Orexo AB (publ.)
– Interim report, January-March 2009

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In the event of any discrepancy between the English translation and the official Swedish version, the Swedish version shall prevail.

Uppsala, May 6, 2009

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Interim report January-March 2009

Positive earnings and strong news flow

Period in brief

- Net revenues amounted to MSEK 114.9 (24.0).
- Profit after tax was MSEK 26.3 (-62.2).
- Earnings per share before dilution were SEK 1.20 (-2.88).
- Earnings per share after dilution were SEK 1.15 (-2.88).
- Cash and cash equivalents at the end of the period amounted to MSEK 148.2 (201.6).

Key events, first quarter of 2009

- The FDA (US Food and Drug Administration) approved Orexo's Edluar™ product for the treatment of insomnia. The approval meant that Orexo received a milestone payment from Meda of MUSD 5.
- Orexo's product Abstral™ was approved in France and Spain.
- Orexo entered license and distribution agreements that give exclusive rights to market and sell Abstral™ in China and Israel respectively.
- Orexo signed an exclusive development agreement with a large healthcare company. The agreement provides for joint development within Orexo's OX17 program for the treatment of gastroesophageal reflux disease (GERD).
- Orexo acquired the UK drug delivery company PharmaKodex Ltd. The acquisition strengthens Orexo's fundamental strategy of developing unique drugs based on well-established, effective substances.
- An experimental Phase IIa study involving OX914 was completed and the results indicated that oral treatment using OX914 did not show any statistically significant decrease in the patient's symptoms for the treatment of rhinitis (hay fever).

Key events after the end of the period

- Orexo's Annual General Meeting was held on April 23.

Condensed statement of operations

MSEK	3 months 2009 Jan-Mar	3 months 2008 Jan-Mar	12 months 2008 Jan-Dec
Net revenues	114.9	24.0	233.3
Profit after tax	26.3	-62.2	-103.1
Earnings per share, before dilution (SEK)	1.20	-2.88	-4.77
Earnings per share after dilution (SEK)	1.15	-2.88	-4.77

CEO's COMMENTS:

Positive earnings and strong news flow

The first quarter of the year may be summed up in a net profit of MSEK 26.3 and strong news flow for Orexo.

In early 2009, Abstral™ was launched in the UK and Germany, as well as being approved for sale in Spain and France. The launch in the UK and Germany is proceeding according to plan. We also signed agreements for Abstral™ in China and Israel, where our new partners NovaMed and Neopharm, respectively, will later launch the product.

In mid-March, the FDA approved our insomnia product Edluar™ in the US. Our partner Meda is now planning to launch Edluar™ on the US market during the second half of the year and we will receive royalties on Meda's sale of Edluar™. The approval of Edluar™ is an important milestone for Orexo and, thus, within 12 months we have secured approval for two proprietary developed drugs.

During the period, we also signed a development agreement for the OX17 program. Along with our partner, we plan to develop the product, while also continuing to negotiate a global exclusive license agreement. We also presented the results from an experimental Phase IIa study of OX914, which unfortunately did not produce positive results in treatment of rhinitis.

In February, we acquired the UK drug delivery company, PharmaKodex, which strengthens our business model to develop unique drugs based on well-established substances. The acquisition was accompanied by a number of attractive technologies and pharmaceutical projects, which may soon create value for Orexo.

Looking ahead, the objective is to accelerate revenues from our products which are being launched on additional markets. At the end of the quarter, Orexo had net cash and cash equivalents of MSEK 148.2 and in addition we received MUSD 5 (MSEK 41) in early April. We will continue to focus keenly on reducing our costs in order to further focus our business and strengthen our financial position.

Torbjörn Bjerke

President and CEO

KEY EVENTS, FIRST QUARTER 2009

FDA approved Orexo's Edluar™ product for the treatment of insomnia

The FDA (US Food and Drug Administration) approved Edluar™ (formerly Sublinox) 5 mg and 10 mg sublingual tablets for the treatment of short-term insomnia. Orexo's partner, Meda, plans to launch the product on the US market during the latter half of 2009. Orexo will also receive royalties on Meda's sales of Edluar™.

Approval meant that Orexo received a milestone payment of MUSD 5.

Orexo's Abstral™ received EU approvals in France and Spain

Abstral™ is expected to be launched in France and Spain during the latter half of 2009. Approval meant that Orexo received a milestone payment of MEUR 1.3.

