



Interim report May 2008 – October 2008

MAY 2008 – OCTOBER 2008

- Net sales decreased by 15 per cent to SEK 338.8m (399.2).
- As of June 30, 2008 Swedish Orphan's distribution agreement with our partner, Gilead Sciences Ltd, was limited to a smaller number of markets, which reduced sales by SEK 83.1m year-on-year.
- Net sales from existing products, excluding terminated distribution contracts, increased by about 16 per cent.
- The gross profit increased by 3 per cent to SEK 199.3m (194.3) and gross margin increased from 48 to 63 per cent.
- The operating profit decreased by 13 per cent to SEK 96.1m (110.8) due to increased market activities in the rest of Europe.
- The profit after tax was SEK 68.0m (75.6).
- Earnings per share before dilution were SEK 71.82 (79.58) and after dilution to SEK 71.26 (79.48)
- Cash flow from operating activities was SEK 65.8m (65.3).

Consolidated financial performance

SEK million	PERIOD		QUARTER		FULL YEAR	12 Months
	May-October		August-October		May-April	Nov-Oct
	2008/2009	2007/2008	2008/2009	2007/2008	2007/2008	07/08-08/09
Net sales	338.8	399.2	138.5	187.6	764.8	704.5
Gross Profit	199.3	194.3	86.8	91.0	392.9	397.9
Operating profit	96.1	110.8	34.2	41.9	119.3	104.6
Profit after tax	68.0	75.6	23.2	28.5	79.3	71.7
Earnings per share, SEK	71.82	79.58	24.50	30.05	83.51	75.66
Operating profit, excl. non-recurring items*	96.1	110.8	34.2	41.9	181.8	167.2
Profit after tax, excl. non-recurring items*	68.0	75.6	23.2	28.5	141.8	134.2
Earnings per share, SEK, excl. non-recurring items*	71.82	79.58	24.50	30.05	149.43	141.69

*Excluding settlement expenses of SEK 62.5m for the full year 2007/2008 and the Nov-Oct 12 months periods.

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 diseases, a category known as "orphan drugs". The company's products satisfy a medical need where no treatment exists at present or the existing treatment is inadequate.

The original company, Swedish Orphan International AB, was founded in 1988 and has since concluded partnership agreements with 30 different drug makers and university institutions. The company currently provides more than 40 different orphan drugs.

Significant events

May 2008 – October 2008

SIGNIFICANT EVENTS IN THE SECOND QUARTER

- Positive Phase III results for Yondelis® in combination with Doxil® in secondary treatment of ovarian cancer were presented at the ESMO conference in Stockholm on September 15.
- An application for registration of Orfadin® as an orphan drug in Russia was submitted to the Russian regulators.
- The registration of Swedish Orphan International's Russian subsidiary was completed.
- In October a preparatory distribution agreement was signed with SHIRE for Mezavante® in the Nordic region.

SIGNIFICANT EVENTS EARLIER IN THE REPORTING PERIOD

- Since Swedish Orphan's distribution agreement with Gilead Sciences Ltd for the Nordic market expired in June 2008 the products reverted to Gilead.

What are orphan drugs?

The term "orphan drugs" alludes to children without parents, which is exactly what is intended. The term was coined in the United States in the early 1980s, when patient organisations for rare diseases brought attention to what they perceived as a reluctance on the part of pharmaceutical companies to invest in developing drugs for rare diseases, as the small volumes made it hard to justify the outlay. No one, in other words, wanted to take responsibility for these diseases – just like with orphaned children.

Financial summary for the period May 2008 – October 2008

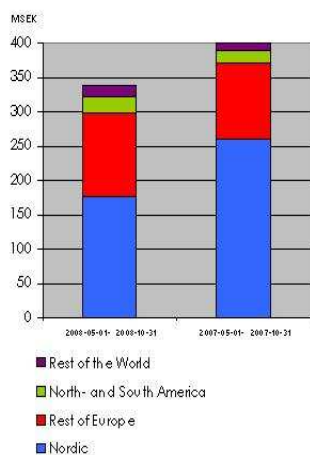
COMMENTS TO THE INCOME STATEMENT AND BALANCE SHEET

SECOND QUARTER (AUGUST 2008 – OCTOBER 2008)

In the second quarter of the financial year 2008/2009 the Group's net sales decreased by 26 per cent year-on-year to SEK 138.5m (187.6). Net sales were adversely affected by the expiry on June 30, 2008 of Swedish Orphan's distribution agreement with Gilead Sciences Ltd that will start selling their HIV products for the Nordic territory by themselves and the expiry in January 2008 of the company's distribution agreement with Novartis for Tobii®. The decrease was to a large extent offset by a 16 per cent increase in sales of other products.

