




Annual Report 1 9 9 7



Research and development enables us to produce vaccines and pharmaceuticals that prevent and cure diseases, are precisely targeted, and have no side effects. Active Biotech is creating value for shareholders by applying cutting-edge biomedical expertise in a global industry.

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A n n u a l G e n e r a l M e e t i n g

The Annual General Meeting will be held on Thursday, 16 April 1998, at 5.00 p.m. at the Malmö Börshus building.

Right to participate at the Annual General Meeting

Shareholders who wish to participate in the business of the Meeting

must be recorded in the Securities Register maintained by Värdepapperscentralen VPC AB (Swedish Securities Register Centre) not later than Monday, 6 April, and *must* inform the Company of their intention to participate in the Meeting not later than Tuesday, 14 April at 4.00 p.m.

Notification may be made by post to Active Biotech AB, Stora Nygatan 61, SE-211 37 Malmö, Sweden or by telephone: 46-40-35 07 00, fax: 46-40-23 74 05 or E-Mail: info@activebiotech.com

When notification is made, the shareholder's name, address, telephone number, personal identification number/corporate registration number, number of shares held and type must be stated.

Shares in trust

To be able to participate in the business of the Meeting, shareholders whose shares are registered with a bank's trust department or an individual securities dealer, must temporarily register their shares in their own names with VPC not later than Monday, 6 April.

Announcement

In accordance with the Articles of Association, an announcement is made in the Sydsvenska Dagbladet, Svenska Dagbladet and Dagens Industri newspapers not later than two weeks prior to the Annual General Meeting.

Dividend

It is proposed that the record date for payment of dividends is to be 20 April, provided the Annual General Meeting approves the Board's proposal. Dividends will be paid via VPC on 27 April.

Financial reporting

Annual General Meeting:	16 April 1998
Six-month report:	27 August 1998
Report on 1998 operations:	February 1999
1998 Annual Report:	April 1999

Financial information may be ordered from Active Biotech AB, Stora Nygatan 61, SE-211 37 Malmö, Sweden or by telephone: 46-40-35 07 00, fax: 46-40-23 74 05 or E-Mail: info@activebiotech.com

Our Web page: <http://www.activebiotech.com>

THE YEAR IN BRIEF

ACQUISITION OF SBL VACCIN

All shares in SBL Vaccin AB were acquired from the Kingdom of Sweden on 30 June 1997.

CONCENTRATION ON BIOTECHNOLOGY

The Special General Meeting on 20 October 1997 approved concentration on biotechnology and a change in the company's name to Active Biotech AB (publ).

EARNINGS

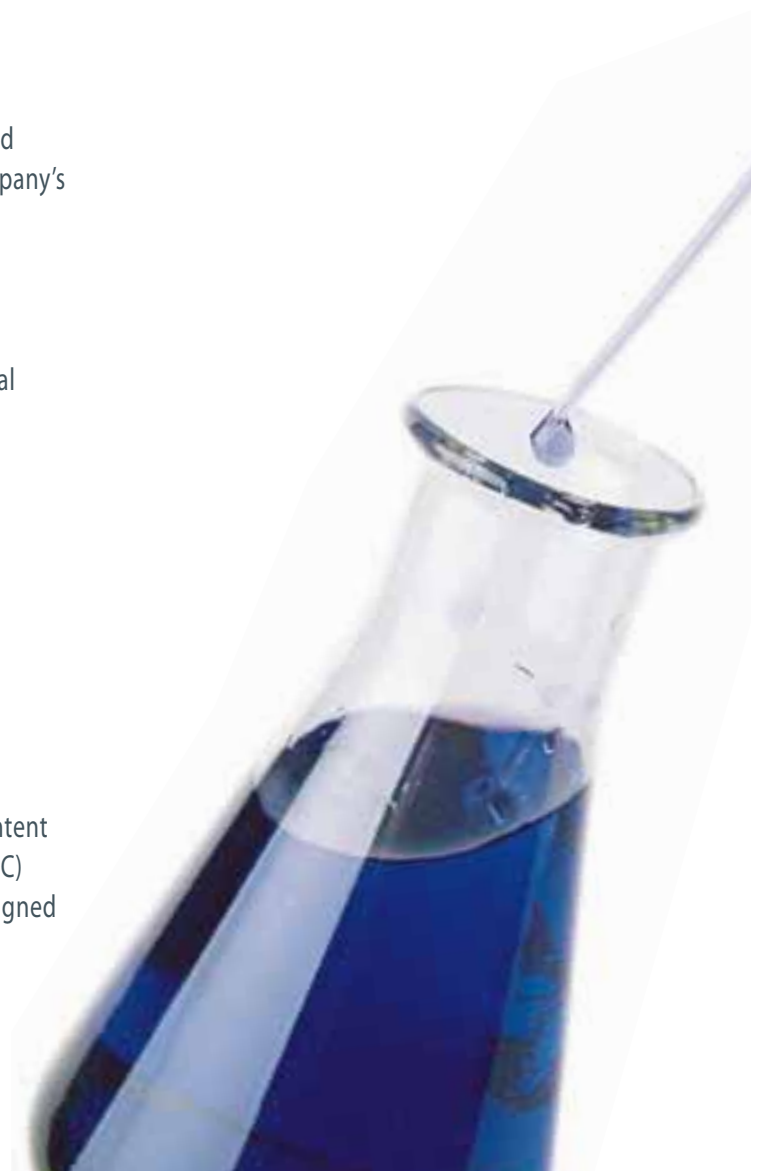
Group profit for 1997 was SEK 39 M (392) after net financial items and minority participations, or SEK 5.47 per share.

DIVIDEND

The Board of Directors has proposed a dividend of SEK 4.00 per share.

ACQUISITION OF LUND RESEARCH CENTER

On 19 December 1997, Active Biotech signed a Letter of Intent regarding the acquisition of the Lund Research Center (LRC) from Pharmacia & Upjohn. The purchase agreement was signed in March 1998, with a date of access in April.



Managing Director's comments

Seizing a unique opportunity



The decision taken by the Special General Meeting of 20 Oct. 1997 to focus our operations on biotechnology and biomedicine was one of the most important decisions Active has ever taken. Our task now is to ensure that we use the results of several years of high quality research and development in the best possible way, in a manner that generates new pharmaceuticals and vaccines.

Before we move ahead, I would like to emphasize that what we are doing obviously entails some risk. However, after very careful analysis, the company's Board and management have concluded that we should choose biotechnology as our future field of operations. There are several reasons for this.

The overall goal of our operations is to create value for our share-

holders. In our opinion, none of our other operations can seriously compete with the potential of Actinova and SBL Vaccin. In addition, the opportunities to help to prevent and cure diseases presented by our biotechnology initiative make this an even more satisfying endeavour than if it was simply a money-making exercise.

Investment in biotechnology calls for a full and unreserved commitment on our part. The degree of complexity involved means that we must devote all our energies to this area. Our investment in cell and molecular research, which started in Lund in 1985, laid the foundations. The divestment of Peltor in 1996, strengthened our cash position and gave us the time to refocus our activities. The acquisition of SBL Vaccin

in the summer of 1997 had a catalytic effect on our change of course. This acquisition is giving us deeper insights into vaccine and immunology research and it is opening up extremely interesting contacts in Sweden and in other countries. I am happy to be able to report that the Scientific Council which we inherited from SBL Vaccin has now become the Scientific Council for the entire Group. As explained elsewhere in the annual report, the Council stands up well to comparison with other countries.

The pharmaceutical and biotechnology industry is highly international. Active Biotech's international contacts have expanded considerably in the past year, and the financial aspects of the biotechnology industry are also international, of course. If we

need to raise capital in the future, we will be dealing with a highly sophisticated group of investors who know a great deal about the industry and the players. We need to present our ideas distinctly, and we must do our homework.

There will be considerable rewards if our efforts are successful, perhaps even very great rewards. But we must not forget that we have now entered an industry characterized by intense competition and high risks. The aim is to be first past the winning post, or perhaps second. But after that, it is hardly worth the effort. The greatest risk in all research and development activities is that someone else emerges who is better than we are. That is why we have to maintain a high tempo. The first to patent is the winner.

Knowledge is the mother of invention

The original cornerstone of our investment in biotechnology was laid in 1985 when we developed contacts with Professor Lars Björck and his team at the Department of Cell and Molecular Biology at Lund University. With hindsight, we may note that this initiative gave us a first-class introduction to the abstruse disciplines of molecular biology and medicine. Slowly but surely, this led to a realization that an understanding of genetics (genes) and the “messenger proteins” on the surface of cells will, for example, play an increasingly important part in the development of the pharmaceuticals of tomorrow. New techniques will make it possible to produce pharmaceuticals more quickly and cheaply than in the past. In addition, pharmaceuticals and vac-

cines will be more effective than they are at the moment, and with considerably less side effects.

Actinova Ltd. was launched in 1996. This company, which is based in Cambridge in the UK, is responsible for commercializing the results of the research in Lund. It is not possible to foretell the future, or how long it will take before this happens, but Actinova is built on solid scientific foundations, with a number of projects and concepts which are at the forefront of modern biomedical research. While work at Actinova accelerates, the research process continues in Lund, with the aim of generating new discoveries.

Specialization and cutting-edge expertise are two key concepts in biomedicine. In the case of research into the body's immune defence system – which is our field – it is not so difficult to understand the potential of the intellectual property at our disposal.

As we know, knowledge leads to insights, and greater knowledge produces the courage required to push ahead which, in its turn, explains the willingness to take risks – and in particular the audacity required to look for answers to questions that have never been asked before.

Acquisition of SBL Vaccin a milestone

One of the projects initiated by the research in Lund involves trying to develop a vaccine to counter infections from Group A streptococci. This is a very common bacteria which, for example can cause tonsillitis, which is a relatively harmless ailment. But it may be more difficult to deal with other diseases linked

with Group A streptococci. Rheumatic fever, which can result from failure to treat tonsillitis properly, is one example. But Group A streptococci can also cause nephritis, and there are also flesh-eating strains of this bacteria.

Our interest in vaccines was aroused when we started listening to scientific descriptions of the possibilities of creating a streptococcal vaccine. It did not take long to realize that there is a very great need for new vaccines – not just to combat streptococcus infections but also



*First to patent
is the winner*

to deal with other types of infections. The major “killer diseases” in the modern world are infections of the bronchial tract, diarrhoea, tuberculosis and malaria. There is a very great need for vaccines to counter these diseases.


This growing need and new techniques which permit the manufacture of vaccines which could not be produced previously have resulted in a situation in which the vaccine market is expanding almost twice as fast as the pharmaceutical market as a whole. In addition, at a time when the vaccine market is moving towards new alignments, this means that a completely new price structure is being established. Another argument in favour of vaccines is their effectiveness. A relatively short time has

passed since smallpox was eradicated from the face of the earth. This was only possible because there was an appropriate vaccine. If we look at slightly less serious diseases such as measles or German measles, society saves enormous sums of money by vaccinating instead of having to treat patients at a later stage. Polio vaccination is another example. Thanks to vaccination, we have not had a single case of polio in Sweden since the 1960s.

We acquired SBL Vaccin from the state on 30 June last year. SBL is the leading distributor of vaccines in Sweden. It also conducts research into and develops polio, cholera and tourist diarrhoea (ETEC) vaccines. The goal in this area is international launching of vaccine products. We obviously hope that the clinical tests which are now under way (Phase III) will lead to registration. International launching of the ETEC and cholera vaccines, and of polio vaccines in the US, will obviously be very important for SBL Vaccin. We are not stinting on the resources expended in this area. This should enable us to achieve a successful outcome. Our agreement on cooperation with SmithKline Beecham, one of the world's largest pharmaceutical companies, for international launching of the ETEC vaccine is obviously impressive. If everything goes according to plan, we expect to be able to register the ETEC vaccine in 2001. Registration of SBL's polio vaccine in the US may come as early as the year 2000. Work on a new production facility for the polio vaccine is already under way in Solna.

I am firmly convinced that the acquisition of SBL Vaccin was a very

wise investment. This gave us a perfect entry into an industry which has in fact been increasingly upgraded by the analysts since we acquired SBL. At the same time we obtained access to a large number of highly qualified employees.



The vaccine market is growing almost twice as fast as the rest of the pharmaceutical market

The Lund Research Center is advancing the frontiers of knowledge

The acquisition of the Lund Research Center (LRC) from Pharmacia & Upjohn (P&U) is a natural step in the development of Active Biotech AB. In March 1998, we signed an agreement with P&U, subject to a decision by Active Biotech's Annual General Meeting. Like Actinova and SBL Vaccin, LRC is involved in immunological research and development. As a result of the acquisition of LRC, we will be a highly modern biotechnology company with interesting projects of high quality, and working in indication areas where there is a very considerable medical need. Multiple sclerosis (MS), rheumatoid arthritis (RA) and asthma are priority areas. We expect to develop at least one "candidate drug" by 1999.

The acquisition of LRC, with its creative research environment and strong links with the academic world, increases our opportunities of recruiting more first-class people from the research community. We cannot overemphasize how important human beings are in this context. If we are to succeed, we must have the best people we can get.

I am convinced that the combination of an entrepreneurial spirit and research at the very highest level will enable us to achieve our future objective of designing new candidate pharmaceuticals or vaccines, in parallel with our existing products, and that we will then be able to develop them under our own auspices or in some form of partnership.

New issue

The acquisition of LRC means that we are actively investing in a number of new projects. We have already announced that we will be proposing that the Annual General Meeting approves a new share issue to finance this research. We must also have a strong and sound capital base which will enable us to be a full-scale partner in negotiations with other biotechnology and pharmaceutical companies. We also consider that a greater degree of international and institutional ownership would be an advantage for our future development. As a result, the Board proposes that new issues of approximately SEK 500 M should be implemented in the spring. One issue should give priority to our existing shareholders, while the other should be designated for international institutions.

