

## Report for the Fourth Quarter and Full Year 2011

Stockholm, 23 February 2012

Geoffrey McDonough, CEO: "2011 was a year of consolidation and stabilization for Sobi. Our full year results show revenues in line with the previous year, with impact from currency and discontinued products balanced by growth in our product portfolio and the ReFacto® manufacturing business. During the year, we expanded geographically, reduced our cost base and decreased our net debt. In order to improve operational efficiency, we are implementing a new organization and reporting structure based on the three business lines: Core Products, Partner Products, and ReFacto® manufacturing and royalty. We enter 2012 focused on the operating performance and growth of our business lines, and on achieving the key milestones in our pipeline in the second half of the year."

### Fourth quarter<sup>1)</sup>

- Total revenues as reported declined by 6% to SEK 436.4 M (465.0), and were unchanged adjusted for currency effects and discontinued products.
- Product revenues rose by 11% adjusted for currency effects and discontinued products.
- Gross margin declined to 64.9% (67.4), primarily due to lower manufacturing revenues. Gross margin improved from the third quarter mainly as a result of higher plant utilization.
- Write-down of balance sheet items affecting EBIT by SEK 291.4 M.

### Full year 2011<sup>1)</sup>

- Total revenues as reported were unchanged at SEK 1,910.8 M (1,906.7), but increased by 9% adjusted for currency effects and discontinued products.
- Product revenues increased by 8% adjusted for currency effects and discontinued products.
- Revenues from ReFacto® manufacturing and royalty increased by 16% to SEK 575 M.
- Gross margin declined to 56.4% (64.0) mainly due to a lower margin for manufacturing and currency effects.
- Operating expenses declined by 6% reflecting the ongoing streamlining of operations.

### Significant events after reporting period

- Extension of supply agreement with Pfizer for ReFacto®/XYNTHA® until 2020.
- Agreement with Pfizer to return co-promotion rights in exchange for a payment of USD 47.5 M.

### Outlook for 2012

- Total revenues for the full year 2012 are expected to be approximately SEK 100 M lower than 2011 reflecting the divestment of the ReFacto® co-promotion rights. Gross margin expected to be in line with 2011, which was 54% after adjustment for both the balance sheet write-downs and co-promotion, see page 8.

Amounts in SEK million	Q4			Full year		
	2011	2011 adjusted for write downs	2010	2011	2011 adjusted for write downs	2010
Total revenues	436.4	436.4	465.0	1,910.8	1,910.8	1,906.7
Gross profit	180.3	283.4	313.2	974.6	1,077.8	1,221.0
Gross margin	41.3%	64.9%	67.4%	51.0%	56.4%	64.0%
Operating profit before amortizations and non-recurring items (EBITA)	-115.8	38.6	199.0	127.3	281.8	378.7
Operating profit before non-recurring items (EBIT)	-317.1	-25.8	53.2	-238.2	53.2	77.5
Profit/loss	11.8	303.2	-13.2	17.9	309.3	-104.4
Earnings/loss per share, SEK <sup>2)</sup>	0.04	1.14	-0.06	0.07	1.28	-0.47

1) Adjusted for balance sheet write-downs in Q4 2011.

2) Comparison numbers adjusted for the rights issue completed in June 2011.

## Fourth quarter

### Revenues and profit

Total revenues declined by 6% to SEK 436.4 M as compared to SEK 465.0 M in the fourth quarter of 2010. Adjusted for negative currency effects of SEK 1.9 M and discontinued products in the amount of SEK 24.9 M, revenues in the quarter were unchanged from the previous year. Discontinued products comprise the Shire products (Xagrid®, Fosrenol®, Equasym®) and Mimpara®.

Product revenues, including co-promotion but excluding manufacturing and royalty revenues for ReFacto®, adjusted for currency effects and discontinued products, rose by 11% as a result of positive trends for most products. Manufacturing revenues for ReFacto® declined in comparison with a strong quarter in 2010.

Gross margin, adjusted for balance sheet write-downs declined to 64.9% (67.4), mainly due to lower manufacturing revenues. Gross margin improved compared to the third quarter mainly due to higher plant utilization.

Operating expenses<sup>1)</sup>, declined by 3%, reflecting the ongoing streamlining of operations.

Operating profit (EBITA) before write-downs, amortization of intangible assets and non-recurring items, was SEK 38.6 M (199.0). The decline reflects lower revenues and contribution from ReFacto® in 2011 and proceeds from the sales of Mimpara® in 2010. The operating loss/profit (EBIT) before write-downs and non-recurring items was SEK -25.8 M (53.2). Amortization of intangible assets amounted to SEK 67.0 M (145.8).

### Write-down of balance sheet items

As previously communicated, a number of balance sheet items were written down in the fourth quarter. These items amounted to a total of SEK 291.4 M.

Item	SEK M	
Inventory (Kineret® and Kepivance®)	103.2	Gross profit
Overdue trade receivables	14.8	Operating expenses
Intangibles (Leptin modulation program)	126.9	
Real estate	46.5	
<b>Total</b>	<b>291.4</b>	Operating profit before non-recurring (EBIT)

### Non-recurring items

Non-recurring items in the fourth quarter amounted to SEK -10.6 M (-29.8) and consisted mainly of costs related to the consolidation of headquarters office space following the headcount reductions implemented during the year.

### Financial items and tax

Net financial items for the fourth quarter amounted to SEK -19.1 M (-26.6). The improvement is due to the reduction in net debt following the rights issue in the second quarter.

Sobi has valued its tax loss carry forwards in the quarter. The company's tax rate therefore deviates from the Swedish tax rate. The current tax expense for the quarter was SEK -2.0 M (-4.1) and deferred tax amounted to SEK 360.6 M (-5.9) providing a positive net effect on the results of SEK 358.6 M (-10.0).

The profit for the period amounted to SEK 11.8 M (-13.2), corresponding to SEK 0.04 (-0.06) per share.

<sup>1)</sup> Excluding amortization of intangible assets, non-recurring items, other operating revenues and expenses, and adjusted for balance sheet write-downs.

