

## Interim Report January – June, 2011

Stockholm, July 19, 2011

### Good growth in sales volume adversely affected by currency effects.

Kennet Rooth, CEO: “We had a continued positive trend in product sales in the second quarter with strong volume growth for many products and in most markets. Sales of Orfadin<sup>®</sup>, for example, increased by 19% after adjustment for currency effects. Manufacturing revenues for ReFacto<sup>®</sup> in the second quarter were, however, lower than in the previous year following large delivery volumes in the first quarter of the year. Both revenues and profits continued to be negatively affected by currency effects and by the mandatory price reductions implemented in many European countries in 2010.

The rights issue was concluded during the quarter. It was fully subscribed and has reduced net debt by SEK 594 M. Considerable effort has been put into reducing the company’s costs. Sales and administrative expenses were reduced by 12% compared to the second quarter in 2010. Cost reductions were also made in R&D where the previously announced staff cuts, mainly in preclinical development, are still being made. Investment in the phase III Kiobrina<sup>®</sup> study has, however, increased costs compared to the second quarter the previous year. The ongoing clinical development projects are continuing according to plan.”

#### Second quarter

- Sales of the existing product portfolio increased by 11% adjusted for currency effects.
- Net revenues fell by 4% to SEK 490.0 M (509.6), but increased by 7% adjusted for currency effects and discontinued products.
- The gross margin improved from the first quarter of the year but was lower than in the previous year mainly due to currency effects.
- Operating profit was positively affected by SEK 149.2 M as a result of an agreement regarding Multiferon<sup>®</sup> with the previous owners of Swedish Orphan.
- Operating profit (EBITA) before non-recurring items amounted to SEK 180.4 M (58.9) and to SEK 31.2 M (58.9) excluding the effect of the Multiferon<sup>®</sup> agreement.
- Geoffrey McDonough appointed new President and CEO as of August 15, 2011.
- The outlook for the full year 2011 is unchanged, see page 3.

| Amounts in SEK million  | Apr 1 - Jun 30 |       |        | Jan 1 - Jun 30 |       |        | Full year<br>2010 |
|---|----------------|-------|--------|----------------|-------|--------|-------------------|
|   | 2011           | 2010  | Change | 2011           | 2010  | Change |                   |
| Total revenues  | 490.0          | 509.6 | -4%    | 1,027.4        | 997.7 | 3%     | 1,906.7           |
| Gross profit  | 276.4          | 309.5 | -11%   | 560.4          | 622.6 | -10%   | 1,221.0           |
| Operating profit before amortizations and non-recurring items (EBITA) | 180.4          | 58.9  | >100%  | 240.1          | 114.1 | >100%  | 378.7             |
| Operating profit before non-recurring items (EBIT)                    | 127.3          | 9.1   | >100%  | 133.6          | 12.8  | >100%  | 77.5              |
| Profit/loss   | 113.4          | -11.6 | >100%  | 44.5           | -64.0 | >100%  | -104.4            |
| Earnings/loss per share, SEK <sup>1)</sup>                            | 0.50           | -0.05 | >100%  | 0.20           | -0.31 | >100%  | -0.47             |
| Core earnings per share <sup>1) 2)</sup> , SEK                        | 0.69           | 0.17  | >100%  | 0.90           | 0.43  | >100%  | 1.22              |

<sup>1)</sup> Comparison numbers adjusted for the rights issue completed in June 2011.

<sup>2)</sup> Calculated as net profit for the period adjusted for amortization of intangible assets based on the average number of shares.

## Revenues and profit

### Second quarter

Sales of the existing product portfolio increased by 11% adjusted for currency effects.

The total revenues for the second quarter of 2011 amounted to SEK 490.0 M (509.6). Adjusted for currency effects and discontinued products, revenues increased by 7%. The stronger Swedish krona compared to the previous year had an effect of approximately SEK -41 M. Revenues were also affected by lower manufacturing revenues for ReFacto<sup>®</sup>, which was partly offset by an increase in product sales volumes.

The gross margin improved from the first quarter of the year but was lower than in the previous year and amounted to 56.4% (60.7). The decline refers mainly to currency effects, reduced co-promotion revenues resulting from the disposal of Mimpara<sup>®</sup>, a lower margin for manufacturing revenues, and to some extent the mandatory price reductions implemented in Europe in 2010. The cost of the ongoing transfer of production of Kineret<sup>®</sup> from the US to Europe also had a negative impact on the margin in the quarter, but was in line with the previous year.

Other operating revenues and expenses were positively impacted by SEK 149.2 M as a result of an agreement with the previous owners of Swedish Orphan regarding Multiferon<sup>®</sup>. As a result of the agreement the previously booked liability for the additional purchase consideration was resolved in the quarter, see page 6.

Other expenses, excluding amortization, non-recurring items and the effect of the agreement regarding Multiferon<sup>®</sup>, were reduced by 2%. The reduction is mainly due to lower sales and marketing expenses, but administrative expenses were also lower. Cost savings were also achieved in R&D although overall these expenses were higher than in the previous year as a result the phase III Kiobrina<sup>®</sup> study.

The operating profit before amortization of intangible assets and non-recurring items (EBITA) amounted to SEK 180.4 M (58.9). Excluding the effect of the agreement regarding Multiferon<sup>®</sup>, EBITA amounted to SEK 31.2 M (58.9).

Amortization of intangible assets amounted to SEK 53.1 M (49.8).

The operating profit (EBIT) before non-recurring items was SEK 127.3 M (9.1).

### **Financial items and tax**

Net financial items for the second quarter amounted to SEK -20.5 M (-19.5). The financial expense is mainly related to the company's net debt. At the end of the quarter the company received the proceeds from the new share issue which reduced net debt by around SEK 594 M.

Sobi has accumulated loss carry-forwards that have not been reported as an asset. The company's tax rate therefore deviates from the Swedish tax rate. The actual current tax expense for the quarter was 1.1 M (8.0) and deferred tax amounted to 7.8 M (11.4) providing a positive net effect on the results of SEK 6.7 (3.4).

Income for the period amounted to SEK 113.4 M (-11.6), corresponding to SEK 0.50 (-0.05) per share.

### First half

Revenues for the first half of 2011 increased by 3% to SEK 1,027.4 M (997.7). Adjusted for currency effects and discontinued products, the increase was 14%. The stronger Swedish krona compared to the previous year had an impact of approximately SEK -77 M.

The increase refers mainly to higher manufacturing revenues for ReFacto<sup>®</sup>, but product sales also showed an upturn.

The gross margin fell to 54.5% from 62.4 the previous year. This was mainly due to currency effects, reduced co-promotion revenues for Mimpara<sup>®</sup>, a lower manufacturing margin and the cost for transferring production of Kineret<sup>®</sup> from the US to Europe. The lower production margin is due to lower average revenues per unit relating to the volume-based price and to the delivery of validation batches at a lower price. The gross margin for the previous year was positively impacted by a milestone payment of SEK 23.5 M.

