Interim financial report for the period 1st April to 30th June, 2010

(Translation only)

Strong sales growth in the US and positive pipe line progression.

Revenues and EBITA amounted to SEK 510 M and SEK 60 M, respectively

- Revenues, excluding Tracleer, increased by 9% in Constant Exchange Rate (CER) and by 3% in SEK
  - Sales in North America increased by 38% in CER and by 32% in SEK
  - Sales in Europe, excluding Tracleer, increased by 3% in CER, corresponding to -6% in SEK
  - Sales of Kineret® increased by 10% in CER and by 2% in SEK
  - Sales of Orfadin® increased by 15% in CER and by 5% in SEK
  - Total ReFacto® revenues increased by 7% in CER and by 6% in SEK
- EBITA for the period was SEK 59.6 M (-1.0, proforma 52.6) and core EPS was SEK 0.21 (0.29)
- Kiobrina® advanced into phase III development and the study results from the first clinical phase II trial were presented externally
- Swedish Orphan Biovitrum signed an agreement with Pharming regarding the exclusive commercial right to Ruconest® in 24 EU countries. On June 24, the product received positive opinion from the CHMP, paving the way for an EC approval through the centralized procedure during early autumn 2010.
- Swedish Orphan Biovitrum signed a long-term supply agreement with Boeringer Ingelheim covering commercial manufacturing of the active substance for Kineret.

Significant events after the reporting period

- The outlines of a commercial alliance with the Chinese company Dongbao was announced on July 6
- The decision to proceed rFVIIIFc into registrational studies was announced on July 9
- The results from the phase I/II study with rFIXFc was presented on July 11 at the World Federation of Hemophilia Congress in Buenos Aires, demonstrating a three-fold increase in half-life

CEO Comments

Martin Nicklasson, CEO, said: I am very satisfied that the investment we have made in Marketing & Sales in the US now generates strong product sales growth. Continued price pressure in the pharmaceutical market in Europe hampers our performance, but I am optimistic that the additional investments we recently also have made in Europe, will generate stronger sales performance during the second half of this year. The further advancements, of both Kiobrina and rFVIIIFc into phase III clinical development, are encouraging. We have also continued our effort of expanding our commercial portfolio. Both the agreement with Pharming and the outlines of a commercial alliance with Dongbao will have the potential to become significant contributors for long term growth.

Financial Summary

Amounts in SEK million	Apr 1 - Jun 30 2010	Apr 1 - Jun 30 2009	Apr 1 - Jun 30 Pro forma 2009	Jan 1 - Jun 30 2010	Jan 1 - Jun 30 2009	Jan 1 - Jun 30 Pro forma 2009	Full year 2009
Total revenues, Constant Exchange Rate	535.9	319.9	510.9	1,060.2	675.1	1,054.1	1,297.0
Total revenues, reported	509.6	319.9	510.9	997.7	675.1	1,054.1	1,297.0
Gross profit	309.5	240.6	356.1	622.6	483.1	720.8	921.3
Operating profit/loss before amortizations, restructuring and other one-time expenses (EBITA)	59.6	-1.0	52.6	113.8	22.4	142.1	68.0
Profit/loss for the period before restructuring and other one-time expenses	-7.0	16.8		-12.4	-6.9		32.5
Profit/loss for the period	-11.6	16.8		-64.0	-6.9		32.5
Earnings/loss per share after tax [1] (SEK)	-0.03	0.17		-0.17	-0.07		0.32
Core EPS [1] (SEK)	0.21	0.29		0.48	0.17		0.84
Restructuring and other one-time expenses	4.6	–		51.6	–		–
Research and development expenses	113.4	162.2		241.1	306.0		569.4
Liquid funds and short-term investments	219.9	341.2		219.9	341.2		306.6

[1] Comparison numbers adjusted for new share issue completed in January 2010.

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Proforma Financial statement 1 April to 30 June, 2010

	Apr 1 - Jun 30			Jan 1 - Jun 30			Full year
			Pro forma			Pro forma	
Amounts in SEK million	**2010**	**2009**	**2009**	**2010**	**2009**	**2009**	**2009**
Total revenues	509.6	319.9	510.9	997.7	675.1	1,054.1	2,065.6
Cost of goods and services sold	-200.1	-79.3	-154.8	-375.1	-192.0	-333.3	-664.3
Gross profit	**309.5**	**240.6**	**356.1**	**622.6**	**483.1**	**720.8**	**1,401.3**
Sales and administration expenses	-194.8	-87.5	-186.0	-374.9	-176.5	-371.7	-701.2
Research and development expenses	-113.4	-162.2	-170.0	-241.1	-306.0	-320.5	-603.0
Restructuring expenses	-4.6	–	–	-51.6	–	–	–
Other operating revenues/expenses	7.8	-4.0	0.5	6.1	-1.7	8.4	-24.9
Operating profit/loss	**4.5**	**-13.1**	**0.6**	**-38.9**	**-1.1**	**37.0**	**72.3**
Financial income	0.5	1.0		–	6.5		
Financial expenses	-20.0	28.9		-24.8	-12.3		
Profit/loss after financial items	**-15.0**	**16.8**		**-63.7**	**-6.9**		
Income tax expense	3.4	–		-0.3	–		
Profit/loss for the period	**-11.6**	**16.8**		**-64.0**	**-6.9**		

Total revenues reported in the second quarter amounted to SEK 509.6 M, which was on par with the pro forma revenues in 2009. The sales in the US showed strong growth, whereas sale in Europe is hampered by a variety of factors, such as price pressure, parallel trade and the planned discontinuation of distribution rights for Tracleer. Total revenues in CER showed a growth of 9% adjusted for Tracleer sales. The agreement was terminated late 2009. The Sales & Marketing organization has continued to invest behind the key products, which is reflected by an increase of the costs. R&D expenses are down by 33% compared to the same period last year.