## Full year 2011

### Revenues and profit

Total revenues for the full year of 2011 amounted to SEK 1,910.8 M (1,906.7). Adjusted for negative currency effects of SEK 87.8 M and discontinued products in the amount of SEK 73.3 M, total revenues increased by 9%.

Product revenues, including co-promotion but excluding manufacturing and royalty revenues for ReFacto®, rose by 8% adjusted for currency effects and discontinued products. Revenue from ReFacto® manufacturing and royalty rose by 16%.

Gross margin, adjusted for balance sheet write-downs, was 56.4% as compared to 64.0% in the previous year. The decline was mainly due to an overall lower margin for manufacturing revenues as a result of the structure of the agreement with Pfizer. Negative currency effects and the cost for transferring production of Kineret® also had an impact. The gross profit for the previous year included SEK 22.7 M in contribution from Mimpara® co-promotion and a milestone payment of SEK 23.5 M related to the Syntonix transaction that was received in the first quarter of 2010.

Other operating revenues and expenses, adjusted for balance sheet write-downs, amounted to SEK 148.9 M and includes SEK 149.2 M referring to the agreement regarding Multiferon® with the previous owners of Swedish Orphan, which resulted in the release of the previously booked provision for the additional purchase consideration in the second quarter. Other operating revenues and expenses in the previous year include the proceeds for Mimpara® which was divested in the fourth quarter.

Operating expenses<sup>1)</sup> declined by 6% to SEK 945 M. The reduction is mainly due to the cost-saving activities that were implemented during 2010 and 2011. Total expenses for R&D declined despite higher investment in the Kiobrina® phase III program.

Operating profit (EBITA) before write-downs, amortization of intangible assets and non-recurring items, was SEK 281.8 M (378.7). Amortization of intangible assets amounted to SEK 231.2 M (301.2). Operating profit (EBIT) before write-downs and non-recurring items was SEK 53.2 M (77.5).

### Non-recurring items

Non-recurring items amounted to SEK 80.4 M and consisted mainly of severance pay and other costs related to the reduction of about 60 positions that was decided in March 2011. The savings from these measures are estimated at approximately SEK 90 M annually and are expected to have full effect as of 2012. Non-recurring items for the previous year amounted to SEK 87.7 M and referred mainly to severance pay and other expenses in connection with the acquisition of Swedish Orphan.

### Financial items and tax

Net financial items for the full year of 2011 amounted to SEK -52.2 M (-82.2). The financial net in the previous year included a write-down of SEK 19 M on a non-performing loan. The financial expense is mainly related to the company's net debt which was reduced substantially following the rights issue in the second quarter.

Sobi has valued its tax loss carry forwards. The company's tax rate therefore deviates from the Swedish tax rate. The current tax expense for the full year was SEK -5.9 M (-38.5) and deferred tax amounted to SEK 394.7 M (26.5) providing a positive net effect on the results of SEK 388.8 M (-12.0).

Profit for the period, excluding write downs was SEK 309.3 M (-104.4). The profit for the period including write-downs amounted to SEK 17.9 M (104.4), corresponding to earnings per share of SEK 0.07 (-0.47).

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<sup>1)</sup> Excluding amortization of intangible assets, non-recurring items, other operating revenues and expenses, and adjusted for balance sheet write-downs.

## Revenues by region and key products

Product revenues, including co-promotion but excluding manufacturing and royalty revenues for ReFacto®, declined for the full year by 4% to SEK 1,335.8 M (1,385.4). Adjusted for negative currency effects of SEK 76.3 M and discontinued products amounting to SEK 73.3 M, revenues increased by 8%. Product revenues for the fourth quarter increased by 1% to SEK 330.1 M (326.2). Adjusted for negative currency effects of SEK 1.8 M and discontinued products amounting to SEK 24.9 M, revenues in the quarter increased by 11%.

### Product revenues by region

Sales in the Nordic region declined for the full year by 5% to SEK 427.9 M (450.4), as a result of the expiry of the contract regarding the Shire products, Mimpara® and Tracleer®. After adjustments for negative currency effects of SEK 9.2 M SEK and discontinued products in the amount of SEK 73.3 M, sales in the Nordic region increased by 18%. Sales in the fourth quarter, after adjustment for currency effects and discontinued products, rose by 34%, as a result of positive trends for most products.

Sales in the rest of Europe for the full year declined by 2% to SEK 540.9 M (551.3), but rose by 3% after adjustment for currency effects. Sales in the rest of Europe during the fourth quarter were unchanged and amounted to 140.7 M (140.5).

Sales in North America for the full year declined by 4% to SEK 328.2 M (340.2), but increased by 8% adjusted for currency effects. Sales in North America in the fourth quarter increased by 13% in SEK and by 15% adjusted for currency effects.

### Product revenues by region

(Excluding ReFacto® manufacturing and royalty revenues)

Amounts in SEK million	Q4			Full year		
	2011	2010	Change	2011	2010	Change
Nordic	102.2	103.0	-1%	427.9	450.4	-5%
Europe	140.7	140.5	0%	540.9	551.3	-2%
North America	78.3	69.0	13%	328.2	340.2	-4%
RoW	9.0	13.7	-34%	38.8	43.5	-11%
<b>Total revenues</b>	<b>330.1</b>	<b>326.2</b>	<b>1%</b>	<b>1,335.8</b>	<b>1,385.4</b>	<b>-4%</b>

## Revenues by key product

### ReFacto®

Total revenues, i.e. from manufacturing, co-promotion and royalty, for the full year 2011 increased by 15% to SEK 672.3 M (587.1). Total revenues in the fourth quarter declined by 17% due to lower manufacturing revenues, as compared with a strong fourth quarter in 2010.

### Kineret®

Sales for the full year were unchanged at SEK 422.0 M (422.3), but increased by 8% after adjustment for currency effects. Sales in the fourth quarter rose by 8% as reported and by 9% adjusted for currency effects on the basis of good volume growth, especially in Europe.

As previously announced, the transfer of Kineret® production from Amgen Inc. in the US to a contract manufacturer in Europe has been delayed due to technical issues. Final process validation runs are scheduled to be completed in the second quarter of 2012.

