

**Active Biotech
Interim report
January - March 2005**

- **Clinical program for laquinimod is progressing according to plan**
- **New European patent for ANYARA**
- **Clinical studies on prostate cancer patients are progressing according to plan for TASQ**
- **Clinical studies are progressing according to plan for project 57-57 against SLE**
- **Phase I studies initiated for RhuDex®**
- **Net sales: SEK 0.8 M (0.1)**
- **Operating loss: SEK 48.1 M (loss: 65.5)**
- **Loss after tax: SEK 53.4 M (loss: 42.1)**
- **Loss per share for the period: SEK 1.58 (loss: 1.25)**
- **Implementation of guaranteed rights issue of approximately SEK 168.7 M**

The clinical program for laquinimod is progressing according to plan

In June 2004, Active Biotech signed an agreement with Teva Pharmaceutical Industries Ltd. for the development and commercialization of laquinimod, an immunomodulatory agent under development by Active Biotech as a disease-modifying drug for the oral treatment of multiple sclerosis (MS).

Teva is currently conducting an additional Phase II multicenter study for selecting the optimal dose for pivotal Phase III studies.

The Phase II safety study being conducted by the University Hospital in Lund is progressing according to plan.

Following the surprising withdrawal of Biogen Idec/Elan's product Tysabri from the market in February 2005, the FDA has initiated a review of similar products under development for MS. All clinical trials of products with the same target molecule as Tysabri have been stopped.

The FDA review includes products that have a mode of action that is identical or closely related to Tysabri's. Laquinimod is not affected by this review.

The project to determine the detailed mode of action for laquinimod is progressing in parallel with the clinical development.

Laquinimod has an immunomodulating effect that is not immunosuppressive. During Phase II studies laquinimod has demonstrated a very advantageous safety profile, which makes it suitable for long-term treatment.

Since MS patients must be on medication throughout their lifetime, a simple oral treatment creates a substantial advantage compared with existing products on the market that must be injected. Among the few oral MS drugs currently being developed, it is the opinion of Active Biotech that laquinimod is one of the furthest advanced.

It is estimated that a market launch of laquinimod will be possible in 2009 and has the potential to become the first orally administered MS product to reach the market.

Multiple sclerosis (MS) is a chronic, progressive disease affecting the central nervous system and is the most commonly occurring neurological disease causing disability among young people. It is described as an autoimmune disease since it belongs to a large group of diseases that cause the body's immune defense system to attack healthy areas of the body as if they were foreign bodies. MS can cause anything from minor symptoms for lengthy periods to severely incapacitating symptoms within a few years. Initially, MS comes in "flare-ups" with alternating periods of deterioration and stability. The disease mainly affects young people, and more women than men; the average age of onset of the disease is about 30. The total market for MS pharmaceuticals amounted to USD 4.2 billion in 2004.

New European patent for ANYARA

In the beginning of May, the European patent office approved a patent relating to Active Biotech's candidate drug ANYARA, for the treatment of non-small cell lung cancer. The newly approved patent is important since it involves, compared with earlier product generations, a modification and optimization of the superantigen part of ANYARA. The patented modifications optimize the properties of the superantigen part that is responsible for killing off tumor cells and is one of the most important refinements in the design of a product that no longer requires individually adapted doses. This patent is the first of a series of applications to be approved relating to modifications of the superantigen part of ANYARA.

The patent portfolio for the TTS project consists of six separate patent families in the US, three of which have been approved with the remainder being processed. Following this latest patent approval, Active Biotech now has seven patent families for TTS in Europe, four of which have been approved. Combined, these provide ANYARA protection that currently will extend at least until 2022.

The Phase I dose-escalation study for ANYARA is progressing according to plan. Phase II/III studies are scheduled to commence during 2006. In parallel with the ongoing Phase I studies, a clinical study of the safety of ANYARA in combination with established cytotoxins for treatment of non-small cell lung cancer will be initiated.

In December 2004, the US Food and Drug Administration (FDA) granted “Fast Track” status for ANYARA for the treatment of non-small cell lung cancer.

Non-small cell lung cancer is one of the most common types of cancer. It is also the form of cancer with the highest annual mortality rate (WHO). Each year, 1.2 million people are afflicted by lung cancer. Non-small cell lung cancer comprises approximately 80 percent of the number of lung cancer cases with a mortality rate of 85-90 percent. No adequate treatment methods are available. Surgery is the only form of treatment that can cure non-small cell lung cancer, although it is only effective for tumors that have not yet formed metastases. Cytotoxins such as cisplatin, carboplatin, paclitaxel, docetaxel and gemcitabine are used with limited success for treating advanced disease. The market for treatment of lung cancer is estimated to be over USD 1 billion.

