



Interim Report May–October 2007

MAY–OCTOBER 2007

- Net sales increased 33% to SEK 399.2m (299.2m)
- Operating profit increased 54% to SEK 110.8m (72.0m)
- Profit after tax was SEK 75.6m (51.9m)
- Earnings per share before dilution were SEK 79.55 (54.47)
- Cash flow from operations was SEK 65.3m (27.5m)
- The improved sales and gross profit during the period were due to continued strong sales of the company's proprietary product* Orfadin[®] throughout the EU and the Middle East and healthy growth in the company's other products
- The company acquired the assets and liabilities of ViraNative AB, including the global patent and brand rights for Multiferon[®]

Consolidated financial performance

SEK '000	6 MONTHS MAY–OCT		QUARTER AUG–OCT		12 MTH MAY–APR
	2007/2008	2006/2007	2007/2008	2006/2007	2006/2007
Net sales	399.2	299.2	187.6	152.2	683.8
Gross profit	194.3	123.8	90.9	66.9	308.6
Operating profit	110.8	72.0	41.9	48.9	163.2
Profit after tax	75.6	51.9	28.4	37.6	113.0
Earnings per share, SEK	79.55	54.47	30.08	39.47	118.60

* The company has cancelled a previous distribution agreement due to breach of contract. The cancellation is subject to arbitration proceedings and a ruling is expected in 2008. For more information, see Disputes on page 5.

Swedish Orphan International in brief

Swedish Orphan International Holding is an international growth company specialising in the development, registration, marketing and distribution of pharmaceutical drugs for rare and life-threatening disorders, a category known as "orphan drugs". The company's products meet medical needs in areas where no treatment currently exists or where available treatments are inadequate.

The original company, Swedish Orphan International AB, was founded in 1988 and has since entered into partnership agreements with about 30 pharmaceutical companies and university institutions. The company's product portfolio currently includes more than 40 orphan drugs.



Key events in May–October 2007

- In June 2007 Swedish Orphan signed an agreement on extending the company's distribution agreement with Gilead Sciences Ltd for the Nordic countries until June 2008.
- The company concluded a distribution agreement with Pharmamar for Yondelis® covering the Nordic and Baltic countries and Central Eastern Europe. The product was registered as an orphan drug in August 2007, and marketing activities have been initiated.
- A further preparatory agreement for distribution of Ammonul® in the EU and the Middle East was signed with the US company Ucyclid. Ammonul® is used for treating patients with urea cycle disorders.
- The company has concluded a supplementary agreement in respect of its distribution agreement with the US company Viragen Inc., under which Swedish Orphan International Holding will market and sell all forms of Multiferon® in most of the European market. After concluding the supplementary agreement, Viragen Inc.'s manufacturing subsidiary, ViraNative AB in Umeå, was declared bankrupt. To secure future production and deliveries of Multiferon® to patients, a new subsidiary, Swedish Orphan International Manufacturing AB, which is wholly owned by Swedish Orphan International AB, was formed. On October 25, 2007, the Swedish Orphan International Manufacturing AB purchased assets in the estate of ViraNative and made offers of employment to some of the company's former employees. The acquisition included global patent and brand rights for Multiferon®. The total price of the acquired assets was SEK 14.7m.
- In the second quarter a number of leading executives were offered to acquire shares and warrants in the company under a new incentive scheme.



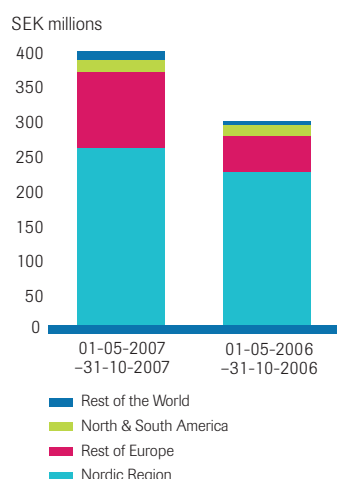
What are orphan drugs?

The term "orphan drug" makes you think of a child without parents. And that is precisely the idea. The term was coined in the US in the early 1980s, when patient organisations for rare diseases brought attention to the fact that pharmaceutical companies were reluctant to invest in developing drugs for rare diseases, as the small volumes involved meant that it was not profitable. No one, it seemed, wanted to take responsibility for these diseases – as is sometimes the case with orphaned children.