Sales development by key products and regions

Sales development by key product

	Apr 1 - Jun 30			Jan 1 - Jun 30		
	reported	CER		reported	CER	
Amounts in SEK million	**2010**	**2010**	**2009**	**2010**	**2010**	**2009**
ReFacto®	177,6	179,6	167,4	304,8	311,0	370,5
of which Manufacturing revenues	*117,8*	*117,8*	*95,1*	*190,9*	*190,9*	*231,7*
of which Co-promotion	*22,6*	*23,9*	*28,9*	*47,2*	*49,6*	*47,1*
of which Royalty	*37,2*	*37,9*	*43,4*	*66,7*	*70,5*	*91,7*
Kineret®	113,0	121,0	110,4	217,6	237,5	214,4
Orfadin®	79,3	86,8	75,7	162,4	179,2	152,0
Kepivance®	28,0	29,7	26,9	57,0	62,8	56,5
Ammonaps®	17,5	19,4	18,0	36,4	40,0	36,3
Yondelis®	8,8	9,5	11,5	17,8	19,0	18,7
Willfact®	2,7	2,8	–	4,5	4,6	–
Other product revenues	82,7	87,1	79,3	167,5	176,4	158,9
Other revenues	–	–	3,9	23,8	23,8	9,5
Total revenues continued products	**509,6**	**535,9**	**493,1**	**991,8**	**1 054,3**	**1 016,8**
Tracleer	–	–	17,8	5,9	5,9	37,3
Total revenues	**509,6**	**535,9**	**510,9**	**997,7**	**1 060,2**	**1 054,1**

Sales development by region (CER)

	Apr 1 - Jun 30			Jan 1 - Jun 30		
	reported	CER		reported	CER	
Amounts in SEK million	2010	2010	2009	2010	2010	2009
Nordic	80.5	83.7	95.9	167.3	173.7	189.2
Europe	135.6	151.3	150.2	285.2	315.1	291.7
North America	98.9	103.7	74.8	173.7	191.0	152.3
RoW	5.4	5.0	8.9	22.4	23.1	22.6
Total product revenues	**320.4**	**343.7**	**329.8**	**648.6**	**702.9**	**655.8**
Manufacturing revenues	117.8	117.8	95.1	190.9	190.9	231.7
Co-promotion	34.2	36.5	38.7	67.7	72.1	65.4
Royalty	37.2	37.9	43.4	66.7	70.5	91.7
Other revenues	–	–	3.9	23.8	23.8	9.5
Total revenues	**509.6**	**535.9**	**510.9**	**997.7**	**1,060.2**	**1,054.1**

ReFacto®

Total ReFacto revenues increased by 7% in CER and by 6% in SEK compared to the same period last year. Manufacturing revenues were up by 24 %, whereas co-promotion revenues decreased by 22%, and royalties by 14%, respectively. The lower co-promotion fee is mainly explained by stocking of ReFacto AF in 2009 prior the launch of the product. Year to date, co-promotion fee increased by 5% (CER) or 0% in SEK. For the period January 1 to June 30, total ReFacto revenues were 18% lower compared to the same period last year, mainly due to lower manufacturing revenues following Pfizer's production planning cycle, and lower royalty due to the shift from ReFacto to ReFacto AF®/Xyntha® in the market.

Kineret®

Sales of Kineret increased 10% (CER) or 2% in SEK during the second quarter, and by 11% (CER) or 2% in SEK for the first six months. In the US, promotional activities were intensified as from April, and since then, Kineret demonstrates strong sales growth in local currency. The US sales increased by 22% during the period January-June of which volume growth was 9%, compared to the same period 2009. At the latter part of the period, growth was particularly strong.

In Europe, recruitment and training of sales and marketing people have been completed. More intense promotional activities started in the first countries in May and most other countries followed in June. It is too early to see the effects of these activities. Kineret has to some degree been affected by mandatory price decreases or mandatory discounts implemented in several countries. In spite of this, sales of Kineret were stable during the period January–June.

Orfadin®

Sales increased by 15% (CER) or 5% in SEK during the second quarter and by 18% (CER) or 7% in SEK during the first six months. In the US, sales continued to develop positively. As a result of increased educational and promotional activities, together with increased screening, more newborn children are diagnosed.

In Europe, sales continued to develop well. For the six-month period, sales increased by 14% (CER), compared to the same period last year. In the post-marketing follow-up of patients, it is noticeable that patients are still under dosed in some countries. Mandatory price decreases or discounts have only had a minimal impact on the price of Orfadin.

Sale in rest of the world was stable.

Kepivance®

Sales of Kepivance increased by 10% (CER), or 4% in SEK, during the second quarter. In the US, sales for the first six months increased by 20% in local currency, compared to the same period last year. Promotional activities were intensified as from April, and the growth was particularly strong during the latter part of the period.

European sales decreased by 8% (CER) during the period January–June, compared to the same period last year. The decrease is explained by a combination of factors; mandatory discounts or price decreases implemented by some governments, a restriction of the approved indication agreed with the European health authority (EMA), and that intensified promotional activities started in some countries only in May, followed by other countries in June.

Yondelis®

Sales of Yondelis decreased in the second quarter compared to 2009, and for the first six months, a marginal increase, about 1% (CER), was reported. This is mainly due to the fact that funding of hospital budgets was temporarily halted in the Czech Republic and the pricing authority in Slovenia delayed a price decision. Reimbursement for soft tissue sarcoma will be effective again, as from 1st August, in the Czech Republic, and funding in Slovenia has now been secured as from 1st July.