Clinical studies on prostate cancer patients are progressing according to plan for TASQ

A Phase I dose-escalation study was started in December 2004 with the aim of studying the safety of TASQ when the substance is administered in escalating doses to prostate cancer patients. The study was commenced as a four-week treatment period that can be extended up to one year to enable documentation of long-term tolerance and safety. The study also includes continuous monitoring of a number of efficacy parameters.

The study is being conducted in the urology clinics belonging to the Sahlgrenska University Hospital in Gothenburg and the University Hospitals in Lund and Malmö.

The objective for the company’s TASQ project is to develop a pharmaceutical product that can be administered orally for the treatment of prostate cancer. Active Biotech is collaborating on this project with Professor John T. Isaacs of Johns Hopkins University in Baltimore, Maryland, in the US.

Prostate cancer is one of the most common forms of cancer among men and accounts for almost one third of all cancers. Each year, more than half a million people are diagnosed with the disease, which principally affects men in their 50s and older. Prostate cancer has varying degrees of severity. Despite a relatively good prognosis, prostate cancer is the second most common cause of death among men. The pharmaceutical market for prostate cancer is estimated to be over USD 3 billion.

Clinical studies progressing according to plan for the 57-57 project against SLE

In early November 2004, Active Biotech initiated a Phase I dose-escalation study for the 57-57 project for the treatment of systemic lupus erythematosus (SLE). The study is being conducted to study the safety of 57-57 in escalating doses in parallel groups of healthy volunteers. The study is being conducted at the Karolinska University Hospital in Stockholm and is expected to be concluded during the first half of 2005. The study is progressing according to plan.

The next step in the clinical development of 57-57 will be a Phase I clinical study of how the substance is tolerated in treatment of SLE patients. This study is expected to start before the end of the year.

SLE – Systemic Lupus Erythematosus – is a disease of the connective tissues that can cause inflammation and damage to the connective tissue in many different organs. The disease progresses in “flare-ups” interspersed by relatively symptom-free periods, and primarily affects women of childbearing age. Progress and symptoms of the disease vary widely, depending on the organs affected. Without treatment, SLE can be life-threatening. According to the Lupus Foundation of America (www.lupus.com), an estimated 1.5 million people in the US have some form of lupus.

Phase I studies underway for RhuDex®

At the beginning of May, Phase I clinical trials were initiated for the candidate drug RhuDex®, which is intended to be developed for the treatment of rheumatoid arthritis (RA).

RhuDex® is an orally administered small molecule, primarily intended for the treatment of RA, which is a chronic inflammatory disease that affects over one percent of the world’s population.

After the close of the quarter, Active Biotech received a smaller milestone payment from the UK firm Avidex Ltd. in conjunction with the commencement of the clinical trial.

RhuDex has an entirely different mode of action compared with the currently controversial Cox-2 inhibitors, such as Vioxx (rofecoxib) and Celebra (celecoxib), also used in the treatment of RA.

In April 2002, Active Biotech signed a licensing agreement with Avidex Ltd. of the UK regarding Active Biotech’s patented CD80 antagonists. The agreement grants Avidex the exclusive rights to further develop the CD80 antagonists, which include the pharmaceutical candidate RhuDex, and to market products containing these substances. For Active Biotech, the agreement entailed an initial payment in 2002 and eligibility for milestone payments totaling up to GBP 5.8 M and royalties on future sales. The market for rheumatoid arthritis pharmaceuticals is estimated at approximately USD 14 billion.

Financial information

Comments on the Group’s results for the period January – March 2005

Consolidated net sales for the period amounted to SEK 0.8 M (0.1).

Research and administration costs amounted to SEK 48.8 M (65.6), a 26 percent cost reduction that was attributable to lower costs for the clinical development program and the effects of the program implemented in 2004 to concentrate operations to focus on clinical projects.

The operating profit improved by SEK 17.4 M to a loss of SEK 48.1 M (loss: 65.5) as a result of higher revenues and significantly lower costs.

The financial net for the period amounted to a loss of SEK 4.6 (23.9). The lower financial net is attributable to the inclusion in the preceding year’s earnings of dividend payments of SEK 14.7 M and capital gains of SEK 12.2 M from securities management. The financial net for the current year includes interest expenses of SEK 3.2 M, attributable to the convertible debenture issued in 2004, and SEK 3.0 M relating to the company’s “sale and lease-back” agreement for the property in which operations are conducted.