Financial overview for the period May–October 2007

COMMENTS TO THE INCOME STATEMENT AND BALANCE SHEET

Sales per market



SECOND QUARTER

In the second quarter of 2007/2008 Swedish Orphan International Holding's net sales increased by 23 per cent to 187.6m (152.2m) year-on-year, while the operating profit fell by 14 per cent to 41.9m (48.9m). Excluding the one-off charge of SEK 16.2m relating to the acquisition of Metcon Medicin AB from the comparison figure, the operating profit increased by 28 per cent to SEK 41.9m (32.7m). The strong growth in net sales in all countries was driven by sales of our proprietary product Orfadin® in the EU and the Middle East as well as by healthy growth in the company's existing products.

THE PERIOD MAY – OCTOBER

NET SALES

The Group's net sales grew by 33 per cent SEK 399.2m (299.2m) during the period. The main drivers behind the strong performance were sales of Swedish Orphan's proprietary drug Orfadin® in the EU and the Middle East and growing sales of the company's existing products. The company's geographical expansion into new markets in central and southern Europe also contributed to the increase in net sales.

In the Nordic region net sales grew by 15 per cent to SEK 260.0m (226.8m), accounting for 65 per cent (76%) of total net sales in the Group during the period.

The company continued its rapid expansion in the rest of Europe (non-Nordic markets), where net sales grew by 98 per cent to SEK 108.7m (54.9m), accounting for 27 per cent (18%) of total net sales during the period. The strong sales increase in the rest of Europe is primarily due to sales of Swedish Orphan's proprietary drug Orfadin®.

Sales by market

SEK million	MAY-OCT		AUG-OCT		MAY-APRIL
	2007/2008	2006/2007	2007/2008	2006/2007	2006/2007
Nordics	260.0	226.8	123.1	111.3	476.7
Rest of Europe	108.7	54.9	54.8	31.6	154.1
Americas	18.1	14.6	5.9	8.2	34.8
Rest of world	12.4	2.9	3.8	1.1	18.2
Total	399.2	299.2	187.6	152.2	683.8

INTERIM RESULTS

The operating profit during the period was SEK 110.8m (72.0m), an increase of 54 per cent. The stronger earnings are primarily due to higher sales as well as a larger share of sales from high-margin products. Profit after tax during the period was SEK 75.6m (51.9m).

INTANGIBLE ASSETS

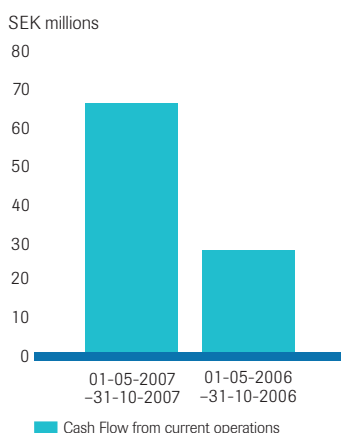
Intangible assets were SEK 236.1m (217.0m) on October 31, 2007. These consist mainly of goodwill. The increase was due to the acquisition of the rights for Multiferon®.

TANGIBLE ASSETS

Tangible assets were SEK 10.9m (1.7m) on October 31, 2007. The increase consists largely of assets relating to the acquisition of the assets and liabilities of ViraNative AB.

FINANCIAL POSITION

The strong performance has helped to improve equity in the Group, which increased by SEK 72.6m from SEK 196.8m at the beginning of the fiscal year to SEK 269.4m on October 31, 2007. The equity/assets ratio was 46 per cent (31%). The company's net debt fell by 67 per cent to SEK 40.7m (123.4m). Cash and cash equivalents on October 31, 2007 were SEK 101.2m (36.9m), which is an increase of SEK 64.3m on the previous year. Total assets on October 31, 2007 were SEK 590.9m (434.8m). No part of the Group's overdraft facility of SEK 30m had been used as at October 31, 2007.

Cash flow from current operations**CASH FLOW**

The Group's cash flow from operations improved during the period, amounting to SEK 65.3m (27.5m). Cash flow from operations before changes in working capital was strong, SEK 96.8m (54.4m).

EARNINGS PER SHARE

Earnings per share before dilution were SEK 79.55 (54.47). Equity per share was SEK 283.96 (142.39). On October 31, 2007 there were 948,622 outstanding shares in Swedish Orphan International Holding AB. The average number of shares during the period was 950,348.