As a result of a changed product mix, the gross margin increased from 48 to 63 per cent, which resulted in a decrease in gross profit of only 5 per cent to SEK 86.8m (91.0). The operating profit fell by 18 per cent to SEK 34.2m (41.9). The decrease is primarily due to increased market activities relating to the expansion of the European organisation.

Sales per market



MAY 2008 – OCTOBER 2008

NET SALES

During the period the Group's net sales decreased by 15 per cent to SEK 338.8m (399.2). Net sales were adversely affected by the expiry on June 30, 2008 of Swedish Orphan's distribution agreement with Gilead Sciences Ltd in the HIV products therapy area for the Nordic territory and the expiry in January 2008 of the company's distribution agreement with Novartis for Tobin®. The decrease was to a large extent offset by a 16 per cent increase in sales of other products.

The changed product mix helped to increase the company's gross margin from 49 to 59 per cent, raising the gross profit to SEK 199.3m (194.3).

In the Nordic region net sales declined to SEK 338.8m (399.2), which is equivalent to 52 per cent (65%) of consolidated net sales for the period. The reduction is due to the expiry of the above-mentioned distribution agreements. During the period the company continued its rapid expansion in Rest of Europe, generating sales of SEK 122.5m (110.5), which corresponds to a growth rate of 12 per cent. Sales in the region accounted for 36 per cent (28%) of total net sales in the period. The strong sales increase in Rest of Europe is attributable to Swedish Orphan's proprietary product Orfadin®, sales of Ammonaps and the launch of Yondelis®.

Sales per market

SEK million	PERIOD		QUARTER		FULL YEAR	
	May-October		August-October		May-April	12 Months
	2008/2009	2007/2008	2008/2009	2007/2008	2007/2008	07/08-08/09
Nordic	176.2	260.0	65.6	123.1	474.5	390.7
Rest of Europe	122.5	110.5	56.3	56.6	224.0	237.8
North & South America	22.6	18.1	8.9	5.9	40.0	44.5
Rest of the World	17.5	10.6	7.7	2.0	26.3	31.4
Total	338.8	399.2	138.5	187.6	764.8	704.4

QUARTERLY EARNINGS

The operating profit for the period was SEK 96.1m (110.8), a decrease of 13 per cent. The lower operating profit is primarily due to increased market activities following the decision to strengthen Swedish Orphan's European sales organisation.

The profit after tax for the period was SEK 68.0m (75.6).

INTANGIBLE ASSETS

Intangible assets at October 31, 2008 were SEK 245.3m (236.1). These primarily comprise of goodwill. The increase is mainly attributable to capitalisation of costs relating to the registration process for Multiferon®.

TANGIBLE ASSETS

Tangible assets at October 31, 2008 were SEK 12.9m (10.9). The item refers largely to assets relating to the acquisition of the assets and liabilities of ViraNative AB in October 2007.

FINANCIAL POSITION

The strong sales performance helped to strengthen consolidated shareholders' equity, which increased by SEK 68.2m during the period, from SEK 271.3m at the beginning of the financial year to SEK 339.5m at October 31, 2008. The equity/assets ratio was 62 per cent (46%). The company's net debt decreased by 92 per cent to SEK 3.1m (40.7). Cash and cash equivalents were SEK 51.1m (101.2) at October 31, 2008. Total assets at the same date were SEK 545.7m (590.9). Out of the Group's overdraft facility of SEK 150m, SEK 0m had been drawn at October 31, 2008.

CASH FLOW

Cash flow from operating activities during the period was SEK 65.8m (65.3) and cash flow from operating activities before changes in working capital was SEK 95.4m (96.8). Cash flow from financing activities was SEK -49.9m (-11.1) and was primarily attributable to repayments on loans.

EARNINGS PER SHARE

Earnings per share before dilution for the period were SEK 71.82 (79.58) and earnings per share after dilution SEK 71.26 (79.48). Equity per share was SEK 358.45 (283.96). At October 31, 2008 the number of shares in Swedish Orphan International Holding AB was 947,128. The average number of shares before dilution was 947,152 (950,348) and the number of shares after dilution 954,578 (951,513).

INCENTIVE SCHEME

The parent company has introduced an incentive scheme under which warrants have been issued to a number of senior executives and key individuals. If all outstanding warrants are exercised, this would result in a dilution of about 0.7 per cent.