During the second quarter, the first patients with advanced ovarian cancer received treatment with Yondelis. The launch of this new indication is ongoing. The number of patients suffering from advanced ovarian cancer is significantly higher than the number of patients diagnosed with soft tissue sarcoma, the initial indication approved for Yondelis.

Ammonaps®

Sales of Ammonaps increased by 8% (CER) corresponding to -3% in SEK in the second quarter and by 10% (CER) during the first six months compared to 2009. More patients, primarily children, are diagnosed early and survive and thrive. A debate among clinical experts has started regarding why the treatment provided in Europe to patients suffering from urea cycle disorders is less aggressive, and the clinical results are poorer than in the US. For instance, the average dose used in Europe is below the recommended dose, while in the US, the recommendation is followed. Thus, there is room for improvement of the treatment of patients in Europe.

Willfact®

Patients suffering from von Willenbrands disease are now, for the first time, being treated with Willfact in Germany, where the product recently was launched . A few patients outside Germany are also being treated, based on a special permission from the local health authorities on a named patient basis. A regulatory process is being prepared to gain marketing authorization also in the Nordic and Baltic countries, plus part of central and Eastern Europe. Sales for the period were SEK 2.7 M and the corresponding number for the first six months was SEK 4.5 M.

Other products

Sales, excluding discontinued products (Tracleer), increased by 9% (CER) during the second quarter and by 4% for the first six months. Multiferon increased by 35%, and Ferriprox by 26%, while Xagrid decreased by 45% due to parallel distribution. Also Promixin, Mimpara and Ferriprox were, to various degree, exposed to parallel distribution, with lower revenues as a result.

Development in costs and Operating Income

On a pro forma basis, gross margin decreased from 70 to 61% on a pro forma basis during the second quarter, and from 68 to 62% for the first 6 month of the year. Gross margin has mainly been impacted by the strengthening of the Swedish krona, but also by the planned production stop of ReFacto AF and the tech transfer cost for Kineret product supply.

Operating expenses, excluding restructuring expenses decreased by 15% on a pro forma basis during the second quarter, mainly due to lower R&D expenses. SG&A expenses, excluding amortization, increased by 5% compared to the pro forma costs for the second quarter 2009. This is mainly explained by the build-up of the sales force in the US and in Europe. Amortization of intangibles amounted to SEK 50.5 M in the second quarter.

The operating income, before amortization and restructuring costs (EBITA), amounted to SEK 59.6 M (-1.0), and the reported operating income amounted to SEK 4.5 M (-13.1).

Provision for restructuring expenses was made with SEK 51.6 M during the first 6 months and with SEK 4.6 M in the second quarter 2010. These restructuring expenses are mainly consisting of severance payments and other restructuring costs related to the integration of the two companies. After successfully putting the operative structure in place, business is now fully operational and forty redundancies have been identified with full effect as from May 1. Further work is ongoing to identify additional synergies. The full year cost for the restructuring of the new company is estimated to SEK 70-80 M.

Net financials and tax

The financial net for the second quarter was SEK -19.5 M (29.9). Currency exchange loss, on bank loans in USD, amounted to SEK 1.8 M. Interests on bank loans were SEK 15.5 M for the period. Calculated interest for the future additional purchase price, related to acquired technology for Multiferon®, amounted to SEK 1.5 M.

The Company has an accumulated loss-carry forward which has not been booked as an asset, meaning that the Company's tax rate deviates from the general Swedish tax rate. Swedish Orphan Biovitrum's tax expense for the quarter was SEK 8.0 M (0) and deferred tax was SEK 11.4 M (0) which gives a positive net of SEK 3.4 M.

Capital expenditure and free cash flow

Investments in tangible fixed assets, during the second quarter, amounted to SEK 16.4 M (17.3).

Depreciations and amortizations in the second quarter amounted to SEK 64.6 M (27.8), of which SEK 12.1 M (12.1) is related to product rights, and 38.4 (0) is related to acquired technology and license agreements.

Investment in intangible fixed assets for the period amounted to SEK 31.7 M (41.9).

Cash flow from operations, during the second quarter, amounted to SEK -242.3 M (40.5). Payments related to restructuring reserves amounted to SEK 41.0 M.

Swedish Orphan Biovitrum made a payment in April to Amgen for future production of Kineret drug substance, amounting to SEK 210.1 M. Furthermore invoices concerning additional prepayment was booked in June at a total of SEK 130.0 M. Total prepayment during the period and with an effect on the working capital amounts to SEK 340.1 M. Amgen started the production of drug substance in May.

Financial position

Cash, cash equivalents and short-term investments as of June 30, 2010, amounted to SEK 219.9 M (341.2), including SEK 117.1 M (105.4) in bank balances and SEK 102.8 M (122.2) in investments in securities, with a term of less than three months from the date of acquisition. These short-term investments are classified as cash and cash equivalents. Besides these cash and cash equivalents, the company had other short-term investments, with a term of more than three months, amounting to SEK 0 M (113.6) as of June, 2010.

The company's bank loan financing amounted, as per June 30, 2010, to SEK 1,347.8 M.

Equity

The consolidated shareholders' equity as of June 30, 2010, amounted to SEK 4,454.2 M, compared to SEK 1,352.8 M on December 31, 2009. During the first 6 month of 2010 shares have been issued at the amount of SEK 3.2 M.

Personnel

As of June 30, 2010, Swedish Orphan Biovitrum had 497 employees (427, 543 proforma), of which 60 percent (59) were women.

