research secrets and know-how, or that the Company's research secrets and know-how will not in some other manner become known to competitors or that competing companies will not themselves develop corresponding research results or know-how.

Lack of sales and marketing capability and experience

At present, Active Biotech has no marketing and sales capabilities. In order to commercialize its products, the Company will have to rely on collaborations with partners or develop its own marketing and sales force with adequate technical expertise and distribution capabilities in those territories where the Company has retained or may choose to retain rights to market and sell its products. To develop a marketing and sales force will be costly and time-consuming and could delay any product launch.

Permission and legislation

Active Biotech currently has all the requisite permits for conducting its operations. However, since research and development work, production and marketing activities are subject to continuous supervision by the authorities, there is no guarantee that such permissions in the future will be renewed. Neither is there any guarantee that such permissions will not be revoked or limited. Changes in legislation or rules governing permission and marketing of a drug can therefore negatively impact Active Biotech's operations.

Product liability and insurance

Active Biotech's operations involve the risk of product liability, which is unavoidable in connection with research and development, preclinical and clinical testing, marketing and sale of drugs. Although the Company believes that it has an adequate insurance cover given its current operations, the extent of the cover and compensation amount is limited.

Furthermore, the Company may not be able to maintain its insurance coverage on acceptable terms, or at all. Consequently, there are no guarantees that the insurance will fully cover any legal claims.

Incentive programs

Active Biotech requires personnel with a high degree of expertise in a variety of areas. In order to increase incentives for the existing personnel and to expand the possibility of future recruitment of skilled personnel, Active Biotech employees have been offered to participate in various incentive programs. For further information on the currently outstanding incentive program, please refer to the section "Share capital and ownership structure – Employee stock options". Similar, additional programs may be proposed and implemented in the future. Option programs and similar incentive programs are usually associated with a certain degree of uncertainty in a tax context and may result in an increased tax burden for Active Biotech.

Environmental regulations and risks

Because of the chemical ingredients of pharmaceutical products and the nature of the manufacturing process, the pharmaceutical industry is subject to environmental regulations and to the risk of incurring liability for damages or costs of remedying environmental problems. Active Biotech believes that it currently complies with all applicable environmental laws and regulations. However, if Active Biotech fails to comply with environmental regulations relating to the proper use, discharge or disposal of hazardous materials, the Company could be subject to criminal sanctions and substantial liability or could be required to suspend or modify its operations.

Financial risks

Continuing losses and future capital requirements

The operating activities of Active Biotech have reported operating losses to date. As the Company's product portfolio progresses and pivotal and registration trials are conducted, the development costs increase. Therefore, the Company will require additional funds in order to be able to progress the clinical projects at the rate and scope that the Company believes is in the best interest of the Company. The capital raised through the Offer, combined with cash resources on hand as well as previously concluded partnership agreements, is expected to be sufficient to finance the operations for the forthcoming twelve-month period under current plans. However, it cannot be excluded that beyond this period the Company may be required to seek funds from the capital market in order to obtain additional capital for the operations. Both the amount and time of the Company's future capital requirements depend on a number of factors, including the possibility of entering into partnership agreements and the success or lack thereof in its research and development projects. Although the trend in the Company's projects continues to be successful, Active Biotech will report a loss for further years until sales and/or royalty revenues may be received. There is no guarantee that the Company, over time, will have sufficient revenues or positive cash flow to sustain its operations. Additional revenues from the partnership agreements regarding the products laquinimod and RhuDex, and from the partnering of new product candidates, if any, may fluctuate significantly.

Exchange rate and credit risks

The Company is exposed of exchange rate fluctuations since operations are pursued primarily in Sweden and research services are purchased internationally. Earnings are exposed to exchange rate fluctuations, primarily for purchasing clinical trial services, research assignments and the production of clinical material. Operating expenses for the financial year 2008 amounted to SEK 238.1 million, of which approximately 34 per cent represented costs in foreign currency. The proportion of costs in foreign currency, mainly USD and EUR, may fluctuate in the future as the projects move into later clinical phases that potentially involve more clinical studies outside Sweden. Since Active Biotech does not use forwards or options to hedge currency risks, exchange rate effects may impact the Company's financial statements.

The milestone payments under the partnership agreements with Teva (laquinimod) and MediGene (RhuDex) are payable in USD and GBP, respectively. Consequently, any significant decrease in the value of the USD or GBP, or other currencies in which the Company may receive future milestone or other payments, against the SEK could negatively affect the Company's results of operations and financial position.

Risks related to the Offer***Share price and liquidity***

The market price of securities issued by pharmaceutical, biotechnology and other life sciences companies can be highly volatile. Active Biotech's share price could be adversely affected if pharmaceuticals developed by other companies do not succeed in clinical trials or fail to achieve regulatory approval, even though such failures may not be directly related to the product candidates of the Company.

There is no guarantee as to the future trend in the Company's share price. The Company's share price may fall following completion of the Offer due to the increased number of shares in the Company. Further, the share price may be negatively affected by market volatility (see above), by the possibility of shares being sold in the market, by the expectation that such sales will take place, or otherwise as a consequence of or in relation to the Offer. Sales of shares can also make it difficult for the Company to obtain capital in the future through issues of shares or other types of securities. In addition, limited liquidity in Active Biotech's shares can contribute to increasing fluctuations in the Company's share price. Such limited liquidity in the Company's shares may result also in difficulties for individual shareholders to sell uneven blocks of shares. There is no guarantee that shares in Active Biotech may be sold at an acceptable price for the holder at any point in time.

Dividends

In view of Active Biotech's financial position and history of operating losses, the Company has not issued any dividends to its shareholders to date. The Company's Board does not intend to propose any dividends in the next few years. Any profits arising will primarily be reinvested in order to finance existing and new research projects. As long as no dividend is paid, any returns on investments will be generated only through the share price trend.

Risks relating to subscription commitments and issue guarantees

Active Biotech has received subscription commitments and issue guarantees in relation to the Offer from the Company's two largest shareholders, MGA Holding AB and Nordstjernan AB. The undertakings towards the Company in relation hereto have not been secured through a pledge, blocked funds or any similar arrangements, whereby it cannot be guaranteed that MGA Holding AB and Nordstjernan AB will be able to fulfill their undertakings.

Owners with significant influence

As of the date of this Prospectus, the Company's two largest owners, MGA Holding AB and Nordstjernan AB, own a joint total of approximately 45.3 per cent of the Company's shares and votes. MGA Holding AB has undertaken to subscribe for the full amount of shares in the Offer corresponding to its pre-emptive rights and to subscribe for two-thirds of the shares that other shareholders decide not to subscribe for in the Offer. Nordstjernan AB has undertaken to subscribe for the full amount of shares in the Offer corresponding to its pre-emptive rights and to subscribe for one-third of the shares that other shareholders decide not to subscribe for in the Offer. For further information, please refer to the section "Legal matters and supplementary information – Subscription commitments and issue guarantees". Accordingly, MGA Holding AB and Nordstjernan AB's holdings in the Company may increase following completion of the Offer. Consequently, MGA Holding AB and Nordstjernan AB (acting jointly or individually) may at present, but also following completion of the Offer, exercise a significant influence on important decisions requiring shareholder approval, including for instance the appointment and dismissal of Board members.

Invitation to subscribe for shares in Active Biotech

On 7 May 2009, the Annual General Meeting of Active Biotech resolved to issue new shares with pre-emptive rights for the shareholders, whereby every four shares held in Active Biotech entitle the holder to subscribe for one new share in the Company.

Through the rights issue the Company's share capital will increase by approximately SEK 48,286,964.30, from SEK 193,147,868.51 to approximately SEK 241,434,832.81 and the number of shares in the Company will increase by 12,810,447, from 51,241,791 to 64,052,238. The subscription price amounts to SEK 20 per share. The issue is guaranteed in its entirety by MGA Holding AB and Nordstjernan AB.¹ Accordingly, the Company will be provided with approximately SEK 256 million before issue expenses.²

The shareholders of Active Biotech are hereby invited to subscribe for new shares in the Company with pre-emptive rights in accordance with the terms and conditions set forth in this Prospectus.

Lund, Sweden, 15 May 2009

Active Biotech AB (publ)
The Board of Directors

¹ For further information, please refer to the section "Legal matters and supplementary information – Subscription commitments and issue guarantees".

² The issue expenses, including underwriting fees, amount to approximately SEK 7.2 million.

Presentation of the Company

Background

Active Biotech is a biotechnology company that originated in Pharmacia's research operations. The Company's research portfolio focuses on the development of pharmaceuticals to treat autoimmune/inflammatory diseases and cancer.

Business concept, objectives and strategies

Active Biotech's business concept is to develop effective pharmaceuticals, through specialist competence in the human immune defense system and cancer, for diseases where a major medical need exists. Operations are organized with a focus on the clinical phases of pharmaceutical development. The Company seeks to conduct the development of new products up to Proof of Concept, that is, until the respective candidate drug has demonstrated biological activity in human beings.

The key elements of the Company's business strategy are to:

- *Progress the clinical development of the Company's most advanced compounds* – the Company is developing two unpartnered projects, ANYARA for renal cell cancer and TASQ for prostate cancer. Each project targets a major commercial opportunity. The Company's near term focus is on further progressing the ongoing clinical studies for these compounds.
- *Seek partnerships at an appropriate time for each project* – Active Biotech has secured development and commercialization partners in two of its five projects; Teva for laquinimod, which currently is developed in Phase III for the treatment of MS, and MediGene for RhuDex, which currently is developed in Phase II for the treatment of RA. The Company's intention is to selectively seek partners for the other projects at the appropriate time for each project. The Company believes that the appropriate time for securing a partnership depends on the specific circumstances for each project, but generally falls between establishment of Proof of Concept, that is, demonstration of clinical activity of the compound in patients, and initiation of the regulatory process. As for the agreement relating to laquinimod, where Active Biotech has retained exclusive rights for future commercialization in the Nordic and Baltic regions, the Company will seek to retain full rights to its projects for certain indications and/or geographic territories as appropriate in each case.

- *Develop new compounds that bind to S100A9* – Active Biotech's quinoline platform has generated new knowledge for the development of attractive product candidates for further clinical development. The Company has already identified molecules binding to the same target molecule, S100A9, as the quinoline compounds through hits from a compound library. Active Biotech will seek to advance and expand its discovery and development further to over time progress additional compounds within the ISI project, through preclinical studies and into clinical development.
- *Over time, consider building a geographically focused sales infrastructure to drive the commercialization of the Company's compounds in selected territories and indications where the Company may choose to retain rights to do so* – Upon regulatory approval, the Company will consider independently marketing certain of its future products in selected geographical territories, mainly the Nordic and Baltic regions, where the Company has retained or expects to retain commercialization rights to some of its compounds. Active Biotech believes that this strategy will allow the Company to maximize the value of its development efforts.

Other important elements of the Company's business strategy are to:

- generate long-term value for its shareholders through cutting-edge expertise within selected niches in a global market,
- efficiently and cost-effectively develop new pharmaceuticals for diseases where current treatment options are inadequate,
- limit costs through the utilization of partnerships, outsourcing and external expertise,
- protect its expertise through strong patents and an active patent strategy,
- focus its efforts on projects close to entering, or already in, the clinical phase of development,
- be an attractive employer by offering a creative atmosphere that provides ample opportunities for individual development,
- generate revenues from research partnerships, out-licensing, product sales and royalty flows, and
- create financial sustainability by concluding successful partnerships with strong partners for each of its projects at the appropriate development stage.

Active Biotech's project portfolio

Active Biotech currently has five projects in clinical development, two of which are out-licensed. Three of the projects involve pharmaceuticals intended for the treatment of the autoimmune diseases MS, SLE and RA and two projects involve pharmaceuticals for the treatment of cancer diseases, primarily renal cell cancer and prostate cancer. In addition thereto, Active Biotech initiated a new project during 2008, ISI.

- **Laquinimod** is a compound under development for the treatment of MS. Compared with existing treatment alternatives, laquinimod has the advantage of being orally administered. Active Biotech has signed an agreement with the Israeli company Teva for the development and commercialization of laquinimod. Clinical Phase III trials were initiated in the autumn of 2007. Laquinimod was granted Fast Track status by the FDA in February 2009, which means that laquinimod may be launched in the US during 2011.
- **57-57** is a compound for the treatment of SLE, a disease that causes inflammation and damage to the connective tissue of many organs in the body with serious secondary symptoms, such as renal failure. Phase I clinical trials were concluded during 2008. Active Biotech will not initiate a Phase II/III clinical development program for 57-57 on its own. A complete Phase II/III clinical development program has been prepared in co-operation with European and US regulatory authorities and the Company will actively seek a partner for the continued clinical development of the project during 2009. An exploratory clinical study will be performed during 2009/2010.
- **RhuDex™** is a compound primarily intended to be used as a drug for the treatment of RA. Active Biotech has entered into a licensing agreement with the German pharmaceutical company MediGene, which grants MediGene the exclusive right to further develop and market the product. During 2008, a Phase II clinical trial was concluded. A supplementary Phase IIb study is planned to start during 2009.
- **ANYARA** is a protein drug that makes the treatment of cancer tumor-specific. The development of ANYARA is principally focused on renal cell cancer. A pivotal Phase III study is currently ongoing which will encompass in total 500 patients. Results from the study are estimated to be presented by the end of 2010.
- With the **TASQ**-project, Active Biotech is developing a so-called antiangiogenic compound that attacks the tumor's growth through inhibition of the formation of blood vessels in the tumor. The development of TASQ is mainly focused on the treatment of prostate cancer. A Phase II clinical trial is currently ongoing which will encompass 200 patients. Results are expected by the end of 2009.
- **ISI** is a project, initiated during 2008, which is based on a target molecule of the quinoline compounds. The aim of the project is to utilize the Company's own preclinical results that were generated around one target molecule, S100A9, for the quinoline compounds and their biological mode of action. The project aims at producing new, patentable chemical compounds that interact with S100A9. Candidate drug selection is planned during 2010.

Background to and reasons for the Offer

Active Biotech is a biotechnology company that originated from Pharmacia's research operations. The Company's business concept is to develop effective pharmaceuticals, through specialist competence in the human immune defense system and cancer, for diseases where a major medical need exists. Active Biotech's research portfolio focuses on pharmaceuticals for the treatment of autoimmune/inflammatory diseases and cancer. The project that has made most progress in clinical development, laquinimod, is a pharmaceutical in tablet form for the treatment of MS. In June 2004, the Company signed a partnership agreement with Teva regarding continued clinical development and future commercialization of laquinimod. The agreement entails that Teva assumes responsibility for the project and the costs of further development of laquinimod. In December 2006, Teva successfully concluded additional Phase II studies and extensive pivotal Phase III trials began in November 2007. In addition, the Company has four projects in clinical development. ANYARA is an immunological cancer treatment, in which the body's own T-lymphocytes are activated and used to kill tumor cells. The project focuses primarily on the treatment of renal cell cancer. The conclusions from the interim analysis of a clinical Phase II/III study in renal cell cancer patients were presented in May 2008 and decision was made to progress the ongoing study into the pivotal Phase III stage. TASQ is the Company's second cancer project, in which an angiogenesis-inhibiting compound is developed for the treatment of prostate cancer. In this project, a Phase II study designed to document TASQ's effect on tumor growth in symptom-free patients with metastatic hormone-resistant prostate cancer is currently in progress. The Company's fourth project, 57-57, involves the development of a compound for the treatment of SLE. A Phase I study was concluded during 2008. The Company's fifth clinical project comprises RhuDex, which is being developed as a disease-modifying drug for

the treatment of rheumatic diseases. Active Biotech has out-licensed RhuDex to the German pharmaceutical company MediGene. A clinical Phase IIa study was concluded during 2008. In addition thereto, a project named ISI has been initiated which is based on the knowledge of a target molecule for the Company's quinoline compounds.

Active Biotech has made several important advances during 2008 and the projects have entered larger and more capital-intensive clinical development phases. Provided that the clinical projects develop according to plan, Active Biotech is expected to receive sales and royalty revenues not earlier than 2011. Preclinical activities will also intensify in the next few years. Taken together, this necessitates a strengthening of the Company's financial position. Accordingly, the reason for the rights issue is to strengthen the Company's financial position and to drive development of the Company's project portfolio.

The rights issue, which is guaranteed in its entirety, will provide the Company with approximately SEK 256 million before issue expenses. This Prospectus has been prepared by the Board of Active Biotech in relation to the rights issue. The Board of Active Biotech is responsible for the content of the Prospectus. It is hereby assured that the Board has taken all reasonable care to ensure that the information in the Prospectus, to the knowledge of the Board, complies with actual circumstances and nothing of material significance has been omitted that could affect its meaning.

Lund, Sweden, 15 May 2009

Active Biotech AB (publ)
The Board of Directors

Terms and conditions

The Offer

Active Biotech's shareholders are offered to subscribe for new shares in the Company with pre-emptive rights, whereby every four shares held entitle the holder to subscribe for one new share.

Subscription price

The subscription price is SEK 20 per share. No commission will be charged in the Offer.

Record date

The record date at Euroclear Sweden AB ("Euroclear") for the determination of which shareholders are entitled to subscribe for new shares in the Offer with pre-emptive rights is 20 May 2009. The final day for trading in the shares including the right to participate in the Offer is 15 May 2009. The shares are traded excluding the right to participate in the Offer as from 18 May 2009.

Issue statement to directly registered shareholders

This Prospectus, along with the pre-printed issue statement with an attached pre-printed payment note, will be sent to all directly registered shareholders and representatives for shareholders who, on the record date on 20 May 2009, are registered in the Company's share register maintained by Euroclear. The printed issue statement shows, inter alia, the number of subscription rights received and the total number of shares that can be subscribed for in the Offer. No statement showing the registration of the subscription rights on the shareholders' VP accounts will be distributed. Persons included on the separate list of pledge-holders and guardians that accompanies the Company's share register will not receive an issue statement but will be notified separately.

Holdings registered with a nominee

Shareholders whose holdings in Active Biotech are registered with a bank or other nominee will not receive an issue statement in accordance with the above. Subscription and payment shall instead be made in accordance with the nominee's instructions.

Subscription rights

One subscription right is received for each share held in the Company on the record date. Subscription for one new share requires four subscription rights.

Trading in subscription rights

Trading in subscription rights will be conducted on NASDAQ OMX Stockholm during the period 27 May 2009 - 4 June 2009. Securities institutions with the necessary permits can provide assistance with the sale and purchase of subscription rights. The ISIN code for the subscription rights is SE0002897785.

Subscription based on subscription rights

Subscription shall be made during the period 27 May 2009 - 10 June 2009. However, the Board is entitled to extend the subscription period. Shareholders not participating in the Offer will have their shareholdings diluted, but have the opportunity to receive financial compensation for the dilution effect by selling their subscription rights. After the end of the subscription period, unutilized subscription rights will become invalid. Unutilized subscription rights will be eliminated from the respective shareholder's VP account without notification.

Shareholders domiciled in Sweden

Subscription for new shares in the Offer based on subscription rights shall be made through cash payment, either by using the pre-printed payment note or the application form, according to one of the following alternatives:

The payment note shall be used if all subscription rights, designated as "equally divisible" on the issue statement from Euroclear, are to be utilized.

The application form shall be used only if subscription rights have been purchased or transferred from another VP account, or if for any other reason a different number of subscription rights are to be utilized than what is set forth as equally divisible on the issue statement. The application form will be distributed together with the issue statement. Payment shall take place in accordance with the instructions on the application form. The pre-printed payment note shall in such case not be used. Simultaneously with payment, the completed application form shall be sent to the address below. Application form and payment must be received by Avanza not later than 5:00 p.m., on 10 June 2009.