RISK FACTORS

Swedish Orphan International Holding's activities are exposed to financial risks. The management of these risks is described in Note 2 of the 2007/2008 annual report. The Group's business is also exposed to a number of other factors that cannot be fully controlled by the company. Factors that are deemed to be of particular significance to Swedish Orphan International Holding's future development include partnerships, regulatory actions, market assessments, patents and key individuals and recruitment.

DISPUTES

There are no outstanding disputes in the Swedish Orphan International Holding Group.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- The registration file for Multiferon® was submitted to the 14 concerned member states that are included in the first wave of the Mutual Recognition Procedure (MRP). The documents have been positively validated by all countries and the final MRP was initiated on December 4.
- Orfadin® has received orphan drug designation in Australia and the product is expected to be approved there during the third quarter of 2009.
- In November the distribution agreement with Gilead Sciences Ltd for the Baltic States was extended by another year.

THE PARENT COMPANY

The parent company's business comprises senior management and certain shared functions as well as financial management. Net sales in the parent company during the period were SEK 8.8m (7.8) and the profit after financial items was SEK -3.4m (-7.8). During the period no significant investments in fixed assets have been done 0.0 (0.0). Cash and cash equivalents in the parent company were SEK 0.1m (0.2).

The parent company is not exposed to any special risk factors other than those applying to the Group that are described above.

STOCKHOLM, DECEMBER 18, 2008



Bo Jesper Hansen
Chief Executive Officer

Consolidated income statement

SEK thousand	Note	May-October		August-October		May-April	12 Months Nov-Oct
		2008/2009	2007/2008	2008/2009	2007/2008	2007/2008	07/08-08/09
Net sales	2	338 802	399 185	138 508	187 620	764 837	704 454
Cost of goods sold		-139 493	-204 844	-51 725	-96 644	-371 889	-306 538
Gross Profit		199 309	194 341	86 783	90 976	392 948	397 916
Selling expenses		-66 859	-49 240	-35 980	-27 552	-131 776	-149 395
Administrative expenses		-23 252	-25 051	-10 998	-16 314	-54 048	-52 249
Research and development expenses		-14 249	-11 152	-7 797	-6 278	-27 264	-30 361
Other operating income		13 888	9 199	10 451	3 941	17 114	21 803
Other operating cost		-12 722	-7 304	-8 242	-2 834	-77 655	-83 073
Operating profit		96 115	110 793	34 217	41 939	119 319	104 641
Interest income and similar items		3 904	570	3 306	753	818	4 152
Interest expenses and similar items		-5 600	-5 615	-4 789	-2 784	-11 428	-11 413
Profit after financial items		94 419	105 748	32 734	39 908	108 709	97 380
Tax		-26 391	-30 124	-9 534	-11 446	-29 450	-25 717
Profit for the period		68 028	75 624	23 200	28 462	79 259	71 663
DATA PER SHARE							
Earnings per share, before dilution, SEK		71.82	79.58	24.50	30.05	83.51	75.66
Earnings per share, after dilution, SEK		71.26	79.48	24.32	29.96	83.13	75.06
Average number of outstanding shares							
before dilution		947 152	950 348	947 140	948 342	949 045	947 431
after dilution		954 578	951 513	954 336	950 672	953 429	954 973
Number of outstanding shares							
before dilution		947 128	948 622	947 128	948 622	947 164	947 128
after dilution		954 101	956 279	954 101	956 279	954 821	954 101

* Including settlement expenses of kSEK 62,553 which has affected the full year 2007/2008 and the Nov-Oct 12 months results.

Consolidated balance sheet

SEK thousand	31 October	31 October	30 April
	2008	2007	2008
Goodwill	213 009	213 009	213 009
Other intangible fixed assets	32 267	23 080	29 610
Tangible fixed assets	12 885	10 883	12 640
Financial fixed assets	1 747	1 449	1 716
Inventories	71 145	68 198	89 717
Current receivables	163 519	173 086	149 434
Cash and bank balances	51 128	101 219	35 665
Total assets	545 700	590 924	531 791
Shareholders' equity	339 494	269 368	271 271
Long-term liabilities, interest bearing	39 229	126 312	49 772
Long-term liabilities, non-interest bearing	23 684	22 803	25 961
Short-term liabilities, interest bearing	15 019	15 600	49 142
Short-term liabilities, non-interest bearing	128 274	156 841	135 645
Total equity and liabilities	545 700	590 924	531 791

Statement of changes in equity attributable to equity holders of the parent company