Orexo signed an agreement for Abstral™ in China

Orexo and the Chinese pharmaceutical company NovaMed Pharmaceuticals signed a licensing and distribution agreement that grants NovaMed exclusive rights to apply for regulatory approval for Abstral™ in China.

The terms of the agreement include an upfront payment, regulatory milestones and sales milestones. The total value of the upfront payment and milestones are MUSD 4.75. In addition, Orexo will supply NovaMed with Abstral™ and will receive a margin on the sales of the product if approved. NovaMed will be responsible for managing the regulatory approval process including clinical studies, which is a standard requirement in China.

Orexo signed an agreement for Abstral™ in Israel

Orexo and the Israeli pharmaceutical company Neopharm Ltd signed a distribution agreement that grants Neopharm exclusive rights to market and sell Abstral™ in Israel.

Orexo will supply Neopharm with Abstral™ in Israel and will receive a significant margin on sales. The terms of the agreement also include milestone payments. No information is available on the financial terms and conditions, however. Neopharm is responsible for the regulatory approval process in Israel.

Orexo signed an exclusive development agreement for the OX17 program

Orexo signed an exclusive development agreement with a large healthcare company. The agreement provides for joint development within Orexo's OX17 program for the treatment of gastroesophageal reflux disease (GERD) and the discontinuation of all other licensing agreement discussions for OX17.

Parallel with the development work, Orexo and its partner will negotiate a global exclusive licensing agreement for Orexo's entire OX17 program and related intellectual property.

Orexo acquired PharmaKodex, a UK drug delivery company

PharmaKodex Ltd (PharmaKodex) is a UK drug delivery company specializing in the formulation and development of prescription and non-prescription drugs containing small molecular substances. The company has a number of development programs in which clinical and preclinical

studies are in progress, and which are ready for outlicensing. The program focuses on improving oral, sublingual and transdermal drug delivery.

PharmaKodex was acquired as of February 23, 2009, and has been consolidated since February 24 in the consolidated financial statements.

Payments to PharmaKodex' previous owners is to be paid in two stages. The first stage was paid in the form of newly issued shares in Orexo, while the second stage will either be in the form of shares in Orexo or cash, depending on Orexo's choice. As payment for the first part, 843,992 new shares in Orexo were issued to the previous shareholders in PharmaKodex. Additional shares equivalent to the same value in GBP will be issued in August 2009, unless Orexo decides to pay for the second stage in cash. The number of shares that will ultimately be issued is estimated on the basis of the current share price, but no lower than SEK 42. The transaction also provides for further conditional payments, based on the financial profits from licenses of existing PharmaKodex programs and technologies and certain milestones, but no royalties will be due on such programs or technologies.

The company's product portfolio includes the core OX219 program for the treatment of opioid dependency. The company's product portfolio also includes a development program for a product that provides rapid and lasting pain relief for migraine. PharmaKodex also has several technology families for drug delivery: Xerosol, Taste Transformation and Pandermal.

The acquisition is part of Orexo's fundamental strategy to develop unique drugs based on well-established, effective substances. By applying optimal technology, the delivery of these substances can be made faster, safer and/or more effectively.

Orexo announces Phase IIa data on OX914 in rhinitis

The trial data showed that treatment with 15 mg or 50 mg per day of OX914 did not show a statistically significant reduction in patient symptom scores after allergen provocation, compared with placebo treatment. OX914 was safe and well-tolerated and, unlike most other PDE4 inhibitors, did not show any increased evidence of nausea or vomiting compared with placebo.

While this result shows that oral treatment with OX914 is not likely to be an effective therapy in allergic rhinitis, no assessment can be made from this result in respect of its efficacy against COPD. In light of the preclinical in vivo evidence of efficacy and the molecule´s strong safety and tolerability profile, Orexo will continue its ongoing discussions with several potential development partners for OX914 and the suite of back-up molecules in this series for COPD and other non-respiratory inflammatory indications.

Allotment of employee stock options

During the period February – April 2009, employees were allotted 329,500 employee stock options pursuant to Orexo's current employee stock options program, with a strike price of SEK 51.