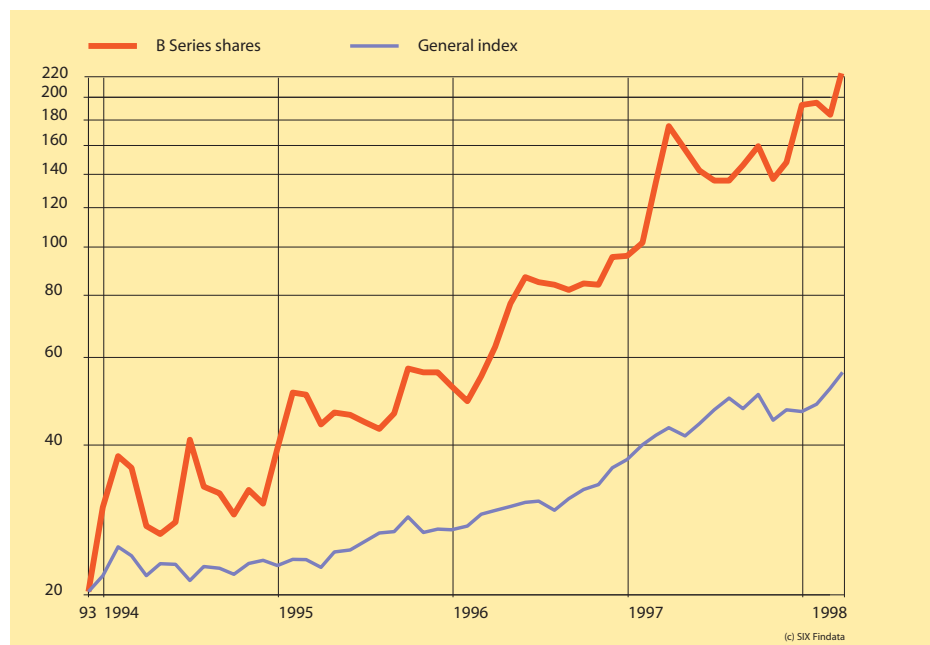
What will happen to Movera and Sonesson?

These subsidiaries are to be divested during 1998 in a sensible and businesslike manner. Nothing has changed in this respect since the Special General Meeting in October 1997. The only thing that has happened is that the acquisition of LRC has delayed the process somewhat. This does not mean that we are modifying anything we have said previously.

What will happen to our earnings?

When Movera and Sonesson are sold, we will have taken the final step in establishing a focused biotechnology company. This will also have a considerable impact on some of our key ratios. It will have a positive impact on our equity/assets ratio, for example – presumably very positive. Furthermore, our consolidated debt/equity ratio will decrease. This is all to the good. We will look strong because we are strong.

In the future, the only obvious way of analysing Active Biotech will be to evaluate our projects and our scientific achievements. Since our costs will certainly make themselves felt before the potential revenue is received, we will have one or two deficit years. The aim of this report is to give the reader as fair a picture as possible of the various projects and their potential. Many projects involve so much uncertainty that it is best to take up all the costs in the income statement. This is the case with all Actinova's costs, for example, which involve projects in their early stages. The opposite applies to the ETEC and cholera projects at SBL Vaccin.



In this case, the IASC rules prescribe that costs for the development of projects which meet certain criteria should be capitalized. This gives a fairer picture of the Group's position and has the advantage that the projects which are already considered to be viable are highlighted in the accounts. For the record, I would like to point out that it is standard practice in the US to expense all research and development costs.

Whatever course we pursue, a major proportion of our information will focus on our various projects. We will therefore immediately devote resources to establishing a special information department, which must have deep and wide experience in our industry.

1998 forecast

For obvious reasons, it is difficult to make a meaningful forecast for

Active Biotech AB at the time of writing. The acquisition of the LRC will obviously have a crucial impact on earnings for 1998. This also applies to the sale of Movera and Sonesson. Our operations are becoming R&D oriented, and this means a deficit, that is to say costs before revenues.

During the year, we have noted that our operations are attracting increasing interest – the number of shareholders has grown by more than 30 per cent.

Finally, I would like to take this opportunity of thanking all our employees for their fantastic contribution. You have done a tremendous job!

Malmö, March 1998

BO HÅKANSSON

The share

Share capital

The share capital amounts to SEK 139.2 M, divided into 2,315,660 Series A shares and 3,250, 326 Series B shares, each with a par value of SEK 25. Each Series A share carries one vote and each Series B share carries 1/10 of one vote. During the year, SEK 4,000,000 of the convert-

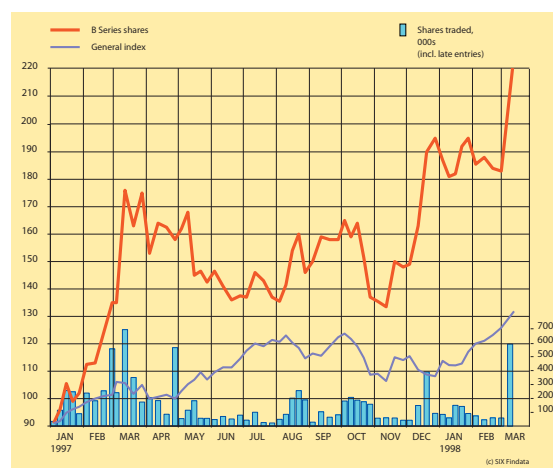
ible loan was converted to Series B shares. As a result of the conversion, the number of B shares increased by 40,000. The remaining convertible loan amounts to SEK 36,000,000, providing an entitlement to 360,000 Series B shares at full conversion. Conversion may be undertaken prior to 30 November 1999.

Change in share capital

Occurrence	A shares	B shares	Par value SEK	Change in share capital SEK M	Total share capital SEK M
1991 Exercise of warrants	173,800		10	1.7	115.3
1993 Reduction in par value			1	– 103.8	11.5
1993 New issue	17,367,450	17,220,300	1	34.6	46.1
1994 Conversion of debentures		9,142,856	1	9.2	55.3
1995 Consolidation of shares 1:10, par value SEK 10. New issue of 4 Series B shares	– 20,840,940	– 28,892,930	10	0	55.3
1996 Bonus issue			25	82.9	138.2
1997 Conversion 4,000 SEK thousand		40,000	25	1.0	139.2

The Active Biotech share

SEK M	1997	1996
Profit after actual tax, SEK	5.47	70.05
Visible shareholders' equity	98.24	102.52
Bid and ask prices as per Dec. 31:		
A shares	186.00	94.00
B shares	193.00	96.00



Ownership

Active Biotech's largest shareholders ranked by proportion of equity. This listing is based on information available to the company on 30 December 1997.

Shareholders

Holders	A shares	B shares	Number, %	Votes, %
Bo Håkansson and companies	1,219,669	3717	22.0	46.2
Pehr Lagerman and companies	20,000	100,000	2.2	1.1
Doris Borgelin and companies	11,700	76,800	1.6	0.7
Bo Axel Ax:son Johnsson and companies	23,000	46,400	1.2	1.0
Bengt Swegmark	55,000	0	1.0	2.1
Gösta Swegmark	50,000	0	0.9	1.9
Others	936,291	3,023,409	71.1	47.0
Total	2,315,660	3,250,326	100.0	100.0

Total number of shares: 5,565,986
Total number of votes: 2,640,692
Votes per share: Series A shares 1 vote, Series B shares 1/10 vote
Maximum dilution: Convertibles 360,000 Series B shares
Number of shareholders: 6,243
Institutional ownership: 4.5 per cent of the equity
and 2.6 per cent of the votes

Ownership structure

Shareholding range	Number of owners	As a percentage of shareholders	Number of shares	As a percentage of shareholders' equity	Average per shareholder
1-1,000	5,717	92	1,421,789	26	249
1,001-10,000	473	7	1,302,312	23	2,753
10,001-100,000	51	1	1,498,499	27	29,382
100,001-	2	-	1,343,386	24	671,693
Total	6,243	100	5,565,986	100	892

Active Biotech – an innovative biomedical company

Biomedical research is generating the pharmaceuticals of the future

Advances in the biotechnology area, especially in “genetic engineering”, have created completely new prerequisites for medical research in the last two or three decades.

Medical approaches, in which the focus was previously on human cells as the smallest possible unit, are now based on the inner working of cells and their various components. Molecular biology perspectives and approaches are dominating medical research, and they also determine industrial priorities for the development of new pharmaceuticals.

This trend also means that a number of new terms have been introduced to describe the phenomena concerned. Terms such as life science, biotech and bioscience are being used to provide a broad perspective in the research area, while terms such as biopharma, biotherapeutics and biomedicine are intended to encompass a specific area, that is to say modern pharmaceuticals. Biotech methodology is increasingly replacing traditional synthesis chemistry in the pharmaceuticals industry, and this means that researchers and companies are trying to develop natural substances which occur in the human body.

Active Biotech employs a consistent strategy which involves investment in research and development projects in which the aim is to achieve new and improved alternative treatments for diseases linked to the immune system. The formation of Actinova in the autumn and winter of 1996/97, the acquisition of SBL Vaccin in June 1997, and the acquisi-

tion of the Lund Research Center (LRC) from Pharmacia & Upjohn are crucial steps in the company's biomedical endeavours. As described in the annual report last year, Active Biotech is using these subsidiaries to create an intermediate level between academic medical research and the major pharmaceutical companies.

The immune system is the key

The human immune system is complex and has the very difficult task of keeping tabs on what is an intrinsic



Molecular biology perspectives and approaches dominate medical research

aspect of the human body and what is not. This means that, from a very tender age, the body must gradually build up an immune defence system, either as part of a natural process or with external assistance, for example as the result of vaccination. Adults can then benefit from this immune defence system for the rest of their lives. In most cases, our immune system can handle temporary encroachments from microorganisms (bacteria and viruses), and infections can be neutralized with the help of vaccines and drugs. However, the phenomenon referred to as autoimmunity

is perhaps the most difficult type of disorder to explain. This situation occurs when the immune defence system begins to regard an organ or body tissue as an extraneous element, that is to say as something which is not part of the body. Organ transplants give rise to a temporary reaction of this nature, since the body perceives the transplant organ as extraneous and starts to form antibodies to counter it.

These examples illustrate the key role which the immune system plays in the body and the important monitoring functions it performs.

Active Biotech's product portfolio and the products which can be generated from it will have various areas of application.

Firstly, there are vaccines for various types of diseases. Secondly, there are protein and peptide-based drugs for the treatment of infectious and inflammatory conditions. Thirdly, there are antagonist or anti-infective products which selectively hinder the triggering of an immunoreaction. Finally, there are targeted products, such as monoclonal antibodies which selectively attack certain types of cells in the body.

The molecular biology approach is the common denominator in the development process required to generate finished, marketable products.

Active Biotech Biomedical Group with a strong research orientation		
COMPANY	RESEARCH AREA	OPERATIONS
Actinova Cambridge	Bacterial proteins	Commercialization of products for the treatment of infectious diseases
Actinova Lund	Molecular infection mechanisms	Development of medical/clinical concepts (basic research)
SBL Vaccin	Infectious diseases	Development and manufacture of vaccines for the global market Marketing and distribution of vaccines in the Nordic region
Lund Research Center	Immunology	Own research into inflammatory and autoimmune diseases Contract research for Pharmacia & Upjohn in the cancer area

Mission

Active Biotech's mission is to build up a biomedical Group with a strong research orientation, based on research into human immune systems conducted by the SBL Vaccin, Actinova and LRC subsidiaries. Active Biotech conducts research to develop new pharmaceuticals and vaccines in major medical areas. Operations range from pure research to sales and distribution of products produced by the company and by other manufacturers. Our main ambition, however, is to conduct pre-clinical research in order to enter into alliances with large pharmaceutical

companies at an appropriate point in time, for the further development and sales of new drugs.

Strategy

- World class expertise in immunology, cell biology and molecular biology
- Close cooperation with university departments
- Alliances with other research and pharmaceutical companies
- High degree of self-financing
- Growth, both organic and as a result of acquisitions

Objectives

To create value for shareholders by combining cutting-edge biomedical expertise with business professionalism and an entrepreneurial spirit.

Active Biotech's project portfolio

DESCRIPTION	DEVELOPMENT PHASE	
	DISCOVERY	PRECLINICAL
Protein L products E.g. used in biomedical R&D and in pharmaceutical manufacturing.		
Vaccines for Group A streptococci (GAS) E.g. for tonsillitis and other infections in the upper respiratory tract.		
Immunotherapy products (antibody-based) For acute treatment of septic shock caused by Group A streptococci.		
Antithrombotic substances To dissolve or prevent the occurrence of blood clots.		
Anti-inflammatory substances To prevent pro-inflammatory conditions caused by infections.		
Polio vaccine Inactivated type.		
Cholera vaccine New type of oral vaccine containing rCTB component.		
ETEC vaccine (tourist diarrhoea) New type of oral vaccine containing rCTB component.		
Lund Research Center Preclinical research in the following areas: Immunology, Molecular biology, Immunotechnology, Biochemistry, medical chemistry and experimental models related to the immune system and autoimmune diseases. For the treatment of, for example: - Asthma - Multiple sclerosis (MS) - Rheumatoid arthritis (RA)		

Scientific Council



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PER MÅNSSON

New Projects
SBL Vaccin AB



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SBL Vaccin AB

*A rapidly growing
global market*



Vaccines and vaccine research previously had lower priority than pharmaceuticals. There is now a global market for vaccines, in which growth is almost twice as high as in the pharmaceutical sector. In line with the current trend in the industry, both these areas will merge at some time in the future.

The global vaccines market was valued at USD 4 billion in 1997, and is expected to grow to USD 7 billion by the year 2001. This means annual growth of 15 per cent compared with 8 per cent for the pharmaceuticals industry as a whole.

There are several explanations for this optimistic forecast. Developments in gene technology and molecular biology have established completely new prerequisites for commercially viable vaccines which provide better protection against a wider range of illnesses. Other factors are deregulation of the vaccines market, better patenting opportunities and the increasing resistance of bacteria to antibiotics.

SmithKline Beecham and Pasteur-Mérieux are the largest international players. There are also a large number of small companies with national operations, since vaccines were previously regarded as a public-sector responsibility.

Vaccines – beneficial for society

Vaccines not only give the individual effective protection against most infectious diseases, they are also an extremely good investment for society at large. According to the WHO, society saves USD 7-20 in health care costs for every dollar invested in preventive vaccination. Smallpox has been eliminated as a result of widespread vaccination programmes, and the same process may be observed in the case of measles and polio, due to vaccination on a world-wide scale.

Vaccines are classified as either child vaccines or adult vaccines. In most countries, there is universal vaccination of children against serious infectious diseases such as diphtheria, tetanus and whooping cough, and also polio, measles, mumps and German measles. The greatest growth potential is in adult vaccines, however. Influenza vaccines and vaccines for travellers currently dominate this sector.

Teachable immune systems

In the vaccination process, an infectious agent, that is to say an antigen, is introduced into the body, making the patient immune to the infection spread by the bacterium, virus or bacterial toxin. When the body is infected for the first time, the immune system learns to recognize “the intruder” and how it should be fought. The extraneous agent activates the body’s defensive cells, which mature and form antibodies. In addition, information about the intruder is stored in memory cells.

The next time the body is invaded by the same infection, the immune system reacts immediately and neutralizes the intruder before



the human being concerned falls ill.

Different vaccines

There are various types of vaccines. Some contain dead bacteria or

“*The greatest growth potential is in adult vaccines, where influenza and traveller vaccines currently dominate the market*”

viruses – polio vaccine is an example. Others consist of live but weak bacterial or viral strains, as in the case of vaccines for measles, mumps or German measles. There are also vaccines which contain parts of micro-organisms or modified bacterial products, for example diphtheria, tetanus and whooping cough vaccines. If it is to be effective, a vaccine must also contain an adjuvant which helps to activate the immune system by causing an inflammation which reinforces the vaccine's effect.