Participation in the results of the associated UK company Isogenica Ltd. amounted to a loss of SEK 0.7 M (loss: 0.4).

The Group's earnings after financial items amounted to a loss of SEK 53.4 M (loss: 42.1). The decline in earnings is entirely attributable to the lower financial net.

Liquidity and financial status

Cash flow from current operations for the first quarter was negative in the amount of SEK 63.5 M (neg: 43.6).

Investments in tangible fixed assets amounted to SEK 0.0 M (0.0).

Cash flow from financing activities amounted to SEK 0.7 M compared with SEK 29.0 M for the corresponding period the preceding year when a short-term loan was raised.

The Group's long-term liabilities amounted to SEK 393.1 M (304.1), of which the convertible debenture loan amounted to SEK 96.4 M (0.0), liabilities to leasing companies SEK 4.2 M (4.9) and SEK 292.5 M (299.2) as a result of the company's "sale and lease-back" agreement regarding property classified by IFRS as a financial leasing agreement.

The book value of the Group's current investments and liquid funds was SEK 152.0 M at the end of the period, compared with SEK 214.8 M at year-end 2004. Available liquidity per share amounted to SEK 4.39, compared with SEK 6.23 at year-end 2004.

Parent company Active Biotech AB

The operations of the parent company, Active Biotech AB, comprise Group-wide administrative functions. Parent company net sales for the period amounted to SEK 1.3 M (0.9).

Operating expenses during the period totaled SEK 7.0 M (7.9). The financial net for the period was negative in the amount of SEK 1.9 M (26.8), with the change attributable to dividend payments and capital gains during the first quarter of the preceding year. The parent company's gross investments in fixed assets during the period amounted to SEK 0.0 M (0.1).

Cash equivalents in the parent company at the end of the period amounted to SEK 134.9 M, compared with SEK 212.9 M on January 1, 2005.

Share capital

Consolidated shareholders' equity amounted to SEK 50.9 M at the end of the period, compared with SEK 104.1 M at year-end 2004. The change is due to the loss reported for the period.

The total number of shares outstanding at the end of the period was 33,738, 876, which was unchanged from the end of the preceding year. In addition, the company has issued 3,748,764 convertible debentures. Each debenture can be converted into one share at a price of SEK 40 up to 15 June 2009. At full conversion, the number of shares in Active Biotech will increase by 11 percent, or 3,748,764 shares, to a total of 37,487,640 shares.

At the end of the period, the Group's equity/assets ratio was 9.8 %, compared with 17.7 % at year-end 2004. The corresponding figures for the parent company, Active Biotech AB, were 24.7 % and 30.8%, respectively.

Organization

At the end of the period, the Group had 94 employees, a reduction of 10 employees compared with December 31, 2004. When fully implemented, the new organization decided upon in 2004 will comprise about 90 employees.

Outlook

The program implemented in 2004 to focus the company's operations on clinical projects, combined with the concluded partnership agreement with Teva, will lead to further cost reductions in 2005 compared with the preceding year.

No earnings forecast has been issued for full-year 2005 as exact dates for signing partnership agreements and receiving milestone payments from existing agreements can not be specified.

Annual General Meeting 2005

Active Biotech AB's Annual General Meeting was held in Lund on April 21, 2005. During the meeting Sven Andréasson, Mats Arnhög, Maria Borelius, Professor Klas Kärre, Peter Sjöstrand and Peter Ström were reelected as Board members. The meeting also resolved to appoint Mats Arnhög as Chairman of the Board.

The auditing firm of KPMG Bohlins AB, with Authorized Public Accountant Stefan Holmström, was reelected as the primary auditor until the Annual General Meeting in 2009.

The meeting approved the Board's proposal to authorize the Board, until the next general meeting, to make a decision on one or more occasions to issue, with or without preferential rights, a maximum of 6,000,000 new shares.

Guaranteed rights issue totaling approximately SEK 168.7 M

Exercising the mandate issued at the Annual General Meeting on April 21, 2004, the Board has decided to implement a guaranteed rights issue of 5,623,146 shares. The issue will entitle current shareholders to subscribe for one new share for each six existing shares at a subscription price of SEK 30 per share.

Total new issue proceeds will amount to approximately SEK 168.7 M before expenses.