Operating expenses, excluding amortizations and depreciations, non-recurring items and the effect of the agreement regarding Multiferon<sup>®</sup>, fell by 8%. The reduction is mainly due to the cost-saving activities that were implemented during 2010 and 2011 and to some extent to currency effects.

The operating profit before amortization of intangible assets and non-recurring items (EBITA) amounted to SEK 240.1 M (114.1). Excluding the effect of the agreement regarding Multiferon<sup>®</sup>, EBITA amounted to SEK 90.9 M (114.1).

Amortization of intangible assets amounted to SEK 106.5 M (101.3). Operating profit (EBIT) before non-recurring items was SEK 133.6 M (12.8).

#### ***Non-recurring items***

In March 2011 the Board of Directors decided on a number of measures to reduce the company's costs. The measures are expected to involve cutting around 60 positions, most of which are in preclinical research and manufacturing. The cost savings are expected to amount to approximately SEK 90 M annually and are expected to have full effect as of 2012.

As a result of the decision, the operating profit for the first quarter was charged with a provision of approximately SEK 70 M for severance pay and other costs relating to these measures. Non-recurring items for the first half of 2010 amounted to SEK 52 M and consisted mainly of severance pay and other expenses in connection with the merger of Biovitrum and Swedish Orphan.

#### **Financial items and tax**

Net financial items for the first half of 2011 amounted to SEK -38.6 M (-24.8). The decline is mainly due to an increase in net debt from the previous year.

Sobi has accumulated loss carry-forwards that have not been reported as an asset. The company's tax rate therefore deviates from the Swedish tax rate. The actual current tax expense for the first half was SEK 2.0 M (21.4) and deferred tax amounted to SEK 21.6 M (21.1), providing a positive net effect on the results of SEK 19.6 M (-0.3).

Income for the period was SEK 44.5 M (-64.0), corresponding to SEK 0.20 (-0.31) per share.

#### **Outlook for 2011**

Uncertainty remains about the recovery in the global economy and currencies, as well as how budget problems in many European countries will affect the pharmaceutical market. Nevertheless, the assessment is that Sobi will achieve good growth in volume, mainly through a number of product launches, which together with an increase in orders received from Pfizer means that revenues for the full year 2011 are expected to increase by 1-5%.

Gross margin for the full year is expected to be lower than last year, mainly due to the transfer of production of Kineret<sup>®</sup> as well as negative exchange rate effects. R&D costs will rise as the phase III study for Kiobrina<sup>®</sup> begins, though this increase will be offset by the recently announced cost savings and the full effect of the synergies from the merger with Swedish Orphan.

The outlook has not been changes since it was first published in the report for the first quarter of 2011.

## Revenues in the second quarter by region and key product<sup>1)</sup>

Product sales, excluding manufacturing and royalty revenues for ReFacto® declined in the second quarter of 2011 by 3% to SEK 345.4 M (354.9). Adjusted for currency effects and discontinued products, sales increased by 11%.

### Product sales by region

| Amounts in SEK million | Apr 1 - Jun 30 |              |            | Jan 1 - Jun 30 |              |            | Full year<br>2010 |
|------------------------|----------------|--------------|------------|----------------|--------------|------------|-------------------|
|                        | 2011           | 2010         | Change     | 2011           | 2010         | Change     |                   |
| Nordic                 | 120.4          | 114.9        | 5%         | 228.8          | 235.2        | -3%        | 450.4             |
| Europe                 | 134.7          | 135.5        | -1%        | 262.7          | 285.1        | -8%        | 551.3             |
| North America          | 77.7           | 98.9         | -21%       | 163.7          | 173.7        | -6%        | 340.2             |
| RoW                    | 12.5           | 5.5          | >100%      | 22.1           | 22.5         | -2%        | 43.5              |
| <b>Total revenues</b>  | <b>345.4</b>   | <b>354.9</b> | <b>-3%</b> | <b>677.4</b>   | <b>716.5</b> | <b>-5%</b> | <b>1,385.4</b>    |

Sales in the Nordic region increased in the second quarter for almost all of the company's products. Adjusted for currency effects and discontinued products, sales increased by 23%. Sales in the rest of Europe were largely unchanged in SEK but increased by 6% when adjusted for currency effects, despite the fact that the mandatory price reductions in many European countries had not yet been applied in the second quarter of 2010.

Sales in North America declined by 5% when adjusted for currency effects compared to a strong second quarter in 2010. Sales for the first half of the year increased in North America by 9% when adjusted for currency effects. Sales in the rest of the world showed strong growth, with an increase of 194% when adjusted for currency effects. This was due in part to sales starting in additional countries in the Middle East.

### Sales by key product

| Amounts in SEK million                   | Apr 1 - Jun 30 |              |            | Jan 1 - Jun 30 |              |           | Full year<br>2010 |
|--|----------------|--------------|------------|----------------|--------------|-----------|-------------------|
|  | 2011           | 2010         | Change     | 2011           | 2010         | Change    |                   |
| ReFacto                                  | 169.1          | 177.4        | -5%        | 400.8          | 304.9        | 31%       | 587.1             |
| of which Manufacturing revenues          | 108.5          | 117.5        | -8%        | 274.9          | 190.9        | 44%       | 388.0             |
| of which Co-promotion                    | 24.3           | 22.6         | 7%         | 50.7           | 47.2         | 7%        | 89.4              |
| of which Royalty                         | 36.3           | 37.3         | -3%        | 75.3           | 66.8         | 13%       | 109.7             |
| Kineret                                  | 102.9          | 113.0        | -9%        | 210.2          | 217.6        | -3%       | 422.3             |
| Orfadin                                  | 85.2           | 79.3         | 7%         | 161.3          | 162.4        | -1%       | 321.8             |
| Kepivance                                | 17.7           | 28.1         | -37%       | 36.9           | 57.0         | -35%      | 94.8              |
| Ammonaps                                 | 17.4           | 17.5         | -1%        | 33.2           | 36.4         | -9%       | 69.1              |
| Yondelis                                 | 12.2           | 8.8          | 39%        | 20.4           | 17.8         | 14%       | 40.6              |
| Willfact                                 | 2.9            | 2.7          | 9%         | 5.1            | 4.5          | 14%       | 13.1              |
| Other product revenues                   | 82.7           | 69.1         | 20%        | 159.7          | 148.3        | 8%        | 305.7             |
| <b>Total revenues continued products</b> | <b>490.2</b>   | <b>495.8</b> | <b>-1%</b> | <b>1,027.5</b> | <b>948.9</b> | <b>8%</b> | <b>1,854.5</b>    |
| Discontinued products                    | 0.0            | 13.8         | -100%      | 0.0            | 25.3         | -100%     | 28.6              |
| Other revenues                           | -0.3           | -0.0         | <-100%     | -0.1           | 23.5         | <-100%    | 23.6              |
| <b>Total revenues</b>                    | <b>490.0</b>   | <b>509.6</b> | <b>-4%</b> | <b>1,027.4</b> | <b>997.7</b> | <b>3%</b> | <b>1,906.7</b>    |

### ReFacto®

Total ReFacto® revenues declined in the second quarter by 5% to SEK 169.1 M (177.4), mainly due to lower manufacturing revenues. However, total sales for the first half of the year increased by 31% to SEK 400.8 M (304.9). Co-promotion revenues from sales in the Nordic countries increased by 7% for both the quarter and the first half of the year. Royalty revenues from global sales fell by 3% during the quarter but increased by 13% for the first half despite negative currency effects.