Avanza Bank AB, Corporate Finance
P.O. Box 1399, SE-111 93 Stockholm, Sweden

Street address: Klarabergsgatan 60
Telephone: +46 8 562 251 20
Fax: +46 8 562 251 21

Shareholders domiciled outside Sweden

Shareholders domiciled outside Sweden who are entitled to subscribe for new shares in the Offer should contact Avanza for information on subscription and payment at the address or telephone number above.

Interim shares

After payment has been made, Euroclear will issue a statement confirming that interim shares (“BTA”) have been booked on the respective shareholder’s VP account. The booked shares are registered on the VP account as BTAs until the issue has been registered with the Swedish Companies Registration Office, which is expected to take place around 30 June 2009. The BTAs will thereafter be re-booked as ordinary shares, which is expected to take place around 30 June 2009. Note that no notification will be sent to confirm the re-booking of BTAs to ordinary shares. The ISIN code for the BTAs is SE0002897793. Trading in BTAs takes place on NASDAQ OMX Stockholm beginning on 27 May 2009 and will cease around 30 June 2009 when the shares registered by the Swedish Companies Registration Office are booked on the shareholders’ VP accounts.

Subscription without subscription rights

Subscription without subscription rights shall be made on a special application form, entitled “Subscription without subscription rights”, which is available from Avanza on the above address or telephone number and on Active Biotech’s website, www.activebiotech.com. Completed application form must be received by Avanza at the above address no later than 5:00 p.m. on 10 June 2009.

Shares not subscribed for with subscription rights shall be allotted to persons who have subscribed for shares pursuant to subscription rights and applied for further subscription

without subscription rights as set out above. In the event of over-subscription, allotment will be made pro rata based on the number of subscription rights that such persons have utilized for subscription and, where necessary, by the drawing of lots. Any remaining shares will be allotted to the underwriters MGA Holding AB (two-thirds of the remaining shares) and Nordstjernan AB (one-third of the remaining shares).

As confirmation of the allotment of shares subscribed for without subscription rights, an allotment notice will be sent to the subscriber. No notice will be sent to subscribers who have not been allotted any shares. Allotted shares shall be paid for in accordance with the instructions on the allotment notice. If payment is not duly effected, the allotted shares may be transferred to another party. The person that originally was allotted the shares may then be obliged to pay any price difference.

Right to dividends

The new shares issued in the Offer entitle to dividends for the first time on the next record day for dividends falling after the new shares were entered into the Company’s share register, however not later than for the 2009 financial year.

Announcement of subscription results

The subscription results in the Offer will be announced through a press release from Active Biotech around 12 June 2009.

Trading in shares included in the Offer

The shares in Active Biotech are listed on NASDAQ OMX Stockholm, Mid Cap. Trading in the new shares issued in the Offer is expected to commence around 30 June 2009. The ISIN code for the shares is SE0001137985.

Tax issues in Sweden

Below is a summary of certain Swedish tax issues related to the Offer for private individuals and limited liability companies that are residents of Sweden for tax purposes (unless otherwise stated) and that hold shares or subscription rights in Active Biotech. The summary is based on current legislation and is intended to provide general information only.

The summary does not cover:

- *situations where securities are held as current assets in business operations,*
- *situations where securities are held by a partnership,*
- *the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares or subscription rights in Active Biotech that are deemed to be held for business purposes (for tax purposes),*
- *foreign companies conducting business from a permanent establishment in Sweden, or*
- *foreign companies that have been Swedish companies.*

Further, special tax rules apply to certain categories of companies. The tax consequences for each individual security holder depend to some extent on the holder's particular circumstances. Each shareholder and holder of subscription rights is advised to consult an independent tax advisor as to the tax consequences relating to the holder's particular circumstances that could arise from the Offer, including the applicability and effect of foreign income tax legislation (including regulations) and provisions in tax treaties for the avoidance of double taxation.

General information

Private individuals

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains is taxed in the capital income category. The tax rate in the capital income category is 30 per cent.

The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value.^{3 a, b} The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (*Sw. genomsnittsmetoden*). In this context, it should be noted that BTAs are not regarded as being of the same class and type as the existing shares in Active Biotech until the resolution on the rights issue has been registered with the Swedish Companies Registration Office. As an alternative, the

so-called standard method (*Sw. schablonmetoden*) may be used at the disposal of listed shares, such as the shares in Active Biotech. This method means that the acquisition value may be determined as 20 per cent of the consideration less selling expenses.

Capital losses on listed shares and other listed securities taxed as shares (such as subscription rights and BTAs) may be fully offset against taxable capital gains the same year on shares as well as on listed securities taxed as shares (however not investment funds containing Swedish receivables only, *Sw. räntefonder*). Capital losses not absorbed by these set-off rules are deductible at 70 per cent in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as property tax. This tax reduction is granted at 30 per cent of the net loss that does not exceed SEK 100,000 and at 21 per cent of any remaining net loss. An excess net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 per cent is withheld on dividends. The preliminary tax is normally withheld by Euroclear or, in respect of nominee-registered shares, by the nominee.

Limited liability companies

For limited liability companies (*Sw. aktiebolag*) all income, including capital gains and dividends, is taxed as income from business operations at a rate of 26.3 per cent.⁴ Capital gains and capital losses are calculated in the same way as described for private individuals above.

Capital losses on shares and other securities taxed as shares may only be offset against taxable capital gains on shares and other securities taxed as shares. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted the same year from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and that both companies request this at the same year of assessment. A net capital loss on shares and other securities taxed as shares that cannot be utilized during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset in future years against taxable capital gains on shares and other securities taxed as shares, without any limitation in time. Special tax rules may apply to certain categories of companies or certain legal persons, e.g. mutual funds and investment companies.

^{3a)} Shareholders that received shares in Active Biotech through the conversion of convertible debentures in 2007, please refer to information on the Swedish Tax Agency's website (www.skatteverket.se).

^{3b)} Shareholders in Active Biotech that received shares in Wilh. Sonesson AB as a tax-free dividend in 1999, please refer to RSV S 1999:30 on the Swedish Tax Agency's website (www.skatteverket.se).

⁴⁾ The tax rate has been reduced from 28 per cent to 26.3 per cent as of 1 January 2009. There are some transitional provisions.

Exercise of received subscription rights

If shareholders in Active Biotech exercise their received subscription rights to acquire new shares, no tax is levied.

Sale of received subscription rights

Shareholders that do not wish to make use of their pre-emptive right to participate in the Offer can sell their subscription rights. At the disposal of subscription rights the taxable capital gain shall be calculated. Subscription rights deriving from the holding of shares in Active Biotech are deemed to be acquired for SEK 0. The standard method may not be used to determine the acquisition value in this situation. The entire consideration less selling expenses is thus liable to taxation. The acquisition value of the original shares is not affected. A subscription right that is neither utilized nor sold, and thereby expires, is regarded as being sold for SEK 0. Since subscription rights acquired in accordance with the above are regarded as have been acquired for SEK 0, no taxable capital gain or capital loss will thereby arise.

Acquired subscription rights

The amount payable by anyone buying or similarly acquiring subscription rights in Active Biotech constitutes the acquisition value of the same. No tax is levied if these subscription rights are exercised to subscribe for shares. The acquisition value of the subscription rights shall be included when calculating the acquisition value of the shares. If the subscription rights on the other hand are sold, capital gains taxation is triggered. The acquisition value for subscription rights is calculated in accordance with the average method. The standard method may be used for listed subscription rights acquired in the way now described. If the subscription right is not exercised or sold and therefore expires, the subscription right is deemed to be disposed of for SEK 0.

Shareholders and holders of subscription rights not resident in Sweden for tax purposes

For shareholders not resident in Sweden for tax purposes that receive dividends on shares in a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to payment made by a Swedish limited liability company, for example payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The tax rate is 30 per cent. The tax rate is, however, generally reduced through tax treaties for the avoidance of double taxation. In Sweden, withholding tax deductions are normally carried out by Euroclear or, in respect of nominee-registered shares, by the nominee.

Shareholders and holders of subscription rights not resident in Sweden for tax purposes – which are not conducting business from a permanent establishment in Sweden – are normally not liable for capital gains taxation in Sweden upon disposals of shares and subscription rights. Shareholders and holders of subscription rights, respectively, may however be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares and subscription rights in Active Biotech, if they have been residents of Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

Pharmaceutical development

Pharmaceutical development is a time-consuming and resource-intensive process that is heavily regulated by various regulatory authorities, primarily the EMEA and the FDA. Drug development from discovery to finished drug normally takes more than ten years, and typically the cost amounts to over SEK 5 billion, of which the largest portion is attributable to the clinical development involving studies using large groups of healthy volunteers and patients. The development phase encompasses many stages, in each of which a number of projects or candidates are eliminated on account of different priorities.

Pharmaceutical development is generally divided into two main stages: discovery and development. Given that since February 2004, Active Biotech focuses entirely on clinical and near-clinical development, the description below focuses mainly on these aspects of development.

The discovery phase

The discovery phase is intended to identify and develop a compound that is supposed to cure or influence a particular disease mechanism. The discovery phase starts with the identification and validation of a target molecule, normally a protein in the form of a receptor, enzyme or transport protein. The next step is to identify chemical compounds that bind to the identified target molecule – these are called lead generations. The last step in the discovery phase (lead optimization) involves optimizing lead generations with regard to various properties such as absorption, stability, effect and toxicity. The purpose of lead optimization is to identify one or more candidate drugs (“CDs”). Once a candidate drug has been found and its pharmaceutical effect established, the development phase starts. The discovery phase often takes four to five years to complete. The costs involved correspond, on average, to 10–20 per cent of the total development cost of the new drug. In this phase, it is important to secure a strong patent for the compound, preventing competitors from developing the same or similar compounds. Only about 8 per cent of all candidate drugs reach the market as fully developed pharmaceuticals.

The development phase

The development phase starts with preclinical development. Its purpose is to establish that all the necessary requirements have been complied with, to obtain permission to start clinical studies, that is, to test the compound on humans. Among other things, the drug must be clearly effective in preclinical models and it must be possible to administer the drug to

humans without risk. This requires controlled safety studies on animal models, conducted in accordance with guidelines from various regulatory authorities. Before studies involving humans may commence, an application for an IND (Investigational New Drug) must be submitted to the authorities. The purpose of the preclinical studies is to show that the compound is not toxic, that is, that serious side-effects do not occur in the dosage that produces the desired effect on the disease.

The pharmacokinetic properties are also tested. An ideal drug should be suitable for oral administration; it should pass through the stomach to then be absorbed by the intestines and pass various membranes in the body without being metabolized before it reaches the target organ in a sufficient quantity. It is also important that the drug is not accumulated in the body, but rather excreted within a reasonable period of time. Before a potential drug can be given to humans, a suitable dosage form must be found – for example, a solution, tablet or capsule. This requires extensive chemical and pharmaceutical studies and stability studies in accordance with established regulatory requirements. A preliminary dosage form is often used in the initial clinical studies, but is subsequently replaced by a more advanced dosage form before the final pharmaceutical is developed.

Phase I

The first studies on humans are called Phase I studies and they are carried out on a small group, normally 20 to 80 healthy volunteers and/or patients. The purpose of these studies is mainly to show that the compound is safe for humans. The Phase I study clarifies:

- the safety profile of the compound, that is, whether the compound can be expected to result in serious side effects, such as heart arrhythmia or changes in blood pressure,
- how well the compound is tolerated at different doses, that is, whether it causes unpleasant side-effects, such as headaches or nausea, and
- pharmacokinetic properties, that is, establish whether the preclinical pharmacokinetic studies were relevant.

Phase I studies, which take approximately one year to carry out, account for 5 to 10 per cent of the total costs of clinical drug development. Of the compounds approved in Phase I, about 30 per cent normally reach the market in the form of a finished drug.

Phase II

Phase II studies test the compound on patients suffering from the disease that the potential drug is designed to treat. Tests are normally conducted on 100 to 300 patients. The number of patients in the study depends on which disease the potential drug is intended to treat. The primary aim of a Phase II study is to show that the compound has the intended medical effect and determine an optimal dosage. Further studies on side effects and metabolism are conducted simultaneously. A Phase II study generally takes one to two years to complete and accounts for approximately 20 per cent of resource consumption in the clinical trials phase.

Slightly more than 60 per cent of all compounds that are approved in Phase II studies result in a finished drug.

Phase III

In Phase III, the compound is tested on a large number of patients, often between 1,000 and 3,000 patients in several clinics. However, the number of patients included depends on the disease the drug is intended to treat. The primary aim of Phase III studies is to show that a new drug is at least as good or better than previously approved treatments for the specific disease. This requires confirming and further proving, in a statistically acceptable manner, of the effect and side-effect studies carried out in Phase II, as well as definitively establishing the dosage in which the drug should be administered to future patients.

If no earlier drug for treatment of the specific disease exists, the effect of the drug is confirmed through comparison with a placebo. A Phase III study takes a long time to complete, is heavily regulated by regulatory authorities and consumes a great deal of resources.

Between 70 and 80 per cent of the costs of clinical trials are usually incurred in Phase III testing, which can take up to four years to carry out. Of the compounds approved in Phase III, approximately 90 per cent normally reach the market in the form of a finished drug.

Regulatory approval

If the results of Phase III are satisfactory, a registration application, that is, an NDA (New Drug Application) or equivalent, is submitted to the authorities for review and approval. The application contains a compilation of all the data from the discovery and development phases, that is, everything from the design and manufacturing of the new

drug to safety tests on animals and studies on effects and safety in clinical trials. The application to market the new drug is made in a particular country, but in the EU it is also possible to make a single application that applies to all member states.

The approval review can take up to one year. The authorities conduct a risk/benefit analysis, in which the benefit of the drug is weighed against its side effects and the product profile is weighed against comparable results.

Government requirements

The pharmaceutical industry is one of the most regulated industries. Authorities in various countries oversee pharmaceutical companies in the development, testing, production and marketing of their products. Legislation in the pharmaceutical area follows general fundamental principles, but varies among countries and regions. Initially, different sets of regulations were based on the same fundamental principles of quality, safety and effectiveness. In the 1960s and 1970s, however, national regulations were developed and divergent detailed requirements defined.

As a result of the requirements on the pharmaceutical industry, many lengthy and expensive studies had to be duplicated to permit global marketing of new products. This was considered a problem, even by regulatory authorities, the healthcare system and patients, who required fastest possible access to new, safe drugs. The first step toward harmonization was taken by the EEC in the 1980s. In 1990, the ICH (International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use) was founded, a body that created a set of common rules for the collection and presentation of technical data. The work of the ICH is ongoing, and has now reached the final stage of an agreement on the structure of a global registration application. These harmonization efforts are very helpful. However, much remains to be done before it will be possible to actually look ahead to a uniform global market.

The EU recently announced a new directive regarding uniform rules for clinical studies. This particularly improves harmonization with the US – although practical discrepancies will remain for a long time. Clinical studies on humans are conducted in close cooperation with physicians and hospitals, and are carefully regulated. Each new phase in clinical development requires a new application to the relevant authorities.

The Company's business

History

The Group's operations commenced in 1983, with the founding of the investment company ACTIVE i Malmö AB. The original business concept was to acquire and manage a portfolio of small and medium-sized industrial companies, and subsequently to sell them at an appropriate point in time. The Company was listed on the Stockholm Stock Exchange on 1 December 1986. During the period 1983 to 1996, a large number of companies in different lines of business were acquired and divested. In 1997, the Group's primary operations changed into biotechnology and drug research, and the Company was subsequently renamed Active Biotech AB. In the same year, the Company acquired SBL Vaccin AB from the Swedish government in order to increase its involvement in biotechnology. In the following year, 1998, Active Biotech acquired Lund Research Centre AB, later renamed Active Biotech Research AB, from Pharmacia & Upjohn. The purchase included the research center, personnel and research projects, as well as associated patent portfolios. In exchange, Pharmacia received shares in Active Biotech and a share in the commercial rights to certain projects. These rights have been repurchased and since 2004, Pharmacia & Upjohn (subsequently acquired by Pfizer) is no longer a shareholder in Active Biotech. In the latter part of 1999, a decision was taken to focus operations on R&D activities and the UK subsidiary Actinova Ltd. was closed down as its research operations were outside the framework of Active Biotech's targeted strategic focus. To further concentrate the operations on drug research, the operations and companies that were not active in the pharmaceutical area were combined under Wilh. Sonesson AB. In 1999, the shares in Wilh. Sonesson AB were distributed among the shareholders in Active Biotech and simultaneously listed on the Stockholm Stock Exchange. In 2001, Active Biotech decided to further concentrate operations and intensify the focus on research and development in Active Biotech Research AB in Lund. As a part of this process, Active Biotech sold the vaccine operations SBL Vaccin AB to the British company PowderJect Pharmaceuticals in July 2001. Given the broad clinical portfolio, and in order to preserve financial resources, the Company decided in February 2004 to focus

its operations on the projects currently in clinical phases. A radical reorganization was implemented resulting in extensive personnel reductions. The number of employees decreased from approximately 175 to about 90. More recently, Active Biotech has resumed discovery and preclinical development activities on a controlled basis, in order to exploit the significant knowledge generated from the Company's quinoline platform.

Business concept, objectives and strategies

Active Biotech's business concept is to develop effective pharmaceuticals, through specialist competence in the human immune defense system and cancer, for diseases where a major medical need exists.

The key elements of the Company's business strategy are to;

- *Progress the clinical development of the Company's most advanced compounds* – the Company is developing two unpartnered projects, ANYARA for renal cell cancer and TASQ for prostate cancer. Each project targets a major commercial opportunity. The Company's near term focus is on further progressing the ongoing clinical studies for these compounds.
- *Seek partnerships at an appropriate time for each project* – Active Biotech has secured development and commercialization partners in two of its five projects; Teva for laquinimod, which currently is developed in Phase III for the treatment of MS, and MediGene for RhuDex, which currently is developed in Phase II for the treatment of RA. The Company's intention is to selectively seek partners for the other projects at the appropriate time for each project. The Company believes that the appropriate time for securing a partnership depends on the specific circumstances for each project, but generally falls between establishment of Proof of Concept, that is, demonstration of clinical activity of the compound in patients, and initiation of the regulatory process. As for the agreement relating to laquinimod, where Active Biotech has retained exclusive rights for future commercialization in the Nordic and Baltic regions, the Company will seek to retain full rights to its projects for certain indications and/or geographic territories as appropriate in each case.

- *Develop new compounds that bind to S100A9* – Active Biotech's quinoline platform has generated new knowledge for the development of attractive product candidates for further clinical development. The Company has already identified molecules binding to the same target molecule, S100A9, as the quinoline compounds through hits from a compound library. Active Biotech will seek to advance and expand its discovery and development further to over time progress additional compounds within the ISI project, through preclinical studies and into clinical development.
- *Over time, consider building a geographically focused sales infrastructure to drive the commercialization of the Company's compounds in selected territories and indications where the Company may choose to retain rights to do so* – Upon regulatory approval, the Company will consider independently marketing certain of its future products in selected geographical territories, mainly the Nordic and Baltic regions, where the Company has retained or expects to retain commercialization rights to some of its compounds. Active Biotech believes that this strategy will allow the Company to maximize the value of its development efforts.