MGA Holding AB, with 28.9 percent of capital, and Nordstjernan AB, with 8.0 percent of capital, have committed to subscribe for their respective ownership shares of the issue. In addition, Nordstjernan AB guarantees to subscribe for potential additional shares for which other current shareholders choose not to subscribe. Further information and a detailed timetable will be announced in a separate press release.

Based on current plans, it is estimated that existing liquidity, combined with the new share issue and revenues from existing and anticipated collaboration agreements, will finance operations until 2009.

Active Biotech - Group

Income statement, condensed	Jan - March		Full-year
SEK M	2005	2004	2004
Net sales	0.8	0.1	69.7
Administrative expenses	-7.0	-7.9	-30.9
Research and development costs	-41.8	-57.7	-224.7
Operating loss	-48.1	-65.5	-185.9
Loss from participations in associated companies	-0.7	-0.4	-2.1
Net financial items	-4.6	23.9	16.2
Loss after net financial items	-53.4	-42.1	-171.9
Tax	-	-	-
Loss for the period	-53.4	-42.1	-171.9
Depreciation/amortization included in an amount of	5.2	5.9	22.8
Investments in tangible fixed assets	0.1	0.4	1.8
Loss per share before dilution (SEK)	-1.58	-1.25	-5.09
Weighted number of common shares before dilution (000s)	33 739	33 739	33 739
Weighted number of common shares after dilution (000s)	33 739	33 739	33 739
Number of shares at close of period (000s)	33 739	33 739	33 739
Number of shares at close of period, including warrants (000s)	35 069	35 069	35 069
Balance sheet, condensed	March 31		Dec 31
SEK M	2005	2004	2004
Tangible fixed assets	308.0	328.5	313.1
Financial assets	42.6	44.9	43.4
Total fixed assets	350.6	373.5	356.5
Current receivables	14.4	17.4	15.6
Short-term investments and cash equivalents	152.0	213.0	214.8
Total current assets	166.4	230.4	230.4
Total assets	517.0	603.9	586.9
Shareholders' equity	50.9	185.4	104.1
Long-term liabilities	393.1	304.1	392.6
Current liabilities	73.0	114.4	90.2
Total liabilities and shareholders' equity	517.0	603.9	586.9
Changes in shareholders' equity, condensed			
Opening balance	104.1	227.5	227.5
Personnel options program	0.4	0.4	1.6
Convertible issue	-	-	46.9
Translation differences	-0.3	-0.4	0.1
Net loss for the period	-53.4	-42.1	-171.9
Balance at close of period	50.9	185.4	104.1

Cash-flow statement, condensed SEK M	Jan - March		Full-year
	2005	2004	2004
Loss after financial items	-53.4	-42.1	-171.9
Adjustments for items not included in cash flow, etc.	6.1	4.0	15.5
Tax paid	0.0	0.0	0.0
Cash flow from operating activities before changes in working capital	-47.2	-38.1	-156.3
Changes in working capital	-16.2	-5.5	6.7
Cash flow from operating activities	-63.5	-43.6	-149.7
Net investments in fixed assets	0.0	0.0	-1.8
Cash flow from investing activities	0.0	0.0	-1.8
Convertible issue	-	-	140.9
Borrowings/repayment of debt	0.7	29.0	-2.2
Cash flow from financing activities	0.7	29.0	138.6
Cash flow for the period	-62.8	-14.6	-12.8
Cash equivalents, beginning of period	214.8	227.6	227.6
Exchange-rate differences in cash equivalents	0.0	0.1	0.0
Cash equivalents, end of period	152.0	213.0	214.8
		March 31	Dec 31
Key figures	2005	2004	2004
Shareholders' equity, SEK M	50.9	185.4	104.1
Shareholders' equity per share, SEK M	1.51	5.50	3.09
Available cash equivalents, SEK M	148.1	210.0	210.1
Available cash equivalents per share, SEK	4.39	6.23	6.23
Equity/assets ratio, parent company, %	24.7%	33.4%	30.8%
Equity/assets ration, Group, %	9.8%	30.7%	17.7%
Average number of annual employees	98	176	151

Any errors in addition are due to rounding-off of figures.

Accounting and evaluation principles

In accordance with the IAS regulations adopted by the EU in 2000, listed companies shall, effective 2005, apply IFRS (International Financial Reporting Standards) in their consolidated accounts. The company's interim report for the first quarter of 2005 has been prepared in accordance with the IFRS standards adopted by the EU and the interpretations of the applicable IFRIC standards also adopted by the EU. This report has been prepared in accordance with IAS 34, Interim Reports.