### **Kineret®**

Global sales declined during the quarter by 9% to SEK 102.9 M (113.0). The decrease is explained by currency effects and the full impact of the mandatory price reductions implemented in several European countries in the second half of 2010. Adjusted for currency effects, sales increased by 3%. Currency-adjusted sales for the first half of the year rose by 8% as a result of increased sales and marketing activities.

### **Orfadin®**

Sales increased during the quarter by 7% to SEK 85.2 M (79.3) and by 19% when adjusted for currency effects. The increase can mainly be attributed to the Nordic region, Central and Eastern Europe and the rest of the world. Currency-adjusted sales for the first half of the year increased by 10%.

### **Other products**

Sales of Kepivance® fell by 37% to SEK 17.7 M (28.1) and by 25% when adjusted for currency effects. The reduction is mainly related to Europe where the regulatory authority, the EMA, decided in 2010 to impose a restriction on the approved indication. Sales of Kepivance® stabilized during the quarter, however, after a sharp decline during the second half of 2010.

Sales of Ammonaps® fell by 1% to SEK 17.4 M (17.5) but increased by 7% when adjusted for currency effects. Sales were higher than in the first quarter of the year which was negatively affected by the manufacturing and delivery problems of Sobi's partner in the US. These problems were solved in the second quarter.

Sales of Yondelis® increased by 39% to SEK 12.2 M (8.8) and by 45% when adjusted for currency effects. The positive trend in sales is the result of increased sales and marketing activities and an increase in the use of the product for the two approved indications.

Sales of Multiferon® increased by 104% to SEK 2.5 M (1.2) and by 120% when adjusted for currency effects. The increase is mainly attributable to Central and Eastern Europe and the Nordic region.

Other products also showed good growth.

### **Free cash flow and investments**

Cash flow from operations in the second quarter amounted to SEK -10.2 M (-242.3). Non-cash items amounted to SEK 92.2 M and were mainly attributable to amortization of intangible assets and the effect of the agreement regarding Multiferon® which was reached at the end of the quarter.

Working capital increased in the second quarter by SEK 31.4 M (249.3). The increase refers mainly to higher inventories of Kineret® and ReFacto® as well as higher accounts receivable following the increase in product sales. This was offset to some extent by increased accounts payables following the production and build-up of stock of Kineret® product from produced substance.

Net investments in the second quarter amounted to SEK 8.3 M (58.0).

Cash flow from operations in the first half of the year amounted to -32.1 M (-254.9). Non-cash items amounted to SEK 30.1 M and were mainly attributable to amortization of intangible assets and the effect of the agreement regarding Multiferon® which was reached at the end of the quarter.

Working capital increased in the first half by SEK 106.7M (323.4). The increase refers mainly to higher inventories of Kineret® product and somewhat higher accounts receivable.

Net investments in the first half amounted to SEK 11.9 M (1 830.6). Net investments in the previous year include the acquisition of Swedish Orphan.

## Financial position

Cash and cash equivalents and short-term investments as of June 30 amounted to SEK 115.0 M (220.0). The company's financing through bank loans as of June 30 amounted to SEK 699.7 M (1,347.8).

## Equity

Consolidated shareholders' equity as of June 30 amounted to SEK 4,984.1 M compared to SEK 4,342.4 M as of December 31, 2010. The rights issue which was finalized at the beginning of June 2011 increased the share capital by SEK 594 M, net of transaction costs.

The rights issue increased the number of shares by 53,045,319 common shares. As of June 30, 2011, the total number of shares was 267,295,132, of which 265,226,598 common shares and 2,068,534 C-shares. All C-shares are held by the company.

## Rights issue fully subscribed

The share issue with preferential rights for the company's shareholders was finalized in June. The rights issue was fully subscribed and the underwriting commitments did not need to be utilized. Approximately 99.9 per cent of the offered shares have been subscribed for with subscription rights and an additional 0.1 per cent have been subscribed for without subscription rights. The subscription price was SEK 12 per new share and Sobi's shareholders were entitled to subscribe for one new share for each four existing shares held. The subscription period of the rights issue ended on May 26, 2011.

The rights issue provided Sobi with proceeds of approximately SEK 594 M, net of transaction costs. Trading in the new shares on NASDAQ OMX started as of June 10, 2011.

## Change in agreement regarding Multiferon®

A new agreement was signed during the second quarter regarding the additional purchase consideration for Multiferon® and the hepatitis C clinical study which was included in the agreement with the sellers upon Biovitrum's acquisition of Swedish Orphan in 2009. Under the new agreement the sellers have waived the requirements of an additional purchase consideration and implementation of the study in exchange for a one-time payment of SEK 25 million.

As a result of the new agreement the booked liability for the additional purchase consideration has been resolved and approximately SEK 149 million is included in operating income for the second quarter of 2011.

The additional purchase consideration in the 2009 agreement was based on annual future sales of Multiferon® exceeding certain threshold values. The additional purchase consideration was calculated at a maximum of SEK 425 million and was to be paid out no later than during the 2018 calendar year. Regarding the clinical study for Multiferon as second-line treatment for hepatitis C, in July 2010 Sobi communicated its decision not to pursue the study as new and positive clinical data for competing hepatitis C therapies had been presented earlier that year. Discussions have since been carried on with representatives of the former owners regarding the future clinical program for this product.

The agreement gives Sobi more flexibility in the future development of Multiferon® and an opportunity to study and evaluate other indications in the specialty pharmaceuticals field.

Multiferon® has so far been approved in a number of European countries for two indications – the treatment of high-risk malignant melanoma after surgery and second-line treatment of patients who cannot tolerate or who are not responding to treatment with alpha interferon regardless of the underlying disease.

## Research and development

### rFIXFc and rFVIIIc

Sobi's and Biogen Idec's rFIXFc and rFVIIIc hemophilia projects are advancing according to plan with recruitment of patients in both phase III studies (B-LONG and A-LONG, respectively). Data from both studies are expected to be delivered during 2012.

At the beginning of May the European Medicines Agency's (EMA) Pediatric Committee (PDCO) adopted a positive opinion agreeing on the pediatric investigational plan for the companies' long-lasting, fully recombinant factor IX Fc fusion protein therapy ( rFIXFc). In June the PDCO adopted a positive opinion agreeing also on the pediatric investigational plan for the companies' long-lasting, fully-recombinant factor VIII Fc fusion protein therapy (rFVIIIc).