Outlook 2010 and long term objectives

The outlook for 2010 is unchanged . However, the company continues to closely monitor the uncertainty in the European pharmaceutical market.

Total pro forma revenues in 2009, excluding milestone revenues, amounted to SEK 2 B. From that level the Company estimates a 2010 revenue growth of 8-10% in CER.

Operating income, before amortization and structuring (EBITA), is expected to increase by 25 – 30% in SEK, corresponding to an increase of 30 – 35% in CER.

Gross profit margin is expected to be between 63-65%. The gross margin is impacted by currency movements, tech transfer costs for Kineret drug substance supply, and lower production volumes of ReFacto AF drug substance, due to a planned six months manufacturing maintenance stop.

Operating expenses is expected to decrease by 10-12%, due to integration synergies and lower R&D costs, as a consequence of the restructuring of the agreement with BiogenIdec.

The long term objectives are unchanged, our business target is to grow revenues to SEK 5 B and reach an EBITA margin of above 30 % by 2015.

Research and development update

rFIXFc for the treatment of hemophilia B

On July 11, positive data from the Phase I/II study of the long-lasting, fully-recombinant factor IX Fc fusion protein (rFIXFc), in 14 previously-treated patients with severe hemophilia B was presented at the World Federation of Hemophilia Congress in Buenos Aires, Argentina. The study design was as an open-label, multi-center, dose-escalation study to evaluate the safety and pharmacokinetics (PK) of different single doses of rFIXFc given as an intravenous injection.

rFIXFc demonstrated an approximately three-fold increase in half-life (52.5±9.2 hours), compared to data reported in the literature for existing factor IX therapies. rFIXFc was generally well tolerated, and there were no signs of injection site reactions. During the three-month observation period, no anti-rFIXFc drug antibodies, and thus no inhibitor development, were detected. There were no reports of drug-related serious adverse events.

FVIIIFc for the treatment of hemophilia A

On July 9, Swedish Orphan Biovitrum and BiogenIdec announced the plan to advance the long-lasting, fully recombinant factor VIII Fc fusion protein (rFVIIIFc) into a registrational clinical trial in hemophilia A patients. The decision to advance the program is based on promising data from a Phase I/II open-label, cross-over, multi-center, dose-escalation study that evaluated the safety and pharmacokinetics of intravenous rFVIIIFc in previously-treated patients with severe hemophilia A. In the study, rFVIIIFc was well tolerated and demonstrated a prolonged half-life compared to Advate®, supporting advancement of the program.

Kiobrina® for the treatment of fat malabsorption in premature infants

On April 21, Swedish Orphan Biovitrum announced the decision to advance Kiobrina (rhBSSL) into phase III development, based on two phase II studies. The combined results showed that rhBSSL added to infant formula or pasteurized breast milk, demonstrated a significant growth increase of pre-term infants compared to placebo, after one week of treatment. The safety and tolerability profile of rhBSSL, added to formula or pasteurized breast milk, were similar compared to placebo.

The study results were presented at a scientific conference in May, showing a mean improvement in body weight of 3.7 g/kg/day during treatment with rhBSSL (mean 18.1, SD 4.0) as compared to placebo (mean 14.3, SD 6.5), (p=0.001).

Multiferon® for the second-line treatment of hepatitis C

Swedish Orphan Biovitrum has decided not to pursue the planned study protocol, aiming to support further territorial expansion in EU. The study protocol needs to be revised to meet the competition from new therapies in treatment of Hepatitis C and at the same time support the 2nd wave registration process in Europe.

Kepivance® for oral mucositis in pediatric patients

Due to the limited number of pediatric patients eligible for treatment with Kepivance, Swedish Orphan Biovitrum has made the strategic decision not to pursue this pediatric extension of the label.

Development pipeline

Indication	Product/Project	Partner	Phase I	Phase II	Phase III	Reg phase
Hemophilia B	rFIXFc	BiogenIdec				
Hemophilia A	rFVIIIFc	BiogenIdec				
Fat malabsorption in premature infants	Kiobrina®					
Fat malabsorption	Exinalda®					
Rh-Immunization	Sym001	Symphogen				
Autoimmune platelet disorder (ITP)	Sym001	Symphogen				

Development news flow

Activity	Expected completion
rFVIIIFc (hemophilia A): phase III, first patient in (FPI)	H2 2010
Sym001 (ITP): phase II study	H2 2010
Kiobrina® (fat malarbsorption): phase III, (FPI)	H1 2011
rFIXFc (hemophilia B): phase III	2011/2012

Business Development update

On April 1, Swedish Orphan Biovitrum signed an extension to its existing distribution agreement with Merck Serono on the product Cyanokit, indicated for the treatment of known or suspected cyanide poisoning. Under the amendment, Swedish Orphan Biovitrum will distribute the product in the UK, the Netherlands and Ireland, in addition to its existing territories in the Nordic and Baltic region.

On April 15, Swedish Orphan Biovitrum announced an agreement with Pharming under which the company gets the exclusive rights to the product Ruconest® in 24 EU countries as well as in Norway, Iceland and Switzerland. Ruconest is a recombinant C1-inhibitor, under approval for the treatment of Hereditary Angioedema (HAE). There are approximately 10,000 patients suffering from the condition in Europe, with an estimated current market size of approximately 110 MEUR. On June 24, the product received positive opinion from the CHMP, paving the way for an EC approval through the centralized procedure during early autumn 2010. The product holds an orphan designation. Swedish Orphan Biovitrum is currently preparing for launch of the product across its territory as soon as possible following approval.