Vaccines of the future

The vaccines of the future will provide better protection against a wider range of infectious diseases.



Therapeutic vaccines are also being developed for use in the treatment of diseases such as cancer, allergies and autoimmune diseases. Molecular biology is also being applied to develop DNA vaccines for infections such as HIV. Genetic engineering makes it possible to remove certain genes from





the infectious agent and combine them to produce an effective vaccine with no risk of infection.

Another trend is to combine several active vaccine components in one and the same product. A five-component vaccine is being marketed in Sweden which provides protection against polio and certain types of meningitis, in addition to protection against diphtheria, tetanus and whooping cough

The forms of administration will also change. So far, most vaccines have been injected, but oral vaccines in liquid form are already on the market. The vaccines of the future may also be administered in other ways, for example via nasal sprays or in food.

Acquisition of SBL Vaccin AB

Active Biotech acquired SBL Vaccin AB from the state in June 1997. SBL was the only company in Sweden

which specialized in vaccines. SBL Vaccin is active in the international market and is, for example, developing the ETEC vaccine, the world's first vaccine against tourist diarrhoea.

The terms of the acquisition were:

1. SEK 100 M on access, on 30 June 1997,
2. Additional payments of a maximum of SEK 15 M a year in the period 1997-1999, making a maximum total of SEK 45 M, depending on SBL Vaccin's sales in the year in question,
3. An additional payment of SEK 50 M when the company's ETEC vaccine is registered in the US, SEK 50 M when registration in Europe is completed, and SEK 5 M when the company's cholera vaccine is registered in the US, making a total of SEK 105 M.

In addition, SEK 200 M was allocated at takeover for SBL's continued development of the ETEC and cholera vaccines.

Active Biotech has entered the total supplemental payments of SEK 150 M as a liability, and the book value for SBL Vaccin is SEK 453 M, after capitalization of acquisition expenses of SEK 3 M.

The acquisition included SBL's properties in Solna, including 26,000 m² of office, laboratory and production floor space and a 100,000 m² site.

SBL Vaccin AB commenced operation on 1 July 1993. The company took over the vaccine operations previously conducted by the National Bacteriological Laboratory.

Prior to access by Active Biotech, an extensive investment programme had been initiated. Investments

amounted to SEK 236 in the period 1994-1996, of which SEK 106 M was devoted to premises, SEK 75 M to R&D, and SEK 55 M to machinery and equipment.

SBL Vaccin AB – a vaccine specialist in a global market

SBL's operations may be divided into two main areas:

- Development and manufacture of vaccines for the international launching,
- Marketing of SBL vaccines and agency products in the Nordic region and the Baltic countries, and the distribution of vaccines in the Swedish market.

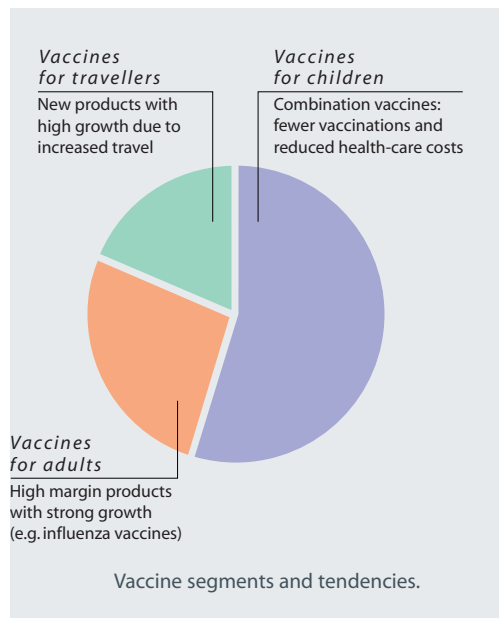
Products for international launching

Oral vaccine against cholera

This vaccine is based on a widely acclaimed discovery by Professor Jan Holmgren, who analysed the cholera toxin and developed a recombinant copy (rCTB) of its B subunit. Killed cholera bacteria are linked to rCTB.

It is estimated that there are about three million cases of cholera a year in the world, and approximately 150,000 deaths. SBL Vaccin's oral cholera vaccine is registered in Sweden and Norway under the Dukoral trademark and it also has been approved for the ETEC indication. This product is experiencing strong sales growth, and sales have increased by more than 70 per cent in the last few months.

SmithKline Beecham has an exclusive licence to market the vaccine throughout the world, with the exception of the Nordic region and the Baltic countries. SBL receives a royalty and a payment which covers



production costs. The royalty is high since SBL has financed development and clinical testing without external assistance. An application for registration in the US and in Europe is planned for 1999, with a full launch one year later.

*Vaccine against ETEC
(tourist diarrhoea)
– SBL's spearhead programme*

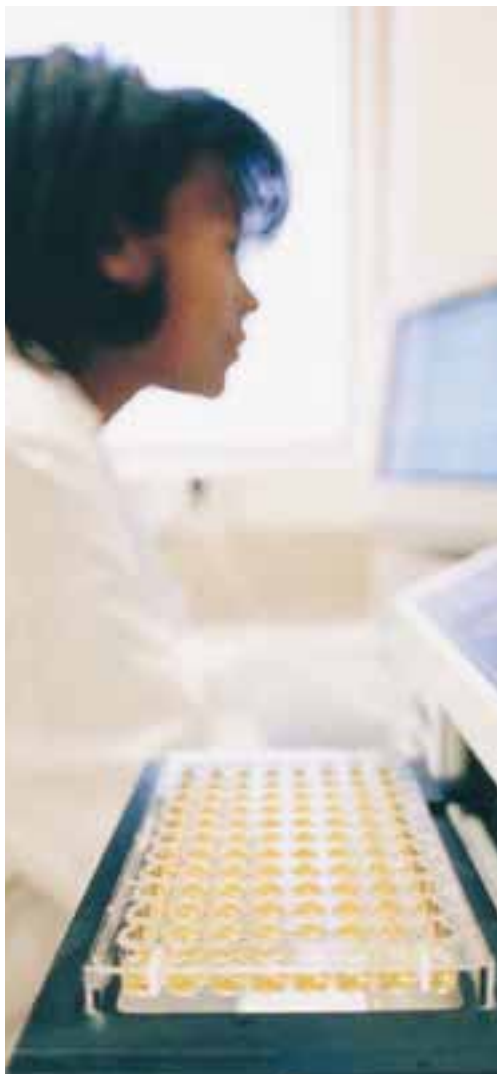
Approximately 30-50 per cent of all visitors to Latin America, Africa and South Africa, Asia suffer from diarrhoea. This also applies to a lesser extent to 10-20 per cent of travellers in the Mediterranean region, Eastern Europe and Russia. This is often due to completely innocuous bacteria which form part of the normal intestinal flora of the local population. But about 40 per cent of such cases are due to enterotoxin-forming *Escherichia coli* (ETEC). This infection hinders personal mobility to a considerable extent – approximately 500,000 deaths a year among children in developing countries are due to ETEC.

The ETEC vaccine is mixed with water in a glass and imbibed orally, like Dukoral. The initial immunization calls for two doses with a week's interval, and then a booster dose if another trip is undertaken within one year. This vaccine is undergoing late Phase III trials and, when documentation is completed, it is expected that it will be possible to register and launch it in the US and Europe in the year 2001. No ETEC vaccine is currently available in the world market.

SmithKline Beecham has exclusive rights to the marketing of the ETEC vaccine in all countries, with



“*The vaccines of the future will provide better protection against a greater number of infectious diseases*”



the exception of the Nordic region and the Baltic countries. SBL Vaccin receives royalty fees which cover the full production cost. The royalty for the ETEC vaccine is high because SBL has been exclusively responsible for financing the entire development process.

*Polio vaccine (IPV)
– launching in the US*

The aim of the WHO vaccination programme is to completely eliminate the polio virus. Approximately 5,000 cases occurred in 1996, however. In most countries, public vaccination programmes will probably continue for about 15 years after the virus has disappeared. Under an agreement with North American Vaccine (NAV), SBL's polio vaccine is to be included in a combination vaccine for children, in which the other components will be manufactured by NAV. SBL has been selling and manufacturing an inactivated polio vaccine (IPV) for some time on the Swedish market, but this product has not yet been introduced in the American market. SBL is currently investing in upgrading of the production facilities, documentation and validation of the process. NAV is responsible for clinical testing and registration. SBL will receive royalties and payment to cover the cost of production.

rCTB – a unique substance

The rCTB component developed by Professor Jan Holmgren at the University of Gothenburg, functions as a carrier of vaccines and other pharmaceuticals to the gastrointestinal tract. SBL has the manufacturing licence for rCTB used in pharma-

ceuticals and exclusive rights for the use of rCTB for products such as the ETEC and cholera vaccines. In March 1998, SBL will start to manufacture rCTB in a new production facility at Matfors, which represents an investment of approximately SEK 3 M.

SBL Vaccin – marketing in the Nordic countries and distribution in Sweden

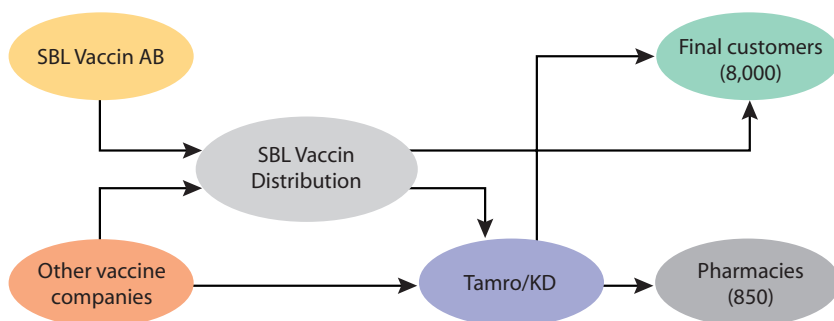
Strong trademark

The SBL trademark is strongly established on the Swedish market, with a market share of approximately 50 per cent in 1997 for SBL and agency products. In the child vaccine market segment, the corresponding figure was approximately 75 per cent. SBL markets child vaccines manufactured in-house for the treatment of diphtheria, tetanus and polio, and also markets the Dukoral traveller vaccine for cholera and ETEC. In addition, SBL distributes child and influenza vaccines for international suppliers. The marketing organization employs a large number of product specialists, and SBL has a competitive advantage as the only Swedish company specializing in vaccines.

Market leader

SBL's leading position in the Swedish market and its close contacts with physicians specializing in infectious diseases allow the company to actively develop markets in other Nordic countries and to extend the product range to non-vaccine products for the treatment of infectious diseases.

As a result of the deregulation of the Swedish market in 1997, the



Distribution channels for vaccines in Sweden.

competitive situation in the distribution sector has changed. The aim is to retain the company's strong position as a full-range supplier in Sweden. Developments during the year and changes in the supplier situation indicate that SBL is a very strong distributor. SBL's high degree of expertise makes it easier to combine cost-effective distribution with a high level of service and information.

Sales and earnings

Sales amounted to SEK 255 M, of which SEK 50 M represented sales outside Sweden. The corresponding figures in the preceding year were

SEK 262 M and SEK 26 M, respectively. Satisfactory profitability for marketing and distribution operations in the Nordic region was maintained, and SBL Vaccin is continuing to undertake extremely substantial development operations, particularly with regard to the cholera and ETEC vaccines. During the year, the cost of building up a rational operation for production and product control, in line with Good Manufacturing Practice (GMP), increased substantially, and amounted to SEK 29 M. In addition, there were investments in production facilities and equipment of SEK 23 M. Direct R&D costs amounted to SEK 46 M, which was 24 per cent higher than in the preceding year. SEK 34 M of this amount pertained to development costs for ETEC and cholera vaccination, and was capitalized. Profit before tax amounted to SEK 1 M. New principles for calculating pension provisions resulted in a charge on earnings of SEK 3 M. The comparable profit for the preceding year was SEK 27 M. The reduction in profit is attributable to production and product control costs for the scheduled international vaccine programme.

The trend during the year, with changes in the supplier situation, has demonstrated that SBL is a very strong distributor



*The strong patent
position demon-
strates the quality
of the research*





There were exciting developments in 1997 at Actinova Ltd (Cambridge, UK), and its subsidiary, Actinova AB, in Lund. Through an exclusive agreement with Lund University, Actinova has access to more than a decade's worth of world class research into the structure and function of bacterial surface proteins. This knowledge base has already provided Actinova with a number of pharmaceutical and non-pharmaceutical product opportunities. The co-operative arrangement with Lund University resulted in the filing of five new patent applications in 1997. The loss before tax amounted to SEK 14 M. All Actinova's expenditure is on R&D and is fully expensed.

Actinova launched its first product, the affinity protein, Protein L, through its wholly owned subsidiary, Actigen Ltd.

During 1997, Actinova implemented its strategy for effective exploitation of the research undertaken at Lund University by Professor Lars Björck (Department of Cell and Molecular Biology), and by Professor Ulf Sjöbring (Department of Medical Microbiology). These research groups focus on the mechanisms by which bacteria infect their human hosts, and on the host's response to infection. In unravelling these processes at the molecular level, a variety of surface proteins have been identified which are essential to the survival and sustenance of invading bacteria. Several of these molecules have potent effects on the host's immune defence and coagulation systems.

Actinova is applying the unique knowledge available at Lund University and its ownership of the rights to exploit these discoveries, and the company's development and project management skills, to produce new pharmaceutical agents for the prevention and treatment of both infectious and non-infectious disease.

Current projects include development of a vaccine for the prevention of Group A streptococcal infection ("strep throat"), a treatment for severe life-threatening, infections caused by the Group A streptococci, and new means of tackling the inflammation and coagulation problems which accompany serious bacterial disease. A recently initiated programme is aimed at finding applications for a novel bacterial surface protein, which has the ability to undergo division.

Strong patent position

Streamlining the transfer of projects from the research environment into

commercial development was an important aspect of the company's operations during the preceding year.

One proof of the quality of the science available to Actinova and the productive nature of the company's relationship with Lund University is the company's substantial patent (or intellectual property rights-IPR) portfolio. Actinova has filed a total of 20 patents, of which four were filed in 1997. A broad patent portfolio is the foundation on which a biotechnology enterprise is built, and makes a significant contribution to the perceived value of any research and development company.

Actigen Ltd

Actigen Ltd is a wholly owned subsidiary of Actinova Ltd and was formed to accelerate commercialisation of the company's non-pharmaceutical products. Some of the bacterial surface proteins identified by the Lund research teams bind tightly to particular human molecules. These so-called "affinity-proteins" have a number of commercial uses, particularly in the purification of valuable biological products from complex mixtures.

Actigen's first marketed product, Protein L, is of value in the purification of antibody molecules (immunoglobulins). The product has applications in research and in the large-scale isolation of immunoglobulins.