### Orfadin®

Sales for the full year declined by 2% to SEK 315.7 M (321.8), but increased by 5% adjusted for currency effects. Sales for the quarter rose 1% adjusted for currency. The result for the fourth quarter was adversely affected by significant Medicaid rebates in the US.

Sales of Orfadin® in Russia increased in the quarter with the establishment of reimbursement for the first HT-1 patients. The positive trend is expected to continue as new legislation will come into effect during 2012 granting all HT-1 patients reimbursement for treatment with Orfadin®.

**Kepivance®**

Sales for the full year declined by 18% to SEK 77.9 M (94.8), and by 9% after adjustment for currency effects. Sales in the fourth quarter rose by 14%, both as reported and adjusted for currency. Sales for this product showed growth in both the third and fourth quarter after a continuous negative trend since the restriction of the European label became effective in early 2010. The increase was mainly driven by the US, but several European markets also reported higher sales.

**Yondelis®**

Sales for the full year increased by 22% to SEK 49.4 M (40.6), and by 26% adjusted for currency effects. Sales in the quarter rose by 7% or by 9% adjusted for currency effects.

**Willfact®**

Sales for the full year rose by 28% to SEK 16.8 M (13.1) and by 6% for the quarter. The growth refers in particular to the German market and is driven by prophylactic treatment in conjunction with surgery.

**Product revenues by key product**

Amounts in SEK million	Q4			Full year		
	2011	2010	Change	2011	2010	Change
ReFacto	130,2	157,5	-17%	672,3	587,1	15%
of which Manufacturing revenues	77,9	119,9	-35%	451,7	388,0	16%
of which Co-promotion	24,0	18,4	30%	97,3	89,4	9%
of which Royalty	28,3	19,2	48%	123,3	109,7	12%
Kineret	109,3	101,3	8%	422,0	422,3	0%
Orfadin	74,2	75,0	-1%	315,7	321,8	-2%
Kepivance	21,0	18,4	14%	77,9	94,8	-18%
Ammonaps	16,0	13,6	18%	66,1	69,1	-4%
Yondelis	14,4	13,4	7%	49,4	40,6	22%
Willfact	4,7	4,4	6%	16,8	13,1	28%
Other product revenues	66,6	56,8	17%	245,6	216,0	14%
<b>Total revenues continued products</b>	<b>436,4</b>	<b>440,4</b>	<b>-1%</b>	<b>1 865,8</b>	<b>1 764,8</b>	<b>6%</b>
Discontinued products	0,0	24,9	-100%	45,0	118,3	-62%
Other revenues	0,0	-0,3	>100%	0,0	23,6	-100%
<b>Total revenues</b>	<b>436,4</b>	<b>465,0</b>	<b>-6%</b>	<b>1 910,8</b>	<b>1 906,7</b>	<b>0%</b>

**Cash flow and investments**

Cash flow from operations in the full year amounted to 102.9 M (-215.1). Non-cash items amounted to SEK 100.4 M (354.2) and were mainly attributable to valuation of tax loss carry forward, amortization of intangible assets, the write-down of balance sheet items in the fourth quarter, and the effect of the agreement regarding Multiferon®.

An increase in working capital for the full year had a negative impact on cash flow of SEK -15.4 M (-464.8) as reduced inventory levels were offset by somewhat higher receivables.

Cash flow from operations before working capital in the fourth quarter amounted to SEK 29.9 M (SEK 140.9). Cash flow in 2010 was positively impacted by the sale of Mimpara®. Non-cash items amounted to SEK 18.1 M (153.9) and refer mainly to valuation of tax loss carry forward, amortization of intangible assets and the write down of balance sheet items in the quarter.

A decline in working capital in the fourth quarter had a positive impact on cash flow of SEK 105.1 M (-109.1), mainly as a result of lower receivables. Reduced inventory of Kineret had a positive impact compared to 2010 when extra supply was acquired. This was more than offset by increased stock levels of distribution products and of ReFacto® following the high production rate in the quarter. Cash flow from net investments in the fourth quarter amounted to SEK -3.1 M (-48.7).

## Financial position

Cash and cash equivalents and short-term investments as of December 31, 2011 amounted to SEK 219.1 M (38.5). The company's financing through bank loans as of December 31, 2011 amounted to SEK 700.0 M (1,201.1).

## Equity

Consolidated shareholders' equity as of December 31, 2011 amounted to SEK 4,963.4 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 equity by SEK 594 M, net of transaction costs. The rights issue increased the number of shares by 53,045,319 common shares. As of December 31, 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.

## Research and development

### rFIXFc and rFVIII Fc

Sobi's and Biogen Idec's rFIXFc and rFVIII Fc hemophilia programs are advancing according to plan. The bulk of the patients in the phase III study for rFIXFc (B-LONG) have been enrolled. Enrollment of surgery patients will continue through the first half of the year. Recruitment of patients in the phase III study for rFVIII Fc (A-LONG) is ongoing. Data from both studies are expected during the second half of 2012.

The global pediatric studies KIDS B-LONG and KIDS A-LONG are expected to have the first patients enrolled during the first half of 2012. The pediatric studies are open label, multicenter studies designed to evaluate the safety, pharmacokinetics and efficacy in previously treated hemophilia B or A children below 12 years of age.

### Kiobrina®

The first patient was enrolled in the phase III study with Kiobrina® (rhBSSL) at the end of July 2011.

### Development pipeline

Indication	Product/Project	Partner	Phase I	Phase II	Phase III	Reg phase
Hemophilia A	rFVIII Fc	BiogenIdec				
Hemophilia B	rFIXFc	BiogenIdec				
Prevent growth restriction in premature infants	Kiobrina®					
Diuresis and seizures in neonates	Reformulated Bumetanide	Only For Children Pharmaceuticals (O4CP)				

### Life cycle management

Indication	Product/Project
CAPS	Kineret®
Hereditary tyrosinemia type 1	Orfadin®, liquid formulation

### Key dates

Activity	Expected timing
rFVIII Fc (hemophilia A): report phase III data	H2 2012
rFIXFc (hemophilia B): report phase III data	H2 2012
Kiobrina® (prevent growth restriction): phase III data	2013

### New reporting structure 2012

As of the first quarter 2012, revenues will be reported in the three business lines – Core Products, Partner Products and ReFacto®. The table below shows the figures for 2010 and 2011 restated according to the new structure. See page 14 for quarterly figures.