Competitive strengths

Active Biotech believes that the Company has a number of competitive strengths that have helped the Company to develop thus far and will enable it to achieve its strategic goals;

Unique capabilities and position in quinolines – broadly applicable platform validated through Active Biotech's clinical progress
Active Biotech has pioneered the development of the quinoline class of compounds that shows attractive immune modulatory properties. The Company possesses unique expertise and intellectual property in this field. This includes a deep understanding of models of autoimmune diseases, a range of composition of matter and other patents as well as in-house technology to fully exploit the potential of the platform. Three of Active Biotech's most advanced compounds, laquinimod, 57-57 and TASQ, belong to the quinoline class and the Company believes that the clinical and scientific success to date with these compounds offers strong validation to this platform. The potential of the quinoline platform to generate further drug candidates is highlighted by Active Biotech's recent progress in defining a molecular target for the compounds. This finding confirms that the quinolines

are first in class with regard to this molecular target. Active Biotech believes that this work has created the opportunity for rapid development of additional new drug candidates against the same target.

Laquinimod – novel high potential product for the treatment of MS in full Phase III clinical development in collaboration with Teva
Laquinimod, Active Biotech's most advanced project, is currently at the final stage of development in two international, multi-centre, Phase III registration trials. In February 2009, laquinimod was granted Fast Track status from the FDA. If the development continues to be successful, laquinimod is expected to be one of the first oral therapies for relapsing remitting MS ("RRMS"). The present USD 7 billion market is currently dominated by injectable interferon based therapies (Therapeutic Categories Outlook, Cowen & Co, March 2008). Laquinimod has so far demonstrated very favorable efficacy and safety data. The compound is being developed in collaboration with Teva, one of the leading companies in the MS field, which is managing the further clinical development and will be responsible for global commercialization (except the Nordic and Baltic regions where Active Biotech has retained exclusive rights).

Balanced portfolio of late stage projects with focus on auto-immunity and oncology

Beyond laquinimod, Active Biotech has a broad portfolio of clinical projects developed independently or in partnership, with a strong focus on compounds that modulate the immune system or exploit endogenous immunological pathways to exert their activity. These include:

- 57-57, a potential first in class treatment for SLE, a serious and prevalent disease where current treatment options are associated with severe side effects. Phase I clinical trials were concluded during 2008.
- RhuDex, a CD80 antagonist which has been partnered with MediGene and is being developed in Phase II.
- ANYARA, a unique targeted immunotherapeutic, in a pivotal Phase III trial for renal cell cancer. ANYARA represents a novel treatment concept which the Company believes has significant potential in other cancer indications as well.

- TASQ, a targeted therapy for prostate cancer that works through inhibition of vascular growth around tumor cells via a novel mode independent from competing antiangiogenic compounds, currently in Phase II development.

Active Biotech believes that this balanced and focused portfolio provides excellent risk diversification and positions the Company very well for long term growth.

Experienced senior management and R&D organization

Active Biotech has a highly skilled and experienced senior management team, the members of which have been with the Company for close to 10 years and before then held prominent positions in the pharmaceutical industry or at prestigious academic institutions. This team has driven the refocusing of the Company from a diversified investment company to where it is today. Notable achievements include:

- successful negotiation of the collaboration with Teva regarding laquinimod,
- divestment of non-core businesses, and
- right-sizing of the organization.

Furthermore, Active Biotech has a very strong R&D team with excellent track record. The research team, which includes approximately 74 individuals as of 31 March 2009, 26 of which have doctoral degrees, has among other achievements:

- generated Active Biotech's current portfolio of compounds, in its entirety, exclusively through in-house R&D,
- progressed this portfolio of compounds to entail two projects in or ready for pivotal/registration trials in 2009, and
- advanced the understanding of a target molecule for the quinoline compounds, putting the Company in a strong position to leverage this platform for further discoveries of drug candidates.

Competition

If approved, *laquinimod* would compete against other marketed MS drugs, such as Copaxone marketed by Teva, the beta interferons marketed by Biogen Idec (Avonex), Merck-Serono (Rebif), Bayer Schering Pharma (Betaseron), Novartis (Extavia) as well as Tysabri marketed by Biogen Idec and Elan. The currently marketed drugs are all administered through injection. In addition, laquinimod could potentially compete against several drugs currently in Phase III clinical development. These include FTY720 developed by Novartis (oral), Cladribin developed by Merck Serono (oral), Campath developed by Bayer/Genzyme (injectable), BG-12 developed by Biogen Idec (oral) and Teriflunomide developed by Sanofi-Aventis (oral). The Company is not aware of any oral disease-modifying drugs currently marketed for MS.

For the treatment of SLE, current therapies consist of immune suppressive drugs or chemotherapies with severe side effects. No disease-modifying treatment for SLE exists to the Company's knowledge. If approved, 57-57 could potentially compete against products currently in Phase III clinical development such as Prestara from Genelabs, CellCept from Aspreva/Roche and Belimumab from GlaxoSmithKline/Human Genome Sciences.

If approved, *RhuDex* will compete against a large number of other marketed RA drugs such as pain-alleviating and anti-inflammatory compounds (Naprosyn/Naproxen, Brufen/Ipren, Diclofenac/Voltaren and Ketoprofen/Orudis, etc.) and COX-2 inhibitors such as Celebrex, Arcoxia and Bextra. Furthermore, Tumor Necrosis Factor ("TNF") influencing medicines, such as Enbrel, Humira and Remicade are likely to be competitors to RhuDex. The injectable Orencia from Bristol-Myers Squibb is a potential competitor with a related mode of action. In addition, a large number of potential competitors are in clinical development.

If approved, *ANYARA* would compete against other marketed renal cell cancer treatments. These include Sutent marketed by Pfizer, Avastin marketed by Genentech/Roche, Torisel marketed by Wyeth and Nexavar marketed by Bayer Schering Pharma/Onyx. Recently, Novartis' Afinitor (Everolimus) gained an approval from the FDA for the treatment of renal cell cancer. In addition, *ANYARA* could potentially compete against several drugs currently in Phase III clinical development. These include Armala developed by GlaxoSmithKline, Axitinib developed by Pfizer, Rencarex developed by Wilex and TroVax from Oxford Biomedica/Sanofi-Aventis.

Current treatment of prostate cancer involves various hormonal therapies followed by chemotherapy e.g. in the form of Taxotere from Sanofi-Aventis. Potentially, *TASQ*, if approved, may be competing with these products, even though the Company believes that *TASQ* is more likely to be used in combination or sequential treatment with these products. If approved, *TASQ* could potentially compete against products in Phase III clinical development such as Xinlay from Abbott Laboratories, Provenge from Dendreon, Avastin from Genentech/Roche, ZD4054 from Astra Zeneca and Abiraterone from Cougar Biotechnology.

Organization and employees

Active Biotech's operations are organized with a main focus on the clinical phases of drug development. The research and development operations are divided into five organizational units:

- Biology,
- Development,
- Chemistry & Pharmaceuticals,
- Preclinical Development, and
- Regulatory & Quality Affairs.

Biology includes functions for pharmacology and cell biology. Development is responsible for managing the various clinical studies performed by Active Biotech. Further responsibility includes patents and knowledge-management systems.

Chemistry & Pharmaceuticals includes competence in formulation technologies as well as chemical synthesis and analysis.

Preclinical Development includes pharmacokinetics and metabolism. Regulatory & Quality Affairs ensures that all activities within the Group are performed in accordance with established pharmaceutical legislation. The research and development operations are supported by the administrative units:

- Finance/Administration and IT,
- Business Development and Investor Relations, and
- Human Resources.

The number of employees in the Group amounts to 90 as of 31 March 2009, of whom approximately 80 per cent work within the research operations and the remaining 20 per cent work in administrative and corporate departments.

Legal structure

The parent company Active Biotech AB (publ) conducts the Group-wide functions, such as the management of the financial assets. The parent company has a number of wholly owned subsidiaries, of which Active Biotech Research AB conducts operations in drug development and Active Forskaren 1 KB owns the property in which the operations are conducted. Other subsidiaries are dormant and have no operations. However, the subsidiary Active Security Trading AB holds the warrants issued to hedge the employee stock option program.

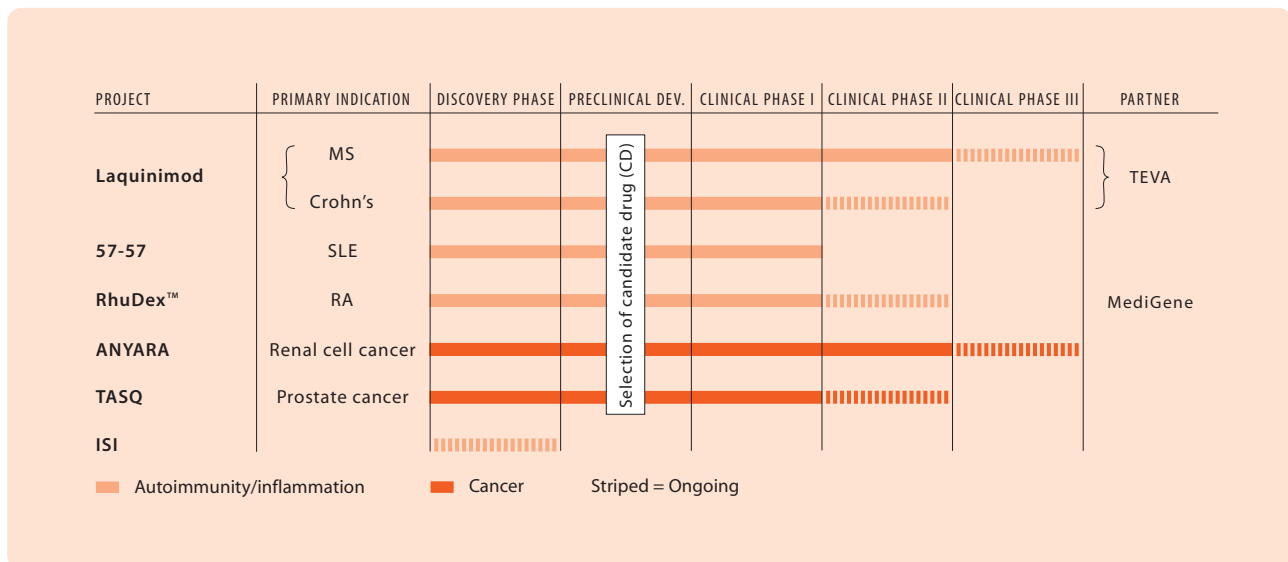
Active Biotech's project portfolio

Active Biotech's quinoline platform

Three of Active Biotech's projects, laquinimod, TASQ and 57-57, derive from its quinoline platform. Most compounds developed against autoimmune diseases inhibit overall immune responses and are immune suppressive. In contrast, quinoline compounds have the ability to modulate autoimmune reactivity, which is achieved through targeting an early stage of the adaptive immune response where antigen presenting cells are interacting with T-lymphocytes. Quinoline compounds have a broad reactivity in animal models of autoimmune/inflammatory diseases. Robust pharmacological effects have been seen in models for MS, RA, type I diabetes and SLE. It should be noted that while autoimmune/inflammatory diseases differ in the target organ that manifests the disease, e.g. the brain in MS or the joints in RA, many similarities in the clinical pattern of these diseases can be observed. For example, most autoimmune/inflammatory diseases are over-represented in females, have a peak incidence in early middle age and progress in flares of high disease activity intervened by calmer periods. The

assumption that common steps exist in the pathogenesis of many autoimmune/inflammatory diseases is therefore reasonable. The broad activity of quinoline compounds in models of autoimmune/inflammatory diseases suggests that their mode of action targets one such common process. Active Biotech therefore decided that it would be important to define a molecular target for the quinoline compounds.

Active Biotech recently published a scientific paper (PLoS Biology April 2009, Vol 7 Issue 4, page 800-812) where it is shown that quinoline compounds bind to a molecule called S100A9 which is expressed in some white blood cells involved in the regulation of immune responses. Furthermore, it is shown that S100A9 interacts with two known pro-inflammatory receptors (toll like receptor 4 - TLR4 and receptor of advanced glycation end products - RAGE), and that this interaction is inhibited by quinoline compounds. The published data describe a new mechanism where S100A9 can promote pro-inflammation at early stages of immune activation. These findings may lead to an increased understanding of the early steps in the development of autoimmune diseases.



Laquinimod

Active Biotech has developed a compound – laquinimod – for treatment of MS. Compared with existing treatments, laquinimod offers considerable benefits since it can be orally administered. In addition, unlike other oral products in development, laquinimod shows no immune suppression, but rather acts as an immune modulator, which could have important safety advantages. In June 2004, following successful completion of Phase II studies, Active Biotech signed an agreement with Teva for the further development and commercialization of laquinimod. The agreement granted Teva the exclusive right to develop, register, produce and commercialize laquinimod globally, with the exception of the Nordic and the Baltic regions, for which Active Biotech retained exclusive commercial rights. In February 2009, laquinimod received a Fast Track designation from FDA, which potentially can facilitate development and expedite the review process. According to Active Biotech's partner Teva, laquinimod may be launched in the US during 2011.

The disease

MS is a chronic disease, often with insidious progression. The disease affects the central nervous system in the brain and spinal cord. The symptoms are caused by the body's own immune system attacking and damaging the myelin sheaths surrounding nerve fibers. This causes inflammation within the central nervous system causing the patient to suffer relapses and disease progression. The etiology of the disease is unknown, but is assumed to depend, like other autoimmune diseases, on both genetic and environmental factors. There are various forms of MS, the most common is RRMS. RRMS is characterized by unexpected recurring relapses that can last from a few days to a few weeks and are followed by complete or partial remission. For approximately 80 per cent of all patients, the disease begins as RRMS but most develop after some ten or so years into secondary progressive MS ("SPMS"). SPMS is characterized by a gradually increasing degree of handicap, without the recovery periods.

The market

MS primarily affects young and middle-aged people. The disease often first appears when the patient is between 20 and 50 years old, and the number of women affected is twice as high as the number of men. MS affects over 1 million people globally every year (Therapeutic Categories Outlook, Cowen & Co, March 2008). The disease is more common in the northern hemisphere, where the Nordic region, the British Isles and North America have a higher incidence. There are currently three types of drugs for the treatment of MS in the market: interferons, glatiramer acetate and natalizumab. The drugs reduce the number of relapses and are therefore all approved for treatment of MS patients with relapses. The use of the drugs varies greatly between markets. The lower use in Europe compared with the US may be due to several factors, such as side effects and high pricing relative to efficacy. A common side effect of MS drugs is influenza-like symptoms, such as fever and muscle and joint pain. Injection-related side effects are also common.

The long-term effects of treatment with existing drugs are difficult to assess. The largest group of MS drugs is interferons, which are glycoproteins with antiviral effects. In the 1990s, three drugs for treatment of RRMS were registered: Betaferon/Betaseron from Bayer Schering Pharma, Avonex from Biogen Idec and Rebif from Merck Serono. During 2008, Novartis' drug Extavia (Interferon beta-1b) was approved in Europe. The mode of action of these drugs is unknown, but they are assumed to have an immune modulatory effect. In addition to interferons, Copaxone (glatiramer acetate) marketed by Teva, and Tysabri (natalizumab) marketed by Biogen Idec/Elan, are used to an increasing extent. Copaxone comprises polypeptides built up of four amino acids in random sequences and of varying length. Copaxone's mode of action is unknown. Natalizumab, the active substance in Tysabri, is a monoclonal antibody that has been developed to bind to a specific part of an integrin (4β1 integrin). The integrin is present on the majority of leukocytes, the white blood cells that are involved in the inflammation process. All drugs for the treatment of MS are currently administered in the form of injection or infusion. In 2007, the total market for registered MS drugs amounted to USD 7 billion (Therapeutic Categories Outlook, Cowen & Co, March 2008).

Of the US's existing MS patients, about 80 per cent are assumed to be under treatment with one of the above mentioned drugs, while the figure for Europe is lower, at about 50 per cent. Given improved methods of diagnosis, new drugs, simplified administration and reduced side effects, it can be assumed that the proportion of patients who will receive such treatments will increase over time. In September 2008, Copaxone was the leading drug in the US with 35 per cent of the market. Avonex, Rebif and Betaseron had 30, 20 and 15 per cent of the market, respectively (Cowen & Co, Weekly Biotech Scrips).

Mode of action

Laquinimod is a quinoline compound and has immune modulatory properties. Instead of generally suppressing the immune system, laquinimod is disease-modifying. Laquinimod has been extensively investigated in several experimental models of MS and other autoimmune diseases, in acute as well as chronic settings. In all these models, laquinimod has demonstrated a robust therapeutic effect.

Preclinical and clinical results

Laquinimod has shown potential effects in experimental models of a large number of autoimmune diseases, such as MS, RA and type I diabetes. The compound achieves such effects without inducing general immune suppression and it has demonstrated a favorable safety profile. Laquinimod has undergone Phase I clinical trials in healthy volunteers and MS patients, before it was taken into Phase II clinical trials. Laquinimod demonstrated good pharmacokinetic properties and high uptake after oral dosing. Two extensive Phase IIb trials investigating the effect of various dose levels of laquinimod versus placebo in patients with MS have been performed. In addition, long term safety in MS patients has been documented at a dose of 0.9 mg/day. In May 2007, the results from a clinical Phase IIb study of laquinimod encompassing 306 patients were presented. Data from the study demonstrated

that an oral 0.6 mg dose of laquinimod given daily significantly reduced disease activity measured by magnetic resonance imaging ("MRI") by an average of 40 per cent, versus placebo; or by 55 per cent expressed as the median value. Treatment with laquinimod also resulted in a statistically significant effect on all secondary MRI analyses. In addition, the study showed a positive trend towards reducing relapse rates and a rise in the number of relapse-free patients compared with placebo. The dose level at 0.6 mg/day was well tolerated. This study was recently published in *The Lancet* (Comi et al. *Lancet* (2008) 371, 2085-2092). In November 2007, Active Biotech and Teva announced the start of recruitment to the Phase III study *Allegro* (assessment of oral laquinimod in preventing progression of MS), a global, pivotal, 24/30-month, double-blind, clinical Phase III study designed to evaluate the efficacy, safety and tolerability of laquinimod versus placebo in the treatment of RRMS. The study recently completed enrolment of over 1,000 patients with RRMS, whereby a milestone payment of USD 5 million was made from Teva to Active Biotech. A second pivotal Phase III study, *Bravo* (benefit-risk assessment of Avonex® and laquinimod), was initiated during the second quarter 2008. The *Bravo* study is a global, multi-centre, randomized, placebo-controlled study with parallel groups encompassing approximately 1,200 patients who are to be studied for 24 months. The study will compare the effect of once-daily orally administered 0.6 mg laquinimod with placebo and provide risk-benefit data in relation to treatment with a product presently established in the market and administered by injection (Avonex). Further information concerning the Phase III studies is published on www.tevaclinicaltrials.com and www.clinicaltrials.gov.

Competitive advantages

As compared to other products registered for treatment of MS, laquinimod has the advantage of being an oral compound while current marketed products are administered through injection. In addition, laquinimod is immune modulatory while most of the other oral compounds in clinical development are immune suppressive, which could have important safety advantages. Lastly, the molecular target and mode of action of laquinimod is distinct from other competing therapies.

Laquinimod in other indications

Teva has announced that, in addition to the efficacy shown in clinical trials in relation to MS, laquinimod has demonstrated potential efficacy in preclinical models of other autoimmune diseases such as inflammatory bowel disease (Crohn's disease) and lupus nephritis. Crohn's disease is a chronic inflammatory condition that affects the gastrointestinal tract causing a number of distressing symptoms such as bleeding, diarrhea and abdominal pain. Lupus nephritis is an inflammation of the kidney caused by SLE. Teva has initiated the Phase II clinical development of laquinimod for Crohn's disease and expects to initiate the clinical development of laquinimod for lupus nephritis in the near future.