KEY EVENTS AFTER THE END OF THE PERIOD

Orexo's 2009 Annual General Meeting held on April 23
The Annual General Meeting resolved to re-elect Monica Caneman, Johan Christenson, Staffan Lindstrand, Ray Hill, Bengt Samuelsson and Kjell Strandberg, as members of the Board of Directors, and to elect Peter Lindborg as a new Board member. Håkan Åström was re-elected as Chairman of the Board of Directors for the period until the end of the next Annual General Meeting.

The Meeting resolved to adopt a new employee stock option program including the issuance of warrants and approval of disposal of the warrants under the employee stock option program. The employee stock option program consists of 470,000 employee stock options. Each employee stock option can be exercised to acquire one share in Orexo against payment of a strike price set as 110 percent of the market value of the Orexo's share at the time of allotment.

The Meeting resolved to adopt a Board member shareholder program including the issuance of 31,350 warrants and approval of the disposal of the warrants issued under the Board member share plan. Board members participating in Orexo´s Board member shareholder program will receive 50 percent of their Board fee and any fee for committee work in cash and will be allocated a number of Board shares, whose value at the time of allotment shall correspond to 50 percent of the remuneration of the Board fee and any fee for committee work. Entitlement to acquire new shares pursuant to the program is contingent on the individual remaining as a Board member during the entire mandate period or part of it.

The Annual General Meeting resolved to authorize the Board – in order to permit corporate acquisitions, product acquisitions and cooperation agreements and to meet obligations in agreements concluded by the company – to decide on the issuance of new shares on one or more occasions, notwithstanding the preference rights of shareholders, and in return for payment in cash, offsetting, or non-cash transactions or otherwise subject to terms and conditions; but, however, such issuance may not entail that the company's registered share capital or number of shares in the company increases by more than a total of 15 percent, or leads to the company's share capital exceeding the maximum permissible share capital permitted at any time by the Articles of Association. The authorization permits a maximum of one-third (that is, an increase of 5 percent) to be used to meet obligations in contracts that the company concludes in return for payment through netting or via non-cash transactions and a maximum of two-thirds (that is, an increase of 10 percent) to be used to permit corporate acquisitions, product acquisitions and cooperation agreements.

Operations

Orexo's product portfolio

Commercialized products

Abstral™ – for the treatment of breakthrough cancer pain
Abstral™ is a drug that provides fast and effective treatment of breakthrough pain in cancer patients. It is based on Orexo's sublingual tablet technology and the analgesic, fentanyl. A large number of patients suffering from continuous cancer pain receive long-acting, pain-relief treatment with strong pain-relief medications such as morphine. Despite this medication, a lot of these patients also experience episodes of transient pain, called breakthrough pain.

The objective is to treat the pain of cancer patients in a safe and fast way, and thereby improve their quality of life. For some time products based on fentanyl have been on the market, for the treatment of breakthrough cancer pain and one of the most recent is Abstral™. Abstral™ has a fast-acting and relatively short-term pain relieving effect, which consequently makes it highly appropriate for this type of treatment. Abstral™ is a fast-dissolving tablet that is placed under the tongue. The benefit is that its active ingredient fentanyl is rapidly absorbed by the body through the mucous membrane. The effect is thereby faster and more predictable than that of drugs that reach the bloodstream through the intestines. The tablet is also easy to use, store and handle.

Regulatory approval and sales

The EMEA recommended approval for the marketing and sale of Abstral™ in Europe in June 2008 and the product has been approved for marketing in the UK, Germany, Sweden, Denmark, Spain, France, Austria, Iceland and Hungary. Phase III studies commenced in the US in December 2005 and an interim analysis showing positive results was published in December 2007. The study has completed and the NDA will be submitted to the US Food and Drug Administration (FDA) in 2009.

Abstral™ was launched in Sweden in the third quarter of 2008. Orexo's and ProStrakan's joint venture ProStrakan AB has the sales rights for the Nordic countries and is responsible for sales and marketing there. ProStrakan Group plc has the sales rights for Europe and North America. In early 2009, ProStrakan launched Abstral™ in the U.K. and Germany. Kyowa Hakko Kirin has the rights for Japan, where the product is in Phase III. Distribution agreements for Russia and the CIS (the other countries in the former Soviet Union), Bulgaria and Rumania have been signed with Gedeon Richter. A distribution agreement has been signed with Hospira for the Southeast Asian market, including Australia and New Zealand. For the Chinese market, Orexo has signed a distribution agreement with NovaMed, and for the Israeli market Orexo has signed a distribution agreement with Neopharm.