The figures have been restated to show co-promotion revenues for ReFacto® and BeneFix® on a separate line to facilitate comparison following the sale of these rights to Pfizer as of 15 February 2012.

### Restated figures according to the new structure

Amounts in SEK million	Full year	
	2011	2010
Kineret	422.0	422.3
Orfadin	315.7	321.8
Other core products	74.6	76.8
<b>Core Products</b>	<b>812.3</b>	<b>820.9</b>
Manufacturing revenues	451.7	388.0
Royalty revenues	123.3	109.7
<b>ReFacto AF</b>	<b>575.0</b>	<b>497.7</b>
Current portfolio	373.6	346.0
Discontinued products	45.0	118.3
Co-promotion revenues	105.0	100.3
<b>Partner Products</b>	<b>523.6</b>	<b>564.5</b>
Other revenues	0.0	23.6
<b>Total Revenues</b>	<b>1,910.8</b>	<b>1,906.7</b>

### Products per business line

Core Products	Partner Products	ReFacto®
<b>Inflammation</b>	ReFactoAF co-promotion	Manufacturing
Kineret	Kepivance	Royalty
Ruconest	Yondelis	
	Ferriprox	
<b>Genetics &amp; Metabolism</b>	Betapred	
Orfadin	Buronil	
Ammonaps	Aloxi	
Ammonul	Willfact	
	Other (~40 products)	

## Outlook for 2012

Market conditions are expected to continue to be challenging, particularly in Europe due to the uncertain macroeconomic environment, and in the US related to the evolution of the new healthcare regime. The outlook is based on the assumption that the current SEK/USD and SEK/EUR exchange rates prevail during the year, and that market conditions do not significantly deteriorate.

Total revenues for the full year 2012 are expected to be approximately SEK 100 M lower than in 2011 reflecting the divestment of the ReFacto® co-promotion rights.

Revenues for Core Products and Partner Products are expected to show mid to high single digit growth, while revenues for ReFacto® manufacturing and royalty are expected to show low single digit growth. Revenues in 2011 from validation batches (SEK 42 M) and discontinued products (SEK 45 M) will not recur in 2012.

The gross margin for the full year 2012 is expected to be in line with the 2011 margin, which was 54% after adjustment for both the balance sheet write-downs and the divestment of co-promotion rights. Costs in 2012 related to the transfer of Kineret® production are estimated at SEK 60 M and are expected to impact the gross margin primarily in the first half of the year. As a result of the renegotiated ReFacto® manufacturing agreement with Pfizer, reduced quarterly variations in the ReFacto® manufacturing gross margin are expected.

Operating expenses, excluding amortizations, are estimated at or below SEK 950 M.

The earlier reported milestone payment to Amgen of USD 55 M is now estimated to become due in Q4 2012 or in Q1 2013, with the ultimate timing dependent on the cumulative sales of Kineret®.

## Other information

### Change in agreement regarding Multiferon®

An agreement was signed in the second quarter of 2011 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 waived the requirements of an additional purchase consideration and implementation of the study in exchange for a one-time payment of SEK 25 M paid out during the third quarter. As a result of the agreement the booked provision for the additional purchase consideration was released in the second quarter and approximately SEK 149 M was included in operating income for that quarter.

### Personnel

As of December 31, 2011 the number of full-time employees was 506 (508).

## Significant events after the reporting period

### Agreement with Pfizer regarding ReFacto®AF/XYNTHA®

Sobi and Pfizer have extended their supply agreement for ReFacto AF®/XYNTHA® until 31 December 2020, with an option to be further renewed. The previous agreement was due to expire in 2015.

In a separate agreement, Sobi and Pfizer also agreed that Sobi would return the co-promotion rights for ReFacto® and BeneFIX® in the Nordic region to Pfizer as of 15 February 2012 in exchange for a payment to Sobi in the amount of USD 47.5 M.

### Terms of agreement with Biogen Idec regarding hemophilia programs

Further details on the restructured agreement with Biogen Idec regarding development and commercialization of long-lasting recombinant factor VIII and factor IX hemophilia programs, was disclosed in a press release on 6 February 2012. The press release is available at [www.sobi.com](http://www.sobi.com).

### **Licensing agreement for novel neonatology treatment**

In January 2012, Sobi signed a global licensing agreement with the French company Only for Children Pharmaceuticals (O4CP) regarding bumetanide reformulated for treatment of diuresis and seizures in neonates. The new drug is currently in clinical phase II under the EU financed NEMO project. The first market authorization of the product is expected in 2014.

O4CP will be responsible for obtaining market authorizations and for the development and manufacture of drug product. Sobi will be accountable for the commercialization of the product on a global basis.

The agreement included an upfront payment by Sobi in the amount of EUR 300 000 and potential future milestones of a value up to approximately EUR 1.7 M. O4CP will also receive royalties on future commercial sales.

### **Changes in Executive Management**

Alan Raffensperger has been appointed Chief Operating Officer (COO) with responsibility for Sales and Marketing, Supply Chain, Procurement and IT. His most recent position was CEO of Benechill Inc., an American medical device company within the therapeutic hypothermia field. Alan Raffensperger holds a Bachelor of Science from University of Maryland, Baltimore, USA.

Wills Hughes-Wilson has been appointed Vice President, Government Affairs & Policy. She will be responsible for Sobi's contacts with all stakeholders in the health policy area. Her most recent position was Vice President Health/Market Access Policy, Europe, within Genzyme Corporation, now part of the French Sanofi Group. Wills Hughes-Wilson holds an Honors graduate in Law from University of Durham in the UK.