57-57

In the 57-57 project, Active Biotech is developing a compound for treatment of SLE. 57-57 is part of the same chemical compound family as laquinimod and covered by the same composition of matter patent. Active Biotech has all commercial rights to develop 57-57 for the treatment of SLE.

The disease

SLE is a life-threatening autoimmune disease that develops in flares interspersed with periods that are relatively symptom free. SLE causes inflammation and damage to the connective tissue of many organs in the body. The disease may eventually lead to serious secondary disease manifestations, such as renal failure, cardiac disease, arthritis or symptoms on the central nervous system. There is no disease-modifying product available for treatment of SLE specifically, instead current treatment modalities are immune suppressive and focus on treating the symptoms of the disease rather than the underlying cause.

The market

The disease SLE is widespread throughout the world, but is two to three times more common among persons of African, Asian or Latin origin. SLE is most prevalent among women of child-bearing age. The number of patients is increasing and no new drug has been registered since the 1960s, when cortisone and other immune suppressive drugs were introduced. The medications currently used for treatment are non steroidal anti-inflammatory drugs (such as Ibuprofen and Naproxen), malaria medicines, acetylsalicylic acid, cortisone and cytostatic drugs, such as cyclophosphamide and methotrexate. These drugs can have severe side effects and there is a major medical need for new treatments for SLE. Active Biotech estimates that at least 500,000 patients each in the US and Europe suffer from SLE. The US organization Lupus Foundation of America (www.lupus.org) has estimated that each person with SLE treated in the US costs on average USD 6,000 to 10,000 per year. Accordingly, the market potential for efficacious and safe SLE treatments can conservatively be estimated at USD 6 billion.

Mode of action

57-57 belong to the group of quinoline compounds (see page 25) and has immune modulatory properties. Thus, instead of generally suppressing the immune system, 57-57 has the potential to be disease-modifying.

Preclinical and clinical results

In preclinical models, 57-57 has proven to have good therapeutic properties against several different autoimmune diseases. The safety profile is good and no immune suppression has been observed. The first Phase I clinical study with 57-57 in 30 healthy volunteers was successfully concluded in July 2005 and showed that it was well tolerated at all of the tested dose levels and that the compound is highly suitable as a daily, orally administered treatment. The pharmacokinetic properties are good and the uptake after oral dosing is high. A clinical Phase Ib study is in the reporting stage and a maximal tolerated dose of 4.5 mg/day has been determined. Efficacy markers such as interferon signatures have been monitored and were presented on a scientific poster at the American College of Rheumatology, San Francisco, in October 2008.

In February 2009, Active Biotech decided not to initiate a Phase II/III clinical development program for 57-57 on its own. A complete Phase II/III clinical development program has been prepared in cooperation with European and US regulatory authorities. Accordingly, the Company will actively seek a partner for the continued clinical development of the project during 2009. In addition hereto, a less extensive explorative clinical study in SLE patients will be performed during 2009/2010 in Sweden and Denmark.

Competitive advantages

No disease-modifying treatment for SLE is on the market and current treatments are all immune suppressive. Thus, 57-57 is potentially the first disease-modifying treatment to enter the market. A further competitive advantage is that 57-57 is orally administered, in contrast to many of the other compounds currently in development.

RhuDex™

MediGene develops the candidate drug RhuDex, a patented CD80 antagonist, which is primarily intended to be developed for the treatment of RA. In April 2002, Active Biotech entered into a licensing agreement with Avidex Ltd, which is now a wholly owned subsidiary of MediGene, according to which MediGene is granted the exclusive right to further develop the CD80 antagonists and market products in which these compounds are included.

The disease

RA is a chronic inflammatory disease, the cause of which is still unknown. The disease affects the body's joints and causes inflammations in synovial membranes and tendon sheets. The inflammation can damage articular cartilage and surrounding skeletal areas, which means that eventually the patient can be affected by a physically debilitating handicap. The risk of being affected by RA increases with age and the increasing average age in the Western parts of the world is deemed to present a considerable challenge for healthcare services in the future.

The market

The prevalence of RA in the US is one per cent of the total US population, i.e. over two million people are affected (Therapeutic Categories Outlook, Cowen & Co, March 2008). RA affects people of all ages, but usually appears around the age of 50. The disease can be found throughout the world but varies between continents. Medical treatment mainly comprises pain-alleviating and anti-inflammatory treatment. Furthermore, TNF-influencing medicines against RA have been developed, such as Enbrel, Humira and Remicade. The anti-inflammatory drug Orencia (Abatacept) developed by Bristol-Myers Squibb for the treatment of chronic RA was recently approved. Unlike these drugs, which must be injected or infused, RhuDex is orally administered, which is an advantage for patients with diseases like RA that require lifelong treatment.

The market for medicines against RA in the US alone was estimated to amount to approximately USD 6 billion in 2008 (Therapeutics Categories Outlook, Cowen & Co, March 2008).

Mode of action

CD80 antagonists like RhuDex are immune modulatory compounds that can mainly be used in the treatment of autoimmune/inflammatory diseases. CD80 is one of the critical molecules in T-cell signaling and its blockage leads to a decreased immune response.

Preclinical and clinical results

In 2006, RhuDex successfully concluded two Phase I studies in which the product's safety, tolerance and pharmacokinetic properties in healthy volunteers was studied.

A Phase IIa double blind dose-escalation study in about 30 RA patients commenced in January 2007 aimed at evaluating the compound's tolerability, determining the appropriate dosage and providing analysis results that demonstrate an anti-inflammatory effect of RhuDex. In June 2008, MediGene reported that the clinical Phase IIa study had achieved its target. The first indication of biological activity was reported, in addition to positive safety data and favorable absorption after oral administering. The data obtained will form the basis for the up-coming Phase IIb study. In July 2008, MediGene placed an ongoing Phase I study (with a new formulation) for RhuDex on hold following the death of one patient in the trial. The patient was later found to have died of an acute myocardial re-infarction as a consequence of coronary thrombosis, an event which was deemed as unlikely to have been correlated to the administration of trial medication. RhuDex is, however, further examined in a series of laboratory tests in close co-operation with the English Medicines and Healthcare products Regulatory Agency. MediGene plans to finalize these tests in the middle of 2009 and thereafter initiate Phase IIb studies.

Competitive advantages

RhuDex is a first in class compound against CD80. It is an oral formulation well positioned for chronic treatment. Given that Proof of Concept is achieved in RA, it is also possible to foresee future development in other indications such as psoriasis and Crohn's disease.

ANYARA

In the ANYARA project, Active Biotech is developing an immunological targeted treatment of cancer that stimulates the immune system to eradicate tumor cells. ANYARA is a fusion protein consisting of an antibody fragment directed against the 5T4 tumor antigen combined with an engineered superantigen variant.

In 2004, Active Biotech signed an agreement with Richter-Helm Biotec GmbH & Co. KG ("Richter-Helm") concerning production of ANYARA. In this agreement, Richter-Helm is granted a cumulative royalty on Active Biotech's future revenues with respect to ANYARA, which royalty is limited to a maximum amount of EUR 10 million, in compensation for taking a financial risk in the development.

The disease

Active Biotech has chosen to primarily focus the development of ANYARA on renal cell cancer. Each year, renal cell cancer affects about 36,000 people in the US and approximately 200,000 people worldwide. Half of the patients are affected by metastases. Median survival of metastatic disease is poor with no curative treatment available.

The market

Renal cell cancer is traditionally treated with relatively high doses of the cytokines interferon alfa or interleukin-2. The market for treatment of renal cell cancer is estimated at approximately USD 1 billion per year (IMS Health 2007). Recently approved treatments are Sutent (sunitinib) from Pfizer, Nexavar (sorafenib) from Onyx/Bayer, Torisel from Wyeth, Avastin from Genentech/Roche and Afinitor from Novartis.

Mode of action

ANYARA is a protein drug, a so called TTS compound (Tumor Targeted Superantigen) composed of an antibody fragment and a superantigen fragment. The antibody constituent of the compound targets the fusion protein to tumor cells that express 5T4 and hence makes the treatment tumor specific. The engineered superantigen variant activates cytotoxic T-lymphocytes to attack tumor cells. The tumor cells are then forced into apoptosis, that is, programmed cell death. In addition, the intra-tumor immune defense system leads to an inflammatory response which kills the cancer cells by release of various cytokines.

Preclinical and clinical results

TTS compounds, such as ANYARA, have been extensively investigated in preclinical models of cancer. It has been shown that the treatment initiates an attack of T-cells towards the tumor. In addition, the T-cells secrete tumoricidal cytokines. Altogether, this dual mode leads to the eradication of established tumors.

A first generation of ANYARA also targeting the 5T4 antigen, but with a less optimized superantigen variant, has been extensively studied in patients with renal cell cancer (Shaw, 2007 *Br J Cancer*, 96, 567-74), pancreatic cancer, non-small cell lung cancer ("NSCLC") (Cheng, 2004, *J Clin Oncol*, 22, 602-9) and breast cancer. A high fraction of patients reached stable disease and median survival in patients with renal cell cancer was encouraging, with patients receiving a high dose having a median survival of 26 months. As the advantages of the second generation of ANYARA were clinically validated in Phase I trials, development of the first generation was put on hold. In December 2006, three clinical Phase I studies of ANYARA were successfully concluded. The first was a Phase I dose escalation trial in 39 patients with NSCLC, renal cell cancer and pancreatic cancer. The second was a Phase I dose escalation trial using the combination of ANYARA and docetaxel in 13 patients with NSCLC. The third trial investigated localization of radioactively labeled ANYARA in patients with renal cell cancer. The studies demonstrated a pharmacological Proof of Concept, that is that ANYARA activates T-cells and that ANYARA accumulates in the tumor which leads to tumor infiltration of T-cells. Renal cell cancer patients treated with ANYARA had an encouraging median survival of 26.2 months. At the end of 2006, a combined Phase II/III study for the treatment of renal cell cancer was initiated that encompasses about 50 clinics in Europe. The study is a randomized study of ANYARA in combination with interferon-alpha, compared with interferon-alfa alone, in patients with advanced renal cell cancer. Patients are given three cycles of ANYARA treatment in the weeks when they have a pause from interferon treatment.

The primary endpoint for this study is survival and it will include approximately 500 patients. Patient enrolment is proceeding according to plan. The conclusion from the interim analysis of the Phase II/III study was presented in May 2008. Based on studies of approximately 200 patients, no specific safety risks concerning ANYARA were identified and the pre-defined targets were reached. The Company decided to advance the ongoing study to the pivotal Phase III stage, in accordance with the pre-specified study protocol. In July 2007, EMEA granted ANYARA orphan drug status, which provides a number of incentives, including market exclusivity for up to 10 years following approval.

Competitive advantages

ANYARA has a good safety profile and patients are treated during a short period of time. ANYARA can therefore be used both as mono therapy as well as in combination with other therapies. ANYARA has already shown encouraging survival data and will therefore be positioned as a convenient therapy leading to longer survival of patients with advanced cancer.

ANYARA in other indications

In addition to renal cell cancer, Active Biotech believes that ANYARA has the potential to be used in the treatment of a large number of cancer forms that over-express the 5T4 antigen. Encouraging clinical data has been obtained in NSCLC and pancreatic cancer. Furthermore, tumor cells from breast cancer, colorectal cancer, gastric cancer, ovarian cancer and prostate cancer all seem to over-express the 5T4 antigen. In a longer perspective, it may be attractive to further explore the value of the TTS technology by making novel fusion proteins of other cancer specific antibody fragments and the engineered superantigen variant, to treat tumors that do not over-express 5T4.

TASQ

In the TASQ project, Active Biotech is developing a so-called antiangiogenic compound, that attacks the tumor's growth through inhibition of the formation of blood vessels in the tumor. The development is currently focused on prostate cancer because of the high medical need and the encouraging results in experimental models of the disease. A significant share of all men will be diagnosed with prostate cancer some time during their life. As the average life expectancy increases in the population, the medical need to find new treatments for prostate cancer has become higher.

The disease

Prostate cancer has highly varying degrees of severity. In its early stages, it is hormone-dependent and its growth is stimulated by the male hormone testosterone. Suspicion of prostate cancer arises when a man has an elevated level of blood PSA or a hard and/or uneven prostate. A diagnosis is verified by a prostate biopsy. In the early stages, prostate tumors can be surgically removed, through a prostatectomy, or treated with radiation.

In over half of the cases, however, the disease spreads to other locations in the body, whereupon surgery is no longer a viable alternative. Instead, treatment then focuses on removing the growth promoting effect of testosterone. This, however, produces a number of undesirable effects, such as sterility and impotence. At a later stage of the disease, the cancer tends to start growing again as a hormone independent cancer. The metastases frequently locate to the skeleton which often leads to severe pain. At this stage, the tumor is treated with chemotherapy and median survival is approximately 18 months.

The market

Prostate cancer is the most common form of cancer among men. Its occurrence is strongly age-related and is extremely unusual before the age of 50. In 2007, it is estimated that about 220,000 new cases were diagnosed in the US alone (Therapeutics Categories Outlook, Cowen & Co, March 2008). Hormone drugs, such as Lupron Depot from Abbott Laboratories, are among the most common treatment alternatives. Proscar from Merck and Avodart from Glaxo-SmithKline are also currently used for treating prostate cancer. Until recently, there have been few alternatives to treat hormone-independent prostate cancer, but Taxotere from Sanofi-Aventis is used in late metastasizing phases. The global market for drugs used in the treatment of prostate cancer was estimated at USD 3.6 billion per year in 2006 (IMS Health 2007).

Mode of action

TASQ stands for Tumor Angiogenesis Suppression by Quinolines. Active Biotech's TASQ project attacks the tumor's way of growing by inhibiting the formation of blood vessels in the tumor. Prostate cancer is a metastasizing tumor that forms its own blood vessels to provide nutrition, that is, angiogenesis. The TASQ compound does not have the same molecular target as other antiangiogenic compounds used for cancer therapy, but TASQ stimulates the production of an endogenous antiangiogenic molecule (Thrombospondin 1). Increased production of Thrombospondin 1 has been correlated to antitumor effects.

From a mechanistic point of view and from the knowledge that prostate cancer is dependant on the formation of blood vessels for its nutrient supply to grow, prostate cancer is a suitable indication for the development of TASQ.

Preclinical and clinical results

TASQ has been investigated in a number of experimental models of prostate cancer. These include both hormone sensitive as well as hormone resistant cancer forms. The results support that TASQ treatment can result in potent antitumor effects both as monotherapy as well as in combination with hormonal therapy or chemotherapy. The safety profile has been extensively studied and shown to be excellent.

TASQ was initially studied in healthy volunteers. In these studies it was documented that the compound has good pharmacokinetic properties as well as good uptake after oral treatment. The safety profile was good with manageable side effects at high dose levels. In 2006, the first data from treatment of prostate cancer patients was presented. It was noted that the PSA velocity, i.e. the rate of PSA increase, a surrogate marker for tumor load, in patients treated with TASQ declined during therapy, and that the drug was well tolerated. Altogether, a treatment effect in the patients was indicated as the time to PSA progression was relatively long and very few patients developed new bone metastasis. In March 2007, new positive clinical data from a Phase Ib study of TASQ was presented. The results showed that by step-wise dose escalation, the previously reported maximum tolerated dose level could be doubled. In addition, five out of six patients had a >50 per cent decrease in PSA velocity compared to prior treatment. Clinical Phase II trials began in August 2007 under an IND. The study is a randomized, placebo-controlled, double-blind Phase II study of 1 mg/day of TASQ versus placebo in 200 patients. The study comprises symptom-free patients with metastatic and hormone-resistant prostate cancer. The primary endpoint of the study is reduction of the number of patients with disease progression after six months of TASQ therapy, compared with placebo. Secondary clinical endpoints of importance for this group of patients include time to clinical progression and initiation of treatment with cytostatics. The study is being performed as a multi-center study in the US, Canada and Sweden.

Competitive advantages

For the treatment of hormone resistant prostate cancer, the only options are chemotherapeutic agents. There are currently no oral therapies available that block the formation of prostate cancer metastases. As the safety profile of TASQ is good, the competitive positioning is to be a tolerable and easy to use compound that slows disease progression.

TASQ in other indications

As TASQ has an effect on fundamental components of tumor progression, such as formation of tumor blood vessels and metastases, it is likely that TASQ can be used to treat additional forms of cancer. These include lung cancer, breast cancer, renal cell cancer and colorectal cancer.

ISI

Active Biotech's ISI project was initiated during the second quarter of 2008. Previous work has shown that quinoline compounds will inhibit the interaction between a defined target, S100A9, and at least two endogenous, pro-inflammatory receptors. Active Biotech has also defined the ionic conditions when these interactions occur, and isolated monoclonal antibodies that mimic the interaction between the target and the receptors. An in-house library and commercially available libraries of compounds have been screened for binding to the target molecule using a surface plasmon resonance assay (Biacore). Hits have been defined from two different, non-quinoline chemical classes that are currently being refined. The objective of the ISI project is to define new, patentable target-binding small molecule compounds with superior pharmacological properties compared to existing quinolines. During 2009 a lead substance has been chosen for further preclinical optimization. The target for filing of new patents is 2010, to select a first candidate drug 2010 and to start a Phase I clinical trial during 2011.

Intellectual property rights

A key aspect of Active Biotech's strategy is to protect its discoveries and knowledge through strong patents. The patent protection covers inventions of chemical compounds, biotechnological structures, target organs, methods and processes related to the Company's operation in key markets. All compounds in clinical development are protected by com-

position of matter claims. Active Biotech has built up its position in the area of patents through strategically defined patent families, primarily in the areas of autoimmunity/inflammation and cancer. Patents and patent applications refer primarily to such commercially important markets as Europe, the US and Japan. A number of patents have been granted in all these markets over the years, as described below.

Number of patent families			
Active Biotech holder of patent or patent application	Laquinimod, TASQ, 57-57, ANYARA, CD80/RhuDex™ and ISI		16
	Other projects		8
Total			27
Of which, out-licensed	Laquinimod, CD80		6
	Other		0
Total			6
Active Biotech licensee	ANYARA		2
	Other		0
Total			2

Patent protection for laquinimod

(out-licensed to Teva)

Patent family	Priority area	Status	Year of expiry
"product"	Europe	Granted	2019
	US	Granted	2019
	Japan	Granted	2019
"method"	Europe	Granted	2023
	US	Granted	2023
	Japan	In progress	2023
"product and method"	Europe	In progress	2025
	US	In progress	2026
	Japan	In progress	2025

Patent protection for 57-57

Patent family	Priority area	Status	Year of expiry
"product"	Europe	Granted	2019
	US	Granted	2019
	Japan	Granted	2019
"method"	Europe	Granted	2023
	US	Granted	2023
	Japan	In progress	2025
"product and method"	Europe	In progress	2025
	US	In progress	2026
	Japan	In progress	2025

Patent protection for TASQ

Patent family	Priority area	Status	Year of expiry
"product"	Europe	Granted	2019
	US	Granted	2019
	Japan	Granted	2019
"method"	Europe	Granted	2020
	US	Granted	2020
	Japan	Granted	2020

Patent protection for ANYARA

Patent family	Priority area	Status	Year of expiry
"application"	Europe	Granted	2010
	Japan	Granted	2010
"product"	Europe	Granted	2011
	US	Granted	2016
	Japan	Granted	2011
"product"	Europe	Granted	2015
	US	In progress	2015
	Japan	Granted	2015
"product"	Europe	Granted	2017
	US	Granted	2016
	Japan	Granted	2017
"product and method"	Europe	Granted	2018
	US	In progress	2017
"product"	Europe	In progress	2022
	US	Granted	2021
	Japan	In progress	2022
"method"	Europe	In progress	2024
	US	In progress	2024

Patent protection for CD80/RhuDex™

(out-licensed to MediGene)

Patent family	Priority area	Status	Year of expiry
"product"	Europe	Granted	2022
	US	Granted	2022
	Japan	In progress	2022
"product"	Europe	Granted	2023
	US	Granted	2023
	Japan	In progress	2023
"product"	Europe	In progress	2023
	US	In progress	2023
	Japan	In progress	2023

Selected historical financial information

The information below shall be read together with the section "Comments on the selected historical financial information" and the Company's accounts for the financial years 2006 – 2008 that are incorporated in this Prospectus by reference. For more information on the documents incorporated by reference, please refer to the section "Legal matters and supplementary information – Incorporation by reference".