Edluar™ – for insomnia

Edluar™ is based on Orexo's sublingual tablet technology and the active substance zolpidem. Zolpidem is a well-documented substance that has been used for a long time in drugs against insomnia. The Edluar™ tablet is placed under the tongue where it rapidly dissolves and the active substance is absorbed through the mucous membrane. The international pharmaceutical company Meda has acquired the global rights to Edluar™.

Market

Many people suffer from insomnia and this group is growing in the West. The market for insomnia treatments amounted to USD 5 billion globally in 2007 according to IMS Health.

Approvals

The FDA approved Edluar™ for the treatment of short-term insomnia in March 2009. Orexo's partner, Meda, plans to launch the product on the US market during the second half of 2009.

Diabact® UBT – diagnosis of Helicobacter pylori
Diabact® UBT is used to diagnose the presence of Helicobacter pylori, the bacterium that causes gastric ulcers. The product is a breath test based on Orexo's patented tablet technology for rapidly dissolving tablets. The breath test has high reliability, painless administration, takes ten minutes to carry out and is then sent to a laboratory for analysis.

Heliprobe® System – diagnosis of Helicobacter pylori
Heliprobe® System is a "doctor's office test" for the presence of the gastric ulcer bacterium, Helicobacter pylori. The product has a number of advantages including high reliability, painless administration, a short test time and on-site results.

Projects with licensing agreements

OX-NLA – for the treatment of rhinitis (hay fever)
The purpose of OX-NLA is to develop a fast-acting nasal spray based on the antihistamine cetirizine for the treatment of allergic and non-allergic rhinitis (hay fever). Orexo has developed a new formulation of cetirizine that can be administered directly to the nose by means of a spray. This was difficult in the past, since the substance itself causes irritation and stinging in the nasal mucous membrane. Administering the medication locally in the nose provides a faster effect on the allergic symptoms than if it is given in tablet form. The rapid effect also means that OX-NLA can be used safely and effectively for on-demand treatment.

Project status
Clinical Phase II studies of OX-NLA have shown satisfactory and fast-acting effects, which makes OX-NLA suitable for on-demand treatment. The nasal spray has favorable tolerance without causing local side effects in the form of stinging and pain. The international specialty pharmaceutical company Meda has acquired the global rights to OX-NLA and combination products based on it. Meda is responsible for the project's further development.

OX-MPI – against pain and inflammation

OX-MPI is aimed at developing an effective new drug for the treatment of inflammatory pain, such as from rheumatoid arthritis. Commonly drugs currently used to treat inflammatory pain are part of the group referred to as Non-Steroidal Anti-Inflammatory Drugs (NSAIDs), such as Naproxen and Voltaren. Long-term use of NSAIDs can result in side effects such as stomach bleeding and high blood pressure. COX-2 inhibitors, which have a more specific mechanism, were developed to avoid NSAIDs' side effects and their use grew rapidly. The discovery of a risk of cardiovascular side effects led to several COX-2 inhibitors being withdrawn in 2004. The remaining COX-2 inhibitors and prescription-only NSAIDs also carry warnings.

OX-MPI is derived from an entirely new mechanism based on the identification of a specific enzyme – membrane-bound prostaglandin (PG) E synthase (mPGES). This enzyme is necessary for the production of PGE2, a substance produced by the body which plays a pivotal role in many inflammatory processes. The goal for the OX-MPI project is to develop a drug that blocks the mPGES enzyme to curtail the formation of PGE2, leading in turn to reduced inflammation and a reduction in pain. Since the mechanism of action is more selective than NSAIDs and COX-2 inhibitors, OX-MPI offers the potential to be equally effective, but with fewer side effects.

Project status
An exclusive cooperation and license agreement for the development and commercialization of OX-MPI was signed in November 2005 with Boehringer Ingelheim. Since then, cooperation has proceeded around the development of selected PGE_2 inhibitors. Activities are in progress to optimize both the biological effect and other characteristics that are important for effective and safe pharmaceuticals.

Projects in which cooperation and licensing discussions have been initiated

OX17 – against gastroesophageal reflux disease (GERD)

OX17 is being developed for the treatment of gastroesophageal reflux disease (GERD). Patients suffering from GERD experience recurring heartburn, involving acidic regurgitation linked to stomachache, discomfort and pains. Current treatments either provide fast, short-term effects or slow, but lasting relief. By combining two well-known substances that inhibit acid secretion in the stomach, but take different lengths of time to have an effect – an H2-receptor blocker and a proton-pump inhibitor (PPI) – OX17 provides both a rapid and sustained effect.