Partnership agreements and alliances

To accelerate the introduction of Protein L TM and other affinity proteins into global markets, Actinova has entered into a number of strategic partnership agreements and alli-

ances in addition to marketing Protein L and other products under the Actigen name. Agreements have been signed with three North American companies, MBI Fermentas, Repligen and Invitrogen. Actinova also has agreements with regional distributors in Germany, France, the United Kingdom and Scandinavia.

Licence Revenues

As well as revenue from product sales, Actinova can expect licensing revenues in 1998. Licensing arrangements allow other biotechnology companies access to the technologies and applications defined in the Protein L patents held by Actinova in return for payments, royalties or reciprocal access to proprietary technologies. An agreement has been signed with one North American company and further proposals with companies in North America and other territories are in negotiation.

In the coming year, the product portfolio will be augmented by products originating from Actinova's own development programmes and from technologies for which licences have been acquired from other companies.

Vaccine against Group A streptococci infections

Actinova's lead pharmaceutical candidate is a vaccine to prevent upper respiratory tract infections caused by Group A streptococci ("strep throat"). This common condition afflicts millions of children and young adults every year throughout Europe and North America. These infections generally respond to simple antibiotic treatment, although the large number of cases imposes a heavy burden on health care services. Preventive vacci-

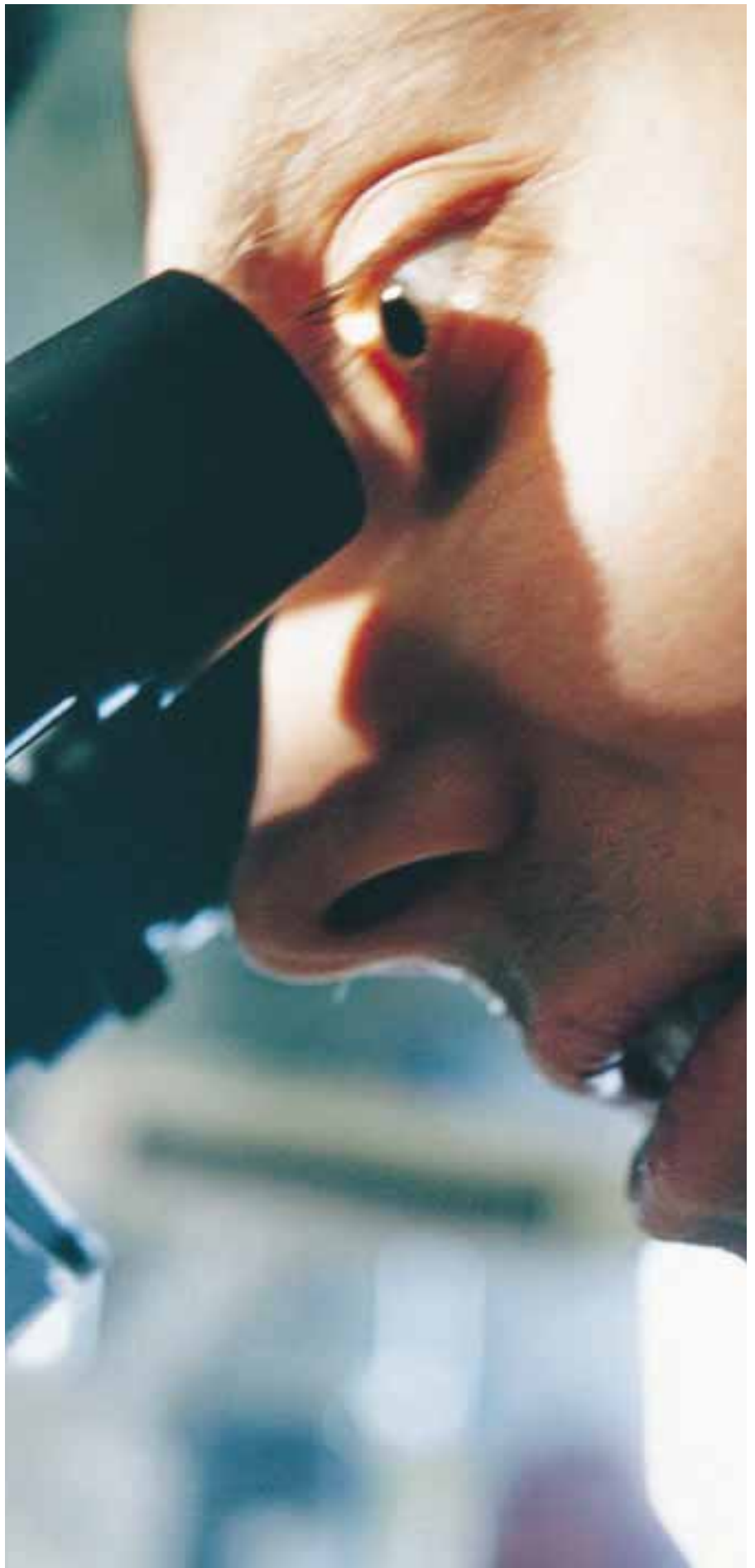


nation would be a cost-effective means of reducing the estimated 35 million cases of “strep throat” which occur each year.

Development of a Group A streptococcal vaccine is complicated by the large natural variation which occurs in the make-up of the bacterial surface. This prevents the body from mounting an effective immune defence against all forms of bacteria. Actinova is approaching this problem by determining which regions of the bacterial surface are unchanged in different strains of Group A streptococci. A candidate vaccine based on this principle is in early research and development, and a patent covering this technology has been filed.

**Immunotherapy product
for acute treatment of
streptococcal infections**

Group A streptococci can cause severe, life-threatening infections. Treatment generally involves surgical removal of infected tissue combined with antibiotic therapy. Despite intensive medical intervention, the mortality rate from these infections remains high. Actinova initiated a pre-clinical development programme in 1997 with the aim of identifying molecules of key importance to the processes, which occur in severe infection. The aim is to use antibodies against these molecules to neutralize their harmful effects (antibody-based immunotherapy).



Research on inflammation and coagulation

During the process of infection, bacterial proteins initiate inflammation and disturb the mechanisms that regulate normal blood coagulation. The powerful biological effects of these molecules make them candidate pharmaceutical agents. Applications at an early stage include the use of bacterial proteins to prevent or control the inflammation process, and in the detection and dissolving of unwanted blood clots.

Intracellular targeting – a new project

A bacterial protein has been identified which is able to enter particular blood cells by a previously unsuspected mechanism. The protein appears to exert an effect on the cell's ability to undergo normal division. Potential applications of this discovery include the delivery of pharmaceuticals into diseased cells, and development of new drugs for the treatment of diseases characterized by uncontrolled cell division. Patent applications have been filed and exploitation of this discovery will receive high priority in 1998.



“Establishing routines for the transfer of projects from the research environment to the commercial development phase was an important aspect of operations

Lund Research Center

In December 1997, Active Biotech and Pharmacia & Upjohn signed a Letter of Intent regarding the acquisition of the Lund Research Center by Active Biotech.

In March 1998, an agreement was signed with Pharmacia & Upjohn, pending approval by Active Biotech's Annual General Meeting.

*Advanced expertise
in innovative
biomedical research*





Following the foundation of the Lund Research Center (LRC) in 1991, Pharmacia & Upjohn has gradually concentrated its Swedish research in the cancer, inflammation and autoimmune areas on Lund. The LRC research objective is to generate innovative concepts for the development of pharmaceuticals for the treatment of cancer, multiple sclerosis (MS), rheumatoid arthritis and asthma. Researchers at LRC are using modern biomedical research and new pharmacological methods, pharmaco-

kinetics and metabolism to develop pharmaceuticals with a narrower and more precise impact on these diseases, and with less risk of side effects.

LRC – a focus for high technology research

LRC is a preclinical research unit located in the IDEON research park at Lund, and hence part of the Scandinavian “Medicon Valley”, close to other Swedish and Danish research-oriented companies and the

universities of Lund, Malmö, Copenhagen and Roskilde. Following its recent extension in 1997, LRC has 25,000 m² of floor space, with 13,000 m² of laboratories and the latest equipment for modern research in molecular biology and immunology. Today, about 165 people are working at LRC. Approximately half the research team have doctoral degrees and several have post-doctoral research experience at leading international universities. Despite its relative youthfulness, LRC has already



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*Acquisition of the
Lund Research Center
will extend and
expand Active Biotech's
expertise*

generated two candidate drugs (CD) in the cancer field which are currently being evaluated in clinical tests.

**Knowledge base
– the human immune system**

The common denominator in LRC research is knowledge about and understanding of the body's immunological processes, how its constituent components function at the cellular, genetic and chemical levels, and how defects and deviations affect the occurrence of cancer and autoimmune diseases. This basic knowledge is used to identify drugs with a more precise impact than the pharmaceuticals currently on the market. This may involve factors which lead to a specific form of cancer or which cause the immune system to attack vital bodily functions, as in the case of multiple sclerosis and other autoimmune diseases.



Research synergies with Actinova and SBL Vaccin

The acquisition of LRC means both expansion and enlargement of Active Biotech's expertise in autoimmune and inflammatory diseases and other areas related to the immune system. Professor Lars Björck's research at the Department of Cell and Molecular Biology at Lund University and SBL's development projects in the vaccine field may contribute to, and make use of, knowledge gained in the applied pharmaceutical research conducted at LRC.

Autoimmunity and inflammation projects

Research on autoimmunity and inflammatory diseases is of growing importance, and now represents more than 50% of operations. Considerable progress has been made in projects involving experiments with two substances: immunomodulators and β integrinantagonists.

Multiple sclerosis (MS) is an incurable disease, and although drugs have now been developed which can alleviate and possibly slow down the process, there is a considerable need for new methods of treatment. The nerve system is broken down, leading to paralysis, blindness and premature death. Immunomodulators are a further development of previous research, and are expected to have a more selective effect on the immune defence system. They are less likely to have side effects, while achieving the same satisfactory clinical results on MS as previous projects.

β integrinantagonists are a new type of low-molecular substances, which have a selective effect on white corpuscles in connection with

chronic and allergic inflammations. β integrinantagonists are expected to be more effective and have a more selective impact than current forms of treatment for asthma and rheumatoid arthritis, which are common ailments.

Other interesting projects are based on the concept of inhibiting T-cells, which play an important part in the activation of the immune defence system in the body. Application of selective inhibition to T-cells blocks an undesirable immune reaction, without affecting the immune system in other respects.

This approach is also employed in another project designed to prevent the rejection of transplanted organs without increasing the patient's overall susceptibility to infections. Existing treatments require virtual isolation of the patient in order to avoid the risk of infection. This approach is also being investigated in other projects which are primarily aimed at the treatment of rheumatoid arthritis.

Contract research in oncology

LRC had an emphasis on cancer research in 1991, when it was founded. The TTMA project aims to develop a method for identifying tumorous cells amongst the millions of healthy cells in the body, and to activate the immune system to attack and destroy cancer cells, while leaving other cells intact. The basic idea is that a product which consists of a monoclonal antibody and an immunoactivator (superantigen) may be expected to work more selectively than current cytotoxins, and that this

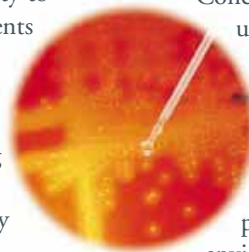
will mean a drastic reduction in side effects. LRC has developed two candidate drugs which Pharmacia & Upjohn has decided to transfer to other units for clinical testing, but LRC is continuing to work on a third substance in the TTMA project which could be used in the treatment of other well-defined forms of cancer.

Cancer research for Pharmacia & Upjohn on a contract basis is expected to continue for a period of three years.

Development strategy

Hitherto, the strategy has been to develop candidate drugs under Active Biotech's own auspices, and to subsequently conduct clinical research programmes up to the "Proof of

Concept" stage (Phase II), either under Active Biotech's auspices or in cooperation with international pharmaceutical companies. The strategy for extended international Phase III clinical programmes and marketing envisages partnership with major leading pharmaceutical companies in the field. It is intended that the development programme from the candidate drug stage to the finished product should be financed by down payments, "milestone" payments as each phase is achieved, and royalties on sales. This system is commonly employed in the industry to reduce financial risks for small and medium-sized research companies.





Basis for acquisition

Active Biotech is to pay for LRC by issuing two million new Series B shares to Pharmacia & Upjohn. In order to permit financing of research until projects start to generate liquid funds in the form of milestone payments and down payments, Active Biotech has decided to arrange financing by making two new issues, one for shareholders and one directed at institutional investors. The prospectuses for these two issues will provide a more detailed picture of the commercial aspects. Approval by Active Biotech's Annual General Meeting is a prerequisite for this transaction.

“*Knowledge and understanding of the body's immunological processes provides a common basis for the Lund Research Center's work*”

Other operations

Concentration on biotechnology calls for divestment of non-core businesses

As a result of a concentration on biotechnology, Active Biotech intends to divest AB Movera and Sonesson Inredningar AB during 1998.

Movera

Strong profit improvement continued in 1997

Transport AB Movera, which is based in Malmö and provides product tanker, helicopter and executive flight services, reported a strong year of operations. The company reported a profit of SEK 23 M after net financial items, compared with SEK 11 M in 1996 and SEK 4 M in 1995. In 1997, sales amounted to SEK 195 (175). During the year, Movera strengthened its capital base by SEK 40 M as the result of a new issue. Movera owns 95.5 per cent of Helikopterservice at a book value of SEK 27 M, 100 per cent of InterAir at a book value of SEK 18, and 91 per cent of Heron at a book value of SEK 20 M.

Helikopterservice Euro Air AB

In 1997, the company continued to maintain the successful record achieved in recent years. The number of passengers carried on regular services between Malmö/Copenhagen Airport and Helsingborg/Copenhagen Airport increased by 12 per cent. Helikopterservice flew a total of 76,073 passengers. Sales amounted to SEK 73 M (66) in 1997, and profit after net financial items was

SEK 25 M (15). The shareholders' equity amounted to SEK 45 M.

During the year, the company acquired three new S76C+ Sikorsky helicopters, representing a total investment of SEK 125 M. As a result of the divestment of one helicopter in 1997, there was a gain of SEK 12 M.

During 1997, Helikopterservice introduced Sunday flights. The full impact of the investment in new helicopters is not expected to be felt until late 1998 and early 1999.

Rederi AB Heron

Heron is one of the most modern shipping lines in the refined-oil-products transport sector. During the year, the company had sales of SEK 99 M, compared with SEK 86 M in 1996. Profit after net financial items amounted to SEK 1 M (2). Exchange rate losses of SEK 3 M (1) due to a strong USD were charged against profits. Shareholders' equity amounted to SEK 23 M.