Income statement

SEK million	2009-Q1	2008-Q1	2008	2007	2006
Net sales	2.2	3.2	53.5	12.1	66.4
Operating expenses (of which, depreciation)	-65.9 -2.4	-55.4 -4.6	-238.1 -11.5	-214.8 -18.9	-191.0 -20.0
Operating profit/loss	-63.7	-52.2	-184.6	-202.7	-124.6
Net financial items	1.5	-0.5	4.0	-5.0	-17.2
Pre-tax profit/loss	-62.2	-52.7	-180.6	-207.7	-141.8
Taxes	–	–	-1.0	–	2.6
Net loss for the period	-62.2	-52.7	-181.6	-207.7	-139.2

Balance sheet

SEK million	2009-Q1	2008-Q1	2008	2007	2006
Tangible fixed assets	325.5	326.6	324.6	329.7	347.7
Financial fixed assets	–	2.5	–	2.5	2.8
Other current assets	13.1	8.5	9.6	18.7	14.0
Cash and cash equivalents and short term investments	71.8	92.2	138.7	138.6	97.9
Total assets	410.4	429.8	472.9	489.5	462.4
Shareholders' equity	101.2	137.1	163.6	189.6	60.4
Interest-bearing liabilities and provisions	260.0	256.1	258.4	256.1	358.7
Not interest-bearing liabilities and provisions	49.2	36.6	50.9	43.8	43.3
Total shareholders' equity and liabilities	410.4	429.8	472.9	489.5	462.4

Operating cash flow in summary

SEK million	2009-Q1	2008-Q1	2008	2007	2006
Cash flow from operations before investments	-66.7	-44.0	-163.8	-183.6	-82.6
Investments	–	-0.3	-2.9	-0.1	–
Operating cash flow	-66.7	-44.3	-166.7	-183.7	-82.6

Key figures

	2009-Q1	2008-Q1	2008	2007	2006
Capital employed, SEK M	361.2	393.2	422.0	445.7	419.1
Net indebtedness, SEK M	188.2	163.9	119.7	117.5	259.3
Return on equity, %	-47	-32	-103	-166	-117
Return on capital employed, %	-16	-12	-39	-45	-26
Equity/assets ratio, %	25	32	35	39	13
Share of risk-bearing capital, %	25	32	35	39	13
Net debt/equity ratio, times	1.86	1.20	0.73	0.62	4.29
Interest coverage ratio, times	neg	neg	neg	neg	neg
Research and development costs, SEK M	-61.5	-49.8	-207.4	-189.7	-165.7
Average number of employees	90	89	90	89	89
Payroll costs, incl. social security fees, SEK M	19.7	20.0	87.8	84.4	85.2

Data per share

	2009-Q1	2008-Q1	2008	2007	2006
Profit/loss after taxes, SEK ⁵	-1.21	-1.11	-3.66	-4.47	-3.50
Shareholder's equity, SEK	1.98	2.90	3.19	4.01	1.52
Net asset value, SEK	1.98	2.90	3.19	4.01	1.52
Disposable liquidity, SEK	1.40	1.95	2.71	2.93	2.46
Period-end share price, SEK	39.90	56.66	31.00	58.40	77.54
Dividend, SEK	0	0	0	0	0
Price/equity, %	2,020	1,955	972	1,456	5,101
Price/net asset value, %	2,020	1,955	972	1,456	5,101
Number of shares at end of period, thousands	51,242	47,300	51,242	47,300	39,795
Weighted average number of ordinary shares before dilution, thousands	51,242	47,300	49,605	46,427	39,755
Number of shares at end of period, incl. warrants, thousands	52,572	48,630	52,572	48,630	41,125

Definitions

Capital employed – Total assets less non interest-bearing provisions and liabilities.

Net indebtedness – Net interest-bearing liabilities, that is, interest-bearing liabilities and provisions less cash and cash equivalents, short term investments and other interest-bearing long term holdings of securities.

Return on shareholders' equity – Profit/loss for the year as a percentage of average shareholders' equity.

Return on capital employed – Operating profit/loss after net financial items plus financial expenses, as a percentage of average capital employed.

Equity/assets ratio – Shareholders' equity plus minority interests, as a percentage of total assets.

Proportion of risk-bearing capital – Shareholders' equity plus minority interests and deferred tax liabilities as a percentage of total assets.

Net debt/equity ratio – Net interest-bearing liabilities divided by shareholders' equity, including minority interests.

Interest coverage ratio – Operating profit/loss after financial items plus financial expenses, divided by financial expenses.

Shareholders' equity per share – Reported shareholders' equity in the Group divided by the number of shares at year-end.

Net worth per share – Shareholders' equity and surplus values in short term investments, divided by the number of shares at period-end.

Unrestricted liquidity per share – Cash and cash equivalents and short term investments, divided by the number of shares at period-end.

Earnings per share after tax – Reported consolidated earnings, divided by the average number of shares.

⁵⁾ There are 1,330,000 warrants outstanding in the Company. Since a calculation of earnings per share after full dilution is not estimated to provide an accurate impression, this key figure is not provided.

Capitalization and indebtedness

Below is set forth information in relation to Active Biotech's capitalization and indebtedness as of 31 March 2009.

SEK million	
<i>Total current debt</i>	<i>55.9</i>
Guaranteed	–
Secured	6.7
Unsecured	49.2
<i>Total non-current debt</i>	<i>253.3</i>
Guaranteed	–
Secured	253.3
Unsecured	–
<i>Shareholders' equity</i>	<i>101.2</i>
Share capital	193.1
Legal reserve	118.9
Other reserves	-210.8

Net Indebtedness

SEK million	
A. Cash	–
B. Cash equivalents	71.8
C. Trading securities	–
<i>D. Liquidity (A+B+C)</i>	<i>71.8</i>
E. Current financial receivables	–
F. Current bank debt	5.2
G. Current portion of non current debt	1.5
H. Other current financial debt	–
<i>I. Current financial debt (F+G+H)</i>	<i>6.7</i>
<i>J. Net current financial indebtedness (I-E-D)</i>	<i>-65.1</i>
K. Non current bank loans	245.4
L. Bond issued	–
M. Other non current loans	7.9
<i>N. Non current financial indebtedness (K+L+M)</i>	<i>253.3</i>
<i>O. Net financial indebtedness (J+N)</i>	<i>188.2</i>

Comments on the selected historical financial information

Net sales 2008 - 2006

SEK million	2008	2007	2006
	53.5	12.1	66.4

The Group's consolidated net sales for the period January-March 2009 amounted to SEK 2.2 million and comprised service and rental income. The same period 2008 comprised SEK 2.4 million in rental and service income and SEK 0.8 million in research grants from Vinnova.

Consolidated net sales for 2008 amounted to SEK 53.5 million and comprised a milestone payment from Teva of SEK 41.2 million, service and rental income of SEK 10.6 million and SEK 1.7 million in research grants from Vinnova.

Consolidated net sales for 2007 amounted to SEK 12.1 million and included service and rental income of SEK 8.8 million as well as SEK 3.3 million of research grants from Vinnova.

Consolidated net sales for 2006 amounted to SEK 66.4 million, including a milestone payment from Teva totaling SEK 51.2 million, an initial payment from Chelsea Therapeutics amounting to SEK 7.2 million relating to the joint development of the I-3D project and SEK 8.0 million related to service and rental income.

Operating expenses 2008 - 2006

SEK million	2008	2007	2006
Administration costs	-30.7	-25.0	-25.2
Research and development costs	-207.4	-189.8	-165.8
Total operating expenses	-238.1	-214.8	-191.0
Research and development costs/ total costs (%)	87.1	88.4	86.8

Since Active Biotech's operation consists of the development of pharmaceuticals, operating expenses mainly comprise research and development costs.

The proportion of research and development costs of total costs exceeded 86 percent each year during the three-year period 2006-2008. In 2006, the proportion of research costs corresponded to 86.8 percent of total operating expenses to subsequently increase to 88.4 percent in 2007 as a result of higher costs for the ongoing Phase II trials for the ANYARA

project and the Phase II trial for the TASQ project. The research and development costs increased by 9 percent in absolute terms between 2007 and 2008 but decreased to 87.1 percent as a proportion of total operating expenses as the administrative expenses increased faster than research costs during 2008. The latter being a consequence of contractual costs related to the change of CEO during the year. The cost trend in the period 2006-2008 is entirely related to the larger number of clinical trials in later clinical phases conducted at a larger number of clinics with more extensive patient groups.

Comparison between January - March 2009 and January - March 2008

Total operating expenses in the first quarter 2009 amounted to SEK 65.9 million, corresponding to a 19-percent increase compared with 2008. Administrative expenses amounted to SEK 4.4 million compared with SEK 5.7 million in 2008. The reduced cost level refers to the change of CEO during 2008. Research and development costs amounted to SEK 61.5 million in the first quarter 2009, an increase in costs of SEK 11.7 million compared with the corresponding period 2008, attributable to intensified clinical research activities, particularly the ongoing Phase III study for the ANYARA project, the ongoing Phase II study for the TASQ project and the 57-57 project.

Comparison between the 2008 and 2007 financial years

Total operating expenses in 2008 amounted to SEK 238.1 million, corresponding to an 11-percent increase compared with 2007. Administrative expenses amounted to SEK 30.7 million compared with SEK 25.0 million in 2007 as a result of contractual costs related to the change of CEO during the year. Research and development costs amounted to SEK 207.4 million in 2008, an increase in costs of SEK 17.6 million compared with 2007, attributable to intensified clinical research activities and more extensive later-stage studies, particularly the ongoing Phase III study for the ANYARA project and the Phase II study for the TASQ project. The clinical development program comprises a total of five projects, of which laquinimod and RhuDex are financed by partners. The costs for ANYARA, TASQ, 57-57 and the preclinical project ISI are financed by Active Biotech.

Comparison between the 2007 and 2006 financial years

Total operating costs in 2007 amounted to SEK 214.8 million, corresponding to a 12-percent increase compared with 2006. Administrative expenses amounted to SEK 25.0 million compared with SEK 25.2 million in 2006. Research and development costs amounted to SEK 189.8 million in 2007, an increase in costs of SEK 24.0 million compared with 2006, which is explained by the increased clinical research activities with more extensive later-stage studies, particularly the ongoing Phase II/III study for the ANYARA project and the Phase II study that commenced for the TASQ project.

Net financial items

Net financial items in 2008 amounted to SEK 4.0 million whereof interest income amounted to SEK 6.1 million and interest expenses to SEK 9.6 million. The net financial items also included the capital gain, totaling SEK 7.4 million, received in connection with the divestment of the minority shareholding in the UK company Isogenica Ltd. Exchange-rate differences in net financial items amounted to SEK 0.1 million.

The Group's consolidated net financial items in 2007 totaled a loss of SEK 5.0 million. Interest income amounted to SEK 6.8 million and total interest expenses amounted to SEK 11.8 million. Interest expenses attributable to the convertible debenture redeemed during the year amounted to SEK 2.4 million, the property loan to SEK 9.0 million and other interest expenses to SEK 0.4 million. Exchange-rate differences in net financial items amounted to SEK 0.0 million.

Consolidated net financial items in 2006 totaled a loss of SEK 17.3 million. Interest income amounted to SEK 2.4 million and total interest expenses to SEK 19.2 million. Interest expenses attributable to the convertible debenture amounted to SEK 11.5 million, the property loan to SEK 7.2 million and other interest to SEK 0.5 million. Exchange-rate losses in net financial items amounted to SEK 0.4 million.

Tax expenses

The Group reported a deferred tax expense amounting to SEK 1.0 million in 2008 as a consequence of the introduced change in the nominal tax rate in Sweden. No tax expense was reported for 2007. In 2006, SEK 2.6 million was reported as a tax receivable attributable to a re-valuation of the property owned by the Company.

Operating cash flow and investments

The Group's operating cash flow in 2008 was negative SEK 166.7 million, representing an improvement of SEK 17.0

million compared with 2007. The improvement is attributable to increased net sales 2008 compared to 2007, as the 2008 income included a milestone payment amounting to SEK 41.2 million. The operating cash flow in 2007 was negative SEK 183.7 million, representing a decline of SEK 101.1 million compared with 2006. In 2006, the operating cash flow was negative SEK 82.6 million, corresponding to an improvement of SEK 101.0 million compared with 2005, which is explained by partner revenues and lower development costs.

Investments in fixed assets amounted to SEK 2.9 million in 2008, SEK 0.9 million in 2007 and SEK 0.3 million in 2006. The investments between 2006-2008 pertained to acquisitions of instruments, laboratory equipment and technical facilities in research operations.

Financial leasing agreements was used as a form of financing for SEK 2.9 million of investments in 2008, SEK 0.8 million of investments in 2007 and SEK 0.3 million of investments in 2006.

Assets

The Group's total assets on 31 December 2008 amounted to SEK 472.9 million, of which SEK 138.7 million, corresponding to approximately 29.3 percent, comprised cash and cash equivalents. Fixed assets totaled SEK 324.6 million at the end of 2008, of which buildings, land and other fixed property amounted to SEK 316.6 million, equipment, tools, fixtures and fittings amounted to SEK 8.0 million and financial assets amounted to SEK 0.0 million. For information on the Group's assets at 31 March 2009, please refer to "Interim report January – March 2009".

Financing and financial position

The Group's consolidated shareholders' equity amounted to SEK 163.6 million on 31 December 2008. At the same date, the Group's interest-bearing liabilities totaled SEK 258.4 million, of which the major part (approximately SEK 252 million) was attributed to the Company's real estate in Lund. Other interest-bearing liabilities were attributable to the Company's leasing and loan facility with Nordea Bank AB (publ). The Group's equity/assets ratio on 31 December 2008 amounted to 34.6 percent. For information on the Group's financial position as of 31 March 2009, please refer to "Interim report January – March 2009".

No significant events pertaining to the Company's financial position have occurred since 31 March 2009.

Account of working capital

The reason for the rights issue at hand is to strengthen the Company's financial position and thereby enable the continued development of the Company's clinical projects. The Company's existing working capital is not sufficient for the next twelve-month period. The aim is to finance also the future development of the Company's projects through shareholders' equity and existing and new partnership agreements. The rights issue, which is guaranteed in its entirety, will provide the Company with approximately SEK 256 million before issue expenses. The contributed capital will primarily be utilized to finance the continued development of the Company's clinical projects. Existing liquidity and capital from the rights issue at hand is expected to finance the operations during the next twelve-month period.

Dividend policy

In view of Active Biotech's financial position and negative earnings, the Board does not intend to propose the payment of any dividends in the years immediately ahead. The Company's financial assets will mainly be used to finance existing and new research projects.

Investment policy

Active Biotech's Board has established a policy for the investment of the Group's cash and cash equivalents, according to which cash and cash equivalents are to be invested at a low credit risk, primarily in short term Swedish securities, commercial papers and fixed income and bond funds with high liquidity.

Exchange-rate effects

The Group is exposed to exchange rate fluctuations, since operations are pursued primarily in Sweden while the proportion of costs for purchase of clinical trials, research services and clinical materials in foreign currency has increased

as a consequence of more extensive clinical studies performed outside Sweden. Operating costs for the 2008 financial year amounted to SEK 238.1 million, of which approximately 34 per cent was represented by costs in foreign currency. The proportion of costs in foreign currency, mainly USD and EUR, may fluctuate when the projects gradually reach later phases of development with the potential for more clinical studies outside Sweden. Since the Group does not use forward contracts or options in order to hedge exchange-rate risks, the effects of the weaker Swedish krona during the year have had an impact on the income statement. Credit risks within the Company are marginal, because the rate of invoicing from the Company's operations is low, since the operations mainly comprise research and development at present.

Tax situation

The Group's total loss carry forwards amounted to approximately SEK 1,873 million at the end of 2008. Since it is not currently possible to state accurately when anticipated revenues will be reported, no deferred tax assets have been historically reported in the consolidated balance sheet.

Investments

Investments in instruments and laboratory equipment in the forthcoming years are not expected to change significantly in relation to 2008. It is intended that these investments be financed within the framework of the Company's leasing and loan facility with Nordea Bank AB (publ).

Remunerations to members of the Board and senior executives during 2008

As stated in note 5 "Employee and personnel costs, and remuneration of senior executives" in the 2008 annual report, the below remunerations have been paid to the members of the Board and senior executives during 2008.

TSEK	Basic salary/ Board fee	Variable remuneration	Other benefits	Salary exchange	Pension costs	Financial instruments	Other remuneration	Total
Mats Arnhög	250	-	-	-	-	-	-	250
Magnhild Sandberg-Wollheim	125	-	-	-	-	-	-	125
Klas Kärre	125	-	-	-	-	-	-	125
Peter Sjöstrand	125	-	-	-	-	-	-	125
Peter Ström	125	-	-	-	-	-	-	125
President & CEO Sven Andréasson 1 Jan - 31 Aug	2,287	-	6	-	583	-	-	2,876
President & CEO Sven Andréasson final remuneration	2,900	-	-	1,000	2,434	-	-	6,334
President & CEO Tomas Leanderson 1 Sep - 31 Dec	1,062	-	30	79	283	-	-	1,454
Tomas Leanderson 1 Jan - 31 Aug	1,634	-	61	170	448	-	-	2,313
Other senior executives (3 individuals)	3,591	-	236	133	850	-	-	4,810
Total	12,224	-	333	1,382	4,598	-	-	18,537

Board of Directors, management and auditor

Board of Directors

According to Active Biotech's articles of association, the Board shall be comprised of between three and nine members, with a maximum of nine deputies. Active Biotech's Board currently comprises six members, including the Chairman, elected by the Annual General Meeting, and two employee representatives appointed by the employees. The Board members elected by the Annual General Meeting are appointed until the end of the 2010 Annual General Meeting.

The holdings set forth below for each Board member and member of the management team pertains to the holding of shares and other share-related instruments as at 30 April 2009 and subsequent changes known to the Board.

Mats Arnbög, Chairman

Born 1951. Board member since 2000, Chairman since 2003. MSc Economics, Stockholm School of Economics.

Other Board assignments: Chairman of MGA Holding AB and its subsidiaries MGA Shipping AB, MGA Placeringar AB, MGA Förvaltning AB, Rederi AB Sea-Link, M2J Holding AB and MGA Invest AB, Chairman of Situation Stockholm AB, Sturehof AB, Ahlströmska Skolans Byggnads AB and Föreningen för Carlssons skola. Member of the Board of Nordstjernan AB, Brofågel Support AB, Switcher Holding S.A. and its subsidiaries Switcher S.A., Labell S.A. and Product DNA S.A., member of the Advisory Board of the Stockholm School of Economics, Ideella Föreningen Situation Stockholm and the Swedish Press Council.