In accordance with the PDCO's opinion, and with the draft guidelines published by the EMA, the companies plan to initiate global pediatric trials in previously-treated patients under 12 years of age as soon as sufficient data are available from a study of older patients.

The safety and pharmacokinetic study results from the rFVIIIc phase I/II trial will be presented at the International Society of Thrombosis and Haemostasis' (ISTH) Congress in Kyoto, Japan, July 23-28.

### Kiobrina®

The Kiobrina® phase III study has been initiated. The study is expected to be finalized during 2013.

### Kineret®

Kineret is approved for treatment of Rheumatoid Arthritis. Sobi is now planning for an extension of the registration to include additional orphan indications, such as cryopyrin-associated periodic syndromes (CAPS).

### Nascobal®

Nascobal®, a nasal spray of vitamin B12 for patients with pernicious anemia, a severe form of blood deficiency. Sobi has the rights to register and market Nascobal® in Europe. The clinical study to meet the criteria for registration was completed during the second quarter.

## Development pipeline

| Indication                                      | Product/Project | Partner    | Phase I | Phase II | Phase III | Reg phase |
|---|-----------------|------------|---------|----------|-----------|-----------|
| Hemophilia A                                    | rFVIIIc         | BiogenIdec |         |          |           |           |
| Hemophilia B                                    | rFIXFc          | BiogenIdec |         |          |           |           |
| Prevent growth retardation in premature infants | Kiobrina®       |            |         |          |           |           |
| CAPS  | Kineret®        |            |         |          |           |           |
| Pernicious anemia                               | Nascobal®       | Strativa   |         |          |           |           |

## Key dates

| Activity   | Expected timing |
|--|-----------------|
| Kiobrina® (prevent growth retardation): phase III data           | 2013            |
| Nascobal® (pernicious anemia): European registration application | H2 2011         |
| rFIXFc (hemophilia B): report phase III data                     | 2012            |
| rFVIIIc (hemophilia A): report phase III data                    | 2012            |

### **Geoffrey McDonough appointed President and CEO**

Geoffrey McDonough has been appointed President and CEO of Sobi as of August 15, 2011. He will succeed Kennet Rooth, who has been acting CEO since January 1, 2011.

Geoffrey McDonough is currently President of Europe, Middle East, and Africa (EMEA) of Genzyme Corporation, USA, one of the world's leading orphan drug and biotechnology companies, now part of the French Sanofi Group. In this role Dr. McDonough is responsible for operations in 55 countries and a portfolio of 15 leading biotechnology and specialty products. Dr. McDonough has held several leading positions within Genzyme in the US since 2002. Prior to joining Genzyme Dr. McDonough worked as a physician in the US.

Dr McDonough was born in 1970 and is a graduate of Harvard Medical School, USA. He holds a Bachelor of Arts and a Bachelor of Science from University of North Carolina, USA. For more information, see the press release that was published on June 22, 2011.

### **Extraordinary General Meeting to decide on share program for CEO**

The Board of Directors has resolved to propose that an Extraordinary General Meeting of shareholders be held in order to approve a performance-based long-term share program for the company's new CEO Geoffrey McDonough as well as revised guidelines for remuneration to senior management.

The Extraordinary General Meeting will be held on Wednesday, August 24, 2011 in the Wenström room at The Royal Swedish Academy of Engineering Sciences (IVA), Grev Turegatan 16, Stockholm. For more information, see the Notice to the Extraordinary General Meeting that was published in a separate press release simultaneously with this report.

### **Personnel**

As of June 30, 2011 Sobi had 518 employees (497).

**Forward-looking statement**

*This interim report includes forward-looking statements. Actual results may differ from those stated. Internal factors such as the successful management of research programs and intellectual property rights may affect future results. There are also external conditions such as the economic climate, political changes and competing research programs that may affect Swedish Orphan Biovitrum's results.*

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

The Board of Directors and the CEO of Swedish Orphan Biovitrum provide their assurance that the half-year interim report provides a fair and true overview of the Parent Company's and the Group's operations, financial position and results, and describes material risks and uncertainties faced by the parent Company and the companies in the Group. See under the heading "Accounting and valuation principles" above and in other information provided for a description of the operational risks.

Solna, July 19, 2011

Bo Jesper Hansen  
*Chairman of the Board*

Lennart Johansson

Adine Grate Axén

Helena Saxon

Hans GCP Schikan

Hans Wigzell

Catarina Larsson  
*Employee representative*

Bo Gunnar Rosenbrand  
*Employee representative*

Kennet Rooth  
*President and CEO*

## Tables and Figures

### Statement of comprehensive income

| <i>Amounts in SEK million</i>  | Apr 1 - Jun 30 |              | Jan 1 - Jun 30 |              | Full year      |
|--|----------------|--------------|----------------|--------------|----------------|
|  | 2011           | 2010         | 2011           | 2010         | 2010           |
| Total revenues   | 490.0          | 509.6        | 1027.4         | 997.7        | 1,906.7        |
| Total cost of goods and services sold  | -213.5         | -200.1       | -467.0         | -375.1       | -685.7         |
| <b>Gross profit</b>  | <b>276.4</b>   | <b>309.5</b> | <b>560.4</b>   | <b>622.6</b> | <b>1,221.0</b> |
| Sales and Administration expenses <sup>1)</sup>                                    | -180.0         | -194.9       | -350.1         | -374.9       | -825.7         |
| Research and Development expenses  | -124.6         | -113.4       | -227.1         | -241.1       | -479.8         |
| Non recurring items  | 0.0            | -4.6         | -70.1          | -51.6        | -87.7          |
| Other operating revenues/expenses  | 155.4          | 7.9          | 150.4          | 6.1          | 162.0          |
| <b>Operating profit/loss</b>   | <b>127.3</b>   | <b>4.5</b>   | <b>63.5</b>    | <b>-38.9</b> | <b>-10.2</b>   |
| Financial income/expenses  | -20.5          | -19.5        | -38.6          | -24.8        | -82.2          |
| <b>Profit/loss after financial items</b>   | <b>106.7</b>   | <b>-15.0</b> | <b>24.9</b>    | <b>-63.7</b> | <b>-92.4</b>   |
| Income tax expenses  | 6.7            | 3.4          | 19.6           | -0.3         | -12.0          |
| <b>Profit/loss for the period</b>  | <b>113.4</b>   | <b>-11.6</b> | <b>44.5</b>    | <b>-64.0</b> | <b>-104.4</b>  |
| <b>Other comprehensive income <sup>2)</sup></b>                                    |                |              |                |              |                |
| Translation difference   | 0.1            | 0.0          | -0.1           | -0.7         | -1.8           |
| <b>Comprehensive income for the period</b>   | <b>113.5</b>   | <b>-11.6</b> | <b>44.4</b>    | <b>-64.7</b> | <b>-106.2</b>  |
| Earnings/loss per share after tax (SEK) <sup>3)</sup>                              | 0.50           | -0.05        | 0.20           | -0.31        | -0.47          |
| Earnings/loss per share after dilution (SEK) <sup>3)</sup>                         | 0.43           | -0.05        | 0.17           | -0.31        | -0.47          |
| <sup>1)</sup> Amortization of intangible assets included in Selling & Adm expenses | -53.1          | -49.8        | -106.5         | -101.3       | -301.2         |

<sup>2)</sup> In correspondence with Revised IAS 1 all changes in equity that do not arise from transactions with owners should be reported in statement of comprehensive income. Translation difference does entirely concern equity in foreign subsidiary.