Events after the end of the reporting period

The outlines of a commercial alliance with the Chinese company Dongbao was announced on July 6. Under the alliance, Dongbao will be the marketing and sales partner of choice for Swedish Orphan Biovitrum's marketed and pipeline products in China and Swedish Orphan Biovitrum the marketing and sales partner of choice for Dongbao's products in the EU.

The sellers of pharmaceutical company Arexis, which was acquired in August 2005, have made a claim against Swedish Orphan Biovitrum in the amount of approx. MSEK 325, alleging that Swedish Orphan Biovitrum has not performed its obligations under the share purchase agreement entered into at the time of the acquisition. An assessment of the claim is ongoing and no provisions have been made.

Tables And Figures

Statement of comprehensive income

	Apr 1 - Jun 30		Jan 1 - Jun 30		Full year
Amounts in SEK million	**2010**	**2009**	**2010**	**2009**	**2009**
Total revenues	509.6	319.9	997.7	675.1	1,297.0
Cost of goods and services sold	-200.1	-79.3	-375.1	-192.0	-375.7
Gross profit	**309.5**	**240.6**	**622.6**	**483.1**	**921.3**
Sales and administration expenses [1]	-194.8	-87.5	-374.9	-176.5	-302.9
Research and development expenses	-113.4	-162.2	-241.1	-306.0	-569.4
Restructuring expenses	-4.6	–	-51.6	–	–
Other operating revenues/expenses	7.8	-4.0	6.1	-1.7	-32.7
Operating profit/loss	**4.5**	**-13.1**	**-38.9**	**-1.1**	**16.2**
Financial income	0.5	1.0	–	6.5	28.6
Financial expenses	-20.0	28.9	-24.8	-12.3	-12.3
Profit/loss after financial items	**-15.0**	**16.8**	**-63.7**	**-6.9**	**32.5**
Income tax expense	3.4	–	-0.3	–	–
Profit/loss for the period	**-11.6**	**16.8**	**-64.0**	**-6.9**	**32.5**
Other comprehensive income [2]					
Translation difference	–	1.4	-0.7	3.3	-4.1
Comprehensive income for the period	**-11.6**	**18.2**	**-64.7**	**-3.6**	**28.4**
Earnings/loss per share after tax[3] (SEK)	-0.03	0.17	-0.17	-0.07	0.32
Earnings/loss per share after dilution[3] (SEK)	-0.03	0.17	-0.17	-0.07	0.32
[1] Amortization of product rights, acquired technology and license agreements included in Adm expenss	-50.5	-12.1	-101.1	-23.5	-47.9

[2] 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.

[3] Comparison numbers adjusted for new share issue completed in January 2010.

Balance Sheet

Amounts in SEK million	Jun 30 2010	Jun 30 2009	Dec 31 2009
ASSETS			
Fixed assets			
Intangible fixed assets [1]	5,422.5	1,042.0	1,159.1
Tangible fixed assets	270.5	210.9	252.0
Financial fixed assets	55.2	46.7	114.5
Total fixed assets	**5,748.2**	**1,299.6**	**1,525.6**
Current assets			
Inventories	994.7	587.6	578.4
Current receivables, non-interestbearing	483.9	372.0	394.9
Short-term investments	–	113.6	48.4
Cash and cash equivalents	219.9	227.6	258.2
Total current assets	**1,698.5**	**1,300.8**	**1,279.9**
Total assets	**7,446.7**	**2,600.4**	**2,805.5**
EQUITY AND LIABILITIES			
Shareholders' equity	**4,454.2**	**1,317.3**	**1,352.8**
Long-term liabilities			
Long-term liabilities [2]	1,380.0	396.3	656.0
Long-term liabilities, non-interestbearing	777.8	430.0	48.2
Total long-term liabilities	**2,157.8**	**826.3**	**704.2**
Current liabilities			
Current liabilities	164.3	–	50.0
Current liabilities, non-interestbearing	670.4	456.8	698.5
Total short-term liabilities	**834.7**	**456.8**	**748.5**
Total equity and liabilities	**7,446.7**	**2,600.4**	**2,805.5**

[1] Including goodwill SEK 1, 644.1 M (25.3 as per December 31, 2009)
[2] Discounted future milestone payments has previously been reported as non-interestbearing liabilities, as from full year report 2009 they are reported as long-term liabilities.

Changes in Equity

Amounts in SEK million	'Jan 1-Jun 30 2010	'Jan 1-Jun 30 2009	Jan 1 - Dec 31 2009
Opening balance	**1,352.8**	**1,285.0**	**1,285.0**
Adjustment of opening balance[1]	-58.8	–	–
Opening balance	**1,294.0**	**1,285.0**	**1,285.0**
Sharebased compensation to employees	8.1	1.6	5.1
Issue of share	3,216.8	34.3	34.4
Redemption of shares	–	–	-0.2
Net profit/loss for the year	-64.7	-3.6	28.4
Equity, end of period	**4,454.2**	**1,317.3**	**1,352.8**

[1] As a consequence of adopting a new accounting principle, IFRS 3, as from January 1,2010, prepaid expenses related to acqusition in progress as per December 31, 2009, has been charged to equity as an adjustment of opening balance.