Project status
In 2008, a Phase II study was concluded that showed that OX17 quickly and effectively reduces the secretion of acid in the stomach and that this acid-inhibiting effect continues to last as long as the symptoms require treatment. This is an attractive and unique profile for a drug to treat GERD. In early 2009, Orexo signed an exclusive development agreement with a large healthcare company. Parallel with this development work, Orexo and its partner will continue negotiations to enter into an appropriate globally exclusive licensing agreement including Orexo's entire OX17 program and related intellectual property. This licensing agreement is expected to be signed in 2009.

OX914 – to treat COPD and asthma

Orexo is developing OX914 for the treatment of inflammatory diseases such as COPD (smoker's disease), asthma and rhinitis (hay fever). The anti-inflammatory effect is gained by blocking the PDE4 enzyme. Clinical studies with substances that block PDE4 have shown positive treatment effects but also many side effects as well, mainly nausea. To date, OX914 has not shown a higher frequency of nausea among patients treated with active substances compared with placebo.

Project status
OX914 has shown favorable effects in preclinical models of COPD and asthma. Phase I studies to date have shown highly satisfactory safety and tolerance. An experimental Phase IIa study in Rhinitis has shown that oral treatment with OX914 shows no statistically significant reduction in patient symptoms of nasal irritation with allergens (such as pollen) compared with placebo.

OX-AAF – for the treatment of inflammatory respiratory diseases

OX-AAF (arachidonic acid franchise) is the general term for the Orexo research project aimed at developing a new generation of drugs for the treatment of asthma and COPD that are more effective than current treatments. The project is based on Orexo's leading expertise in the arachidonic acid cascade and its importance in these diseases.

OX-CLI
The objective of the OX-CLI project is to develop an oral, non-steroid-based, anti-inflammatory and bronchodilatory drug for the treatment of all stages of asthma and COPD. The target protein in the OX-CLI project has a central role in the inflammatory process. Studies in animals that lack the target protein have shown significantly reduced inflammatory responses in various disease models for asthma and COPD. The mechanisms of action indicate that a better effect could be attained with OX-CLI than with current oral-based treatments using leukotriene inhibitors such as montelukast (Singulair®).

Project status
Orexo has identified proprietary molecules and established a patent portfolio with potential drug candidates. A number of these have shown good effects in various pharmacological models. Work is continuing to optimize biological effects and other characteristics that are important for an effective and safe drug.

OX2477
OX2477 is aimed at developing a drug that inhibits the 15-lipoxygenase enzyme (15-LO). This enzyme appears to have a key role in the inflammatory process and is present in large quantities in lung tissue among smokers and patients with bronchitis or asthma than among non-smokers. Orexo has identified a new group of pro-inflammatory mediators – eoxins – that are formed via 15-LO, which further strengthens interest in this enzyme. The objective of the OX2477 project is to develop an oral, non-steroid based, anti-inflammatory drug that has the potential to replace or decrease the use of inhaled steroids to deal with asthmas or COPD.

Project status
Orexo has developed several series of molecules to shape a patent portfolio with potential drug candidates. These are being evaluated in terms of their biological effect and other properties that are important for an effective and safe drug.

OX19 – treatment of incontinence

OX19 is focused on developing more effective pharmaceutical forms of desmopressin to more effectively treat incontinence. In addition to the treatment of nocturia, the product is also being developed for the short-term, on-demand treatment of urinary incontinence in women suffering from an overactive bladder.

Project status
Orexo has developed a nasal powder formulation for administering desmopressin. Data from a Phase I study confirm that this offers significantly better uptake than nasal sprays currently on the market. The next step is to seek partnership for further development of the product.

OX641

OX641 was obtained through the acquisition of PharmaKodex in February 2009. The project aims to develop a product that provides fast, lasting pain relief for migraine headaches. Orexo intends to license out this project to a major pharmaceutical company.

Project status
Formulation phase.