<sup>3)</sup> Comparison numbers has been adjusted for the rights issue completed in June 2011.

## Balance Sheet

|  | Jun 30         | Mar 31         | Dec 31         | Sep 30         | Jun 30         |
|--|----------------|----------------|----------------|----------------|----------------|
| <i>Amounts in SEK million</i>              | 2011           | 2011           | 2010           | 2010           | 2010           |
| <b>ASSETS</b>                              |                |                |                |                |                |
| <b>Fixed assets</b>                        |                |                |                |                |                |
| Intangible fixed assets <sup>1)</sup>      | 5,125.0        | 5,172.1        | 5,224.3        | 5,382.6        | 5,422.5        |
| Tangible fixed assets                      | 230.9          | 240.4          | 251.4          | 262.2          | 270.5          |
| Financial fixed assets                     | 20.0           | 20.9           | 21.8           | 35.2           | 55.2           |
| <b>Total fixed assets</b>                  | <b>5,375.8</b> | <b>5,433.5</b> | <b>5,497.6</b> | <b>5,680.0</b> | <b>5,748.2</b> |
| <b>Current assets</b>                      |                |                |                |                |                |
| Inventories                                | 1,008.6        | 1,001.2        | 1,070.4        | 1,071.1        | 994.7          |
| Accounts receivable                        | 355.1          | 361.4          | 322.6          | 271.3          | 341.0          |
| Current receivables, non-interestbearing   | 236.0          | 197.8          | 140.5          | 213.4          | 142.7          |
| Cash and cash equivalents                  | 115.0          | 37.7           | 38.5           | 219.1          | 220.0          |
| <b>Total current assets</b>                | <b>1,714.6</b> | <b>1,598.2</b> | <b>1,572.0</b> | <b>1,774.9</b> | <b>1,698.5</b> |
| <b>Total assets</b>                        | <b>7,090.5</b> | <b>7,031.6</b> | <b>7,069.6</b> | <b>7,454.9</b> | <b>7,446.7</b> |
| <b>EQUITY AND LIABILITIES</b>              |                |                |                |                |                |
| <b>Shareholders' equity</b>                | <b>4,984.1</b> | <b>4,274.4</b> | <b>4,342.4</b> | <b>4,436.1</b> | <b>4,454.2</b> |
| <b>Long-term liabilities</b>               |                |                |                |                |                |
| Long-term debts                            | 713.3          | 1,208.1        | 1,208.0        | 1,369.9        | 1,380.0        |
| Long-term liabilities, non-interestbearing | 740.7          | 748.4          | 762.1          | 766.5          | 777.8          |
| <b>Total long-term liabilities</b>         | <b>1,454.0</b> | <b>1,956.5</b> | <b>1,970.0</b> | <b>2,136.4</b> | <b>2,157.8</b> |
| <b>Current liabilities</b>                 |                |                |                |                |                |
| Short term debts                           | 14.8           | 203.5          | 178.6          | 164.3          | 164.3          |
| Current liabilities, non-interestbearing   | 637.6          | 597.2          | 578.6          | 718.2          | 670.4          |
| <b>Total short-term liabilities</b>        | <b>652.4</b>   | <b>800.7</b>   | <b>757.1</b>   | <b>882.5</b>   | <b>834.7</b>   |
| <b>Total equity and liabilities</b>        | <b>7,090.5</b> | <b>7,031.6</b> | <b>7,069.6</b> | <b>7,454.9</b> | <b>7,446.7</b> |

<sup>1)</sup> Including goodwill SEK 1,605.3 M (1,601 as per December 31, 2010)

## Changes in Equity

|  | Jan 1 - Jun 30 | Full year      |
|--|----------------|----------------|
| <i>Amounts in SEK million</i>                    | 2011           | 2010           |
| <b>Opening balance</b>                           | <b>4,342.4</b> | <b>1,352.8</b> |
| Adjustment of acquisition analysis <sup>1)</sup> | –              | -58.8          |
| <b>Opening balance</b>                           | <b>4,342.4</b> | <b>1,294.0</b> |
| Sharebased compensation to employees             | 3.3            | 8.1            |
| Issue of shares                                  | 594.0          | 3,146.8        |
| Redemption of shares                             | –              | -0.9           |
| Comprehensive income for the period              | 44.4           | -106.2         |
| <b>Equity, end of period</b>                     | <b>4,984.1</b> | <b>4,454.2</b> |

<sup>1)</sup> As a consequence of adopting new accounting principles, IFRS 3, as from January 1, 2010, prepaid expenses related to acquisition in progress as per December 31, 2009, has been charged to equity as an adjustment of opening balances.