Cash flow Statement

	Apr 1 - Jun 30		Jan 1 - Jun 30		Full year
Amounts in SEK million	**2010**	**2009**	**2010**	**2009**	**2009**
Net result	-11.6	16.8	-64.0	-6.9	32.5
Adjustment for items not affecting cash flow:					
Depreciations and write down [1]	64.6	27.8	136.5	56.3	109.7
Capital gain/loss from divestment of fixed assets	*5.2*	*0.1*	*6.1*	*-0.2*	*19.4*
Revaluation of fixed financial assets	–	*-4.6*	–	–	*4.7*
Revaluation of long-term liabilities	*5.0*	*-33.5*	*7.1*	*3.1*	*-19.1*
Revaluation of operating receivables and payables	–	–	–	*-3.3*	–
Pensions	*0.5*	*2.5*	*0.5*	*2.5*	*-5.6*
Restructuring expenses	*-2.9*	–	*44.1*	–	–
Payments related to restructuring reserves	*-41.0*	*-31.1*	*-45.7*	*-69.5*	*-97.9*
Reversal of deferred tax	*-14.1*	–	*-24.2*	–	–
Other items [1]	*1.3*	*1.1*	*8.1*	*1.5*	*5.1*
Cash flow from operations before change in working capital	**7.0**	**-20.9**	**68.5**	**-16.5**	**48.8**
Change in working capital	*-249.3*	*61.4*	*-323.4*	*-66.6*	*10.0*
Cash flow from operations	**-242.3**	**40.5**	**-254.9**	**-83.1**	**58.8**
Divestment of business	–	–	–	–	22.7
Acquisition of business, net of cash acquired	-10.6	–	-1,811.8	–	-60.8
Investment in intangible fixed assets	-31.7	-41.9	-32.3	-41.9	-62.6
Investment in tangible fixed assets	-16.4	-17.3	-36.1	-25.2	-96.0
Divestment of tangible fixed assets	–	–	–	–	2.1
Investment/Divestment of financial assets	0.8	–	1.3	-3.0	-1.9
Short-term investments	0.0	5.6	48.4	92.3	157.5
Cash flow from investing activities	**-58.0**	**-53.6**	**-1,830.6**	**22.2**	**-39.0**
Loans - Raising/Amortization	199.7	–	634.1	–	-50.0
Issue of shares	-28.4	34.3	1,414.2	34.3	34.4
Redemption of shares	–	–	–	–	-0.2
Cash flow from financing activities	**171.3**	**34.3**	**2,048.3**	**34.3**	**-15.8**
Net change in cash	**-129.0**	**21.2**	**-37.2**	**-26.6**	**4.0**
Liquid funds at the beginning of the period	349.1	206.4	258.2	254.2	254.2
Translation difference in cash flow and liquid funds	-0.2	–	-1.1	–	0.0
Liquid funds at the end of the period	**219.9**	**227.6**	**219.9**	**227.6**	**258.2**
Short-term investments	–	113.6	–	113.6	48.4
Liquid funds and short-term investments at the end of the period	**219.9**	**341.2**	**219.9**	**341.2**	**306.6**

[1] Depreciations and write down:

Depreciation tangible fixed assets	14.1	15.7	35.5	32.8	57.9
Amortization intangible assets	50.5	12.1	101.0	23.5	51.8
of which product rights	12.1	12.1	24.2	23.5	51.8

Key Ratios, other information and definitions

	Apr 1 - Jun 30		Jan 1 - Jun 30		Full year
	2010	2009	2010	2009	2009
Return on					
Shareholders' equity	-0.3%	1.3%	-2.9%	-0.5%	2.5%
Total capital	-0.1%	0.9%	-1.0%	0.2%	1.2%
Margins					
Gross margin	60.7%	75.2%	62.4%	71.6%	71.0%
EBITDA-margin	14.5%	4.6%	15.0%	8.2%	9.7%
EBITA-margin	11.7%	-0.3%	11.4%	3.3%	5.2%
EBIT-margin	1.8%	-4.1%	1.3%	-0.2%	1.3%
Profit margin	-2.3%	5.3%	-6.4%	-1.0%	2.5%
Per share data (SEK)					
Shareholders' equity per share	6.2	26.0	6.2	26.0	26.8
Shareholders' equity per share after dilution	6.2	25.8	6.2	25.8	26.5
Cash flow per share	-0.6	0.4	-0.2	-0.5	0.1
Cash flow per share after dilution	-0.6	0.4	-0.2	-0.5	0.1
Other information					
Equity ratio	59.8%	50.7%	59.8%	50.7%	48.2%
Number of ordinary shares	211,898,854	50,680,316	211,898,854	50,680,316	50,396,316
Average number of ordinary shares	210,307,961	50,239,373	184,423,074	50,169,466	50,142,990
Outstanding warrants [2)]	335,000	335,000	335,000	335,000	335,000
Number of shares after dilution	212,598,154	51,050,316	212,598,154	51,050,316	51,095,616
Average number of shares after dilution	211,007,261	50,660,950	185,122,374	51,247,833	51,197,074

[1)] There are two different warrant programs outstanding, exercisable for a maximum of 699,300 new shares in total

Financial Statements – Parent Company

Profit and Loss Statement – Parent Company

Amounts in SEK million	Apr 1 - Jun 30 2010	Apr 1 - Jun 30 2009	Jan 1 - Jun 30 2010	Jan 1 - Jun 30 2009	Full year 2009
Total revenues	335.2	319.9	635.1	675.1	1,297.0
Cost of goods and services sold	-124.8	-79.3	-233.3	-192.0	-375.7
Gross profit	**210.4**	**240.6**	**401.8**	**483.1**	**921.2**
Sales and administration expenses [1)]	-82.2	-95.4	-169.1	-174.0	-309.0
Research and development expenses	-111.3	-152.7	-226.8	-306.8	-570.7
Restructuring expenses	-3.2	–	-45.8	–	–
Other operating revenues/expenses	11.3	-6.7	14.1	-5.0	-5.1
Operating profit/loss	**25.0**	**-14.2**	**-25.8**	**-2.7**	**36.4**
Result from participation in Group companies	-4.1	–	-6.3	–	17.6
Financial income	0.2	1.0	1.4	6.5	28.7
Financial expenses	-21.8	28.9	-29.7	-12.3	-12.3
Profit/loss after financial items	**-0.7**	**15.7**	**-60.4**	**-8.5**	**70.4**
Income tax expense	–	–			–
Profit/loss for the period	**-0.7**	**15.7**	**-60.4**	**-8.5**	**70.4**
[1)] Amortization of product rights included in adm expenses	-12.1	-12.1	-24.3	-23.5	-47.9