OX-PKX
OX-PKX is a designation for the development and outlicensing of the drug delivery technologies that were included in the acquisition of PharmaKodex. The purpose is to develop proprietary products and also to offer major pharmaceutical companies innovative drug delivery technologies to improve and upgrade their products. The technologies are: I) Xerosol II) Taste Transformation III) Pandermal.

Project status
Formulation phase.

Other projects

OX219

OX219 is being developed to create a drug to combat opioid dependency – such as heroin addiction – and which is fast acting and easy to use. Buprenorphine and naloxone – the active substances in OX219 – have favorable effects on opioid addiction that have been documented within the framework of medical, social and psychological treatment. Buprenorphine, a partial opioid agonist, offers a limited "high" and dampens the withdrawal symptoms and desire for narcotics. Naloxone counteracts the "high' that arises in connection with intravenous injection of buprenorphine. This means that the risk of abuse is reduced and thus also illegal dealing. By using the Xerosol technique, Orexo expects to create a drug that tastes better, acts faster and is easier to take than the market-leading Suboxone™. Orexo plans to conduct clinical studies during 2009.

Project status
Ready for clinical studies.

OX30 – treatment of chronic pain

OX30 is being developed to create long-acting pain relief medication with little risk of abuse. The active substance is an opioid with a slow release controlled from an oral pharmaceutical. The active substance is incorporated in a ceramic material, thus making it difficult to extract the opioid, as well as rendering the drug less prone to abuse.

Project status
Pre-project phase.

The period in figures: January 1– March 31, 2009

Condensed consolidated statement of operations

MSEK	3 months 2009 Jan-Mar	3 months 2008 Jan-Mar	12 months 2008 Jan-Dec
Net revenues	**114.9**	**24.0**	**233.3**
Cost of goods sold	-5.7	-3.9	-17.4
Gross profit	**109.3**	**20.1**	**215.9**
Selling expenses	-9.3	-8.0	-38.8
Administrative expenses	-10.8	-15.3	-55.3
Research and development expenses	-66.1	-62.2	-238.1
Other operating income and expenses	-2.9	0.9	3.8
Operating profit/loss*	**20.1**	**-64.5**	**-112.5**
Net financial items	6.1	2.2	9.0
Profit/loss after financial items	**26.2**	**-62.3**	**-103.5**
Tax	0.1	0.1	0.4
Net profit/loss for the period	**26.3**	**-62.2**	**-103.1**

** Includes costs of employee stock options in the amount of MSEK 1.1 for the period January – March 2009 (MSEK 2.4 January-March 2008).*

Revenues

Net revenues

Net revenues for January –March 2009 totaled MSEK 114.9 (24.0). The increase in revenues is primarily related to revenues in connection with cooperation with Meda and the approval of Edluar in the US and Abstral™ in Spain and France.

Net revenues were distributed as follows:

MSEK	Jan-Mar 2009	Jan-Mar 2008	Jan-Dec 2008
Diabact® UBT	1.3	1.3	6.6
Heliprobe® System	9.0	4.7	22.0
ProStrakan AB J/V 50%	2.6	2.1	9.7
License revenue	88.5	-	123.1
Royalties	1.3	-	0.1
Re-invoicing, R & D expenses	12.4	15.9	71.8
Total	114.9	24.0	233.3

Expenses and earnings

Selling expenses

Selling expenses for the period January -March 2009 amounted to MSEK 9.3 (8.0). Selling expenses include expenses for business development arising from the outlicensing of Orexo's project, Kibion AB, and the joint-venture company ProStrakan AB.

Administrative expenses
Administrative expenses for the period January -March 2009 totaled MSEK 10.8 (15.3). Of this total, PharmaKodex Ltd accounted for MSEK 2.1, of which MSEK 1.9 were restructuring costs.

Expenses for the company's employee stock options program
The company's expenses in the first quarter for the employee stock option program amounted to MSEK 1.1 compared with MSEK 2.4 in the year-earlier period. MSEK 0.4 (1.0) of these expenses is attributable to administrative personnel, MSEK 0.6 (1.3) to R&D personnel and MSEK 0.1 (0.1) to sales personnel.

Program expenses pertain both to estimated costs for the value of employee vesting during the period, marked to market at the time of allotment, as well as the estimated payroll overhead on the changes in value of the vested portion during the period. The company will need to pay payroll overheads on any gain that arises in conjunction with the exercise of employee stock options, calculated as the difference between the strike price of the stock option and the market value of the share.