### **Annual General Meeting 2012**

The Annual General Meeting of Swedish Orphan Biovitrum AB will be held at 4 p.m. on Thursday, 26 April 2012 in the Wallenberg Auditorium at the Royal Swedish Academy of Engineering Sciences (IVA), Grev Turegatan 16, Stockholm, Sweden.

The Board of Directors proposes that no dividend will be paid for the 2011 financial year.

The Annual Report for 2011 will be published on [www.sobi.com](http://www.sobi.com) three weeks before the AGM. It will also be available at Sobi's headquarters at Tomtebodavägen 23 A in Solna.

Solna, 23 February 2012

Geoffrey McDonough  
President and CEO

### **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.

## Financials &amp; Notes

## Statement of Comprehensive Income

Amounts in SEK million	Q4				Full year			
	2011 before write down	Write down	2011	2010	2011 before write down	Write down	2011	2010
Total revenues	436.4		436.4	465.0	1,910.8		1,910.8	1,906.7
Total cost of goods and services sold	-152.9	-103.2	-256.1	-151.8	-833.1	-103.2	-936.3	-685.7
<b>Gross profit</b>	<b>283.4</b>	<b>-103.2</b>	<b>180.3</b>	<b>313.2</b>	<b>1077.8</b>	<b>-103.2</b>	<b>974.6</b>	<b>1,221.0</b>
Sales and Administration expenses <sup>1)</sup>	-206.5	-59.7	-266.2	-195.7	-744.7	-59.7	-804.4	-746.8
Research and Development expenses <sup>2)</sup>	-104.4	-126.9	-231.3	-203.5	-428.8	-126.9	-555.7	-558.7
Non-recurring items <sup>3)</sup>	-10.6	0.0	-10.6	-29.8	-80.4	0.0	-80.4	-87.7
Other operating revenues/expenses	1.7	-1.5	0.2	139.2	148.9	-1.5	147.4	162.0
<b>Operating profit/loss</b>	<b>-36.4</b>	<b>-291.4</b>	<b>-327.7</b>	<b>23.4</b>	<b>-27.3</b>	<b>-291.4</b>	<b>-318.6</b>	<b>-10.2</b>
Financial income/expenses	-19.1		-19.1	-26.6	-52.2		-52.2	-82.2
<b>Profit/loss after financial items</b>	<b>-55.4</b>	<b>-291.4</b>	<b>-346.8</b>	<b>-3.2</b>	<b>-79.5</b>	<b>-291.4</b>	<b>-370.8</b>	<b>-92.4</b>
Income tax	358.6		358.6	-10.0	388.8		388.8	-12.0
<b>Profit/loss for the period</b>	<b>303.2</b>	<b>-291.4</b>	<b>11.8</b>	<b>-13.2</b>	<b>309.3</b>	<b>-291.4</b>	<b>17.9</b>	<b>-104.4</b>
<b>Other comprehensive income <sup>4)</sup></b>								
Translation difference	0.0		0.0	-0.6	0.0		0.0	-1.8
<b>Comprehensive income for the period</b>	<b>303.2</b>	<b>-291.4</b>	<b>11.8</b>	<b>-13.8</b>	<b>309.3</b>	<b>-291.4</b>	<b>17.9</b>	<b>-106.2</b>
Earnings/loss per share after tax (SEK) <sup>5)</sup>	1.14		0.04	-0.06	1.28		0.07	-0.47
Earnings/loss per share after dilution (SEK) <sup>5)</sup>	1.14		0.04	-0.06	1.28		0.07	-0.47
<sup>1)</sup> Amortization and write down of intangible assets included in Sales & Adm expenses	-63.7		-73.7	-66.9	-227.9		-237.9	-222.3
<sup>2)</sup> Amortization and write down of intangible assets included in Research and Development expenses	-0.7		-127.6	-78.9	-0.7		-127.6	-78.9
<sup>3)</sup> Amortization and write down of intangible assets included in Non-recurring items	-2.6		-2.6	0.0	-2.6		-2.6	0.0

<sup>4)</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 subsidiaries.

<sup>5)</sup> Comparison numbers have been adjusted for the rights issue completed in June 2011.

**Balance sheet**

	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
<i>Amounts in SEK million</i>	2011	2011	2011	2011	2010
<b>ASSETS</b>					
<b><i>Fixed assets</i></b>					
Intangible fixed assets <sup>1)</sup>	4,885.1	5,070.9	5,125.0	5,172.1	5,224.3
Tangible fixed assets	155.9	219.3	230.9	240.4	251.4
Financial fixed assets	11.4	22.7	20.0	20.9	21.8
<b>Total fixed assets</b>	<b>5,052.4</b>	<b>5,312.9</b>	<b>5,375.8</b>	<b>5,433.5</b>	<b>5,497.6</b>
<b><i>Current assets</i></b>					
Inventories	893.8	953.2	1,008.6	1,001.2	1,070.4
Accounts receivable	309.6	406.8	355.1	361.4	322.6
Current receivables, non-interest bearing	224.6	198.4	236.0	197.8	140.5
Cash and cash equivalents	219.0	73.1	115.0	37.7	38.5
<b>Total current assets</b>	<b>1,647.1</b>	<b>1,631.4</b>	<b>1,714.6</b>	<b>1,598.2</b>	<b>1,572.0</b>
<b>Total assets</b>	<b>6,699.5</b>	<b>6,944.3</b>	<b>7,090.5</b>	<b>7,031.6</b>	<b>7,069.6</b>
<b>EQUITY AND LIABILITIES</b>					
<b><i>Shareholders equity</i></b>	<b>4,963.4</b>	<b>4,948.3</b>	<b>4,984.1</b>	<b>4,274.4</b>	<b>4,342.4</b>
<b><i>Long-term liabilities</i></b>					
Long-term debt	700.7	686.1	713.3	1,208.1	1,208.0
Long-term liabilities, non-interest bearing	358.7	730.9	740.7	748.4	762.1
<b>Total long-term liabilities</b>	<b>1,059.4</b>	<b>1,417.0</b>	<b>1,454.0</b>	<b>1,956.5</b>	<b>1,970.0</b>
<b><i>Current liabilities</i></b>					
Short term debt	13.9	14.0	14.8	203.5	178.6
Current liabilities, non-interest bearing	662.8	565.0	637.6	597.2	578.6
<b>Total short-term liabilities</b>	<b>676.7</b>	<b>579.0</b>	<b>652.4</b>	<b>800.7</b>	<b>757.1</b>
<b>Total equity and liabilities</b>	<b>6,699.5</b>	<b>6,944.3</b>	<b>7,090.5</b>	<b>7,031.6</b>	<b>7,069.6</b>