Heron currently has three product tankers. Two large vessels of 15,000 dwt each are on long-term time charters to Statoil in Norway and James Fisher in the UK. The third product tanker of 9,000 dwt is operating on the spot market in north European coastal traffic.

A new product tanker of 8,300 dwt will be delivered in the autumn of 1998. This new vessel will give Heron a fleet with a total of 47,196 dwt, flying the Swedish flag. Heron is waiting to see the Swedish Government's proposals concerning an "open Swedish register". Transfer to the Norwegian NIS flag would reduce cost per vessel by approximately SEK 1.5 M a year.

Inter Air AB

Inter Air is based on Sturup and flies business passengers on a charter basis. The company owns two Cessna Citation aircraft and has contracts with several major industrial companies.

Inter Air had sales of SEK 22 M (22) during 1997 and reported a profit of SEK 0 M (0) after net financial items. Shareholders' equity amounted to SEK 10 M. Inter Air's equity increased by SEK 10 M during the year as a result of a designated share issue to the Parent Company. A new Cessna Citation VII aircraft, which represents an investment of SEK 65 M, was delivered in January 1998. The new aircraft has a considerable range and offers shorter flying times than Inter Air's two existing planes. The company previously leased aircraft from other companies for longer flights, but the profit contribution was lower than for flights in Inter Air's own planes.

Sonesson Inredningar

Exports and rationalization turned losses into profits

Orders received in the first six months of 1997 were very weak. In Sweden, Sonesson's largest market, the company's sales suffered as a result of very weak activity in the construction sector. Company management rapidly adjusted costs in line with the anticipated volumes. The financial statement in May indicated a loss on operations of SEK 4 M, but there was a significant improvement in orders in June, primarily due to exports, which made considerable progress in the second half of the year. The second half of the year was very strong, and the profit margin for this period exceeded 10%. Sales in 1997 amounted to SEK 124 M (123) and profit after net financial items was SEK 3 M (1). Shareholders' equity amounted to SEK 24 M.

New products

During 1997, the company launched a number of new products which will make it more competitive and permit growth in new customer segments. The principal new features are a completely new door programme with a number of wood-finish options, a new full-range series of open-storage products and a Z locker for use in confined spaces. On the development side, a highly interesting "Compact" project has been initiated for which a patent application has been submitted.

New markets

The company has found new sales channels in Holland. In the autumn, sales of the company's products were established in Great Britain. This is expected to have an impact in the second half of 1998. The German sales organization has been strengthened and rationalized. Sonesson's sales company in Denmark has further increased its market share and there is considerable growth potential, particularly in Jutland. The most rapid growth occurred in Norway, where the company's sales organization is one of the leading players in the industry, with appreciable market shares, although it was only established in 1995.

Five-year summary

SEK, million	1997	1996	1995	1994	1993
Income statements					
Net sales	456.7	292.6	319.9	272.2	0.1
Operating profit/loss	37.0	26.3	62.8	- 8.4	- 16.9
Net financial items	5.1	369.5	0.4	- 18.9	- 39.8
Operating profit/loss, including minority interest	42.1	395.8	63.2	- 27.3	- 56.7
Minority interest	- 3.3	- 4.0	-	- 0.1	-
Operating profit/loss after financial items	38.8	391.8	63.2	- 27.4	- 56.7
Extraordinary items	-	-	-	-	- 20.1
Profit/loss before tax	38.8	391.8	63.2	- 27.4	- 76.8
Taxes	- 8.4	- 4.7	- 17.7	- 4.1	-
Profit/loss for the year	30.4	387.1	45.5	- 31.5	- 76.8
Balance sheets					
Fixed assets	1173.0	659.1	201.7	243.3	45.9
Current assets	510.4	620.2	227.0	169.1	177.9
Total assets	1683.4	1279.3	428.7	412.4	223.8
Shareholders' equity	546.8	566.5	179.4	130.8	99.6
Minority interest	23.6	40.8	-	1.1	-
Non-interest-bearing liabilities	375.7	136.6	87.4	69.3	36.2
Interest-bearing liabilities	737.3	535.4	161.9	211.2	88.0
Total liabilities and shareholders' equity	1683.4	1279.3	428.7	412.4	223.8
Net indebtedness	398.6	- 2.0	89.9	139.1	60.0
Statement of changes in financial position					
Funds provided internally	83.3	430.0	61.6	- 8.4	- 46.0
Change in net working capital (excluding liquid funds)	124.3	50.0	- 15.6	87.1	- 39.7
Funds provided by the year's operations	207.6	480.0	46.0	78.7	- 85.7
External financing	215.8	485.6	- 60.0	172.2	49.7
Investments	- 566.8	- 500.3	24.7	- 217.4	- 0.5
Dividend	- 55.3	-	-	-	-
Change in liquid funds	- 198.7	465.3	10.7	33.5	- 36.5
Key ratios					
Return on shareholders' equity (%)	5.5	103.8	29.3	- 27.3	- 72.7
Return on capital employed (%)	8.1	60.9	22.1	- 0.5	- 1.1
Equity/assets ratio, Group (%)	33.9	47.5	41.8	32.0	44.5
Equity/assets ratio, Parent Company (%)	60.2	91.1	58.0	66.2	45.7
Share of risk-bearing capital (%)	36.4	49.0	45.2	33.6	44.6
Interest coverage ratio (multiple)	1.8	10.0	6.9	neg	neg
Net debt/equity ratio (multiple)	0.7	0.0	0.5	1.1	0.6
Average number of employees	328	273	455	302	7
Share data					
Number of shares (thousand)					
before exercising convertibles	5,566	5,526	5,526	55,260	46,117
after exercising convertibles	5,926	5,926	5,926	55,260	46,117
Profit/loss after full tax (SEK)					
before exercising convertibles	5.47	70.05	8.23	- 0.57	- 1.67
after exercising convertibles	5.38	65.59	7.98	- 0.57	- 1.67
Adjusted shareholders' equity (SEK)					
before exercising convertibles	98.24	102.52	32.47	2.37	2.16
after exercising convertibles	97.81	101.49	35.94	2.37	2.16
Market price at year-end (SEK)					
Series A share	186.00	94.00	51.00	4.00	2.80
Series B share	193.00	96.00	52.50	3.94	2.80
Dividend (SEK)	4.00 *	10.00	-	-	-

* proposed dividend

Definitions

Return on shareholders' equity

Profit for the year as a percentage of average shareholders' equity.

Return on capital employed

Operating profit/loss after net financial items, plus financial expense as a percentage of average capital employed. Capital employed has been calculated as total assets less non-interest-bearing liabilities.

Equity/assets ratio

Shareholders' equity, plus minority interest as a percentage of total assets.

Proportion of risk-bearing capital

Shareholders' equity, plus minority interest, and deferred tax liabilities as a percentage of the balance sheet total.

Interest coverage ratio

Operating profit/loss after financial items, plus financial expense, divided by financial expense.

Net debt/equity ratio

Net interest-bearing liabilities (interest-bearing liabilities less short-term investments) divided by shareholders' equity, including minority interest.

Earnings per share after full tax

Reported consolidated net profit/loss for the year, divided by average number of shares.

Shareholders' equity per share

Reported consolidated shareholders' equity, divided by number of shares at year-end.

Financial information

General

The divestment of Peltor in 1996 resulted in significant improvement of the Group's financial strength, which permitted the acquisition of SBL Vaccin in June 1997. In connection with this acquisition, a shareholders' contribution of SEK 200 M was paid to SBL to strengthen the company's financial base and to create conditions for its continued favourable development.

Today, Active Biotech is a biomedical group, and the operative earnings level is limited. This will mean that the financial key ratios will be at a low level during the next few years. To maintain financial capability at a satisfactory level, it is considered necessary to provide a capital infusion by means of a new share issue.

Liquidity

Available liquid funds, including unutilized lines of credit, amounted to SEK 479.4 M, compared with SEK 566.1 M at the preceding year-end. Credit facilities approved amounted to SEK 178.7 M at year-end, and the utilized proportion was SEK 33.2 M.

Liquid funds, excluding unutilized lines of credit, amounted to SEK 338.7 M at year-end. Of this amount, SEK 169.0 M were invested in shares and commercial paper.

Financing

Consolidated shareholders' equity amounted to SEK 546.8 M (566.5). The change comprises profit for the year amounting to SEK 30.4M, a new share issue amounting to SEK 4.0 M, currency translation differences amounting to SEK 1.2 M and a deduction of SEK 55.3 M for dividend paid.

Consolidated net indebtedness, defined as interest-bearing liabilities less reported liquid funds, amounted to SEK 398.6 M at year-end (-2.0).

Interest-bearing liabilities totalled SEK 737.3 M (535.4). The main proportion of interest-bearing liabilities consisted of long-term financing in Transport AB Movera, pertaining to financing of vessels (Heron) and helicopters (Helikopterservice).

The convertible loan amounted to SEK 40 M at January 1, 1997. During the year SEK 4 M were converted to shares, increasing the number of Series B shares by 40,000. The remaining convertible loan entitles holders to conversion of 360,000 Series B shares not later than 30 November 1999.

Operations in subsidiaries are financed both within the Group and externally. Subsidiaries are to operate financially as independent units in the event of external borrowing. The prerequisites are established by maintaining shareholders' equity and the equity/assets ratio in the subsidiaries at a commercially satisfactory level.

Net debt/equity ratio

The net debt/equity ratio multiple was 0.7 (0.0). Net financial items in 1997 were SEK 5.1 M (369.5). Interest income amounted to SEK 59.7 M, and interest expense to SEK 54.6 M. Net financial items for 1996 included the divestment of Peltor at SEK 393 M. The interest coverage ratio multiple in 1997 was 1.8 (10.0).

Currency exposure

The Group's invoicing in foreign currencies amounted to approximately SEK 140 M, and expense in foreign currencies to approximately SEK 75 M. Translation exposure is minimized by financing assets valued in foreign currencies by borrowing in foreign currencies. All hedging measures are taken in consultation with the Parent Company.

Equity/assets ratio/Return on shareholders' equity and capital employed

The equity/assets ratio in the Group amounted to 33.9 per cent (47.5), and in the Parent Company to 60.2 per cent (91.1). The return on shareholders' equity was 5.5 per cent (103.8), and the return on capital employed was 8.1 per cent (60.9).

Tax situation

Following the final year-end report, the major portion of the loss carry-forwards which previously existed in the Group was utilized.

Dividend policy

In the next few years, Active Biotech is expected to report losses and negative cash flows. The Board of Directors does not intend to propose that any dividend should be paid while operations result in negative cash flows. The Board's long-term objective is that there should be a reasonable relationship between long-term profit trends and the Company's consolidation requirements. In the long term, dividend

should amount to 1/3 of profit after tax. For 1997, the Board proposes that the Annual General Meeting should approve a dividend of SEK 4 per share.

Investments

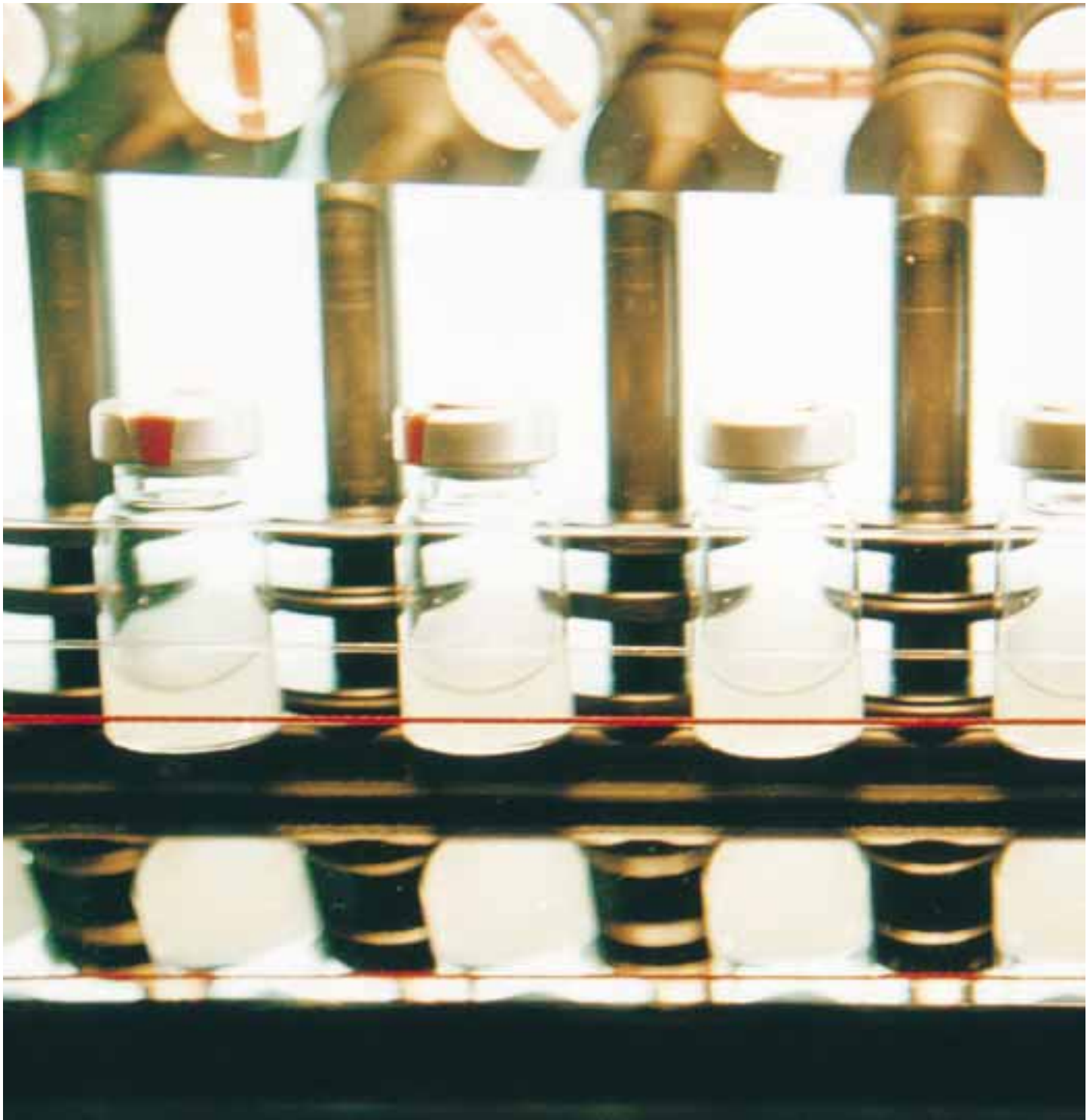
Net investments in the Group amounted to SEK 566.8 M. The acquisition of SBL Vaccin entailed investment in the Parent Company of SEK 453 M, consisting of an acquisition price of SEK 103 M, a

shareholders' contribution of SEK 200 M and an estimated purchase supplement of SEK 150 M. Other Group-wide investments occurred in subsidiaries of Transport AB Movera, pertaining to acquisition of helicopters and ships.