Balance Sheet – parent Company

Amounts in SEK million	Jun 30 2010	Jun 30 2009	Dec 31 2009
ASSETS			
Fixed assets			
Intangible fixed assets	935.7	842.6	959.7
Tangible fixed assets	255.4	207.8	252.0
Financial fixed assets	4,506.5	610.7	670.3
Total fixed assets	**5,697.6**	**1,661.1**	**1,882.0**
Current assets			
Inventories	852.1	587.7	578.4
Current receivables, non-interestbearing	374.9	378.2	396.5
Short-term investments	–	113.6	48.4
Cash and cash equivalents	177.9	226.3	258.0
Total current assets	**1,404.9**	**1,305.8**	**1,281.2**
Total assets	**7,102.5**	**2,966.9**	**3,163.2**
EQUITY AND LIABILITIES			
Shareholders' equity	**4,490.6**	**1,243.6**	**1,326.1**
Long-term liabilities			
Long term liabilities	1,351.5	396.3	656.0
Long term liabilities, non-interestbearing	–	381.8	–
Total long-term liabilities	**1,351.5**	**778.1**	**656.0**
Current liabilities			
Current liabilities	164.3	–	50.0
Current liabilities, non-interestbearing	1,096.1	945.2	1,131.1
Total short-term liabilities	**1,260.4**	**945.2**	**1,181.1**
Total equity and liabilities	**7,102.5**	**2,966.9**	**3,163.2**

Change in Shareholders' equity – Parent Company

Amounts in SEK million	Jan 1 - Jun 30 2010	Jan 1 - Jun 30 2009	Jan 1 - Dec 31 2009
Opening balance	**1,326.1**	**1,216.2**	**1,216.2**
Sharebased compensation to employees	8.1	1.6	5.1
Issue of share	3,216.8	34.3	34.4
Redemption of shares	–	–	-0.2
Profit/loss for the period	-60.4	-8.5	70.4
Equity, end of period	**4,490.6**	**1,243.6**	**1,326.1**

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 1.2. 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.

The Group applies the same accounting standards as those applied in the 2009 Annual Report with the exception of new or amended standards, interpretations or improvements that have been adopted by the EU and are to be applied from 1 January 2010. The fact that Biovitrum has acquired Swedish Orphan has not affected the company's reporting as regards IFRS 8 – Segment Reporting.

For Swedish Orphan Biovitrum AB (publ), the following amendments are relevant:

Adopting revised accounting standard – IFRS 3 "Business Combinations"

Effective as of January 1, 2010, the Group is applying the revised accounting standard IFRS 3 Business Combinations. The revised standard still requires the acquisition method to be applied for business combinations, but with some significant changes. For example, all payments for the purchase of a business at fair value are recorded on the acquisition date, while subsequent conditional payments are classified as liabilities which are then re-measured in profit or loss. Non-controlling interests (replacing the previous term "minority interest") in the acquired business can either be valued at fair value or at the proportionate portion of the business's net assets held by the party with the non-controlling interest. All acquisition related transaction costs are to be expensed. The revision applies prospectively for acquisitions after the date it goes into force. The amendment to the standard will not involve any change with respect to previous acquisitions, but will only affect reporting of future acquisitions.

The amendment has affected the acquisition of Swedish Orphan which was in progress year-end 2009. Accrued acquisition related transaction costs as per December 31, 2009, amounting to SEK 58.8 M, has been charged to equity as an adjustment of opening balance as per January 1, 2010.

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
- 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 Biovitrum's 2009 Annual Report (see the Directors' Report).

Note 2 Shares and Warrants

Development in share capital and number		Number of shares	Share capital, SEK
December 2009		50,911,901	27,935,503
Jan 2010	New share issue	159,129,238	87,313,411
May 2010	Issue of shares in connection with convertible bonds	2,373,300	1,301,495
June 2010		212,414,439	116,550,409

A preferential new share issue and an issue in kind were completed in January, 2010, after which total number of shares are 212,414,439.

Issued shares break down as 211,898,854 ordinary shares and 515,585 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 Biovitrum, and may involve a total maximum allocation of 433,952[1)] shares in Biovitrum AB (publ). The number of shares, to be received by program participants, will be based on the development of the 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 Biovitrum, and may involve a total maximum allocation of 380,735[2)] shares in 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 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.

Warrant programs

Option program 2006/2011	Full year 2010	Full year 2009	Full year 2008
Outstanding January 1	35,000	40,000	60,000
Forfeited during the period	-	-5,000	-
Outstanding at of end of accounting period	35,000	35,000	40,000
Exercisable at of end of accounting period	35,000	35,000	24,998

Employee option program 2007/2012	Full year 2010	Full year 2009	Full year 2008
Outstanding January 1	300,000	300,000	300,000
Outstanding at of end of accounting period	300,000	300,000	300,000
Exercisable at of end of accounting period	300,000	200,000	100,000

[1)] Adjusted for new share issue completed in January 2010.
[2)] Adjusted for new share issue completed in January 2010.