The payroll overhead that could arise as a result of the employee stock option program has been hedged financially – and, thus, largely for cash flow purposes – through the issue of warrants to one of Orexo's subsidiaries. This hedging does not qualify for hedge accounting in accordance with IFRS.

Research and development expenses
Research and development expenses for the period January -March 2009 totaled MSEK 66.1 (62.2). MSEK 12.4 (15.9), of which was re-invoiced to partners during the period.

The rise in research and development expenses compared with the same period a year earlier is attributable to PharmaKodex MSEK 5.5 (0) and costs linked to registration applications for Abstral™/Rapinyl in the US, which amounted to some MSEK 14 (0), while asset impairment costs totaled MSEK 3 (0).

Research and development expenses include expenses for employees, employee stock options, premises, external costs for clinical trials, drug registration and laboratory services, as well as depreciation of equipment and amortization of acquired patents and other intangible assets. Orexo has no capitalized research and development costs. The company has a number of development projects that have progressed far in their development phases and/or for which discussions concerning outlicensing have commenced.

Other operating income and expenses
Other operating income and expenses for the period January -March 2009 amounted to MSEK 2.9 (0.9).

Depreciation/amortization
Depreciation/amortization for the period January -March 2009 totaled MSEK 2.5 (2.9).

Net financial items
Net financial items include interest income of MSEK 0.5 (2.2). Net financial items also include income of MSEK 5.6 because the content of the agreement covering the second installment payment for the acquisition of PharmaKodex is such that this is classified as a built-in derivative, which results in a positive effect on earnings from a declining share price.

Tax
Tax income (deferred tax) for the period January -March 2009 totaled MSEK 0.1 (0.1).

Net profit
Net profit for the period January -March 2009 totaled MSEK 20.1 (loss: 64.5). Net profit for the period after financial items was MSEK 26.2 (loss: 62.3), while profit after tax was 26.3 (loss: 62,2). Earnings were charged with restructuring costs of MSEK 6.6 relating to the acquisition of PharmaKodex Ltd.

Financial position
Group cash and cash equivalents plus current investments amounted to MSEK 148.2 (201.6) at March 31, 2009. Income from Meda in March 2009 of MUSD 5 (MSEK 41) is not included in cash and cash equivalents as of March 31, 2009.

Cash flow from operating activities for the period January-March 2009 amounted to a negative MSEK 62.6 (neg: 88.5). Cash flow after financing amounted to a negative MSEK 38.1 (neg: 90.0).

Shareholders' equity at March 31, 2009 totaled MSEK 633.5 (611.1). The equity/assets ratio was 82 percent (87).

Investments
Gross investments in tangible fixed assets for the period January -March 2009 totaled MSEK 0.1 (1.2). Refer to Note 7 regarding the investment in PharmaKodex Ltd.

Parent Company
Most the Group's business is carried out in the Parent Company, Orexo AB. Net revenues for the period January -March 2009 totaled till MSEK 98.5 (8.1), with profit after financial items totaling MSEK 32.4 (loss: 45,3). Investments totaled MSEK 0.1 (5.8). Cash and cash equivalents in the Parent Company at March 31, 2009 amounted to MSEK 17.9 (40.0), while current investments were MSEK 0.0 (0.0).

Pledged assets and contingent liabilities
In the acquisition of Inflazyme, a supplemental payment was agreed contingent on certain goals being met. Part of the supplemental payment was reported as long-term liabilities and MSEK 35.7 has been reported as contingent liabilities since the latter is not assessed as a probable payment based on pharmaceutical development statistics. The supplemental payment was adjusted for changes in exchange rates during the year. As cash-flow hedging for payroll overhead pertaining to the employee stock options issued by Biolipox, warrants were issued to Pyrinox AB. Orexo is committed to cover any deficit greater than the cover provided by the warrants. In addition, Orexo's acquisition of Noster System AB involved an agreement on a supplemental purchase price of not more than MSEK 7.2, which would become payable if the growth of Heliprobe™ System achieves pre-determined sales targets by year-end 2009. The amount is reported under contingent liabilities, since Orexo does not deem it likely. The previous pledged assets related to currency futures and chattel mortgages were terminated and reversed.