INCENTIVE SCHEME

At an extraordinary general meeting on October 1, 2007 the shareholders decided to offer a number of leading executives the opportunity to participate in a new long-term incentive scheme. Each leading executive was offered to acquire, at market prices, a number of units, consisting of 1 share and 19 warrants. To date, ten leading executives have acquired 403 units under the scheme, corresponding to 403 shares and 7,657 warrants. The warrants have a term of five years and will, if fully exercised, result in a dilution of 0.8 per cent.

RISK FACTORS

No additional material risks are considered to have arisen in addition to the risks described in Swedish Orphan International Holdings' Annual Report for 2006/2007, which contains a full account of the company's risk exposure and risk management activities (Note 1).

DISPUTES

The company's subsidiary has cancelled a previous distribution agreement for Swedish Orphan's proprietary product Orfadin® on the grounds of a breach of contract by a previous distributor. The cancellation has been challenged and is currently subject to arbitration. A ruling is expected in 2008. The dispute potentially involves a significant amount and the need for a provision has been carefully assessed. The company's subsidiary has not made a provision in the accounts on account of the ongoing arbitration proceedings.

PARENT COMPANY

The parent company's business comprises the Group management and certain shared Group functions as well as financial management. First-quarter sales in the parent company were SEK 7.8m (4.4m) and the result after financial items was SEK –7.8m (–7.3m). Cash and cash equivalents in the period company were SEK 0.2m (0.0).

STOCKHOLM, DECEMBER 14, 2007



Bo Jesper Hansen
Chief Executive Officer

Consolidated income statement in brief

SEK million	Note	Maj–Oct		Aug–Oct		May–Apr
		2007/2008	2006/2007	2007/2008	2006/2007	2006/2007
Net sales	3	399.2	299.2	187.6	152.2	683.8
Cost of goods sold		-204.9	-175.4	-96.7	85.3	-375.2
Gross profit		194.3	123.8	90.9	66.9	308.6
Selling costs		-49.3	-44.0	-27.6	-19.9	-100.7
Administrative expenses		-25.0	-17.6	-16.3	-11.0	-43.4
Research and development costs		-11.1	-10.1	-6.2	-5.4	-25.5
Other profits		-	16.2	-	16.2	16.1
Other operating income		9.2	5.2	3.9	3.5	11.1
Other operating costs		-7.3	-1.5	-2.8	-1.4	-3.0
Operating profit		110.8	72.0	41.9	48.9	163.2
Interest income and similar items		0.5	0.3	0.7	0.3	0.9
Interest expenses and similar items		-5.6	-6.2	-2.8	-3.2	-12.0
Profit after financial items		105.7	66.1	39.8	46.0	152.1
Tax		-30.1	-14.2	-11.3	-8.4	-39.1
PROFIT FOR THE PERIOD		75.6	51.9	28.5	37.6	113.0
DATA PER SHARE						
Earnings per share, before dilution, SEK		79.55	54.47	30.05	39.47	118.60
Earnings per share, after dilution, SEK		79.46	54.47	29.95	39.47	118.60
Average number of outstanding shares						
before dilution		950,348	953,320	948,342	953,320	953,131
after dilution		951,513	953,320	950,672	953,320	953,131
Number of outstanding shares						
before dilution		948,622	953,320	948,622	953,320	952,592
after dilution		956,279	953,320	956,279	953,320	952,592

Consolidated Balance Sheet

SEK million	Oct 31	Oct 31	Oct 30
	2007/2008	2006/2007	2006/2007
Goodwill	213.0	213.0	213.0
Other intangible fixed assets	23.1	4.0	18.2
Tangible fixed assets	10.9	1.7	1.4
Financial fixed assets	1.4	3.8	0.8
Inventories	68.2	63.8	72.0
Current receivables	173.1	111.6	165.1
Cash and bank balances	101.2	36.9	62.5
Total assets	590.9	434.8	533.0
Shareholders' equity	269.4	135.7	196.8
Long-term liabilities, interest-bearing	126.3	142.0	134.1
Long-term liabilities, non-interest-bearing	22.8	1.1	7.9
Current liabilities, interest-bearing	15.6	18.3	15.6
Current liabilities, non-interest-bearing	156.8	137.7	178.6
Total equity and liabilities	590.9	434.8	533.0

Consolidated Statement of Changes in Equity

SEK million	Oct 31	Oct 31	Apr 30
	2007/2008	2006/2007	2006/2007
Opening balance at beginning of fiscal year	196.8	83.9	83.9
Translation differences for the period	0.1	-0.1	-0.1
Income and expenses for the period recognised directly in equity	0.1	-0.1	-0.1
Profit after tax for the period	75.6	51.9	113.0
Total income and expenses for the period	75.7	51.8	112.9
Repayment to shareholders	-5.2	-	-0.0
Issue of new shares	0.5	-	-
Warrants	1.6	-	-
Closing balance at end of period	269.4	135.7	196.8