Financial review

The following is a brief review of trends during the past five years.

STATEMENT OF CHANGE IN FINANCIAL POSITION SEK million	1997	1996	1995	1994	1993
Funds provided internally	83.3	430.0	61.6	- 8.4	- 46.0
Change in net working capital (excl. liquid funds)	124.3	50.0	- 15.6	87.1	- 39.7
Funds provided by the year's operations	207.6	480.0	46.0	78.7	- 85.7
External financing	215.8	485.6	- 60.0	172.2	49.7
Investments	- 566.8	- 500.3	24.7	- 217.4	- 0.5
Dividend	- 55.3	-	-	-	-
Change in liquid funds	- 198.7	465.3	10.7	33.5	- 36.5
Return on shareholders' equity (%)	5.5	103.8	29.3	- 27.3	- 72.7
Return on capital employed (%)	8.1	60.9	22.1	- 0.5	- 1.1
Equity/assets ratio, Group (%)	33.9	47.5	41.8	32.0	44.5
Equity/assets ratio, Parent Company (%)	60.2	91.1	58.0	66.2	45.7
Net indebtedness	398.6	- 2.0	89.9	139.1	60.0
Net debt/equity ratio (multiple)	0.7	0.0	0.5	1.1	0.6
Interest coverage ratio (multiple)	1.8	10.0	6.9	neg	neg



Directors' Report

Active Biotech AB (publ), Corporate Identity No. 556223-9227

The divestment of Peltor in 1996 resulted in a significant improvement in the financial strength of the company, which permitted the acquisition of SBL Vaccin in June 1997. At a special general meeting, held on 20 October 1997, it was decided to concentrate ACTIVE's operations on biotechnology, and to change the company name to Active Biotech AB. Active Biotech currently is in a streamlining phase in which operations that do not fit within the biotechnology framework are to be divested.

GROUP

As of 1 July 1997, 100 per cent of the shares in SBL Vaccin AB were acquired from the Kingdom of Sweden. SBL has half the Swedish vaccine market, and now faces the international introduction of three vaccines which it has developed for polio, ETEC diarrhoea, and cholera. Active Biotech's participation in Transport AB Movera increased as the result of the acquisition of shares and a new share issue in early 1997. Ownership participation at year-end amounted to 84 per cent of the capital and 96 per cent of the voting rights.

Research and future development

A Letter of Intent was signed in December between Active Biotech and Pharmacia & Upjohn regarding acquisition of the Lund Research Center in the first quarter of 1998. Active Biotech is acquiring projects in the areas of autoimmune and

inflammatory diseases, research operations with a staff of 165; and a 25,000 m² research facility. The purchase price is two million Series B shares which are to be newly issued to Pharmacia & Upjohn, subject to approval by Active Biotech's Annual General Meeting.

Sales and earnings

Group sales amounted to SEK 457 M (293) including SBL sales of SEK 138 M, calculated as from the acquisition date, 30 June 1997.

Operating profit was SEK 37 M (26), and profit before taxes was SEK 39 M (392). Financial items in 1996 included SEK 393 M pertaining to the divestment of Peltor.

Financial position

Available liquidity, including short-term investments, amounted to SEK 374 M (566) at year-end. Of liquidity, short-term investments accounted for SEK 169 M. The Group's equity/assets ratio was 34 per cent (47), and net indebtedness was SEK 399 M (-2). The net debt/equity ratio multiple was 0.7 (0.0).

Personnel

The average number of employees in the Group was 328 (273). Distribution by work place and information about wages and salary payments are indicated in Notes 18 and 19.

Investments

Net investments amounted to SEK 567 M. The acquisition of SBL Vaccin entailed an investment in the Parent Company of SEK 453 M, consisting of the acquisition price of SEK 103 M, provision of a share-

holders' contribution of SEK 200 M and estimated supplementary purchase price of SEK 150 M. Group investments pertaining to SBL Vaccin amount to SEK 347 M. Other groupwide investments were made in subsidiaries of Transport AB Movera, pertaining to the acquisition of helicopters and vessels.

SBL Vaccin AB

SBL consists of two areas of operations: development of international vaccines and the distribution/marketing of vaccines in the Nordic countries. R&D pertaining to ETEC and cholera vaccines is being capitalized, while other R&D is expensed (see "Accounting principles" section). SBL's sales in 1997 amounted to SEK 255 M (262), and earnings were SEK 1 M. Comparable earnings for the preceding year were SEK 27 M. The decline in earnings is entirely due to increased costs for the development of the international vaccine programme.

Actinova Ltd.

During the year, Actinova established its head office in Cambridge, in the UK. Subsequently, the organization has been further strengthened. During the year, five new patent applications were submitted. Agreements were concluded with three North-American companies on the distribution of Protein L. The loss after net financial items amounted to SEK 14 M. All costs in Actinova have been expensed.

Transport AB Movera

The Movera Group reported a profit of SEK 23 M (11), after net financial items. Sales in 1997 amounted to SEK 195 M (175).

Helikopterservice Euro Air AB

Helikopterservice flew a total of 76,073 passengers (+12%).

Sales in 1997 amounted to SEK 73 M (66), and profit after net financial items was SEK 25 M (15).

During the year, the company acquired three new Sikorsky helicopters, an investment of SEK 125 M. Divestment of one helicopter resulted in a gain of SEK 12 M.

Rederi AB Heron

Heron's sales amounted to SEK 99 M (86). The profit after net financial items was SEK 1 M (2). During the autumn of 1998, a new 8,300-dwt. product tanker will be delivered. Heron is anticipating a Swedish Government proposal on an "open" Swedish register. Re-registration to Norwegian International Shipping register (NIS), would result in a cost reduction of approximately SEK 1.5 M per year per vessel.

Inter Air AB

In 1997 Inter Air sales amounted to SEK 22 M (22), and profit/loss after net financial items was SEK 0 M (0). Inter Air's capital was increased to SEK 10 M during the year as a result of a special new issue to the Parent Company. In January 1998, Inter Air took delivery of a Cessna Citation VII, representing an investment of SEK 65 M.

Sonesson Inredningar AB

The first half-year of 1997 was characterized by a very weak inflow of orders. A loss was reported on 30 June. The second half of 1997 was very strong, however. Sales in 1997 amounted to SEK 124 (123), and revenues after net financial items were SEK 3 M (1).

PARENT COMPANY

Earnings after net financial items amounted to SEK 38 M(408).

Earnings in 1996 included a gain of SEK 416 M due to the divestment of Peltor. Available liquidity, including short-term investments, was SEK 239 M (478), and the equity/assets ratio was 60.2 per cent (91.1).

Investments in shares amounted to SEK 471 M, of which SEK 453 M pertained to the acquisition of SBL Vaccin AB. Information on the number of employees, and wages and salaries is indicated in Notes 18 and 19. Group contributions totalling SEK 30 M were paid to Movera Holding AB during the year.

The Board of Directors' and the Managing Director's proposal on the appropriation of the year's profit is presented on page 62.

Consolidated income statement

Amounts in SEK thousand		1997	1996	1995
Net sales		456,679	292,611	319,862
Cost of goods sold	Note 1	– 335,083	– 184,543	– 160,512
GROSS PROFIT		121,596	108,068	159,350
Selling expenses	Note 1	– 50,794	– 39,466	– 36,060
Administrative expenses	Note 1	– 39,773	– 41,805	– 51,753
Research and development costs	Note 1	– 15,943	– 524	– 9,202
Items affecting comparability	Note 1	12,285	-	-
Other operating income		9,631	-	423
OPERATING PROFIT		37,002	26,273	62,758
<i>Result from financial investments</i>				
Result from share in subsidiaries	Note 2	-	396,593	-
Result from participations in associated companies		-	-	2,240
Interest income and similar income items	Note 3	59,702	16,738	8,915
Interest expense and similar expense items	Note 4	– 54,621	– 43,801	– 10,733
OPERATING PROFIT AFTER FINANCIAL ITEMS		42,083	395,803	63,180
Minority interest		– 3,344	– 4,036	-
PROFIT BEFORE TAX		38,739	391,767	63,180
Tax on profit for the year	Note 6	– 8,317	– 4,686	– 17,685
PROFIT FOR THE YEAR		30,422	387,081	45,495

Consolidated balance sheet

Amounts in SEK thousand		1997	1996	1995
ASSETS				
Research and development		193,780	1,219	1,219
Goodwill		29,569	20,657	67,816
Other		400	400	400
Total intangible fixed assets	Note 7	223,749	22,276	69,435
Buildings and land		144,511	47,926	90,469
Machinery and other technical facilities		763,928	574,170	21,534
Equipment, tools, and other technical fixtures and fittings		40,536	7,912	4,100
Total tangible fixed assets	Note 8	948,975	630,008	116,103
Shares in associated companies		-	-	16,159
Other long-term receivables		250	6,839	6
Total financial fixed assets		250	6,839	16,165
Total fixed assets		1,172,974	659,123	201,703
Total inventories	Note 20	70,274	20,796	77,934
Accounts receivable – trade		75,714	22,295	51,693
Short-term interest-bearing receivables		-	8,731	15,023
Other receivables	Note 10	25,709	30,979	10,156
Total short-term receivables		101,423	62,005	76,872
Other short-term investments	Note 12	169,000	190,388	4,726
Cash and bank balances	Note 11	169,737	347,030	67,421
Total short-term investments		338,737	537,418	72,147
Total current assets		510,434	620,219	226,953
TOTAL ASSETS		1,683,408	1,279,342	428,656

Amounts in SEK thousand		1997	1996	1995
SHAREHOLDERS' EQUITY AND LIABILITIES				
<i>Restricted shareholders' equity</i>				
Share capital		139,150	138,150	55,260
Restricted reserves		52,421	21,014	78,772
		191,571	159,164	134,032
<i>Unrestricted shareholders' equity</i>				
Unrestricted reserves		324,826	20,255	– 88
Profit for the year		30,422	387,081	45,495
		355,248	407,336	45,407
Total shareholders' equity	Notes 13, 14	546,819	566,500	179,439
Minority interests		23,561	40,805	4
Provision for pensions		33,661	17,205	15,546
Provision for taxes	Note 6	42,487	20,036	14,056
Structural reserve		32,658	48,334	-
Total allocations		108,806	85,575	29,602
Interest-bearing long-term liabilities		528,929	461,123	73,712
Convertible loan	Note 15	32,834	34,937	33,520
Other long-term liabilities		138,854	-	-
Total long-term liabilities		700,617	496,060	107,232
Accounts payable – trade		61,817	13,569	27,422
Tax liabilities		46	10,850	17,217
Interest-bearing current liabilities		141,867	22,183	39,219
Other current liabilities	Note 16	99,875	43,800	28,521
Total current liabilities		303,605	90,402	112,379
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,683,408	1,279,342	428,656
Assets pledged and contingent liabilities	Note 17			

Consolidated statement of changes in financial position

Amounts in SEK thousand	1997	1996	1995
Profit before tax	38,739	391,767	63,181
Depreciation	52,926	42,896	16,077
Tax	- 8,317	- 4,686	- 17,686
FUNDS PROVIDED INTERNALLY	83,348	429,977	61,572
Change in inventories	- 49,478	57,138	- 24,515
Change in current receivables	- 39,418	14,867	- 22,597
Change in current liabilities	213,203	- 21,977	31,583
CHANGE IN NET WORKING CAPITAL	124,307	50,028	- 15,529
FUNDS PROVIDED BY THE YEAR'S OPERATIONS	207,655	480,005	46,043
Net investments in intangible assets	- 205,365	43,590	- 13,907
Net investments in tangible assets	- 368,001	- 554,451	- 65,370
Fixed assets in divested companies	-	-	105,129
Net investments in financial assets	6,589	10,545	- 1,193
INVESTMENTS	- 566,777	- 500,316	24,659
	- 359,122	- 20,311	70,702
Change in long-term liabilities	204,557	388,828	- 78,399
Change in provisions	23,231	55,973	15,546
Dividend	- 55,260	-	-
Conversions to shares	4,000	-	-
Translation differences in fixed assets	-	-	868
Translation differences in shareholders' equity	1,157	- 20	3,087
Change in minority interests	- 17,244	40,801	- 1,059
LONG-TERM FINANCING	160,441	485,582	- 59,957
CHANGE IN LIQUID FUNDS	- 198,681	465,271	10,745

Parent Company Income statement

Amounts in SEK thousand		1997	1996	1995
Net sales		3,377	1,583	3,095
Cost of goods sold		-	-	-
GROSS PROFIT		3,377	1,583	3,095
Administrative expenses	Note 1	- 12,515	- 22,007	- 5,404
OPERATING PROFIT		- 9,138	- 20,424	- 2,309
<i>Result from financial investments</i>				
Result from shares in subsidiaries	Note 2	-	417,534	30,000
Interest income and similar income items	Note 3	53,889	14,716	4,299
Interest expense and similar expense items	Note 4	- 6,457	- 4,014	- 5,450
OPERATING PROFIT AFTER FINANCIAL ITEMS		38,294	407,812	26,540
PROFIT BEFORE APPROPRIATIONS AND TAX		38,294	407,812	26,540
Appropriations	Note 5	- 30,000	- 3,110	- 1,450
PROFIT BEFORE TAX		8,294	404,702	25,090
Tax on profit for the year	Note 6	-	-	-
NET PROFIT FOR THE YEAR		8,294	404,702	25,090

Parent Company Balance sheet

Amounts in SEK thousand		1997	1996	1995
ASSETS				
Total tangible assets	Note 8	840	1,245	1,542
Shares in subsidiaries	Note 9	559,274	87,839	182,829
Total financial assets		559,274	87,839	182,829
Total fixed assets		560,114	89,084	184,371
Accounts receivable – trade		53	-	372
Receivables from subsidiaries		37,422	14,200	50,400
Short-term interest-bearing receivables		-	384	15,533
Tax claim		159	158	158
Other receivables	Note 10	3,886	21,811	1,494
Total short-term receivables		41,520	36,553	67,957
Other short-term investments	Note 12	131,024	185,873	-
Cash and bank balances	Note 11	114,376	297,195	5,371
Total short-term investments		245,400	483,068	5,371
Total current assets		286,920	519,621	73,328
TOTAL ASSETS		847,034	608,705	257,699

Amounts in SEK thousand		1997	1996	1995
SHAREHOLDERS' EQUITY AND LIABILITIES				
<i>Restricted shareholders' equity</i>				
Share capital		139,150	138,150	55,260
Legal reserve		30,674	10,174	67,973
		169,824	148,324	123,233
<i>Unrestricted shareholders' equity</i>				
Profit brought forward		331,942	-	-
Profit for the year		8,294	404,702	25,090
		340,236	404,702	25,090
Total shareholders' equity	Note 13, 14	510,060	553,026	148,323
Untaxed reserves		184	184	374
Interest-bearing long-term liabilities		-	-	61,020
Convertible loan	Note 15	36,000	40,000	40,000
Other long-term liabilities		135,000	-	-
Total long-term liabilities		171,000	40,000	101,020
Accounts payable – trade		1,520	1,250	1,823
Debt to subsidiaries		126,745	-	-
Interest-bearing current liabilities		-	1,091	608
Other current liabilities	Note 16	37,525	13,154	5,551
Total current liabilities		165,790	15,495	7,982
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		847,034	608,705	257,699
Assets pledged and contingent liabilities	Note 17			

Parent Company Statements of changes in financial position

Amounts in SEK thousand	1997	1996	1995
Profit before appropriations and tax	38,294	407,812	26,540
Depreciation	461	513	492
Tax	-	-	-
Appropriations	- 30,000	- 3,110	- 1,450
FUNDS PROVIDED INTERNALLY	8,755	405,215	25,582
Change in current receivables	- 4,967	31,404	- 45,385
Change in current liabilities	150,295	7,513	- 12,450
CHANGE IN NET WORKING CAPITAL	145,328	38,917	- 57,835
FUNDS PROVIDED BY THE YEAR'S OPERATIONS	154,083	444,132	- 32,253
Net investments in shares in subsidiaries	- 471,435	94,990	- 43,206
Net investments in tangible fixed assets	- 56	- 216	- 941
Net investments in financial assets	-	-	4,257
INVESTMENTS	- 471,491	94,774	- 39,890
	- 317,408	538,906	- 72,143
Dividends to shareholders	- 55,260	-	-
Proportion of convertible loan converted to shares	4,000	-	-
Change in long-term liabilities	131,000	- 61,020	58,889
Change in long-term receivables	-	-	3,000
Change in untaxed reserves	-	- 190	-
LONG-TERM FINANCING	79,740	- 61,210	61,889
CHANGE IN LIQUID FUNDS	- 237,668	477,696	- 10,254

Notes to the financial statements

Accounting principles

The accounting principles applied comply with the Swedish Annual Accounts Act. The historical figures have been translated and adjusted to comply with this Act.