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

	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	9.3	8.5
Issue of shares	594.0	3,146.8
Redemption of shares	–	-0.9
Comprehensive income for the period	17.9	-106.2
<b>Equity, end of period</b>	<b>4,963.4</b>	<b>4,342.4</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>	Q4		Full year	
	2011	2010	2011	2010
Net result	11,8	-13,0	17,9	-104,5
Non-cash items <sup>1)</sup>	18,1	153,9	100,4	354,2
<b>Cash flow from operations before change in working capital</b>	<b>29,9</b>	<b>140,9</b>	<b>118,3</b>	<b>249,7</b>
Change in working capital	105,1	-109,1	-15,4	-464,8
<b>Cash flow from operations</b>	<b>135,0</b>	<b>31,8</b>	<b>102,9</b>	<b>-215,1</b>
Acquisition of business, net of cash acquired	–	0,9	-29,8	-1 811,3
Investment in intangible fixed assets	-1,2	-47,3	-7,6	-80,7
Investment in tangible fixed assets	-2,3	-2,3	-7,7	-42,1
Divestment of tangible fixed assets	0,3	–	1,3	–
Investment/Divestment of financial assets	–	–	–	1,4
Short-term investments	–	–	–	48,4
<b>Cash flow from investing activities</b>	<b>-3,2</b>	<b>-48,7</b>	<b>-43,7</b>	<b>-1 884,3</b>
Loans - Raising/Amortization	13,8	-163,2	-472,4	467,7
Issue of shares	–	–	594,0	1 414,1
<b>Cash flow from financing activities</b>	<b>13,8</b>	<b>-163,2</b>	<b>121,6</b>	<b>1 881,8</b>
<b>Net change in cash</b>	<b>145,6</b>	<b>-180,1</b>	<b>180,8</b>	<b>-217,6</b>
Liquid funds at the beginning of the period	73,2	219,1	38,5	258,2
Translation difference in cash flow and liquid funds	0,3	-0,5	-0,2	-2,1
<b>Liquid funds at the end of the period</b>	<b>219,1</b>	<b>38,5</b>	<b>219,1</b>	<b>38,5</b>
Short-term investments	–	–	–	–
<b>Liquid funds and short-term investments at the end of the period</b>	<b>219,1</b>	<b>38,5</b>	<b>219,1</b>	<b>38,5</b>
<sup>1)</sup> Depreciations and write down:				
Depreciation tangible fixed assets	45.2	11.3	81.8	53.9
Amortization and write down of intangible assets	203.9	145.8	368.1	301.2

## Key Ratios and Other Information

Amounts in SEK million	Q4		Full year	
	2011	2010	2011	2010
<b>Return on</b>				
Shareholders' equity	0.2%	-0.3%	0.4%	-3.7%
Total capital	-4.9%	0.2%	-4.5%	-0.5%
<b>Margins</b>				
Gross margin	41.3%	67.4%	51.0%	64.0%
EBITDA-margin	-16.2%	44.7%	10.9%	22.7%
EBITA-margin	-26.5%	42.8%	6.7%	19.9%
EBIT-margin	-75.1%	5.0%	-16.7%	-0.5%
Profit margin	2.7%	-2.8%	0.9%	-5.5%
<b>Per share data (SEK)</b>				
Shareholders' equity per share	18.7	20.5	18.7	20.5
Shareholders' equity per share after dilution	18.7	20.5	18.7	20.4
Cash flow per share	0.5	-0.0	0.7	-1.1
Cash flow per share after dilution	0.5	-0.0	0.7	-1.1
<b>Other information</b>				
Equity ratio	74.1%	61.4%	74.1%	61.4%
Number of ordinary shares	265,226,598	212,181,279	265,226,598	212,181,279
Number of C-shares	2,068,534	2,068,534	2,068,534	2,068,534
Average number of ordinary shares	265,226,598	212,181,279	242,119,185	198,741,374
Outstanding warrants <sup>1)</sup>	300,000	315,000	300,000	315,000
Number of ordinary shares after dilution	265,226,598	212,804,979	265,226,598	212,804,979
Average number of ordinary shares after dilution	265,226,598	212,804,979	242,119,185	199,371,494

<sup>1)</sup> The company has one warrant program outstanding, exercisable for a maximum of 639,000 new shares in total.

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

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

**Return on total capital**  
Profit after financial items plus financial expenses as a percentage of average total assets.

**Cash flow per share**  
Changes in cash and cash equivalents divided by the weighted average number of outstanding shares.

**Gross margin**  
Gross profit as a percentage of net sales.

**Cash flow per share after dilution**  
Changes in cash and cash equivalents divided by the weighted average number of shares after dilution.