Consolidated Cash Flow Statement

SEK million	May–Oct		Aug–Oct		May–Apr
	2007/2008	2006/2007	2007/2008	2006/2007	2006/2007
Cash flow from operations before changes in working capital	96.8	54.4	30.7	32.3	128.6
Cash flow from changes in working capital	-31.5	-26.9	0.3	-35.7	-50.1
Cash flow from operations	65.3	27.5	31.0	-3.4	78.5
Cash flow from investing activities	-15.6	0.4	-15.5	0.5	-14.1
Cash flows from financing activities	-11.1	-5.0	2.0	2.9	-15.8
Cash flow for the period	38.6	22.9	17.5	0.0	48.6
Cash and cash equivalents at	62.5	14.1	83.7	37.0	14.1
Cash flow for the period	38.6	22.9	17.5	0.0	48.6
Exchange rate difference in cash and cash equivalents	0.1	-0.1	0.0	-0.1	-0.2
Cash and cash equivalents at end of period	101.2	36.9	101.2	36.9	62.5

Parent Company Income Statement

SEK million	May–Oct		Aug–Oct		May–Apr
	2007/2008	2006/2007	2007/2008	2006/2007	2006/2007
Net sales	7.8	4.4	4.2	1.5	12.6
Gross profit	7.8	4.4	4.2	1.5	12.6
Administrative expenses	-10.2	-6.0	-5.5	-3.3	-18.1
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating costs	-0.0	-0.0	-0.0	-0.0	-0.0
Operating profit/loss	-2.4	-1.6	-1.3	-1.8	-5.5
Profit/loss from interests in Group companies	-	-	-	-	143.9
Interest expenses and similar items	0.0	0.0	0.0	0.0	0.0
Interest expenses and similar items	-5.4	-5.7	-2.7	-2.9	-11.3
Profit/loss after financial items	-7.8	-7.3	-4.0	-4.7	127.1
Appropriations	-	-	-	-	-31.9
Tax	-	-	-	-	-26.8
Profit/loss for the period	-7.8	-7.3	-4.0	-4.7	68.4

Parent Company Balance Sheet

SEK million	May–Oct		May–Apr
	2007/2008	2006/2007	2006/2007
Financial fixed assets	280.4	280.4	280.4
Current receivables	84.6	3.2	117.6
Cash and bank balances	0.2	0.0	0.3
Total assets	365.2	283.6	398.3
Shareholders' equity	146.1	81.3	157.0
Untaxed reserves	45.2	13.3	45.2
Long-term liabilities, interest-bearing	126.4	142.2	134.4
Current liabilities, interest-bearing	15.8	15.8	15.8
Current liabilities, non-interest-bearing	31.7	30.9	45.9
Total equity and liabilities	365.2	283.5	398.3

Notes

1 BASIS FOR PREPARING THE CONSOLIDATED FINANCIAL REPORT

This interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” and Recommendation RR 31 “Interim Financial Reporting” of the Swedish Financial Accounting Standards Council.

2 SIGNIFICANT ACCOUNTING PRINCIPLES

Swedish Orphan International Holdings’ consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

3 SEGMENT REPORTING

The Group’s sole business is to develop and sell pharmaceutical drugs. For this reason no reporting by primary segment is made. For secondary segments that are geographical areas, see the table on page 3.

4 INFORMATION ABOUT RELATED-PARTY TRANSACTIONS

Swedish Orphan International Holding AB is owned by Investor Growth Capital AB, Skandia Investment, BJH ApS and the company’s management. The first three have made shareholder loans of SEK 110.6m. The company’s Board of Directors decides, for each year, whether interest should be charged on the loan. If the Board decides to charge interest, interest is charged at 8 per cent. The Board has not yet decided whether interest should be charged for the calendar year ended December 31, 2007. A provision for the interest has been made in the accounts, and the interest charge for the period January 1, 2007 to December 31, 2007 is SEK 7.4m, of which SEK 4.4m is attributable to the period May 1, 2007 to October 31, 2007.

This financial report has not been examined by the company’s auditors.

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FUTURE FINANCIAL REPORTS:

Interim report, November 2007–January 2008

March 14, 2008