Consolidated accounting

The consolidated accounting includes the Parent Company and those companies in which the Parent Company directly or indirectly holds more than 50 per cent of the voting rights or exercises decisive influence as a result of agreements.

The Group companies' untaxed reserves are divided into a shareholders' equity item, which is included in restricted reserves, and a deferred tax liability which is reported as a provision under the "Tax provision" heading. Deferred tax liability has been calculated in accordance with tax rates in the respective country.

Minority shares of the subsidiaries' shareholders' equity are reported as a separate item between shareholders' equity and provisions. This item also includes minority participations in the shareholders' equity proportion of untaxed reserves.

Companies which have been divested during the year are not included in the consolidated financial statements. Companies which have been acquired during the year are included in the consolidated accounting as from the date of acquisition.

The consolidated balance sheet is prepared in conformity with the purchase method. This means that shareholders' equity at acquisition date in the subsidiaries is fully eliminated.

Accordingly, only earnings which occur after the acquisition date are included in the Group's shareholders' equity. Shareholders' equity in subsidiaries which are acquired is determined on the basis of a market valuation of assets and liabilities at the acquisition date (acquisition analysis). These market values constitute the Group's acquisition cost. The difference between the acquisition value of the subsidiary shares and the estimated value of shareholders' equity as calculated in the acquisition analysis is reported as consolidated goodwill or negative goodwill, respectively.

Goodwill and surplus values attributed to specific assets are depreciated according to plan in the consolidated income statement.

Reporting receivables and liabilities with regard to interest terms

In accordance with the Swedish Financial Accounting Standards Council's recommendation RR3, pertaining to accounting for receivables and liabilities, interest expense for Active Biotech's convertible loan of SEK 36,000,000, for which there is a fixed interest rate of four per cent in the period from 11 August 1994 to 31 December 1999, is translated to market interest rates. As a result SEK 1,484,000 is charged against consolidated income.

Inventories

Inventories are valued at the lower of original cost/actual cost in accordance with the first-in-first-out (FIFO) method, and the necessary provisions for obsolescence are made in this connection.

Valuation of receivables and liabilities

Receivables are reported at the amounts which are expected to be received. Liabilities are reported at nominal values.

Translation of foreign subsidiaries

Translation of foreign subsidiaries' balance sheets is made at year-end exchange rates. Income statements are translated at average exchange rates for the year. Translation differences are charged directly to the Group's shareholders' equity.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been valued at year-end exchange rates. Unrealized translation gains on long-term receivables and liabilities are allocated to foreign exchange reserve. With the exception of long-term liabilities in US dollars, this principle is applied for the financing of vessels and aircraft, which are regarded as efficiently hedged. As a result, valuation is made at historical cost of acquisition.

Structural reserve

In connection with Rederi AB Heron's acquisition of the KB Kuling subsidiary, a structural reserve in the amount of SEK 67,027,000 was entered as a liability in the Group. SEK 15,676,000 of this reserve was dissolved in 1997. The reserve amounted to SEK 32,658,000 at year-end.

Research and development

The Group capitalises development costs that meet the capitalisation requirements in accordance with the Swedish Accounting Standards Board's R1 and IAS 9 (International Accounting Standards) recommendations. Capitalisation pertains to development costs for which a specific application is envisaged and clearly confined to specific projects. Costs pertaining to basic research are charged against profit for the year in which they occur.

Valuation of shares in subsidiaries

When subsidiaries' expenditures for research and development are financed by means of capital contributions, the book value of the subsidiaries' shares is increased by the corresponding amount. The book value is considered to correspond to the assessed, actual price of these shares.

Fixed assets and depreciation

Fixed assets are reported at acquisition cost less accumulated depreciation according to plan.

Calculation of depreciation according to plan is based on the estimated life and the actual acquisition cost. Depreciation according to plan is reported at the following percentage rates:

Machinery	10-20 %
Computer equipment	20-30 %
Buildings	2-14 %
Land improvements	3-14 %
Vessels	4 %
Aircraft*	3-10 %
Helicopters**	10,9 %
Goodwill	10 %
R&D costs***	7 %

*Aircraft acquired in 1990 and later are depreciated at 3 per cent annually. Aircraft acquired before 1990 are fully depreciated. Engines are depreciated at SEK 900-1,000 per flying hour, depending on plane type.

**The depreciation period for helicopters is 4 years for 1/3 of acquisition value and 25 years for 2/3 of acquisition value. Helicopters subject to depreciation were acquired in 1997.

***Amortisation of R&D costs commences when the product becomes available for sale or use. Amortisation is according to plan, and amortisation periods are determined individually, depending on the respective product's economic life. The amortisation period does not exceed the patent period for the product, however.

Notes to the income statements and balance sheets

Note 1 Depreciation according to plan

SEK thousand	Group					
		1997			1996	
	Intangible assets	Tangible assets	Total assets	Intangible assets	Tangible assets	Total assets
<i>Distribution by function</i>						
Production	-	47,213	47,213	-	36,629	36,629
Sales	-	681	681	-	503	503
Administration	3,581	1,032	4,613	2,350	3,414	5,764
Research and development	311	108	419	-	-	-
Total depreciation	3,892	49,034	52,926	2,350	40,546	42,896
<i>Type of assets</i>						
Research and development	311	-	311	-	-	-
Goodwill	3,581	-	3,581	2,350	-	2,350
Machinery and equipment	-	11,423	11,423	-	5,527	5,527
Aircraft	-	1,969	1,969	-	1,908	1,908
Helicopters	-	10,588	10,588	-	9,444	9,444
Vessels	-	22,114	22,114	-	21,958	21,958
Buildings	-	2,940	2,940	-	1,709	1,709
	3,892	49,034	52,926	2,350	40,546	42,896

The Group's depreciation for 1995 amounted to a total of SEK 16,077,000.

The amount under Items affecting comparability pertains to a gain on the divestment of a helicopter.

Parent Company

The Parent Company's depreciation for 1997 amounted to SEK 461,000 (513,000), pertaining to machinery and equipment within the administration function.

Note 2 Results from shares in subsidiaries

SEK thousand	Group			Parent Company	
	1997	1996	1995	1997	1996
Dividend	-	-	-	-	1,797
Capital gain at sale	-	396,593	-	-	415,737
	-	396,593	-	-	417,534

Note 3 Other interest income and similar income items

SEK thousand	Group			Parent Company	
	1997	1996	1995	1997	1996
Dividend	2,525	-	21	2,525	-
Interest	13,890	16,738	6,769	9,475	14,716
Capital gain at sale	43,287	-	2,125	41,889	-
	59,702	16,738	8,915	53,889	14,716

No interest income has been received from subsidiaries.

Note 4 Interest expense and similar expense items

		Group		Parent Company	
SEK thousand	1997	1996	1995	1997	1996
Interest	- 54,621	- 43,801	- 10,733	- 3,488	- 4,014
Interest expense to Group companies	-	-	-	- 2,969	-
	- 54,621	- 43,801	- 10,733	- 6,457	- 4,014

Note 5 Appropriations

		Parent Company	
SEK thousand	1997	1996	
Group contributions provided	- 30,000	- 3,300	
Reversal of excess depreciation	-	190	
	- 30,000	- 3,110	

Note 6 Taxes

		Group		Parent Company	
SEK thousand	1997	1996	1995	1997	1996
Income tax	- 558	- 2,221	-17,687	-	-
Deferred tax on profit for the year	- 7,759	- 2,465	- 478	-	-
Taxes in associated companies	-	-	480	-	-
	- 8,317	- 4,686	- 17,685	-	-

Deferred tax liability of SEK 33 M is included under the "Provision for taxes" heading in the consolidated balance sheet.

Note 7 Intangible assets

	Group			
	1997			
SEK thousand	Research & development	Goodwill	Other	Total
Acquisition values, 1 Jan.	1,219	23,285	400	24,904
Acquisitions	192,874	13,493	-	206,367
Accumulated acquisitions values, 31 Dec.	194,093	36,778	400	231,271
Depreciation, 1 Jan.	-	3628	-	3,628
Sales/scrappings	2	-	-	2
The year's depreciation according to plan	311	3581	-	3,892
Accumulated depreciation according to plan, 31 Dec.	313	7,209	-	7,522
Planned residual value, 31 Dec.	193,780	29,569	400	223,749

Planned residual value of SEK 22,276,000 (69,435,000) was reported for 1996, consisting of accumulated acquisition values of SEK 24,904,000, and accumulated depreciation according to plan of SEK 2,628,000 (21,689,000).

The acquisition of SBL Vaccin AB in 1997 resulted in capitalization in the Group via the acquisition analysis of

SEK 155,725,000, and of SEK 33,518,000 in SBL Vaccin AB after the acquisition. Total capitalization in research and development pertaining to SBL Vaccin AB amounts to SEK 189,243,000.

Parent Company

The Parent Company has no intangible assets.

Note 8 Tangible assets

Group				
SEK thousand	1997			Total
	Buildings and land	Machinery and other technical facilities	Equipment, tools, fixtures and fittings	
Initial acquisition values	60,042	687,326	18,951	766,319
Acquisitions	101,597	237,286	68,186	407,069
Sales/scrappings	8,077	– 335	– 20,861	– 13,119
Accumulated acquisition values, 31 Dec.	169,716	924,277	66,276	1,160,269
Depreciation, 1 Jan.	12,116	118,596	11,039	141,751
Acquired depreciation	9,374	5,473	10,724	25,571
Sales/scrappings	–	– 1,628	– 3,434	– 5,062
The year's depreciation according to plan	3,715	37,908	7,411	49,034
Accumulated depreciation according to plan, 31 Dec.	25,205	160,349	25,740	211,294
Planned residual value, 31 Dec.	144,511	763,928	40,536	948,975

A planned residual value of SEK 630,008,000 (116,103,000) was reported for 1996, consisting of accumulated acquisition values of SEK 710,172,000 (205,733,000), accumulated depreciation according to plan of SEK 141,751,000 (89,630,000) and accumulated net write-ups of SEK 61,587,000.

The tax assessment value of properties in the Swedish sector of the Group amounts to SEK 35,890,000, of which SEK 7,039,000 is land.

Parent Company		
SEK thousand	1997	
	Equipment, tools fixtures and fittings	Total
Acquisition values, 1 Jan.	3,294	3,294
Acquisitions	56	56
Sales/scrappings	–	–
Accumulated acquisition values, 31 Dec.	3,350	3,350
Depreciation, 1 Jan.	2,049	2,049
Sales/scrappings	–	–
The year's depreciation according to plan	461	461
Accumulated depreciation according to plan	2,510	2,510
Planned residual value, 31 Dec.	840	840

A planned residual value of SEK 1,245,000 (1,542,000), was reported for 1996, consisting of accumulated acquisition values of SEK 3,294,000 (3,090,000), and accumulated depreciation according to plan of SEK 2,049,000 (1,548,000).

Note 9 Shares in subsidiaries

31 Dec. 1997 (SEK thousand)	Corp. No.	Head office	Number	Holding	Par value	Book value
SBL Vaccin AB	556459-7416	Stockholm	625,000	100%	62,500	453,274
Sonesson Inredningar AB	556008-7305	Malmö	3,600	100%	360	58,673
Mårdaklev Industri AB	556143-4241	Svenljunga	1,000	100%	100	
Sonesson Indretning ApS		Denmark	200	100%	200 DKK	
Sonesson Deutschland GmbH		Germany	1	100%	50,000 DEM	
Actinova Ltd		Cambridge	1,000,000	100%	100,000 GBP	20,277
Actinova AB	556532-8860	Lund	1,000	100%	100	
Movera Holding AB (former Carnacbolagen AB)	556157-8385	Malmö	500	100%	100	26,950
Transport AB Movera	556256-9441	Malmö	38,167,000	83.6%	38,167,000	
Helikopterservice Euro AB	556216-7600	Helsingborg	63,133	95.5%	6,313	
Inter Air AB	556211-0196	Malmö	500	100%	50	
Rederi AB Heron	556211-5864	Karlshamn	1,638	91%	164	
Active Biocap AB	556541-8323	Malmö	1,000	100%	100	100
						559,274

The Active Biotech Group's holding in Transport AB Movera corresponds to 96.0 per cent of voting rights.

Researchers and key persons in Actinova have received warrants to acquire 13 per cent of Actinova's ownership.