## Cash flow Statement

| <i>Amounts in SEK million</i>   | Apr 1 - Jun 30 |               | Jan 1 - Jun 30 |                 | Full year       |
|---|----------------|---------------|----------------|-----------------|-----------------|
|   | 2011           | 2010          | 2011           | 2010            | 2010            |
| Net result  | 113.4          | -11.6         | 44.5           | -64.0           | -104.5          |
| Non cash items <sup>1)</sup>  | -92.2          | 18.6          | 30.1           | 132.5           | 354.2           |
| <b>Cash flow from operations before change in working capital</b>       | <b>21.2</b>    | <b>7.0</b>    | <b>74.6</b>    | <b>68.5</b>     | <b>249.7</b>    |
| <i>Change in working capital</i>  | -31.4          | -249.3        | -106.7         | -323.4          | -464.8          |
| <b>Cash flow from operations</b>  | <b>-10.2</b>   | <b>-242.3</b> | <b>-32.1</b>   | <b>-254.9</b>   | <b>-215.1</b>   |
| Acquisition of business, net of cash acquired                           | -4.4           | -10.6         | -4.4           | -1,811.8        | -1,811.3        |
| Investment in intangible fixed assets                                   | -2.5           | -31.7         | -5.1           | -32.3           | -80.7           |
| Investment in tangible fixed assets                                     | -2.2           | -16.4         | -4.1           | -36.1           | -42.1           |
| Investment/Divestment of financial assets                               | 0.8            | 0.8           | 1.7            | 1.3             | 1.4             |
| Short-term investments  | -              | 0.0           | -              | 48.4            | 48.4            |
| <b>Cash flow from investing activities</b>                              | <b>-8.3</b>    | <b>-58.0</b>  | <b>-11.9</b>   | <b>-1,830.6</b> | <b>-1,884.3</b> |
| Loans - Raising/Amortization <sup>2)</sup>                              | -497.9         | 199.7         | -473.0         | 634.1           | 467.7           |
| Issue of shares   | 594.0          | -28.4         | 594.0          | 1,414.2         | 1,414.1         |
| <b>Cash flow from financing activities</b>                              | <b>96.1</b>    | <b>171.3</b>  | <b>121.0</b>   | <b>2,048.3</b>  | <b>1,881.8</b>  |
| <b>Net change in cash</b>   | <b>77.6</b>    | <b>-129.0</b> | <b>77.0</b>    | <b>-37.2</b>    | <b>-217.6</b>   |
| Liquid funds at the beginning of the period                             | 37.6           | 349.1         | 38.5           | 258.2           | 258.2           |
| Translation difference in cash flow and liquid funds                    | -0.2           | -0.2          | -0.4           | -1.1            | -2.1            |
| <b>Liquid funds at the end of the period</b>                            | <b>115.0</b>   | <b>220.0</b>  | <b>115.0</b>   | <b>220.0</b>    | <b>38.5</b>     |
| Short-term investments  | -              | -             | -              | -               | -               |
| <b>Liquid funds and short-term investments at the end of the period</b> | <b>115.0</b>   | <b>220.0</b>  | <b>115.0</b>   | <b>220.0</b>    | <b>38.5</b>     |
| <sup>1)</sup> <b>Depreciations and write down:</b>                      |                |               |                |                 |                 |
| Depreciation tangible fixed assets                                      | 12.8           | 15.1          | 26.6           | 35.5            | 53.9            |
| Amortization intangible assets  | 53.1           | 49.8          | 106.5          | 101.3           | 301.2           |

<sup>2)</sup> Including amortization of additional purchase price

## Key Ratios and Other Information

| Amounts in SEK million                        | Apr 1 - Jun 30 |             | Jan 1 - Jun 30 |             | Helår       |
|---|----------------|-------------|----------------|-------------|-------------|
|   | 2011           | 2010        | 2011           | 2010        | 2010        |
| <b>Return on</b>                              |                |             |                |             |             |
| Shareholders' equity                          | 2.5%           | -0.3%       | 1.0%           | -2.2%       | -3.7%       |
| Total capital                                 | 2.0%           | 0.1%        | 1.2%           | -0.8%       | -0.5%       |
| <b>Margins</b>                                |                |             |                |             |             |
| Gross margin                                  | 56.4%          | 60.7%       | 54.5%          | 62.4%       | 64.0%       |
| EBITDA-margin                                 | 39.4%          | 14.5%       | 26.0%          | 15.0%       | 22.7%       |
| EBITA-margin                                  | 36.8%          | 11.6%       | 23.4%          | 11.4%       | 19.5%       |
| EBIT-margin                                   | 26.0%          | 0.9%        | 6.2%           | -3.9%       | -0.5%       |
| Profit margin                                 | 23.1%          | -2.3%       | 4.3%           | -6.4%       | -5.5%       |
| <b>Per share data (SEK)</b>                   |                |             |                |             |             |
| Shareholders' equity per share                | 18.8           | 21.0        | 18.8           | 21.0        | 20.5        |
| Shareholders' equity per share after dilution | 18.8           | 21.0        | 18.8           | 21.0        | 20.4        |
| Cash flow per share                           | 0.3            | -0.6        | 0.3            | -0.2        | -1.1        |
| Cash flow per share after dilution            | 0.3            | -0.6        | 0.3            | -0.2        | -1.1        |
| <b>Other information</b>                      |                |             |                |             |             |
| Equity ratio                                  | 70.3%          | 59.8%       | 70.3%          | 59.8%       | 61.4%       |
| Number of ordinary shares                     | 265,226,598    | 211,898,854 | 265,226,598    | 211,898,854 | 212,181,279 |
| Average number of ordinary shares             | 228,902,086    | 210,307,961 | 220,633,555    | 184,423,074 | 198,741,374 |
| Outstanding warrants <sup>1)</sup>            | 300,000        | 335,000     | 300,000        | 335,000     | 315,000     |
| Number of shares after dilution               | 265,793,598    | 212,598,154 | 265,793,598    | 212,598,154 | 212,804,979 |
| Average number of shares after dilution       | 229,507,297    | 211,007,261 | 221,247,909    | 185,122,374 | 199,371,494 |

<sup>1)</sup> The company has one warrant program outstanding, exercisable for a maximum of 614,354 new shares in total.

The total number of exercisable shares has not been adjusted for the rights issue completed in June 2011. These calculations will be performed in connection with the extraordinary annual meeting in August. The effect is estimated to be marginal.

**Return on shareholders' equity**

Profit after tax as a percentage of average shareholders' equity.

**Return on total capital**

Profit after financial items plus financial expenses as a percentage of average total assets.

**Gross margin**

Gross profit as a percentage of net sales.

**EBITDA margin**

Operating profit/loss before extraordinary items plus amortization and impairment in relation to sales.

**EBITA margin**

Operating profit/loss before extraordinary items plus depreciation in relation to sales.

**EBIT margin**

Operating profit/loss in relation to net sales.

**Profit margin**

Net profit for the period in relation to sales.

**Shareholders' equity per share**

Shareholders' equity divided by the number of shares.

**Shareholders' equity per share after dilution**

Shareholders' equity divided by the number of shares after dilution.

**Cash flow per share**

Changes in cash and cash equivalents divided by the weighted average number of outstanding shares.

**Cash flow per share after dilution**

Changes in cash and cash equivalents divided by the weighted average number of shares after dilution.

**Equity ratio**

Shareholders' equity as a proportion of total assets.

**Core EPS**

Core EPS is calculated from P/L for the period excluding amortization and restructuring and other extraordinary items and based on average number of shares.

**Extraordinary items**

Extraordinary items are defined as transactions of non-recurring nature, mainly referring to discontinued products and/or operations.