Assignments concluded in the past five years: Chairman of North Trade Stockholm AB until 2006.

Holding: 15,379,533 shares held through MGA Holding AB.

Klas Kärre, Board member

Born 1954. Board member since 2003. Professor of Molecular immunology at the Karolinska Institute in Stockholm. Medical degree, the Karolinska Institute in Stockholm.

Other Board assignments: Member of the Board of Accuro Immunology AB, the Karolinska Institute, the Foundation Wenner-Grenska Samfundet, the Axel Wenner-Gren Foundation for International Exchange of Scientists and member of the Nobel Assembly at the Karolinska Institute.

Assignments concluded in the past five years: Member of the Board of Kalmar University until 2007.

Holding: 6,513 shares.

Tomas Nicolin, Board member

Born 1954. Board member since 2009. MSc Economics, Stockholm School of Economics and Master degree in business administration from MIT Sloan School.

Other Board assignments: Member of the Board of Nordstjernan AB, Skandinaviska Enskilda Banken AB, Q-Med AB and Megawatt AB. Member of the Nobel Assembly, the Axel and Margaret Ax:son Johnson's Foundation, the Swedish Research Institute of Industrial Economics, the Swedish Industry and Commerce Stock Exchange Committee, the Advisory Board of the Stockholm School of Economics, the Foundation Internationella Gymnasiet Curt Nicolin 60 years and the Ulla & Curt Nicolin's Foundation. Deputy member of the Board and managing director of Förvaltningsrådgivaren Nicolin AB.

Assignments concluded in the past five years: Managing director of Alecta Pensionsförsäkring until 2009. Member of the Association for Generally Accepted Principles in the Securities Market, the Swedish Insurance Federation, the Insurance Industry's Employer Organization and Board member of Självregleringen i Sverige Service AB until 2009. Chairman of Alecta AB and Alecta Kapitalförvaltning AB, which were liquidated in 2005. Managing director of KAF Kollektivavtalsförsäkring that was liquidated in 2006.

Holding: 24,000 shares (privately and through companies).

Magnhild Sandberg-Wollheim, Board member

Born 1937. Board member since 2007. Associate Professor of Neurology and Consultant at the Neurological Clinic at Lund University Hospital.

Other Board assignments: Member of the Board of Magnhild S. Wollheim AB and the European MS Foundation.

Assignments concluded in the past five years: None.

Holding: None.

Peter Sjöstrand, Board member

Born 1946. Board member since 2000. BSc Economics, Stockholm School of Economics. Medical degree, Karolinska Institute in Stockholm.

Other Board assignments: Chairman of Gambro Lundia AB, Incentive AB (a company within the Gambro group), the Foundation Oscar Hirsch Minne and Byggnads AB S:t Erik. Member of the Board of Aleris Holding AB, Peter Sjöstrand AB, Ringens Varv AB, Karolinska Development AB and School of Technology and Health (Royal Institute of Technology in Stockholm).

Assignments concluded in the past five years: Chairman of Meda AB until 2009 and Gambro AB until 2007. Member of the Board of Innate Pharmaceuticals AB until 2008, Ringens Varv i Marstrand AB until 2007, Peter Lind AB until 2007, Just Liv Management AB until 2005 and the Swedish Heart-Lung Foundation until 2005.

Holding: None.

Peter Ström, Board member

Born 1952. Board member since 2003. MSc Economics, Stockholm School of Economics.

Other Board assignments: Chairman of LIDDS AB. Member of the Board of Comtax AB and Oasmia Pharmaceutical AB.

Assignments concluded in the past five years: Chairman of Peridoc AB until 2007 and IMS Medical Radar, Medical Radar Holding AB and IMS Health AB until 2005 and member of the Board of Puls AB until 2007.

Holding: 19,420 shares.

Anette Sundstedt, employee representative

Born 1967. Employee representative since 2008, employed by the Company since 2001. Biologist, PhD Medical Science, University of Lund.

Other Board assignments: None.

Assignments concluded in the past five years: None.

Holding: 6,075 employee stock options.

Karin Hallbeck, employee representative

Born 1956. Employee representative since 2008, employed by the Company since 1998. Laboratory Engineer.

Other Board assignments: None.

Assignments concluded in the past five years: None.

Holding: 1,213 shares and 5,825 employee stock options.

Senior management***Tomas Leanderson, President and CEO***

Born 1956. President and CEO since 2008, prior to which he was the Chief Scientific Officer of the Company since 1999. Professor of Immunology at Lund University.

Other Board assignments: Member of the Board of Isogenica Ltd. (Cambridge, UK). Part-time employed as Professor at Lund University.

Assignments in the past five years: None.

Holding: 75,000 employee stock options.

Tomas Leanderson has held a number of academic research positions both in Sweden and internationally.

Hans Kolam, CFO

Born 1951. Employed by the Company since 2000. BA in Economics, Uppsala University.

Other Board assignments: Deputy member of the Board of MK Flyg AB.

Assignments concluded in the past five years: Deputy member of the Board of Munkberg & Kolam AB until 2008.

Holding: 9,952 shares and 24,550 employee stock options.

Hans Kolam has close to 30 years of experience in the pharmaceutical industry, mainly from different positions in Pharmacia's financial organization.

Göran Forsberg, VP Investor Relations & Business Development

Born 1963. Employed by the Company since 1998. PhD Biochemistry, Royal Institute of Technology in Stockholm.

Other Board assignments: None.

Assignments concluded in the past five years: None.

Holding: 1,235 shares and 14,390 employee stock options.

Göran Forsberg has worked in the pharmaceutical industry for 20 years in different positions within KabiGen, Pharmacia and the University of Adelaide, Australia.

Lars M Nilsson, VP Regulatory & Quality Affairs

Born 1943. Employed by the Company since 2001. Veterinary, Royal Veterinary College, Stockholm.

Other Board assignments: None.

Assignments concluded in the past five years: None.

Holding: 1,526 shares and 24,550 employee stock options.

Lars M Nilsson has close to 40 years of experience from the international pharmaceutical industry. His most recent position was as Head of registration and quality assurance at Pharmacia Consumer Health Care.

None of the Board members and senior executives named above has any close association with any other Board member or senior executive. No conflicts of interest exist between the above Board members' and senior executives' obligations to Active Biotech and their private interests or other commitments. Other than as stated in note 5 "Employee and personnel costs, and remuneration of senior executives" in the 2008 annual report, none of the Board members or the senior executives has signed contracts or entered any other agreement with Active Biotech regarding benefits once their assignment has been concluded. None of the Board members or the senior executives has been found guilty in any fraud-related cases in the past five years or, except as explicitly set forth above, has been involved in any bankruptcy, liquidation or receivership as a member of a company's administration, management or controlling bodies in the past five years. During the past five years, no Board member or senior executive has been subject to official accusations or sanctions by inspection or legislative bodies and none of them has been prohibited by a court of law to be active as member of a Board or management or in any other manner conduct business activities in the past five years. In relation to the Offer and this Prospectus, the office address of the Board members and senior executives is c/o Active Biotech AB, Scheelevägen 22, P.O. Box 724, SE-220 07 Lund, Sweden.

Auditors

At the Annual General Meeting 2009, KPMG AB was re-elected auditor of the Company. Auditor in charge is David Olow, born 1963, authorized public accountant and auditor in charge in Active Biotech since 2009. David Olow is a member of FAR SRS (the institute of the Swedish accounting profession). The authorized public accountant Stefan Holmström from KPMG AB was auditor in charge in the Company during the period 2001-2009. Stefan Holmström is born 1949 and a member of FAR SRS.

Address:

KPMG AB
Tegelbacken 4A
P.O. Box 16106
SE-103 23 Stockholm, Sweden

Share capital and ownership structure

General information

The shares in Active Biotech have been issued in accordance with Swedish law. The rights of the owners, including the rights of the minority shareholders, associated with the shares can only be altered in accordance with the procedures outlined in the Swedish Companies Act (2005:551).

At the General Meeting, each share entitles the holder to one vote. Each shareholder entitled to vote at a meeting may vote for its full number of shares. Each share carries equal rights to dividends and any surplus in connection with liquidation of the Company. As a general rule, in the event of a new share issue, existing shareholders have pre-emptive rights to newly issued shares in accordance with the Swedish Companies Act unless otherwise provided for in the resolution regarding the issue. The shares in Active Biotech are not subject to any limitations as regards their transferability. Neither are the Company's shares subject to offers made as a result of a compulsory bid, right of redemption or redemption obligation. No public takeover offer for Active Biotech's shares has been made.

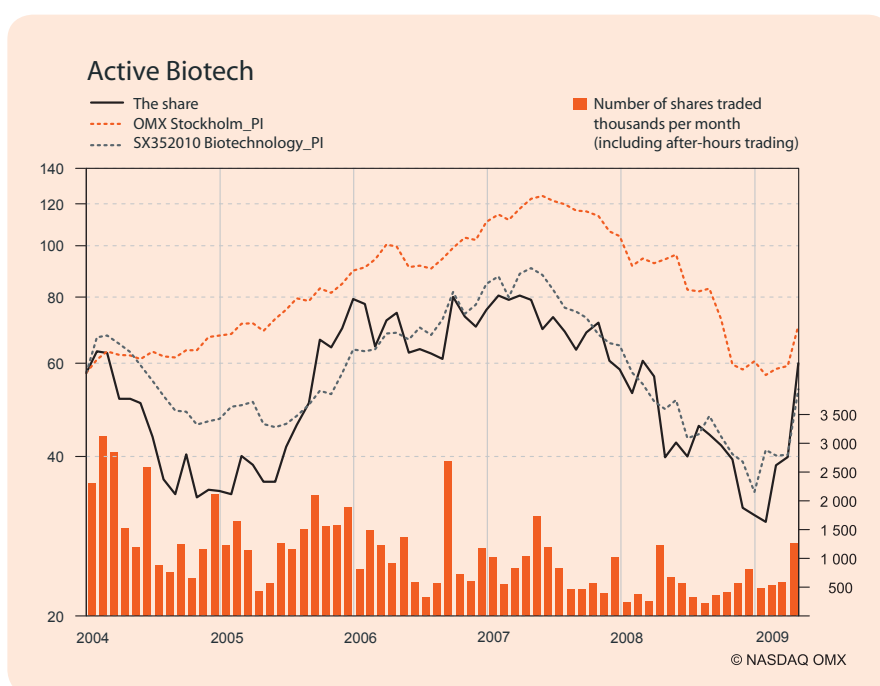
Notices of general meetings shall be published in the Swedish Official Gazette (*Sw. Post- och Inrikes Tidningar*) and in Svenska Dagbladet. Notice of Annual General Meetings, and Extraordinary General Meetings at which matters regarding changes to the Company's articles of association are to be addressed, shall be issued six to four weeks prior to the meeting.

Notice of other Extraordinary General Meetings shall be issued six to two weeks prior to the meeting. Shareholders registered in the Company's share register on the record date for the general meeting and that notify the Company of its intention to participate in the meeting no later than on 4 p.m. on the day set forth in the notice, have the right to participate in the meeting.

The Active Biotech share is listed on NASDAQ OMX Stockholm, Mid Cap. The share was listed on 1 December 1986 on the then O-list of the Stockholm Stock Exchange. The diagram below shows the share price trend for the Active Biotech share for the period January 2003 - April 2009.

Share capital

The Company's share capital is expressed in SEK and is distributed among the shares issued by the Company with a quotient value also expressed in SEK. According to the Company's articles of association, the Company's share capital shall amount to not less than SEK 160,000,000 and not more than SEK 640,000,000, and the Company shall have not less than 40,000,000 and not more than 160,000,000 shares. On the date of this Prospectus, the share capital of the Company amounts to SEK 193,147,868.51, distributed among 51,241,791 shares. Accordingly, the share's quotient value is approximately SEK 3.77. The share capital and number of shares in the Company may be increased through the exercise



of warrants issued under the Company's employee stock option program or by utilization of the issue authorization that was resolved at the Annual General Meeting on 7 May 2009.

The right issue at hand entails an increase of the number of shares in the Company from 51,241,791 shares to 64,052,238 shares, corresponding to an increase of approximately 25 per cent. Shareholders not subscribing for shares in the issue at hand will be diluted with in total 12,810,447 shares, corresponding to approximately 20 per cent of the shares in the Company following the issue.

Issue authorization

The Annual General Meeting held on 7 May 2009 resolved to authorize the Board until the next Annual General Meeting to resolve on new issues of shares/convertibles, on one or several occasions and with or without pre-emptive rights for the Company's shareholders. Such issue resolution may also be made with a provision for in-kind payment, the right of set-off or other terms and conditions. The authorization may only be utilized to the extent that a maximum of 6,000,000 shares are issued/or may occur through the conversion of convertibles issued based on the authorization. The purpose of the authorization is to enable the financing, commercialization and development of the Company's projects and to provide flexibility in commercial negotiations with partners. Should the authorization be utilized in full, the Company's share capital may be increased by a maximum of approximately SEK 22,616,056.

Employee stock options

An Extraordinary General Meeting held on 8 December 2003 decided on the introduction of an employee stock option program, according to which all employees in the Group are allotted employee stock options at no charge in accordance with a separate plan. The program covers a maximum of 1,000,000 stock options in total, each option carrying an entitlement to purchase one share in the Company. To secure the undertakings pursuant to the employee stock option program, it was decided to issue to Active Security Trading AB, a wholly owned subsidiary of Active Biotech, a debenture with a nominal value of SEK 1,330 attached to a maximum of 1,330,000 warrants for subscription for shares on conditions corresponding to those applying to the

employee stock options (see below). Upon full exercise of the outstanding warrants, the share capital will increase by SEK 5,013,225.75 and the number of shares by 1,330,000, corresponding to a dilution effect of approximately 2.6 per cent of the total number of votes and shares in the Company prior to the Offer.

The options were allotted on three occasions. Series 1 encompassing 329,825 options was allotted in December 2003, Series 2 encompassing 239,075 options was allotted in June 2005 and Series 3 encompassing 340,000 options was allotted in June 2006. Each Series 1 option entitles the holder to subscribe for 1.07 shares in the Company during the period 1 June 2006 to 31 May 2009 at a recalculated price of SEK 84.50. Each Series 2 option entitles the holder to subscribe for 1.07 shares in the Company during the period 1 June 2007 to 31 May 2010 at a recalculated price of SEK 43.80. Each Series 3 option entitles the holder to subscribe for 1.07 shares in the Company during the period 1 June 2008 to 31 May 2011 at a recalculated price of SEK 66.90.

Upon full exercise of the outstanding employee stock options through the use of the aforementioned warrants, the Company will be provided with approximately SEK 65 million (before recalculation due to the Offer as set out below and unaccounted for costs and tax consequences of such utilization of the employee stock options).

The Offer will result in a recalculation of the exercise price and the number of shares to which each employee stock option entitles the holder. From 1 June 2006 to 30 April 2009, no employee stock options were exercised.

Changes in the share capital

The table on the following page shows the changes in Active Biotech share capital since 2000 and the changes resulting from the Offer.

Trend in share capital

Year	Transaction	Change in number of shares	Change in share capital, SEK	Total no. of shares		Total share capital, SEK	Quotient value, SEK
				Class A shares	Class B shares		
	Opening balance			1,963,745	9,282,547	281,157,300	25.00
2000	Reclassification A as B	0	0	1,287,531	9,958,761	281,157,300	25.00
2001	Reclassification A as B	0	0	1,169,691	10,076,601	281,157,300	25.00
2002	Reclassification A as B	0	0	1,145,024	10,101,268	281,157,300	25.00
2003	Reduction of share capital (June)	0	-168,694,380	1,145,024	10,101,268	112,462,920	10.00
2003	Rights issue (June)	22,492,584	224,925,840	1,145,024	32,593,852	337,388,760	10.00
2003	Reclassification A as B	0	0	1,128,174	32,610,702	337,388,760	10.00
2003	Reorganization as a single share class (Dec.)	0	0	33,738,876		337,388,760	10.00
2005	Conversion (Jan.-May)	1,681	16,810	33,740,557		337,405,570	10.00
2005	Rights issue (June/July)	5,623,426	56,234,260	39,363,983		393,639,830	10.00
2005	Conversion (Aug./Sept.)	228,241	2,282,410	39,592,224		395,922,240	10.00
2006	Conversion (Jan.-/May)	160,644	1,606,440	39,752,868		397,528,680	10.00
2006	Reduction of share capital (May)	0	-247,686,499	39,752,868		149,842,181	3.77
2006	Conversion (June-Dec.)	42,553	160,397	39,795,421		150,002,578	3.77
2007	Conversion (Jan.)	204,579	771,128	40,000,000		150,773,706	3.77
2007	Rights issue (Feb.)	4,000,000	15,077,371	44,000,000		165,851,077	3.77
2007	Conversion (Mar.)	3,300,115	12,439,264	47,300,115		178,290,341	3.77
2008	Rights issue (June)	3,941,676	14,857,527	51,241,791		193,147,869	3.77
2009	Offer	12,810,447	48,286,964	64,052,238		241,434,832	3.77

Shareholders

On 30 April 2009, the number of shareholders in Active Biotech totaled 9,444. The tables presented below reflect the largest owners of the Company and ownership structure as of 30 April 2009, adjusted with regard taken to changes known to the Company that occurred thereafter.

Shareholder	Number of shares	Proportion of shares and votes, %
MGA Holding AB	15,379,533	30.0
Nordstjernen AB	7,828,261	15.3
Brummer & Partners	2,556,666	5.0
Catella fondförvaltning	2,179,066	4.3
JP Morgan Bank	1,214,291	2.4
Danske Bank International	970,000	1.9
East Bay AB	700,000	1.4
Futuris	615,273	1.2
Pictet & CIE	595,843	1.2
R. Sand/Förv. AB Sandhög	591,651	1.2
10 largest owners	32,630,584	63.7
Others	18,611,207	36.3
Total	51,241,791	100.0

The Swedish Securities Council in its statement 2006:58 granted MGA Holding AB an exemption from the compulsory bid requirement that arose in connection with the rights issue in 2007. Further, the Swedish Securities Council has in its statement 2009:07 granted MGA Holding AB an exemption from the compulsory bid requirement that otherwise could arise in connection with fulfillment of MGA Holding AB's subscription commitment and issue guarantee in relation to the Offer. However, in the event MGA Holding AB acquires additional shares in the Company and thereby increases its share of the votes in the Company, the compulsory bid requirement will arise.

Shareholder agreements

To the knowledge of the Company's Board, there are no shareholder agreements or similar arrangements with the aim of creating a joint influence over the Company. In addition, the Board is not aware of any shareholder agreements or similar arrangements that can lead to a change in how the Company is controlled.

Shareholder statistics

Shareholding interval	Number of shareholders	Proportion of all shareholders, %	Number of shares	shares and votes, %	Average number of shares per shareholder
1 – 1,000	7,864	83.3	1,918,710	3.7	244
1,001 – 10,000	1,355	14.3	3,795,433	7.4	2,801
10,001 – 100,000	187	2.0	5,447,783	10.6	29,133
100,001 –	38	0.4	40,079,855	78.2	1,054,733
Total	9,444	100.0	51,241,791	100.0	5,426

Legal matters and supplementary information

Significant agreements

Teva

In June 2004, Active Biotech entered a development and partner agreement with Teva regarding the Active Biotech developed and patented compound laquinimod for the treatment of MS and other indications. The agreement provides Teva the exclusive right to develop, register, produce and commercialize laquinimod globally, with the exception of the Nordic and Baltic regions, where Active Biotech retains exclusive commercial rights. Under the agreement, Teva will assume responsibility for the continued clinical development of laquinimod and the financing hereof. The agreement with Teva entitles Active Biotech to a number of milestone payments that relate to the achievement of certain development and various sales targets. The milestone payments can aggregate up to a maximum of USD 92 million, including the initial payment of USD 5.0 million at signing of the agreement, the milestone payment of USD 7.0 million made in October 2006 and the milestone payment of USD 5.0 million made in November 2008. In addition, Active Biotech is entitled to tiered double-digit royalty payments on Teva's sales of laquinimod until 15 years after the first commercial sale in each country.