Effective January 1, 2005, IAS 39 Financial Instruments, IFRS 4 Insurance contracts and IFRS 5 Non-current assets held for sale and discontinued operations are applied. These have not necessitated any adjustments of the comparative figures for 2004 in accordance with IFRS 1.

Effective January 1, 2005, the parent company applies RR32 Reporting for legal entities. In principle, RR32 entails the application of IFRS but with certain exceptions. The application of RR32 has had no material effect on the earnings or position of the parent company.

Pages 33 and 34 of Active Biotech's Annual Report for 2004 presented a description of the accounting principles affected by the transition to IFRS. In addition to requirements for additional supplementary disclosures in the Annual Report, for Active Biotech, the transition has resulted in changes on the following points.

1. Tangible fixed assets

The company's "sale and lease-back" agreement for the property in which operations are conducted and which has previously been reported as an operational leasing agreement is reported, in accordance with IAS 17 as a financial leasing agreement. This means that the property is reported as an asset in the consolidated balance sheet and is depreciated according to plan to an assessed residual value. The undertaking to pay future lease fees to the lessor is reported as a current and long-term liability with the property reported as pledged assets. Future lease payments are reported as interest expenses and amortization. The capital gain reported in 1998 when the sale and lease-back agreement was signed is distributed across the lease period.

2. Personnel options program

In December 2003, Active Biotech issued a personnel options program covering all personnel, in which employees were offered the opportunity, through new subscriptions, to acquire shares in the company. The personnel options program is reported in accordance with IFRS 2. The fair value of the options is calculated at the time of issue and is reported as a personnel expense distributed across the earned period. Transactions regulated through equity instruments are reported as an increase in shareholders' equity. Consequently, a personnel options program in which options are exchanged for treasury shares is charged against earnings for the period but has no impact on total shareholders' equity.

The enclosed summaries show the effects of the introduction of IFRS on comparative figures for March 31, 2004 and December 31, 2004.

3. Effects of changed accounting principles in the transition to IAS 39

The company's short-term investments consist of Swedish interest-bearing bonds, which, in accordance with IAS 39 are reported at their fair value. During the first quarter, the changed accounting principle resulted in only a marginal effect on earnings (SEK 30,000).

Active Biotech - Group

Explanations on transition to IFRS for the period January 1 to March 31, 2004

Income statement, condensed SEK M	1/1–31/3 2004 acc. to IFRS	Effects on	1/1–31/3 2004 acc. to Sw GAAP
		transition to IFRS	
Net sales	0.1	–	0.1
Administrative expenses	-7.9	–	-7.9
Research and development costs	-57.7	4.0 ¹⁾	-61.7
Operating loss	-65.5	4.0	-69.6
Loss from participations in associated companies	-0.4	–	-0.4
Net financial items	23.9	-3.6 ²⁾	27.5
Loss after net financial items	-42.1	0.4	-42.5
Tax	–	–	–
Net loss for the period	-42.1	0.4 ³⁾	-42.5
Depreciation/amortization included in an amount of	5.9	2.4	3.5
Investments in tangible fixed assets	0.4		0.4
Earnings per share (SEK)	-1.25	0.01	-1.26

Comments on the effects on the income statement of the transition to IFRS:

¹⁾ The reporting of the "sale and lease-back" agreement as a financial lease had a positive effect on earnings of SEK 4.4 M and the reporting of personnel options had a negative effect on earnings of SEK 0.4 M.

²⁾ The reporting of the "sale and lease-back" agreement as a financial lease had a negative effect on earnings of SEK 3.6 M.

³⁾ In total, the reporting of the "sale and lease-back" agreement as a financial lease had a positive effect on earnings of SEK 0.8 M and the accounting of personnel options a negative effect of SEK 0.4 M.

Balance sheet, condensed SEK M	March 31, 2004 acc. to IFRS	Effects on	March 31, 2004 acc. to Sw GAAP
		transition to IFRS	
Tangible fixed assets	328.5	281.3	47.3
Financial assets	44.9		44.9
Total fixed assets	373.5	281.3	92.2
Current receivables	17.4		17.4
Short-term investments and liquid funds	213.0		213.0
Total current assets	230.4	0.0	230.4
Total assets	603.9	281.3	322.6
Shareholder's equity	185.4	-61.3	246.8
Long-term liabilities	304.1	299.2	4.9
Current liabilities	114.4	43.4	71.0
Total liabilities and shareholders' equity	603.9	281.3	322.6
Changes in shareholders' equity, condensed			
Opening balance	227.5	-62.1	289.6
Personnel options program	0.4	0.4	–
Convertible issue	–	–	–
Translation differences	-0.4	–	-0.4
Net loss for the period	-42.1	0.4	-42.5
Balance at end of period	185.4	-61.3	246.8