## Financial Statements – Parent Company

### Profit and Loss Statement – Parent Company

| <i>Amounts in SEK million</i>   | Apr 1 - Jun 30 |              | Jan 1 - Jun 30 |              | Full year     |
|---|----------------|--------------|----------------|--------------|---------------|
|   | 2011           | 2010         | 2011           | 2010         | 2010          |
| Total revenues  | 274.8          | 335.2        | 658.7          | 635.1        | 1,185.9       |
| Total cost of goods and services sold   | -130.3         | -124.8       | -320.2         | -233.3       | -410.8        |
| <b>Gross profit</b>   | <b>144.5</b>   | <b>210.4</b> | <b>338.5</b>   | <b>401.8</b> | <b>775.1</b>  |
| Sales and Administration expenses <sup>1)</sup>                                 | -72.8          | -82.2        | -147.5         | -169.1       | -356.9        |
| Research and Development expenses   | -120.6         | -111.3       | -214.9         | -226.8       | -528.6        |
| Non recurring items   | 0.0            | -3.2         | -20.9          | -45.8        | -81.4         |
| Other operating revenues/expenses   | 4.7            | 11.3         | 5.0            | 14.1         | 174.8         |
| <b>Operating profit/loss</b>  | <b>-44.3</b>   | <b>25.0</b>  | <b>-39.9</b>   | <b>-25.8</b> | <b>-17.0</b>  |
| Result from participation in Group companies                                    | -0.2           | -4.1         | -0.2           | -6.3         | -6.2          |
| Financial income  | 4.0            | 0.2          | 2.7            | 1.4          | 0.0           |
| Financial expenses  | -25.8          | -21.8        | -42.4          | -29.7        | -81.4         |
| <b>Profit/loss after financial items</b>  | <b>-66.3</b>   | <b>-0.7</b>  | <b>-79.8</b>   | <b>-60.4</b> | <b>-104.6</b> |
| Income tax expenses   | -              | -            | -              | -            | -             |
| <b>Profit/loss for the period</b>   | <b>-66.3</b>   | <b>-0.7</b>  | <b>-79.8</b>   | <b>-60.4</b> | <b>-104.6</b> |
| <sup>1)</sup> Amortization of product rights included in Selling & Adm expenses | -12.1          | -12.1        | -24.3          | -24.3        | -48.7         |

**Balance Sheet – Parent Company**

|  | Jun 30         | Mar 31         | Dec 31         | Sep 30         | Jun 30         |
|--|----------------|----------------|----------------|----------------|----------------|
| <i>Amounts in SEK million</i>            | 2011           | 2011           | 2010           | 2010           | 2010           |
| <b>ASSETS</b>                            |                |                |                |                |                |
| <b>Fixed assets</b>                      |                |                |                |                |                |
| Intangible fixed assets                  | 810.8          | 821.7          | 833.4          | 923.7          | 935.7          |
| Tangible fixed assets                    | 218.3          | 227.2          | 237.1          | 247.7          | 255.4          |
| Financial fixed assets                   | 4,269.7        | 4,414.6        | 4,414.6        | 4,498.4        | 4,506.5        |
| <b>Total fixed assets</b>                | <b>5,298.8</b> | <b>5,463.5</b> | <b>5,485.2</b> | <b>5,669.8</b> | <b>5,697.6</b> |
| <b>Current assets</b>                    |                |                |                |                |                |
| Inventories                              | 860.8          | 844.7          | 927.5          | 924.4          | 852.1          |
| Current receivables, non-interestbearing | 403.2          | 419.4          | 266.5          | 281.6          | 374.9          |
| Cash and cash equivalents                | 82.3           | 4.0            | 9.1            | 188.5          | 177.9          |
| <b>Total current assets</b>              | <b>1,346.3</b> | <b>1,268.1</b> | <b>1,203.1</b> | <b>1,394.5</b> | <b>1,404.9</b> |
| <b>Total assets</b>                      | <b>6,645.1</b> | <b>6,731.6</b> | <b>6,688.2</b> | <b>7,064.3</b> | <b>7,102.5</b> |
| <b>EQUITY AND LIABILITIES</b>            |                |                |                |                |                |
| <b>Shareholders' equity</b>              | <b>4,893.5</b> | <b>4,363.6</b> | <b>4,375.9</b> | <b>4,468.2</b> | <b>4,490.6</b> |
| <b>Long-term liabilities</b>             |                |                |                |                |                |
| Long-term debts                          | 699.7          | 1,194.0        | 1,193.6        | 1,355.3        | 1,351.5        |
| <b>Total long-term liabilities</b>       | <b>699.7</b>   | <b>1,194.0</b> | <b>1,193.6</b> | <b>1,355.3</b> | <b>1,351.5</b> |
| <b>Current liabilities</b>               |                |                |                |                |                |
| Short term debts                         | –              | 223.0          | 164.3          | 164.3          | 164.3          |
| Current liabilities, non-interestbearing | 1,051.9        | 951.0          | 954.5          | 1,076.5        | 1,096.1        |
| <b>Total short-term liabilities</b>      | <b>1,051.9</b> | <b>1,174.0</b> | <b>1,118.8</b> | <b>1,240.8</b> | <b>1,260.4</b> |
| <b>Total equity and liabilities</b>      | <b>6,645.1</b> | <b>6,731.6</b> | <b>6,688.2</b> | <b>7,064.3</b> | <b>7,102.5</b> |

**Change in Shareholders' equity – Parent Company**

|                                      | Jan 1 - Jun 30 |                | Full year      |
|--------------------------------------|----------------|----------------|----------------|
| <i>Amounts in SEK million</i>        | 2011           | 2010           | 2010           |
| <b>Opening balance</b>               | <b>4,375.9</b> | <b>1,326.1</b> | <b>1,326.1</b> |
| Sharebased compensation to employees | 3.3            | 8.1            | 8.5            |
| Issue of shares                      | 594.0          | 3,216.8        | 3,146.8        |
| Redemption of shares                 | –              | –              | -0.9           |
| Comprehensive income for the period  | -79.8          | -60.4          | -104.6         |
| <b>Equity, end of period</b>         | <b>4,893.5</b> | <b>4,490.6</b> | <b>4,375.9</b> |

## Notes

### Note 1 Accounting and valuation principles and other information

#### Important accounting principles

Swedish Orphan Biovitrum AB (publ) prepares its consolidated financial statements in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1. Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The consolidated financial statements have been prepared according to the historical cost convention except in the case of financial assets and financial assets and liabilities (including derivative instruments) measured at fair value through profit and loss.

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting.

Accounting principles applied are in accordance with those described in the Annual Report 2010. More detailed information about the Group's accounting- and valuation principles can be found in the Annual Report 2010 which is available at [www.sobi.com](http://www.sobi.com).

#### Operating risks

All business operations involve risk. Managed risk-taking is necessary to maintain good profitability. Risk may be due to events in the external environment and may affect a certain industry or market. Risk may also be specific to a certain company. Swedish Orphan Biovitrum is exposed to three main risk categories:

- External risks such as patent infringements and competition within product concepts and decisions by authorities regarding product use and prices.
- Operational risk, e.g. the fact that developing a new drug is both capital-intensive and risky, dependence on external partners in various collaborations, product liability claims, as well as laws and rules on the treatment of hazardous materials
- Financial risks, such as currency risk, interest risk, credit risk and liquidity risk

A more detailed description of the Group's risk exposure and risk management is included in Swedish Orphan Biovitrum's 2010 Annual Report (see the Directors' Report).