MediGene

In April 2002, Active Biotech signed a partner agreement with the UK biotech company Avidex Ltd. regarding the so-called CD80 antagonists developed and patented by Active Biotech for the treatment of autoimmune diseases. Avidex Ltd. was subsequently acquired by MediGene. Accordingly, all rights and obligations that previously accrued to Avidex Ltd. under the agreement now accrue to MediGene. The agreement gives MediGene exclusive rights to product development and marketing and entitles Active Biotech to milestone payments of a maximum of approximately GBP 6 million. In addition, the agreement gives Active Biotech rights to royalties on MediGene's sales of the finished products (if any). The royalty rights are not limited in terms of amounts and apply as long as the finished product is protected by the patent rights comprised by the agreement, but for at least ten years from the date of market launch. An additional partnership agreement was signed between Active Biotech and Avidex Ltd. in May 2004, which entails the companies combining their protein platforms to develop immune therapies against cancer.

Richter-Helm

Active Biotech is dependent on partnership agreements with external parties for process development and manufacture of clinical materials. There are only a limited number of suitable parties in this respect, and Richter-Helm is one of them. In March 2004, Active Biotech Research AB signed an agreement with Strathmann Biotech GmbH & Co. KG, which has since changed its name to Richter-Helm, concerning the development and manufacture of compounds for ANYARA. In accordance with the agreement, Richter-Helm will provide services in the form of development and production of drug substances in Active Biotech's ANYARA project for clinical Phase II/III studies. In return, Richter-Helm has right to a low single-digit royalty on Active Biotech's revenues with respect to ANYARA, which royalty is limited to a maximum amount of EUR 10.0 million. Provided that cooperation pursuant to the agreement is finalized in conjunction with the commercialization of products, Richter-Helm will receive an option to manufacture the products.

CMO agreements

When pursuing drug development, a number of clinical studies must be conducted and clinical materials produced. Active Biotech Research AB engages so called CMOs for the production of clinical materials to be used in the clinical studies. For this purpose, the Company has primarily contracted Siegfried Ltd., Richter-Helm, Rentschler Biotechnologie GmbH, DuPont Sverige AB, Inpac AB, Apoteket AB, Finorga S.A.S and Penn Pharmaceutical Services Ltd.

CRO agreements

The practical implementation of clinical studies is conducted by means of CROs. Active Biotech is dependent on the signing of agreements with CROs for projects that reach the clinical phase. The most important CROs with which Active Biotech Research AB has signed agreements to date are TFS Trial Form Support AB, PSI Pharma Support Intl., Ingenix Pharmaceutical Services (UK) Ltd. (i3 Research) and Smerud Medical Research International AS.

Loan agreements and lease contracts

Active Forskaren 1 KB has entered a credit agreement with Nordea Bank AB (publ) in accordance with which Active Forskaren 1 KB has assumed a credit of SEK 250 million. The credit has been applied to refinance the loan assumed by Active Forskaren 1 KB in the acquisition of the Lund Forskaren 1 property. The refinancing was carried out in conjunction with Active Security Trading AB acquiring Nordisk Renting AB's interest in Active Forskaren 1 KB on 30 September 2005. As security for the loan, a mortgage of SEK 250 million on the Lund Forskaren 1 property was pledged and Active Biotech has provided a general surety. Active Biotech has also undertaken to maintain a liquidity that may never fall short of SEK 30 million. The loan debt at 31 March 2009 amounted to SEK 250.6 million.

Part of the premises in the Lund Forskaren 1 property is currently rented to other companies. The rent contracts have a variety of durations and annually yield a total of approximately SEK 6.7 million in rental revenues for the Company.

Disputes

Active Biotech is not, and has during the past 12 months not been, party to any legal proceedings or arbitration proceedings that have or could have significant effects on Active Biotech's financial position. Neither does the Board know of any such potential conflicts or disputes.

Insurance

In the opinion of the Board, Active Biotech has adequate insurance coverage in view of the nature and extent of the Company's operations. Active Biotech, including Active Biotech Research AB, holds a general professional liability insurance policy for its operations, which applies for injury to persons or property and consequential damage (product liability). The professional liability insurance covers clinical trials and applies globally. The maximum total reimbursement is SEK 100 million per year. The conditions and scope of the professional liability insurance are customary. In addition to this general professional liability insurance, Active Biotech, including Active Biotech Research AB, holds a fidelity insurance policy and a property insurance policy (full value). The conditions and scope of these policies are customary.

Compulsory license operations

Active Biotech conducts operations requiring licenses and/or permits to a certain extent. In the Board's opinion, Active Biotech complies with all prevailing rules and holds the required licenses and/or permits in relation to its operations.

Transactions with closely associated parties

Other than as stated in note 23 "Transactions with closely associated parties" in the 2008 annual report and in the section "Subscription commitments and issue guarantees" below, Active Biotech has not entered any contracts or other agreements with closely associated parties or provided loans, guarantees or sureties to or on behalf of Board members, senior executives or the auditor of the Company. None of the Board members, senior executives or auditors of the Company has been directly or indirectly involved in business transactions with Active Biotech that have not been conducted on market terms for both parties.

Incorporation and legal form of business

Active Biotech is a Swedish public limited liability company. The Company's corporate registration number is 556223-9227. The Company's operations are conducted in accordance with Swedish law. The Company was formed on 15 June 1982 and registered at the Swedish Companies Registration Office (former Swedish Patent and Registration Office) on 11 January 1983 under the company name Aktiebolaget Grundstenen 12184. The Company's current registered name is ACTIVE Biotech AB, which was registered on 25 November 1997. The corporate domicile is Lund, Sweden.

Corporate governance

The corporate governance in Active Biotech complies with Swedish law and the Company's articles of association. Active Biotech applies the Swedish Code of Corporate Governance. The Board conducts its work in accordance with specified rules of procedure. The Company does not have separate committees for remuneration and auditing issues. Instead, these matters are handled by the Board as a whole. For further information, please refer to the corporate governance report in the annual report for 2008.

Subscription commitments and issue guarantees

On 25 March 2009 the Board received subscription commitments and issue guarantees in relation to the Offer from the Company's two largest shareholders, MGA Holding AB and Nordstjernan AB. Accordingly, MGA Holding AB and Nordstjernan AB have undertaken to subscribe for the full number of shares in the Offer corresponding to their pre-emptive rights. The subscription commitments given by MGA Holding AB and Nordstjernan AB encompass about 30 per cent and 15 per cent, respectively, of the total number of shares included in the Offer. Furthermore, MGA Holding AB has undertaken to subscribe for two-thirds of the shares that other shareholders in the Company decide not to subscribe for in the Offer. Nordstjernan AB has undertaken to subscribe for one-third of the shares that other shareholders in the Company decide not to subscribe for in the Offer. Accordingly, the Offer is fully guaranteed.⁶ In the Board's opinion, MGA Holding AB and Nordstjernan AB have a good creditworthiness and, consequently, will be able to fulfill their obligations under their respective undertakings. However, the undertakings have not been secured through a pledge, blocked funds or any similar arrangements.

For the part of MGA Holding AB's undertaking that relates to subscription of shares in excess of MGA Holding AB's pre-emptive rights in the Offer, MGA Holding AB will receive an underwriting fee corresponding to four per cent of the guaranteed amount. Accordingly, SEK 3,740,000 will be paid to MGA Holding AB.

For the part of Nordstjernan AB's undertaking that relates to subscription of shares in excess of Nordstjernan AB's pre-emptive rights in the Offer, Nordstjernan AB will receive an underwriting fee corresponding to four per cent of the guaranteed amount. Accordingly, SEK 1,870,000 will be paid to Nordstjernan AB.

Dividends etc.

Active Biotech is a Euroclear company and its shares are registered electronically with, and its share register is maintained by, Euroclear Sweden AB (P.O. Box 7822, SE-103 97 Stockholm). Shareholders do not receive share certificates. All transactions with the Company's shares are handled electronically through registration in Euroclear's system through authorized banks and other securities brokers.

Active Biotech did not pay any dividend for the 2008 financial year. For more detailed information regarding the Company's dividend policy, please refer to the section "Comments on the selected historical financial information – Dividend policy". Dividends are resolved upon by the general meeting and payment is handled by Euroclear. Those who on the record date decided by the general meeting are registered in the Euroclear share register are authorized to receive dividends. Payment is normally handled in a cash amount per share by Euroclear, but can also be other than cash payment. If the shareholder cannot be contacted for receipt of the dividend, the shareholder's claim remains on the Company and is solely limited in respect of the limitation of debts in general. If the statute of limitation expires, the entire amount accrues to Active Biotech. There are no restrictions or special procedures for dividends to shareholders residing outside Sweden.

Documentation available for inspection

Active Biotech's articles of association and all financial information, which to some extent is included or referred to in this Prospectus, are available at the offices of Active Biotech during the valid period of this Prospectus. Information on Active Biotech is also available on the Company's website, www.activebiotech.com.

Incorporation by reference

The Company's financial statements for the 2006-2008 financial years are part of this Prospectus and shall be read as a part thereof. The financial statements for the 2006-2008 financial years are presented in the annual report for each year, respectively. Reference is thereby made to pages 6-43 in the 2006 annual report, pages 6-43 in the 2007 annual report and pages 6-37 in the 2008 annual reports. Those sections not referred to in the annual reports contain information provided in other parts of this Prospectus and are not deemed to be relevant. The financial statements have been audited by the Company's auditor and the audit reports are included in the annual reports. The annual reports and the Company's articles of association are available at the Company's website, www.activebiotech.com, and may also be acquired free of charge from the Company during the valid period of this Prospectus.

⁶ Addresses to the underwriters: MGA Holding AB, Birger Jarlsgatan 13, SE-111 14 Stockholm, Sweden. Nordstjernan AB, Stureplan 3, SE-103 75 Stockholm, Sweden.

Interim report

January - March 2009

- Laquinimod – Fast Track status granted by the FDA
- 57-57 – planning of exploratory study in progress
- RhuDex™ – preclinical tests under way
- ANYARA – Phase III trial proceeding as planned
- TASQ – safety profile assessed by independent international expert group, Phase II trial proceeding as planned
- Net sales SEK 2.2 M (3.2)
- Operating loss SEK 63.7 M (loss: 52.2)
- Loss after tax SEK 62.2 M (loss: 52.7)
- Loss per share for the period was SEK 1.21 (loss: 1.11) (-1,11) SEK/share

Laquinimod – a novel oral immunomodulatory compound for the treatment of autoimmune diseases

*Laquinimod is a quinoline compound in Phase III development for the treatment of multiple sclerosis (MS). Active Biotech has entered into an agreement with the Israeli pharmaceutical company Teva Pharmaceutical Industries Ltd (June 2004) covering the development and commercialization of laquinimod. Positive data from a Phase IIb trial of relapsing-remitting multiple sclerosis (RRMS) has been published in the scientific journal *The Lancet* (2008; 371:2085-92). In September 2008, data from the post-Phase IIb extension study showed a significant decrease in the mean number of gadolinium-enhancing (GdE) lesions in the brains of both the patients who had switched from placebo to laquinimod and the patients who had continued with their initial laquinimod dose. At present, laquinimod is undergoing two global clinical Phase III trials, which will encompass a total of 2,200 MS patients in 175 clinics worldwide. In November 2008, Teva completed patent enrolment to the first of two Phase III studies (Allegro) and, for the second study (Bravo), global enrolment of patients with RRMS is under way. Information regarding the ongoing clinical trials is available at www.TevaClinicalTrials.com and www.clinicaltrials.gov.*

– In February 2009, laquinimod received a “Fast Track” designation from the US Food and Drug Administration, FDA. Drugs designated for Fast Track are intended for the treatment of a serious or life-threatening condition and have demonstrated the potential to satisfy major medical needs. Fast-Track status can facilitate the development and accelerate the registration process, which may mean that laquinimod will be available in the market as early as the end of 2011.

57-57 – a novel oral immunomodulatory compound for the treatment of Systemic Lupus Erythematosus

57-57 is a quinoline compound primarily intended for the treatment of Systemic Lupus Erythematosus (SLE), a disease that causes inflammation and damage to connective tissue throughout the body, with serious secondary symptoms, such as kidney failure. Earlier documentation from preclinical trials indicates that 57-57 can prevent relapses and reduce steroid use in SLE patients. At the American College of Rheumatology's Annual Scientific Meeting in October 2008, new data from the Phase I trial of 57-57 were presented. The new results show that by treating patients with 57-57, it is possible to affect signaling pathways that are essential for the development of SLE.

– In February 2009, Active Biotech decided not to initiate a Phase II/III clinical development program for 57-57 on a proprietary basis. A complete Phase II/III clinical development program has been prepared in cooperation with European and US regulatory authorities. The company will actively seek a partner for the continued development of the project during 2009.

A small-scale exploratory study in SLE patients will be conducted during 2009 and 2010.

RhuDex™ – a novel oral compound for the treatment of rheumatoid arthritis

In the project covering Active Biotech's patented CD80 antagonists, the RhuDex candidate drug is under development for the treatment of rheumatoid arthritis (RA). In April 2002, Active Biotech entered a licensing agreement with Avidex Ltd, now a wholly owned subsidiary of the German biotechnology company MediGene, according to which MediGene has the exclusive rights to develop CD80 antagonists and market products in which these compounds are included. Two Phase I trials have already been successfully implemented in which the RhuDex candidate drug's safety, tolerability and pharmacokinetic properties in healthy volunteers were studied. In June 2008, MediGene announced that a clinical Phase IIa trial had achieved its objective. For further information and the latest news concerning RhuDex, visit www.medigene.com.

– RhuDex™ is being studied in a series of laboratory tests under the supervision of the UK Medicines and Healthcare Products Regulatory Agency. These tests will examine any potential detrimental interactions between RhuDex and arteriosclerotic blood vessels. MediGene plans to complete these tests in mid-2009 and subsequently initiate supplementary Phase IIb clinical trials.

ANYARA – a fusion protein for immunological treatment of renal cancer

ANYARA is a TTS (Tumor Targeting Superantigens) compound that makes the treatment of cancer tumor-specific. The development of ANYARA is mainly focused on renal cancer. Positive data was reported in connection with the interim analysis in Phase III/III and from clinical Phase I trials in lung cancer, renal cancer and pancreatic cancer. The median survival of 26.2 months observed for patients with advanced renal cancer and treated with ANYARA is twice the expected length. Pivotal Phase III trials in patients with advanced renal cancer are currently under way. The primary clinical efficacy parameter from this trial is overall survival and it will include a total of approximately 500 patients at about 50 clinics in Europe. ANYARA has been granted orphan-drug-status by the EMEA for the indication renal cancer. Information concerning the ongoing clinical trial is available at www.activebiotech.com and www.clinicaltrials.gov.

– Patient enrolment to the ongoing, pivotal Phase III trial of ANYARA in combination with interferon-alpha, compared with interferon-alpha alone, in patients with advanced renal cancer is proceeding as planned. At the end of the period, 485 patients had been enrolled in the trial.

TASQ – an antiangiogenic compound for the treatment of prostate cancer

The development of TASQ is principally focused on the treatment of prostate cancer. TASQ is an antiangiogenic compound, meaning that it cuts off the supply of nutrients to the tumor and does not belong to the most frequently occurring group of tyrosine kinase inhibitors. Positive results for the concluded Phase I trial show that TASQ is well-tolerated and has a favorable safety profile. In September 2008, the follow-up efficacy data from the Phase Ib trial of TASQ was presented. Patients treated with TASQ developed few new bone metastases and displayed a reduced rate of increase of the disease marker PSA (Prostate-Specific Antigen). For further information, view the presentation from the UBS Global Life Sciences conference. Within this project, a placebo-controlled Phase II trial is being performed in the US, Canada and Sweden. Information about the ongoing clinical trial is available at www.activebiotech.com and www.clinicaltrials.gov.

– In February 2009, an independent international expert group, a Data Safety Monitoring Board (DSMB), evaluated the ongoing clinical Phase II trial of TASQ, the prostate cancer project. The Board had access to the study's unblinded safety data and studied the side effect profile of TASQ. After analyzing long-term data concerning more than 50 patients treated with TASQ, DSMB recommended that the trial continue in accordance with the established protocol.

– The ongoing Phase II trial is proceeding as planned and results are expected in the second half of 2009.

ISI – new project based on the mode of action of quinoline compounds

Active Biotech recently initiated a new research project. The aim of the project is to utilize the company's own preclinical results that were generated around a target molecule for the quinoline (Q) compounds and their biological mode of action. The project aims at producing new, patentable chemical compounds that interact with the target molecule of the Q compounds.

– During the period, a “lead” compound has been identified for further preclinical tests. The aim is to select a candidate drug in 2010.

– The manuscript describing a target molecule for the Q compounds has been accepted for publication in a scientific journal and is estimated to be published presently.

EVENTS AFTER THE END OF THE PERIOD

Rights issue

The Board of Directors proposes that the Annual General Meeting on May 7, 2009 resolve to approve a guaranteed rights issue in an approximate amount of SEK 256 M with the aim of strengthening the company's financial position and driving development of the company's clinical portfolio. It is proposed that the issue shall entitle existing shareholders with preferential rights to subscribe for one new share for each four shares held at an issue price of SEK 20 per share.

The principal owners, MGA Holding AB (30.0%) and Nordstjernan AB (15.3%), have undertaken to subscribe for the full amount of shares corresponding to their preferential rights. In addition, MGA Holding AB and Nordstjernan AB have undertaken, should the issue not be fully subscribed, to subscribe for any additional shares not taken up with the support of preferential rights. Accordingly, the issue is guaranteed in its entirety.

FINANCIAL INFORMATION

Comments on the Group's results for the period January – March 2009. Net sales for the period amounted to SEK 2.2 M (3.2) and comprised service and rental revenues. The figure for the year-earlier period also included research grants of SEK 0.8 M from Vinnova.

The operation's research and administration expenses totaled SEK 65.9 M (55.4), of which research costs amounted to SEK 61.5 M (49.8). The increase in costs was mainly due to the ongoing Phase III trial for the ANYARA renal cancer project, the ongoing Phase II trial for the TASQ prostate

cancer project and the 57-57 project for the treatment of SLE. In addition, Active Biotech conducted studies to explain the mode of action and target molecules that are behind the pharmacological effects of the quinoline compounds currently in clinical development. The high level of costs for the period is not representative for the remainder of the year, since the period was charged with costs of a nonrecurring nature.

The clinical development of RhuDex™ for the treatment of RA and current clinical Phase III studies with laquinimod are fully financed by the relevant partner.

An operating loss of SEK 63.7 M (loss: 52.2) was reported. The change in earnings was attributable to higher costs for the more comprehensive clinical development program. Net financial income for the period totaled SEK 1.5 M (expense: 0.5). A loss of SEK 62.2 M (loss: 52.7) was reported after tax.

Cash flow, liquidity and financial position

At the end of the period, cash and cash equivalents amounted to SEK 71.8 M, compared with SEK 138.7 M at the end of 2008.