Comments on the effects on the balance sheet of the transition to IFRS:

The reporting of the "sale and lease-back" agreement as a financial lease entailed an increase in tangible fixed assets of SEK 281.3 M, a reduction in shareholders' equity of SEK 61.3 M and an increase in long-term and current liabilities of SEK 299.2 M and SEK 43.4 M respectively. The personnel options program has a negative effect on earnings but, in total, no effect on shareholders' equity.

Active Biotech - Group

Explanations on transition to IFRS for the period January 1 to December 31, 2004

Income statement, condensed	1/1–31/12 2004	Effects on	1/1–31/12 2004
SEK M	acc. to IFRS	transition	acc. to Sw GAAP
		to IFRS	
Net sales	69.7	–	69.7
Administrative expenses	-30.9	–	-30.9
Research and development costs	-224.7	15.0 ¹⁾	-239.7
Operating loss	-185.9	15.0	-200.9
Loss from participations in associated companies	-2.1	–	-2.1
Net financial items	16.2	-12.6 ²⁾	28.8
Loss after net financial items	-171.9	2.4	-174.2
Tax	–	–	–
Net loss for the period	-171.9	2.4 ³⁾	-174.2
Depreciation/amortization included in an amount of	22.8	9.7	13.1
Investments in tangible fixed assets	1.8		1.8
Earnings per share (SEK)	-5.09	0.07	-5.16

Comments on the effects on the income statement of the transition to IFRS:

¹⁾ The reporting of the "sale and lease-back" agreement as a financial lease had a positive effect on earnings of SEK 16.5 M and the reporting of personnel options had a negative effect on earnings of SEK 1.5 M.

²⁾ The reporting of the "sale and lease-back" agreement as a financial lease had a negative effect on earnings of SEK 12.6 M.

³⁾ In total, the reporting of the "sale and lease-back" agreement as a financial lease had a positive effect on earnings of SEK 3.9 M and the accounting of personnel options a negative effect of SEK 1.5 M.

Balance sheet, condensed	Dec 31, 2004	Effects on	Dec 31, 2004
SEK M	acc. to IFRS	transition	acc. to Sw GAAP
		to IFRS	
Tangible fixed assets	313.1	274.0	39.1
Financial assets	43.4		43.4
Total fixed assets	356.5	274.0	82.5
Current receivables	15.6		15.6
Short-term investments and liquid funds	214.8		214.8
Total current assets	230.4	0.0	230.4
Total assets	586.9	274.0	312.9
Shareholder's equity	104.1	-58.2	162.3
Long-term liabilities	392.6	294.1	98.5
Current liabilities	90.2	38.1	52.1
Total liabilities and shareholders' equity	586.9	274.0	312.9
Changes in shareholders' equity, condensed			
Opening balance	227.5	-62.1	289.6
Personnel options program	1.6	1.6	–
Convertible issue	46.9	–	46.9
Translation differences	0.1	–	0.1
Net loss for the period	-171.9	2.4	-174.2
Balance at end of period	104.1	-58.2	162.3

Comments on the effects on the balance sheet of the transition to IFRS:

The reporting of the "sale and lease-back" agreement as a financial lease entailed an increase in tangible fixed assets of SEK 274.0 M, a reduction in shareholders' equity of SEK 58.2 M and an increase in long-term and current liabilities of SEK 294.1 M and SEK 38.1 M respectively. The personnel options program has a negative effect on earnings but, in total, no effect on shareholders' equity.

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 and obstacles due to technological development, exchange rate and interest rate fluctuations, and political risks.

Financial calendar 2005

Interim report January – June: August 11, 2005
Interim report January – September: November 2, 2005
Year-end report 2005: February 16, 2006

Reports will be available from these dates at www.activebiotech.com.

Lund, May 12, 2005
Active Biotech AB

Sven Andréasson
President & CEO

This Interim report has not been reviewed by the company's auditors.

*Active Biotech AB is a biotechnology company focusing on research and development of pharmaceuticals. Active Biotech has a strong R&D portfolio with pipeline products focused on autoimmune/inflammatory diseases and cancer. Most advanced projects 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 immunotherapy with the primary indication non-small cell lung 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.*

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