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

**Equity ratio**  
Shareholders' equity as a proportion of total assets.

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

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

**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.

## Quarterly data, SEK M

Amounts in SEK million	Q1-10	Q2-10	Q3-10	Q4-10	FY 2010	Q1-11	Q2-11	Q3-11	Q4-11	FY 2011
Total Revenues	488.1	509.6	444.0	465.0	1,906.7	537.4	490.0	447.1	436.4	1,910.8
COGS	-175.0	-200.1	-158.8	-151.8	-685.7	-253.5	-213.5	-213.1	-152.9	-833.1
Gross profit	313.1	309.5	285.2	313.2	1,221.0	283.9	276.4	233.9	283.4	1,077.8
Gross margin	64%	61%	64%	67%	64%	53%	56%	52%	65%	56%
Sales and administration expenses	-128.5	-145.1	-122.1	-128.8	-524.5	-116.7	-126.9	-130.4	-142.8	-516.8
Research and development expenses	-127.7	-113.4	-114.1	-124.6	-479.8	-102.4	-124.6	-97.3	-103.7	-428.1
OPEX	-256.2	-258.5	-236.2	-253.4	-1,004.3	-219.2	-251.5	-227.7	-246.5	-944.9
% of sales	-52%	-51%	-53%	-54%	-53%	-41%	-51%	-51%	-56%	-49%
Other operating revenues/expenses	-1.7	7.9	16.7	139.2	162.0	-5.0	155.4	-3.2	1.7	148.9
EBITA before non-recurring items	55.1	58.9	65.6	199.0	378.7	59.7	180.4	3.0	38.6	281.8
% of sales	11%	12%	15%	43%	20%	11%	37%	1%	9%	15%
Non-recurring items	-47.0	-4.6	-6.3	-29.8	-87.7	-70.1	0.0	0.3	-8.0	-77.8
EBITA	8.1	54.3	59.4	169.2	291.0	-10.3	180.4	3.3	30.6	204.0
% of sales	2%	11%	13%	36%	15%	-2%	37%	1%	7%	11%
Amortizations	-51.5	-49.8	-54.1	-145.8	-301.2	-53.4	-53.1	-57.7	-67.0	-231.2
EBIT	-43.4	4.5	5.3	23.4	-10.2	-63.7	127.3	-54.4	-36.4	-27.2
EBIT margin	-9%	1%	1%	5%	-1%	-12%	26%	-12%	-8%	-1%

Note: Numbers excluding write-downs.

### Revenues per business line

(Restated as per new structure)

Amounts in SEK million	Q1-10	Q2-10	Q3-10	Q4-10	FY 2010	Q1-11	Q2-11	Q3-11	Q4-11	FY 2011
Kineret	104.6	113.0	103.4	101.3	422.3	107.2	102.9	102.5	109.3	422.0
Orfadin	83.1	79.3	84.4	75.0	321.8	76.0	85.2	80.2	74.2	315.7
Other core products	21.1	17.6	20.4	17.7	76.8	17.2	18.7	19.0	19.8	74.6
Core Products	208.8	209.8	208.2	194.0	820.9	200.4	206.8	201.7	203.3	812.3
Manufacturing revenues	73.4	117.5	77.2	119.9	388.0	166.4	108.5	98.9	77.9	451.7
Royalty revenues	29.5	37.3	23.7	19.2	109.7	38.9	36.3	19.7	28.3	123.3
ReFacto AF ®	102.9	154.8	100.9	139.1	497.7	205.3	144.8	118.6	106.2	575.0
Current portfolio	92.2	89.4	77.5	86.8	346.0	80.8	95.3	96.7	100.8	373.6
Discontinued products	32.8	30.5	30.1	24.9	118.3	22.5	17.1	5.4	0.0	45.0
Co-promotion revenues	27.9	25.1	26.9	20.4	100.3	28.3	26.2	24.5	26.0	105.0
Partner Products	152.9	145.0	134.5	132.2	564.5	131.6	138.5	126.6	126.8	523.6
Other revenues	23.5	0.0	0.4	-0.3	23.6	0.1	-0.3	0.1	0.0	0.0
Total Revenues	488.1	509.6	444.0	465.0	1,906.7	537.4	490.0	447.1	436.4	1,910.8

**Profit and Loss Statement – Parent Company**

<i>Amounts in SEK million</i>	<b>Q4</b>		<b>Full year</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Total revenues	247.7	290.5	1,170.1	1,185.9
Total cost of goods and services sold	-185.4	-85.4	-647.2	-410.8
<b>Gross profit</b>	<b>62.3</b>	<b>205.1</b>	<b>522.9</b>	<b>775.1</b>
Sales and Administration expenses <sup>1)</sup>	-138.4	-112.3	-380.1	-356.9
Research and Development expenses <sup>2)</sup>	-229.0	-192.1	-534.7	-528.6
Non-recurring items	-57.0	-29.4	-77.9	-81.4
Other operating revenues/expenses	991.2	139.7	993.1	174.8
<b>Operating profit/loss</b>	<b>629.1</b>	<b>11.0</b>	<b>523.3</b>	<b>-17.0</b>
Result from participation in Group companies	-0.3	–	-0.5	-6.2
Financial income	-0.7	-2.2	11.1	0.0
Financial expenses	-15.8	-14.6	-65.0	-81.4
<b>Profit/loss after financial items</b>	<b>612.2</b>	<b>-5.8</b>	<b>468.8</b>	<b>-104.6</b>
Income tax	77.4	–	77.4	–
<b>Profit/loss for the period</b>	<b>689.6</b>	<b>-5.8</b>	<b>546.2</b>	<b>-104.6</b>
<sup>1)</sup> Amortization and write down of intangible assets in Sales & Adm expenses	-23.8	-11.2	-62.9	-48.7
<sup>2)</sup> Amortization and write down of intangible assets included in Research and Development expenses	-127.6	-78.9	-127.6	-78.9