31 Dec. 1996 (SEK thousand)	Number	Holding	Par value	Book value
Sonesson Inredningar AB	3,600	100%		59,673
Carnacbolagen AB	500	100%		26,950
Actinova Ltd	100,000	100%		1,216
				87,839

Note 10 Other receivables

SEK thousand	1997	Group		Parent Company	
		1996	1995	1997	1996
Interest	88	14,980	-	-	14,980
Accrued supplier invoicing	2,787	394	-	582	394
Accrued shipping company support	3,756	3,454	-	-	-
Other items	4,255	3,567	2,936	334	21
Total prepaid expense and accrued income	10,886	22,395	2,936	916	15,395
Other current receivables	14,823	8,584	7,220	2,970	6,416
	25,709	30,979	10,156	3,886	21,811

Note 11 Cash and bank balances

SEK thousand	1997	Group		Parent Company	
		1996	1995	1997	1996
Cash and bank balances (including short-term investments)	338,737	537,418	72,147	245,400	483,068
Of which, blocked bank funds	- 63,207	- 4,818	- 5,048	- 63,207	- 4,818
Shares pledged	- 46,658	-	-	- 43,148	-
Credit lines approved	178,690	35,028	151,122	100,000	-
Utilised credit lines	- 33,206	- 1,529	- 91,138	0	-
Available liquid funds	374,356	566,099	127,083	239,045	478,250

Note 12 Short-term investments

SEK thousand	1997	Group		Parent Company	
		1996	1995	1997	1996
Shares and participations	169,000	109,388	4,726	131,024	104,873
Bonds	-	81,000	-	-	81,000
	169,000	190,388	4,726	131,024	185,873

Note 13 Shareholders' equity

SEK thousand	Share capital	Restricted reserves	Unrestricted shareholder's equity	Total
THE GROUP				
Opening balance, 1 Jan. 1995	55,260	185,280	- 109,683	130,857
Appropriation of profit for 1994:				
Allocation to restricted reserves		- 117,037	117,037	-
Translations		8,240	- 5,153	3,087
Shifts between restricted and unrestricted shareholders' equity		2,289	- 2,289	-
Profit for the year		-	45,495	45,495
Opening balance, 1 Jan. 1996	55,260	78,772	45,407	179,439
Appropriation of profit for 1995:				
Allocation to restricted reserves		25,090	- 25,090	-
Increase in share capital due to new issue	82,890	- 82,890	-	-
Shifts between restricted and unrestricted shareholders' equity		42	- 62	- 20
Profit for the year		-	387,081	387,081
Opening balance, 1 Jan. 1997	138,150	21,014	407,336	566,500
Appropriation of profit for 1996:				
Dividend		-	- 55,260	- 55,260
Allocation to restricted reserves		17,500	- 17,500	-
Increase in share capital due to new issue	1,000	3,000	-	4,000
Translation differences		-	1,157	1,157
Shifts between restricted and unrestricted shareholders' equity		10,907	- 10,907	-
Profit for the year		-	30,422	30,422
Closing balance, 31 Dec. 1997	139,150	52,421	355,248	546,819
PARENT COMPANY				
Opening balance, 1 Jan. 1995	55,260	185,010	- 117,037	123,233
Appropriation of profit for 1994:				
Allocation to restricted reserves		- 117,037	117,037	-
Profit for the year		-	25,090	25,090
Opening balance, 1 Jan. 1996	55,260	67,973	25,090	148,323
Appropriation of profit for 1995:				
Allocation to restricted reserves		25,090	- 25,090	-
Increase in share capital due to new issue	82,890	- 82,890	-	-
Profit for the year		-	404,702	404,702
Opening balance, 1 Jan. 1997	138,150	10,173	404,702	553,025
Appropriation of profit for 1996:				
Dividend		-	- 55,260	- 55,260
Allocation to restricted reserves		17,500	- 17,500	-
Increase in share capital due to new issue	1,000	3,000	-	4,000
Shifts between restricted and unrestricted shareholders' equity		-	-	-
Profit for the year		-	8,294	8,294
Closing balance, 31 Dec. 1997	139,150	30,673	340,236	510,059

Note 14 Share capital

The number of Series A shares is 2,315,660, and the number of Series B shares is 3,250,326. Each Series A share carries one vote, and each Series B share carries 1/10 of one vote. During the year,

SEK 4,000,000 of the convertible loan was converted to Series B shares. As a result of the conversion, the number of Series B shares increased by 40,000. The remaining convertible loan

amounts to SEK 36,000,000 and will increase the number of Series B shares by 360,000 at conversion.

Note 15 Convertible loan

Conditions

Amount	SEK 36,000,000
Term	11 Aug. 1994 to 31 Dec. 1999
Interest rate	4 per cent fixed interest
Conversion period	1 Jan. 1995 to 30 Nov. 1999
Conversion price	SEK 100 (Series B)

During 1997, SEK 4,000,000 of the convertible loan was converted to 40,000 Series B shares. In accordance with the Swedish Financial Accounting Standards Council's recommendation RR3, market interest rates are charged against consolidated income.

Note 16 Other short-term liabilities

	Group			Parent Company	
SEK thousand	1997	1996	1995	1997	1996
Accrued personal costs	13,495	9,796	15,538	1,689	1,498
Interest	2,597	9,150	-	-	-
Prepaid rental income	4,668	-	-	-	-
Accrued cost of goods	7,979	-	-	-	-
Accrued research costs	1,623	-	-	-	-
Other items	20,490	15,333	4,832	3,781	10,440
Total accrued expense and prepaid income	50,852	34,279	20,370	5,470	11,938
Other current liabilities	49,023	9,521	8,151	32,055	1,216
	99,875	43,800	28,521	37,525	13,154

Note 17 Assets pledged and contingent liabilities

	Group			Parent Company	
SEK thousand	1997	1996	1995	1997	1996
<i>Assets pledged</i>					
For liabilities to credit institutions	1,521,233	620,679	309,335	555,346	-
FPG/PRI pensions	18,000	18,600	-	-	-
Other	4,849	4,818	5,048	4,849	4,818
	1,544,082	644,097	314,383	560,195	4,818
<i>Contingent liabilities</i>					
Guarantees	-	-	98,334	10,267	8,000
Warranties	21,104	13,222	8,405	12,147	183
	21,104	13,222	106,739	22,414	8,183
Of which, to Group companies				10,267	8,000
Total assets pledged and contingent liabilities	1,565,186	657,319	421,122	582,609	13,001
<i>Assets pledged for liabilities to credit institutions</i>					
Real estate mortgages	53,415	3,415	415	-	-
Chattel mortgages	44,600	2,000	68,600	-	-
Ship mortgages	614,391	497,257	-	-	-
Aircraft mortgages	14,560	12,709	-	-	-
Helicopter mortgages	131,949	4,1479	-	-	-
Net value of assets in subsidiaries	552,453	60,309	235,640	453,274	-
Other shares	46,658	3,510	4,680	43,148	-
Blocked bank funds	63,207	-	-	58,924	-
	1,521,233	620,679	309,335	555,346	-
<i>Assets pledged for FPG/PRI pensions</i>					
Chattel mortgages	18,000	18,600	-	-	-
Blocked bank funds	4,849	4,818	5,048	4,849	4,818
	22,849	23,418	5,048	4,849	4,818

Assets pledged for liabilities to credit institutions in the Parent Company, amounts to SEK 529,179,000, pertain to assets pledged to a bank for an approved credit line which is not being utilised. This amount is included in the Group's assets pledged to credit institutions.

Note 18 Wages, salaries and other remuneration

SEK thousand	1997			1996		
	Board and Managing Director	Of which, profit-related wages and salaries	Other employees	Board and Managing Director	Of which, profit-related wages and salaries	Other employees
<i>Parent Company</i>						
Sweden	1,724	-	3,334	1,475	-	2,435
Parent Company total	1,724	-	3,334	1,475	-	2,435
<i>Subsidiaries in Sweden</i>	4,774	-	70,206	3,987	-	50,095
<i>Subsidiaries outside Sweden</i>						
UK	1,229	-	383	-	-	-
Germany	-	-	1,440	-	-	1,200
Denmark	-	-	480	-	-	720
Norway	-	-	480	-	-	480
Total in subsidiaries	6,003	-	72,989	3,987	-	52,495
Group total	7,727	-	76,323	5,462	-	54,930

SEK thousand	Group		Parent Company	
	1997	1996	1997	1996
Board of Directors and Managing Director	7,727	5,462	1,724	1,475
Other employees	76,323	54,930	3,334	2,435
Total wages, salaries and remuneration	84,050	60,392	5,058	3,910
Social security costs	39,521	31,264	3,938	6,760
of which pension costs	10,470	8,713	2,105	4,387
Total payroll costs	123,571	91,656	8,996	10,670

For the Group, in 1995 the Board of Directors and the Managing Director were paid SEK 7,134,000, and other employees SEK 86,336,000. Social security costs amounted to SEK 48,604,000. The Group's total payroll costs were SEK 142,074,000.

Senior management's conditions

In accordance with a decision by the Annual General Meeting, members of the Board of Directors who are not employed within Active Biotech were paid a fee of SEK 480,000 in 1997. Of this amount, SEK 120,000 was paid to the Chairman, Hans Lindell, and SEK 360,000 was paid to the other Board members.

The Managing Director, Bo Håkansson, received remuneration of SEK 1,224,000 in 1997. In 1997, Active Biotech granted Bo Håkansson a pension commitment entitling him to a pension for life amounting to 70 percent of his annual salary cost in the year 2002. In the event of termination of employment by the company, the Managing Director is entitled to severance pay corresponding to 24 monthly salaries.

Note 19 Personnel

	1997		1996	
	Number of employees	Of whom women	Number of employees	Of whom women
PARENT COMPANY				
Malmö	7	3	7	3
Parent Company total	7	3	7	3
SUBSIDIARIES				
<i>Sweden</i>				
Malmö	106	13	119	14
Solna	62	41	-	-
Helsingborg	27	4	24	4
Karlshamn	70	1	71	2
Svenljunga	31	4	32	5
Lund	2	-	-	-
Göteborg	2	-	3	1
Jönköping	2	-	2	-
Sundsvall	2	1	2	1
Stockholm	2	1	2	1
Eskilstuna	1	-	1	-
Total Sweden, including the Parent Company	314	68	263	31
UK	3	1	-	-
Germany	6	1	5	1
Denmark	3	2	3	2
Norway	2	-	2	-
Total outside Sweden	14	4	10	3
GROUP TOTAL	328	72	273	34

In 1995, the number of employees in the Group totalled 455, of whom 164 were women.
The number of employees in Sweden was 383 and outside Sweden 72.
The number of employees in the Parent Company was 7, of whom 3 were women.
All the Parent Company employees worked in the Municipality of Malmö.

Note 20 Inventories

SEK thousand	Group		
	1997	1996	1995
Raw material inventory	16,469	8,386	24,992
Work in progress	33,627	9,351	29,201
Inventory of finished products	20,178	3,059	23,741
	70,274	20,796	77,934

Proposed appropriations of profits

As shown in the Consolidated Balance Sheet, the Group's non-restricted shareholders' equity amounts to SEK 355,248,000. The Board of Directors and the Managing Director propose that SEK 22,264,000 be distributed to the shareholders.

The Board of Directors and the Managing Director propose that the following retained profit in the Parent Company at the disposal of the Annual General Meeting:

Retained profit, SEK	331,941,504
Net profit for the year, SEK	<u>8,294,019</u>
Total, SEK	340,235,523
be appropriated as follows:	
Dividend, SEK 4 per share, totalling SEK	<u>22,263,944</u>
Balance to be carried forward, SEK	317,971,579

Malmö, 11 March 1998

The Board of Directors of Active Biotech AB (publ)

HANS LINDELL
Chairman

LENA APLER

LARS JONUNG

PEHR LAGERMAN

STAFFAN SVENBY

BO HÅKANSSON
Managing Director

Auditors' report

To the general meeting of the shareholders of
Active Biotech AB (publ),
Registered Number 556223-9227

We have audited the Parent Company and the consolidated financial statements, the accounts and the administration of the Board of Directors and the Managing Director of Active Biotech AB for the year 1997. These accounts and the administration of the Company are the responsibility of the Board of Directors and the Managing Director. Our responsibility is to express an opinion on the financial statements and the administration based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in Sweden. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of information in the financial statements. We examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any Board Member or the Managing Director or whether they have in some other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

In our opinion, the Parent Company and the consolidated financial statements have been prepared in accordance with the Annual Accounts Act, and, consequently we recommend

- that the income statements and the balance sheets of the Parent Company and the Group be adopted, and
- that the profit of the Parent Company be dealt with in accordance with the proposal in the Director's Report.

In our opinion, the Board Members and the Managing Director have not committed any act or been guilty of any omission, which could give rise to any liability to the Company. We therefore recommend

- that the Members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Malmö, 16 March 1998

MATS B C OHLSSON
Authorized Public Accountant
Deloitte & Touche AB

REIDAR PETERS
Authorized Public Accountant
Arthur Andersen AB

Board of Directors

Board of Directors

HANS LINDELL, Chairman
Born 1944, Board Member since 1993
Attorney, Advokatfirman Jeppsson
& Linse.
Shareholding: 7,200 Series A shares

LENA APLER
Born 1951, Board Member since 1997
President, Collector Securities AB
Shareholding: 1,000 Series B shares

BO HÅKANSSON
Born 1946, Board Member since 1993
Previously Board Member 1983-1992.
Shareholding: 1,219,669 Series A shares
and 3,717 Series B Shares

LARS JONUNG
Born 1944, Board Member since 1996
Professor, Stockholm School of Economics
and Business Administration.
Shareholding: 2,000 Series A shares
and 1,000 Series B shares

PEHR LAGERMAN
Born 1941, Board Member since 1996
President, Transventor AB
Shareholding: 20,000 Series A shares
and 100,000 Series B shares

STAFFAN SVENBY
Born 1944, Board Member since 1997
Past President, Blenheim Group PLC,
London
Shareholding: 2,000 Series A shares
and 5,000 Series B shares



Hans Lindell



Bo Håkansson



Staffan Svenby



Lars Jonung



Lena Apler



Pehr Lagerman

Senior executives and auditors

Senior executives

BO HÅKANSSON

Born 1946, Managing Director

Employed since 1983-1990, 1993-

Shareholding: 1,219,669 Series A shares,
3,717 Series B shares

LARS AXELSSON

Born 1951, Finance

Employed since 1995

Shareholding: 0

MATS BLOM

Born 1965. Business Controller

Employed since 1998

Shareholding: 2,000 Series B shares

KARL-OLOF BORG

Born 1941. Research and Development

Employed since 1998

Shareholding: 500 Series B shares

LENNART MOLVIN

Born 1947. Business Development and

Information

Employed since 1987

Shareholding: 10,000 Series A shares

Bo Håkansson



Lennart Molvin



Karl-Olof Borg



Mats Blom



Lars Axelsson

Auditors

MATS B C OHLSSON

Born 1947. Authorized Public Accountant

Deloitte & Touche AB

Appointed auditor in 1983

REIDAR PETERS

Born 1939. Authorized Public Accountant

Arthur Andersen AB

Appointed auditor in 1994



Mats B C Ohlsson



Reidar Peters

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Active Biotech

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