### Note 2 Shares and Warrants

| Development in share capital and number |              | No of shares | Share capital, SEK |
|---|--------------|--------------|--------------------|
| December 2010                           |              | 214,249,813  | 117,558,200        |
| June 2011                               | Rights issue | 53,045,319   | 29,105,800         |
| June 2011                               |              | 267,295,132  | 146,664,000        |

A preferential new share issue was completed in June, 2011, after which the total number of shares are 267,295,132. Issued shares break down as 265,226,598 ordinary shares and 2,068,534 C shares. The ordinary shares carry one vote per share and the C shares carry 1/10 vote per shares. All C shares are treasury shares.

#### Option and share based incentive programs

##### Share based incentive program 2008

At the Annual General Meeting on April 24, 2008, a long-term, performance based incentive program was adopted ("Share program 2008"). Share program 2008 covers management and key individuals in Swedish Orphan Biovitrum, and may involve a total maximum allocation of 422,280<sup>1)</sup> shares in Swedish Orphan Biovitrum AB (publ). The number of shares, to be received by program participants, will be based on the development of the Swedish Orphan Biovitrum share over a three-year assessment period. The program was implemented at the end of 2008, and the assessment period will run from November 26, 2008, up to and including November 25, 2011.

##### Share based incentive program 2009

A new long-term, performance based incentive program was adopted ("Share program 2009") at the Annual General Meeting on April 28, 2009. Share program 2009 covers management and key individuals in Swedish Orphan Biovitrum, and may involve a total maximum allocation of 314,919<sup>1)</sup> shares in Swedish Orphan Biovitrum AB (publ). Like in the Share

<sup>1)</sup> The maximum allocation of shares has not been adjusted for the rights issue completed in June 2011. These calculations will be performed in connection with the extraordinary general meeting in August. The effect is estimated to be marginal.

program 2008, the number of shares to be received by program participants, will be based on the development of the Swedish Orphan Biovitrum share over a three-year assessment period. The program was implemented in June 2009, and the assessment period will run from June 10, 2009 up to and including June 9, 2012.

#### Share based incentive program 2010

A new long-term, performance-based share program ("Share Program 2010") was adopted at the Annual General Meeting on April 27, 2010. Share Program 2010 covers management and key individuals in Swedish Orphan Biovitrum, and may involve a total maximum allocation of 510,547 shares in Swedish Orphan Biovitrum AB (publ). The program is designed to allow the participant to invest in a number of shares and receive the equivalent number of shares free of charge if the individual stays with the company for three years. Employees also have the opportunity to receive additional shares based on Swedish Orphan Biovitrum's performance over a three-year benchmark period. The program was implemented in December 2010 and the benchmark period extends from December 13, 2010, through December 12, 2013.

#### Warrant programs

|   | Full year<br>2011 | Full year<br>2010 |
|---|-------------------|-------------------|
| <b>Option program 2006/2011</b>                   |                   |                   |
| Outstanding January 1                             | 15,000            | 35,000            |
| Forfeited during the period                       | -15,000           | -20,000           |
| <b>Outstanding at of end of accounting period</b> | -                 | <b>15,000</b>     |
| Exercisable at of end of accounting period        | -                 | 15,000            |

|   | Full year<br>2011 | Full year<br>2010 |
|---|-------------------|-------------------|
| <b>Employee option program 2007/2012</b>          |                   |                   |
| Outstanding January 1                             | 300,000           | 300,000           |
| <b>Outstanding at of end of accounting period</b> | <b>300,000</b>    | <b>300,000</b>    |
| Exercisable at of end of accounting period        | 300,000           | 300,000           |

#### Note 3 Transactions with related parties

| Amounts in SEK million                                 | Full year<br>2011 | Full year<br>2010 |
|--|-------------------|-------------------|
| <i>Loan to executive management in parent company:</i> |                   |                   |
| At beginning of the year:                              | 153               | 153               |
| Loans paid during the year:                            | -                 | -                 |
|  | 153               | 153               |

There was no change as to regarding loans to related parties during the period. The conditions for these loans to executive management in the parent company are described in the Annual Report 2010.

A company related to the chairman of the Board, Orfacare, provides consultation as regards marketing of drugs for the Sobi group in e.g. Switzerland and Austria. The costs for the year amount to SEK 2.2 M.

#### Note 4 Contingencies

In 2004, the real estate designated as Paradiset 14 was transferred to a substantially foreign-owned limited liability partnership, called Nya Paradiset KB, whereupon the participating interests in Nya Paradiset KB were sold to an external party, at market price. The real estate was transferred to Nya Paradiset KB, in accordance with the rules regarding so-called transfers below market value, in return for consideration equivalent to the real estate's value for tax purposes. In a submission to the county administrative court, dated 17 April 2008, the Swedish Tax Agency has formally requested that, pursuant the Swedish Tax Avoidance Act, the rules regarding transfers below market value shall not be applied. In the opinion of the Tax Agency, this entails that Swedish Orphan Biovitrum shall be charged a capital gain of SEK 234.5 million, as a consequence of the transfer of the real estate to Nya Paradiset KB. In Swedish Orphan Biovitrum's view, it is patently obvious that the company has not acted in contravention of the purpose of the legislation, in the manner alleged by the Tax Agency in the aforementioned submission. Thereafter, on 9 October 2009, the Tax Agency lodged a new submission and, in reliance on two judgments from the Supreme Administrative Court dated 29 May 2009, has now alleged a new ground, as to why the rules governing transfers below market value shall not be applied by virtue of the Tax Avoidance Act. Swedish Orphan Biovitrum takes the view that the Tax Agency ought not to succeed in proving its case in relation to this new ground either. On March 3, 2011, The administrative court announced that they uphold the Tax Agency's request, explaining that Swedish Orphan Biovitrum under the tax law will be charged an amount of 232.2 million as revenue in the 2005 tax year. The company has appealed.

As stated in the Annual Report 2010 the sellers of the pharmaceutical company Arexis, which was acquired in August 2005, have made a claim against Swedish Orphan Biovitrum in the amount of approx SEK 325 M. The sellers of Arexis claim that Swedish Orphan Biovitrum has not performed its obligations under the share purchase agreement entered into at the time of acquisition. Swedish Orphan Biovitrum have contested all claims presented by the sellers. The sellers have requested arbitration regarding parts of the above mentioned claim as well as, regarding the other parts, an expert determination provided for in the agreement.

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## Telephone conference

The interim report for the second quarter 2011 will be presented by CEO Kennet Rooth and CFO Lars Sandström at a media and analyst telephone conference.

**Time:** Tuesday, July 19, 2011 at 3.p.m. (CET)

**To participate in the telephone conference, please call:**

SE: +46 (0)8 505 598 53

UK: +44 (0)20 3043 2436

US: +1 866 458 40 87

To follow the telephone conference via the web or afterwards, please follow the link on [www.sobi.com](http://www.sobi.com)

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## Financial calendar 2011

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