Accordingly, cash flow for the period was negative in the amount of SEK 67.0 M (neg: 46.4), of which cash flow from operating activities was a negative SEK 65.1 M (neg: 44.9) and cash flow from investing activities was SEK 0.0 M (neg: 0.3).

As a result of loan repayments, cash flow from financing activities amounted to a negative SEK 1.9 M (neg. 1.2).

Dividend

It is proposed that no dividend be paid.

Comments on the Parent Company's earnings and financial position

The operations of the Parent Company, Active Biotech AB, comprise Group-wide administrative functions. The Parent Company's net sales for the period amounted to SEK 0.9 M (1.7).

Operating expenses during the period amounted to SEK 4.7 M (6.8) and net financial items to income of SEK 0.4 M (1.1). Loss after financial items amounted to SEK 3.4 M (loss: 4.0). No investments in fixed assets were made during the period.

Cash and cash equivalents, including short-term investments, amounted to SEK 55.9 M at the end of the period, compared with SEK 131.6 M on January 1, 2009.

Share capital

Consolidated shareholders' equity at the end of the period amounted to SEK 101.2 M, compared with SEK 163.6 M at year-end 2008.

A total of 51,241,791 shares were outstanding at year-end. In the event of redemption of share warrants outstanding, the number of shares in Active Biotech would increase to a maximum of about 52.6 million.

At the end of the period, the equity/assets ratio for the Group was 24.7%, compared with 34.6% at year-end 2008. The corresponding figures for the Parent Company, Active Biotech AB, were 92.8% and 91.1%, respectively.

Organization

The average number of employees was 90 (89), of which the number of employees in the research and development operation accounted for 73 (73). At the end of the period, the Group had 90 employees (89).

Outlook, including significant risks and uncertainties

A vital factor for Active Biotech's financial strength and stability is the company's ability to develop pharmaceutical projects to the point at which partnership agreements can be entered into and the partner can assume responsibility for future development and commercialization of the project. During this development phase, the value of the project is increased. The development of partnership agreements already signed and the addition of new agreements are assumed to have a significant impact on revenues and cash balances. The Board of Directors is of the opinion that the present level of available liquidity, the by the Board proposed new share issue and other available financial alternatives will provide sufficient financial resources to finance the company's operations in line with current plans.

A research company such as Active Biotech is characterized by a high operational and financial risk, since the projects in which the company is involved are at the clinical phase, where a number of factors have an impact on the likelihood of commercial success. In brief, the operation is associated with risks related to such factors as pharmaceutical development, competition, advances in technology, patents, official requirements, capital requirements, currencies and interest rates. Since no significant changes took place with regard to risks and uncertainties during the period, refer to a detailed account of these factors in the directors' report in the 2008 Annual Report.

Condensed consolidated statement of comprehensive income

SEK M	Jan-March		Full-Year 2008
	2009	2008	
Net sales	2,2	3,2	53,5
Administrative costs	-4,4	-5,7	-30,7
Research and development costs	-61,5	-49,8	-207,4
Operating loss	-63,7	-52,2	-184,6
Net financial items	1,5	-0,5	4,0
Loss after financial items	-62,2	-52,7	-180,6
Tax	-	-	-1,0
Loss for the period	-62,2	-52,7	-181,6
Comprehensive loss attributable to:			
Equity holders of the Parent Company	-62,2	-52,7	-181,6
Minority interests	-	-	-
Loss for the period	-62,2	-52,7	-181,6
Other comprehensive income during the period			
Change in revaluation reserve	-	-	1,0
Change in translation reserve	-	-0,6	-0,6
Comprehensive loss for the period	-62,2	-53,4	-181,3
Comprehensive loss attributable to:			
Equity holders of the Parent Company	-62,2	-53,4	-181,3
Minority interests	-	-	-
Comprehensive loss for the period	-62,2	-53,4	-181,3
Depreciation/amortization is included in an amount of	2,4	4,6	11,5
Investments in tangible fixed assets	-	0,3	2,9
Earnings per share before dilution (SEK)	-1,21	-1,11	-3,66
Earnings per share after dilution (SEK)	-1,21	-1,11	-3,66
Weighted number of common shares outstanding before dilution (thousands)	51 242	47 300	49 605
Weighted number of common shares outstanding after dilution (thousands)	51 242	47 300	49 605
Number of shares at period end, thousands	51 242	47 300	51 242
Number of shares at period end, including warrants, thousands	52 572	48 630	52 572

Condensed consolidated statement of financial position

SEK M	March 31		Dec 31 2008
	2009	2008	
Tangible fixed assets	325,5	326,6	324,6
Financial fixed assets	0,0	2,5	0,0
Total fixed assets	325,5	329,0	324,6
Current receivables	13,2	8,6	9,7
Cash and cash equivalents	71,8	92,2	138,7
Total current assets	84,9	100,8	148,4
Total assets	410,4	429,8	472,9
Shareholder's equity	101,2	137,1	163,6
Long-term liabilities	253,3	250,6	251,7
Current liabilities	55,9	42,2	57,6
Total equity and liabilities	410,4	429,8	472,9
Consolidated statement of changes in equity			
Opening amount	163,6	189,6	189,6
Employee stock option program	-	0,9	1,5
New share issue	-0,2	-	153,9
Consolidated loss for the period	-62,2	-53,4	-181,3
Closing amount	101,2	137,1	163,6

Condensed consolidated cash flow statement

SEK M	Jan-March		Full-Year 2008
	2009	2008	
Loss after financial items	-62,2	-52,7	-180,6
Adjustments for non-cash item, etc.	2,4	4,8	5,4
Cash flow from operating activities before changes in working capital	-59,9	-47,9	-175,3
Changes in working capital	-5,2	3,1	15,8
Cash flow from operating activities	-65,1	-44,9	-159,5
Investment in tangible fixed assets	-	-0,3	-2,9
Investment in financial fixed assets	-	-	-
Decrease in financial fixed assets	-	-	9,8
Cash flow from investing activities	-	-0,3	7,0
New share issue	-0,2	-	153,9
Loans raised/amortization of loan liabilities	-1,7	-1,2	-1,2
Cash flow from financing activities	-1,9	-1,2	152,6
Cash flow during the period	-67,0	-46,4	0,1
Cash flow and cash equivalents, opening balance	138,7	138,6	138,6
Exchange rate difference in cash and cash equivalents	-	-	-
Cash and cash equivalents, closing balance	71,8	92,2	138,7

Key figures

	March 31		Dec 31 2008
	2009	2008	
Shareholder's equity, SEK M	101,2	137,1	163,6
Shareholder's equity per share, SEK M	1,98	2,90	3,19
Equity/assets ration in the Parent Company	92,8%	64,7%	91,1%
Equity/assets ration in the Group	24,7%	31,9%	34,6%
Average number of annual employees	90	89	89

Active Biotech - Parent Company

Condensed income statement SEK M	Jan-March		Full-Year
	2009	2008	2008
Net sales	0,9	1,7	46,4
Administrative costs	-4,7	-6,8	-33,2
Operating profit/loss	-3,8	-5,1	13,1
<i>Profit/loss from financial items:</i>			
Profit from participations in Group companies	-	-	37,6
Profit from other securities and receivables classed as fixed assets	-	-	7,4
Interest income and similar income-statement items	0,4	1,1	5,5
Interest expense and similar income-statement items	0,0	-	0,0
Profit/loss after financial items	-3,4	-4,0	63,6
Tax	-	-	-
Profit/loss for the period	-3,4	-4,0	63,6

Condensed balance sheet SEK M	March 31		Dec 31
	2009	2008	2008
Tangible fixed assets	0,4	0,4	0,4
Financial fixed assets	202,5	231,9	202,5
Total fixed assets	202,8	232,2	202,8
Current receivables	11,3	66,4	10,3
Short-term investments	-	59,8	-
Cash and bank deposits	55,9	18,7	131,6
Total current assets	67,1	144,9	141,9
Total assets	269,9	377,1	344,7
Shareholder's equity	250,5	244,1	314,1
Current liabilities	19,4	133,1	30,6
Total equity and liabilities	269,9	377,1	344,7

Accounting and valuation principles

The interim report for the Group has been prepared in accordance with IAS 34, Interim Financial Reporting. In addition, relevant regulations from the Swedish Annual Accounts Act and the Securities Market Act have been applied. The same accounting policies and bases for calculations were applied in this interim report as in the most recent Annual Report.

Revised IAS 1 Presentation of Financial Statements is applied as of January 1, 2009. This amendment affected Active Biotech's accounting retroactively as of December 31, 2007. Among other consequences, this amendment results in revenues and costs that were previously recognized directly in equity now being reported in a separate statement immediately after the income statement. Another change is that new

designations for the financial statements have been used.

The Parent Company interim report has been prepared in accordance with the Swedish Annual Accounts Act and the Securities Market Act, which complies with the Swedish Financial Reporting Board's recommendation RFR 2.2, Accounting for Legal Entities. The same accounting policies and bases for calculations were applied in this interim report as in the most recent Annual Report.

Legal disclaimer

This financial report includes statements that are forward-looking, and actual results may differ materially from those anticipated. In addition to the factors discussed, other factors that can affect results are developments within research programs, including clinical trials, the impact of competing

research programs, the effect of economic conditions, the effectiveness of the company's intellectual patent protection, obstacles due to technological development, exchange-rate and interest-rate fluctuations, and political risks.

2009 Annual General Meeting

The Annual General Meeting of Active Biotech AB (publ) is to be held on May 7, 2009 at 5:00 p.m. at the company's premises at Scheelevägen 22 in Lund, Sweden. Shareholders who wish to participate in the Meeting must (a) be recorded in the register of shareholders maintained by Euroclear Sweden AB on Thursday, April 30, 2009 and (b), notify the company of their intention to participate in the Meeting not later than 4:00 p.m. on Thursday, April 30, 2009. Shareholders who have trustee-registered shares must temporarily re-register the shares in their own name with Euroclear Sweden to be entitled to participate in the Meeting. This registration must be completed not later than Thursday, April 30, 2009. Accordingly, shareholders must inform the trustee of this request in ample time prior to this date.

Notice of participation can be made in writing to Active Biotech AB (publ), Attn. Susanne Jönsson, PO Box 724, SE-220 07 Lund, Sweden, by fax +46 (0)46-19 20 50, by telephone to +46 (0)46-19 20 00 or by e-mail to susanne.jonsson@activebiotech.com. The notice shall include name, personal/corporate registration number, number of shares held, daytime telephone number and, if applicable, the number of advisors (two at the most) that will accompany the shareholder at the Meeting.

The notice of the Annual General Meeting is available in its entirety on the company's website www.activebiotech.com.

Financial calendar

Interim Report January-June 2009:	August 6, 2009
Interim Report January-September 2009:	November 5, 2009
Year-end Report 2009:	February 11, 2010

The reports will be available from these dates at www.activebiotech.com.

Lund, April 23, 2009
Active Biotech AB (publ)

Tomas Leanderson
President and CEO

This interim report has not been audited by the company's auditors.

About Active Biotech

Active Biotech AB (NASDAQ OMX NORDIC: ACTI) is a biotechnology company with R&D focus on autoimmune/inflammatory diseases and cancer. Projects in pivotal phase are laquinimod, an orally administered small molecule with unique immunomodulatory properties for the treatment of multiple sclerosis, as well as ANYARA for use in cancer targeted therapy, primarily of renal cancer. Further key projects in clinical development comprise the three orally administered compounds TASQ for prostate cancer, 57-57 for SLE and RhuDex for RA. Please visit www.activebiotech.com for more information.

Active Biotech is obligated to publish the information contained in this year-end report in accordance with the Swedish Securities Market Act. This information was provided to the media for publication on April 23, 2009 at 8:30 a.m.

For further information, please contact:

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This report is also available at www.activebiotech.com

Articles of association

§ 1 Name

The company's name is Active Biotech AB (publ).

§ 2 Registered office

The registered office of the Board of Directors shall be situated in the municipality of Lund, Sweden.

§ 3 Operations

The company shall engage, directly or through subsidiaries, in research, development, production, marketing and sales of medical, chemical and biotechnology products, conduct administrative services for the group, own and manage properties, and undertake any other operations compatible therewith.

§ 4 Share capital

The company's share capital shall amount to not less than SEK 160,000,000 and not more than SEK 640,000,000.

§ 5 Number of shares

The company shall have not less than 40,000,000 shares and not more than 160,000,000 shares.

§ 6 Board of directors

The board of directors shall consist of three to nine (3 – 9) members, with not more than nine (9) deputies.

Auditors

The company shall have one or two (1 – 2) auditors, with not more than two (2) deputies.

§ 7 Notice of general meetings

Notice of annual general meetings, and extraordinary general meetings at which matters regarding changes to the articles of association are to be addressed, shall be issued not earlier than six weeks and not later than four weeks prior to the general meeting. Notice of other extraordinary general meetings shall be issued not earlier than six weeks and not later than two weeks prior to the general meeting. Notices of general meetings shall be published in Post- och Inrikes Tidningar (Swedish Official Gazette) and in Svenska Dagbladet.

§ 8 General meeting

The annual general meeting shall be held within six (6) months following the end of the financial year.

The following items of business shall be addressed at the annual general meeting:

1. Opening of the meeting;
2. Election of chairman of the meeting;
3. Preparation and approval of the voting list;
4. Approval of the agenda for the meeting;

5. Election of one or two persons to verify the minutes;
6. Determination of whether the meeting has been duly convened;
7. Presentation of the annual report and the auditors' report and, where applicable, the consolidated financial statements and the auditors' report for the group;
8. Resolutions concerning:
 - (a) adoption of the income statement and the balance sheet and, where applicable, the consolidated income statement and the consolidated balance sheet;
 - (b) disposition of the company's profits or losses pursuant to the adopted balance sheet;
 - (c) discharge of the members of the board of directors and the managing director from liability.
9. Determination of the number of members and deputy members of the board of directors and, where applicable, the number of auditors and deputy auditors;
10. Determination of the fees to be paid to the board of directors and the auditors;
11. Election of members and deputy members of the board of directors and, where applicable, auditors and deputy auditors;
12. Other matters which rest upon the general meeting pursuant to the Swedish Companies Act or the articles of association.

§ 9 Financial year

The company's financial year shall be the calendar year.

§ 10 Record day provision

The company's shares shall be registered in a central securities depository register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

§ 11 Notification of intent to participate in a general meeting

In order to be entitled to participate in a general meeting, shareholders shall notify the company of their intention not later than 4:00 p.m. on the day stipulated in the notice convening the general meeting. This day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be earlier than the fifth weekday prior to the general meeting. Assistants to the shareholder shall be entitled to attend the general meeting only if the shareholder has notified the company of the number of assistants (not more than two) in the manner set out above.

These articles of association were adopted by the Annual General Meeting on 7 May 2008.

Glossary

5T4 antigen: A specific marker on the surface of a tumor which makes the body produce antibodies to attack it.

Abbott: Abbott Laboratories.

Angiogenesis: The formation of new blood vessels.

Animal model: Disease developed in an animal, closely resembling a human disease.

Antibody: A protein secreted by a certain type of cell in the immune defense and which recognizes a specific antigen.

Antigen: A molecule capable of activating the immune defense by being recognized by, among other things, antibodies. An antigen can be, for example, a bacteria or a virus.

Antiviral: Inhibiting the propagation of a virus.

Apoptosis: Programmed cell death.

Autoimmunity: When the body's immune system reacts against structures in the body itself. Autoimmune diseases arise when the immune system combats the body itself, despite it being otherwise healthy.

Biopsy: Tissue sample.

Candidate Drug (CD): A specific compound selected during the preclinical phase. The candidate drug is the compound, which will continue on to clinical testing in humans.

Chelsea Therapeutics: Chelsea Therapeutics International Ltd, a former collaboration partner for I-3D

Clinical studies: Studies of the effects of a drug on human beings.

CMO: Contract Manufacturing Organizations, service companies mainly within manufacturing.

CRO: Contract Research Organizations, service companies within research and clinical trials.

Cytostatics: Cell toxins.

Cytotoxic T-lymphocytes: White blood cells that act as highly selective killer cells.

Discovery: Explorative research.

EEC: European Economic Community.

EMA: The European Medicines Agency.

FDA: Food and Drug Administration, the US pharmaceuticals authority.

Flare-up: Sudden outbreak or new episode of chronic disease.

Glatiramer acetate: A blend of polypeptides, consisting of the aminoacids glutamine, alanine, lysine and tyrosine in random sequences and of varying length.

ICH: International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human use.

IND: Investigational New Drug. The application, submitted to the pharmaceutical authority, or permission to commence pharmaceutical studies in humans.

Inflammation: The body's response to localized damage.

Infusion: The intravenous supply of a pharmaceutical.

Integrin: Cell surface receptors that interact and mediate various intracellular signals.

Interferons: Glyco-proteins with an antiviral effect. Cells normally secrete interferons when infected with a virus. Various types of interferons are used as pharmaceuticals, for example, interferon beta, which is used in the treatment of MS.

ISI: Inhibition of S100A9 Interactions.

Lead: Chemical compound that binds to the target molecule, a possible candidate drug, also known as a model compound.

MediGene: MediGene AG, Active Biotech's business partner in the RA project RhuDex™.

Metastases: Secondary tumors in cancer diseases.

MRI: Magnetic Resonance Imaging, an imaging technology used for diagnosis, treatment and review.

MS: Multiple sclerosis, a chronic autoimmune disease.

Myelin: A fatty substance that surrounds the nerve fibers in the brain and other places.

NSCLC: Non-small cell lung cancer.

Oral: By mouth.

Pharmacology: The study of pharmaceuticals.

Pharmacokinetics: Study of how drugs change in the body from absorption to excretion; studies how and when the drug is distributed to the target organ and how it is absorbed there.

Phase (I, II and III): The various stages in the study of a drug's effect on humans.

Patent: Exclusive rights to a discovery or invention.

Placebo: A compound with no effect, a "sugar pill". Used for comparative purposes, for example when studying the effect of a new drug.

Preclinical: The part of drug development that takes place prior to the drug being tested on human beings.

Proof of Concept: When a candidate drug has a proven biological effect in humans.

PSA: Prostate-Specific Antigen, a biomarker used to diagnose prostate cancer.

RA: Rheumatoid Arthritis.

Richter-Helm: Richter-Helm BioLogicals GmbH & Co KG.

RRMS: Relapsing Remitting Multiple Sclerosis. A type of MS characterized by flare-ups displaying new or aggravated existing symptoms. A flare-up can last from a few days to a few weeks and is followed by a recovery period. RRMS is the most common form of MS.

SLE: Systemic lupus erythematosus. A life-threatening autoimmune disease.

SPMS: Secondary Progressive Multiple Sclerosis is developed in certain people with progressive relapsing MS. The remaining symptoms either can be aggravated after every flare-up or the flare-up-based pattern can be replaced by a progressive pattern. Secondary Progressive Multiple Sclerosis is one of the four types of MS, the others being benign MS, progressive relapsing MS and Primary Progressive MS.

Superantigen: A protein that is 10,000 times better than a regular antigen at activating the body's immune system.

TASQ: Tumor Angiogenesis Suppression by Quinolines. Active Biotech's prostate cancer project.

T-lymphocyte: A type of white blood cell. The cause of transplant rejection, influences the formation of antibodies and the body's best defense against, for example, viruses and parasitic infections.

Teva: Teva Pharmaceutical Industries Ltd. Active Biotech's business partner in the laquinimod MS project.

TNF: Tumor Necrosis Factor, a signaling substance in the body's immune defense system.

Tumor cell: A cell that divides uncontrollably.

TTS: Tumor Targeted Superantigens, Active Biotech's method of treating cancer.



Active Biotech

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