**Balance Sheet – Parent Company**

	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
<i>Amounts in SEK million</i>	2011	2011	2011	2011	2010
<b>ASSETS</b>					
<b><i>Fixed assets</i></b>					
Intangible fixed assets	665.9	799.1	810.8	821.7	833.4
Tangible fixed assets	143.5	207.0	218.3	227.2	237.1
Financial fixed assets	4,156.9	4,275.2	4,269.7	4,414.6	4,414.6
<b>Total fixed assets</b>	<b>4,966.3</b>	<b>5,281.3</b>	<b>5,298.8</b>	<b>5,463.5</b>	<b>5,485.2</b>
<b><i>Current assets</i></b>					
Inventories	716.8	799.5	860.8	844.7	927.5
Current receivables, non-interest bearing	1,101.6	471.0	403.2	419.4	266.5
Cash and cash equivalents	175.0	44.7	82.3	4.0	9.1
<b>Total current assets</b>	<b>1,993.5</b>	<b>1,315.2</b>	<b>1,346.3</b>	<b>1,268.1</b>	<b>1,203.1</b>
<b>Total assets</b>	<b>6,959.8</b>	<b>6,596.5</b>	<b>6,645.1</b>	<b>6,731.6</b>	<b>6,688.2</b>
<b>EQUITY AND LIABILITIES</b>					
<b><i>Shareholders' equity</i></b>	<b>5,530.0</b>	<b>4,832.3</b>	<b>4,893.5</b>	<b>4,363.6</b>	<b>4,375.9</b>
<b><i>Long-term liabilities</i></b>					
Long-term debt	700.0	685.7	699.7	1,194.0	1,193.6
<b>Total long-term liabilities</b>	<b>700.0</b>	<b>685.7</b>	<b>699.7</b>	<b>1,194.0</b>	<b>1,193.6</b>
<b><i>Current liabilities</i></b>					
Short term debt	–	–	–	223.0	164.3
Current liabilities, non-interest bearing	729.8	1,078.5	1,051.9	951.0	954.5
<b>Total short-term liabilities</b>	<b>729.8</b>	<b>1,078.5</b>	<b>1,051.9</b>	<b>1,174.0</b>	<b>1,118.8</b>
<b>Total equity and liabilities</b>	<b>6,959.8</b>	<b>6,596.5</b>	<b>6,645.1</b>	<b>6,731.6</b>	<b>6,688.2</b>

**Change in Shareholder's Equity – Parent Company**

	Full year	
<i>Amounts in SEK million</i>	2011	2010
<b>Opening balance</b>	<b>4,375.9</b>	<b>1,326.1</b>
Sharebased compensation to employees	9.3	8.5
Issue of shares	594.0	3,146.8
Redemption of shares	–	-0.9
Merger capital gain	4.5	–
Exchange rate difference	–	–
Comprehensive income for the period	546.2	-104.6
<b>Equity, end of period</b>	<b>5,530.0</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
<b>December 2010</b>		<b>214,249,813</b>	<b>117,558,200</b>
June 2011	Rights issue	53,045,319	29,105,800
<b>December 2011</b>		<b>267,295,132</b>	<b>146,664,000</b>

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.

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

Plan 2008 program expired on 25 November 2011. No shares were awarded under this program.

##### Share based incentive program 2009

A long-term, performance based incentive program was adopted ("Share program 2009") at the Annual General Meeting on 28 April 2009. Share program 2009 covers management and key individuals in Swedish Orphan Biovitrum, and may involve a total maximum allocation of 307,601 shares in Swedish Orphan Biovitrum AB (publ). Like in the Share 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 10 June, 2009 up to and including 9 June 2012.

#### Share based incentive program 2010

A long-term, performance-based share program ("Share Program 2010") was adopted at the Annual General Meeting on 27 April 2010. Share Program 2010 covers management and key individuals in Swedish Orphan Biovitrum, and may involve a total maximum allocation of 526,242 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 13 December 2010, through 12 December 2013.

#### Share based incentive program 2011

A new long-term, performance-based share program ("Share Program 2011") was adopted at the Annual General Meeting on 28 April 2011. Share Program 2011 covers management and key individuals in Swedish Orphan Biovitrum, and may involve a total maximum allocation of 608,283 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 2011 and the benchmark period extends from 15 December 2011, through 15 December 2014.

#### Share program for CEO 2011

The Extraordinary General Meeting held on 24 August 2011, adopted a performance based, long-term share program for the CEO Geoffrey McDonough (the "CEO Share Program 2011"). The program is based on an own investment in shares in the market, to be held during a three-year period, and the allotment of performance shares free of charge based on an increase in Swedish Orphan Biovitrum's share price during the performance period ending on 15 August 2014. A maximum number of 500,000 performance shares can be allotted as follows:

##### Pro-rata allotment of 400,000 performance shares

For any allotment of performance shares to be possible, the share price at the end of the performance period shall amount to more than SEK 25.77. If the share price at the end of the performance period amounts to at least SEK 45.00, 400,000 performance shares will be allotted. If the share price is between SEK 25.77 and SEK 45.00 at the end of the performance period, the portion of the 400,000 performance shares to be allotted shall be calculated on a pro-rata basis.

##### Threshold allotment 1 of 30,000 performance shares

In addition to the Pro-rata allotment, 30,000 performance shares will be allotted if the share price at the end of the performance period amounts to at least SEK 30.00

##### Threshold allotment 2 of 70,000 performance shares

In addition to the Pro-rata allotment and the Threshold allotment 1, 70,000 performance shares will be allotted if the share price at the end of the performance period amounts to at least SEK 35.00 .

#### Warrant programs

	Full year 2011	Full year 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 2011	Full year 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**

<i>Amounts in SEK thousands</i>	<b>Full year 2011</b>	<b>Full year 2010</b>
<i>Loan to executive management in parent company:</i>		
At beginning of the year:	153	153
Loans paid during the year:	-153	–
	<b>0</b>	<b>153</b>

The loan to related parties was paid during the period. At the end of the accounting period there are no outstanding loans to related parties.

A company related to the Chairman of the Board, Orfacare Consulting GmbH, provides consultation as regards marketing of drugs for the Sobi group in e.g. Switzerland and Austria, Slovenia and Ex-Yugoslavia. The costs for the year amount to SEK 4.1 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 M, 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 3 March 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 SEK 232.2 M 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.

### Telephone conference

The interim report for the fourth quarter and full year 2011 will be presented by CEO Geoffrey McDonough and CFO Lars Sandström at a media and analyst telephone conference.

**Time:** Thursday, 23 February 2012 at 3 p.m. (CET)

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

SE: +46 (0)8 505 598 09

UK: +44 (0)207 750 9950

US: +1 866 676 58 69

The presentation can be followed live or afterwards at [www.sobi.com](http://www.sobi.com)

**For more information, please contact:**

Lars Sandström, CFO, Telephone: +46 8 697 26 33

**Financial calendar 2012**

Annual Report 2011	5 April 2012
Interim Report, January-March	26 April 2012
Annual General Meeting	26 April 2012
Interim Report, January-June	19 July 2012
Interim Report, January-September	30 October 2012

*The above information has been made public in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was released for public distribution on 23 February 2012 at 8.30 CET.*