Note 3 Transactions with related parties

Amounts in SEK thousands	Full Year 2010	Full Year 2009
Loan to executive management in Parent Company:		
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 2009.

Note 4 Taxes

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.

Note 5 Acquired operations

Biovitrum acquired Swedish Orphan, creating a new specialty pharmaceutical company, focused on rare diseases. The transaction is built on a strong industrial logic and a profitable future growth of the business. The acquisition was concluded on January 14, 2010.

Below follows a preliminary purchase price allocation for the acquisition of Swedish Orphan.

Purchase price allocation *Amounts in SEK million*	
Purchase price	
- cash payment	1,923.4
- discounted value est. future additional purchase price	165.0
- fair value of shares issue	1,738.4
Total purchase price	**3,826.8**

Assets and liabilities in acquired operation *Amounts in SEK million*	Fair value
Other intangible assets	2,680.0
Tangible assets	14.0
Financial fixed assets	3.0
Other current assets	449.0
Total assets in acquired operation	**3,146.0**
Long-term borrowings	31.0
Retirement benefit obligations	3.0
Deferred income tax liabilities	749.0
Current liabilities	182.0
Total liabilities in acquired operation	**965.0**
Acquired net assets	**2,181.0**
Goodwill	1,645.8
Total purchase price	**3,826.8**

Goodwill pertains to the established legal structure and market presence in most countries and the synergy effects that are expected to arise by coordinating the operations of Biovitrum and Swedish Orphan.

The estimated value of the capital contributed in kind is equivalent to a subscription price of around SEK 29.80 per ordinary share, representing a volume-weighted average price for the Biovitrum share during the 20 trading days preceding the announcement of the acquisition on November 5, 2009 adjusted for dilution of the rights issue that Biovitrum implemented to partially finance the cash payment for the acquisition.

The future conditional purchase sum is based on expected future sales volume of Multiferon. The purchase sum is calculated on a yearly basis and amounts to the net volume which exceeds a "High Watermark amount" multiplied by three. The initial High Watermark amount amounts to SEK 200 M and the maximum conditional purchase sum amounts to SEK 425 M. The duration of the purchase sum is 60 months after certain approvals and commercial launches in a number of EU countries, however, never later than the 31st December, 2017.
The fair value of the acquired identifiable intangible assets of SEK 2,680 Million is a preliminary figure pending the receipt of a final measurement of these assets, and also the final valuation of the additional purchase price.

The fair value of the acquired identifiable intangible assets of SEK 2,680 Million is a preliminary figure pending the receipt of a final measurement of these assets, and also the final valuation of the additional purchase price.

Liquid funds *Amounts in SEK million*	
Liquid funds	
Cash payment	-1 923,4
Liquid funds in acquired operation	122,2
Effect on liquid funds	**-1 801,2**

The acquisition agreement includes e.g. an undertaking by former CEO of Swedish Orphan, Bo Jesper Hansen, not to compete with Biovitrum or its subsidiaries during a period of three years from completion of the transaction. For this undertaking, Bo Jesper Hansen is, under the relevant three-year period, entitled to a monthly compensation amounting to approximately DKK 565,000, however reduced with e.g. any compensation payable to Bo Jesper Hansen during the same period by Biovitrum or any group company under any employment or consultancy arrangement.

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 20th, 2010

Bo Jesper Hansen Chairman of the Board	Hans Glemstedt	Adine Grate Axén
Lennart Johansson	Wenche Rolfsen	Michael Steinmetz
Hans Wigzell	Catarina Larsson Union Representative	Bo-Gunnar Rosenbrand Union Representative
Martin Nicklasson Chief Executive Officer		

Conference call details

The Interim Report for the second quarter 2010 will be presented by Swedish Orphan Biovitrum´s CEO Martin Nicklasson and CFO Göran Arvidson at a media and analyst telephone conference. The presentation will be held in English and can also be followed, direct or retrospectively, by an audio cast via internet.

Time:	Tuesday, July 20, 2010 at 3.00 p.m. (CET)
Telephone dial in:	To participate in the Telephone Conference please call: UK: +44 (0)207 509 5139, SWE: +46 (0)8 505 202 70 US: +1 718 354 1226

To follow the Telephone conference via audio cast, direct or retrospectively through internet you will find the link on our web site, please visit: www.sobi.com

The presentation material will be available on our web site 30 minutes prior to the telephone conference, please visit: www.sobi.com

Contacts for further information

Swedish Orphan Biovitrum AB (publ): Corp. Reg. No. 556038-9321
SE-112 76 Stockholm
Visitors: Tomtebodavägen 23 A, Solna
Telephone +46 8 697 20 00

For further information, please contact:

Erik Kinnman, Investor Relations	phone +46 73 422 15 40
Martin Nicklasson, CEO	phone +46 8 697 23 27
Göran Arvidson, CFO	phone +46 8 697 23 68

Financial calendar for 2010

Interim Report July-Sept 2010	October 26, 2010

About Swedish Orphan Biovitrum

Swedish Orphan Biovitrum is a Swedish based niche specialty pharmaceutical company with an international market presence. The company is focused on providing and developing specialist pharmaceuticals for rare disease patients with high medical needs. The portfolio consists of about 60 marketed products and an emerging late stage clinical development pipe-line. Our focus areas are: hemophilia, inflammation/autoimmune diseases, fat malabsorption, cancer supportive care and inherited metabolic disorders. Swedish Orphan Biovitrum had pro-forma revenues 2009e of about 2 BSEK and approximately 500 employees. The head office is located in Sweden and the share (STO: SOBI) is listed on NASDAQ OMX Stockholm. For more information please visit www.sobi.com.