SEK thousand	31 October	31 October	30 April
	2008	2007	2008
Opening balance at beginning of fiscal year	271 271	196 844	196 844
Translation differences for the period	377	65	67
Income and expenses for the period recognised directly in equity	377	65	67
Profit after tax for the period	68 028	75 624	79 259
Total income and expenses for the period	68 405	75 689	79 326
Repurchase of warrants and shares	-182	-5 200	-6 934
Issue of new shares	-	487	487
Warrants	-	1 548	1 548
Closing balance at end of period	339 494	269 368	271 271

Consolidated cash flow statement

SEK thousand	May-October		August-October		12 Months	
	2008/2009	2007/2008	2008/2009	2007/2008	May-April 2007/2008	Nov-Oct 07/08-08/09
	Cash flow from operations before changes in working capital	95 407	96 767	34 883	30 632	125 721
Cash flow from changes in working capital	-29 620	-31 516	6 909	272	-14 976	-13 080
Cash flow from operations	65 787	65 251	41 792	30 904	110 745	111 281
Cash flow from investing activities	-680	-15 592	-211	-15 470	-17 690	-2 778
Cash flow from financing activities	-49 930	-11 069	-54 352	2 035	-119 959	-158 820
Cash flow for the period	15 177	38 590	-12 771	17 469	-26 904	-50 317
Cash and cash equivalents at start of period	35 665	62 547	63 913	83 692	62 547	101 219
Cash flow for the period	15 177	38 590	-12 771	17 469	-26 904	-50 317
Exchange rate difference in cash and cash equivalents	286	82	-14	58	22	226
Cash and cash equivalents at end of period	51 128	101 219	51 128	101 219	35 665	51 128

Parent company income statement

SEK thousand	May-October		August-October		May-April
	2008/2009	2007/2008	2008/2009	2007/2008	2007/2008
Net sales	8 824	7 791	4 510	4 229	16 473
Gross Profit	8 824	7 791	4 510	4 229	16 473
Administrative expenses	-12 190	-10 186	-6 381	-5 514	-22 391
Other operating income	1	19	1	4	19
Other operating costs	-1	-8	0	-3	-8
Operating profit/loss	-3 366	-2 384	-1 870	-1 284	-5 907
Profit/loss from participations in Group companies	-	-	-	-	61 781
Interest income	23	45	7	40	98
Interest expenses	-62	-5 443	-45	-2 691	-11 020
Profit/loss after financial items	-3 405	-7 782	-1 908	-3 935	44 952
Appropriations	-	-	-	-	-11 602
Tax	-	-	-	-	-9 740
Profit/loss for the period	-3 405	-7 782	-1 908	-3 935	23 610

Parent company balance sheet

SEK thousand	31 October	31 October	30 April
	2008	2007	2008
Tangible fixed assets	11	-	-
Financial fixed assets	280 343	280 343	280 343
Current receivables	583	84 599	557
Cash and bank balances	89	246	818
Total assets	281 026	365 188	281 718
Shareholders' equity	172 141	146 068	175 727
Untaxed reserves	56 819	45 217	56 819
Long-term liabilities, interest bearing	-	126 451	-
Current liabilities, interest bearing	-	15 808	-
Current liabilities, non-interest bearing	52 066	31 644	49 172
Total equity and liabilities	281 026	365 188	281 718

Notes

1 ACCOUNTING PRINCIPLES

Swedish Orphan's consolidated financial statements for the interim period May-October 2008/2009 have, as in the annual financial statements for 2007/2008, been prepared in accordance with the International Financial Reporting Standards (IFRS) and IAS 34 Interim Financial Reporting. The interim report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2:1 Accounting for Legal Entities and the statements of the Swedish Financial Reporting Board.

The Swedish Financial Reporting Board issues recommendations on accounting issues that are unique to Sweden. On January 1, 2008 the names of recommendations were changed. RR30:06, for instance, has become RFR 1.1. The content of the recommendations has not been changed. The names of recommendations issued by the Financial Reporting Board that relate to the parent company have also been changed. None of the changes to these recommendations have had an impact on the parent company's financial statements.

2 SEGMENT REPORTING

The Group develops and sells pharmaceutical drugs. These activities constitute the Group's only segment, and no reporting by primary segment is therefore presented. For secondary segments that constitute geographic areas, see the table on page 3.

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

FUTURE FINANCIAL REPORTS:

Interim report May 2008-January 2009	March 16, 2009
Year-end financial statement, May 2008-April 2009	June 25, 2009