Payment for the acquisition of PharmaKodex is to be made in two parts. The first part is to be paid in newly issued shares in Orexo and the second part will consist of either newly issued shares in Orexo or cash, depending on Orexo's choice. As payment for the first part, 843,992 new shares in Orexo were issued. Additional shares equivalent to the same value in GBP will be issued in August 2009, unless Orexo decides to pay for the second part in cash. The number of shares that will ultimately be issued is estimated on the basis of the current share price, but no lower than SEK 42. The transaction also involves additional conditional payments based on revenues from licenses for PharmaKodex' current program and technologies, as well as being based on payments for certain milestones, and which are not reported as a liability.

Significant risks and uncertainties

Uncertainty regarding success of development programs
Orexo is a Group in the development stage with three products on the market and a number of other product candidates in various development stages, with some in the late clinical development phase. The research and development of pharmaceuticals are characterized by significant operating risks. Several factors affect the probability that a drug project will result in an approved pharmaceutical. For example, a potential drug candidate that demonstrated favorable effects in animal models may lack any significant effect on humans. Risks for side effects can also complicate drug projects. However, the risk of not reaching the market diminishes as the project passes through the various phases in the development process. If the Group's clinical trials are not successful, Orexo may lack the potential to license out or commercialize new products.

Competing operations
Orexo's competitors are large pharmaceutical and biotech companies with substantial financial resources and which conduct research in the same areas as Orexo. There is a risk that these competitors develop a pharmaceutical that is better than those developed by Orexo, or that they reach the market faster, whereby the future value of the Group's products will be less than originally expected.

Partners and the authorities
Orexo is dependent on partners – and is expected to remain so in the future – for development, implementation of clinical trials, approval from regulatory authorities regarding manufacturing, marketing and sales of the Group's product candidates. Orexo's and its partners' facilities and processes require the approval of the regulatory authorities and the manufacture and storage of pharmaceuticals and biological products involve environmental risks and are subject to environmental legislation, which may delay or disrupt operations. Changes to the healthcare system can also impact on Orexo's operations and profitability.

Key personnel
Orexo is dependent on its personnel and certain key individuals. In the event they terminate their employment, this could disrupt and delay development processes. To motivate and retain personnel and key individuals, the company offers such incentives as an options program aimed at all employees.

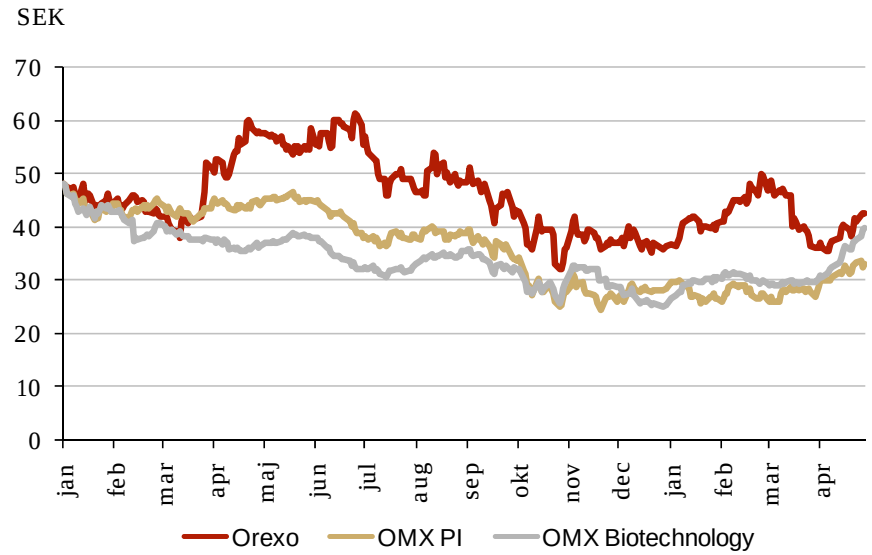
Financial risks
Orexo's operations entail exposure to risks due to changes in interest rates, exchange rates, and credit and counterparty risks as well as liquidity and financing risks. Orexo has developed guidelines and policies to effectively manage and limit these risks.

Orexo plans to reduce its operating costs during 2009 and the Board concludes that current financing, even without milestone payments or additional licensing agreements, is sufficient to pursue operations without additional financing over the next 12 months.

Orexo share and market capitalization

The Orexo share was quoted on March 31, 2009 at SEK 36. The company's market capitalization, which is based on the number of shares outstanding on March 31, 2009, totaled MSEK 809.

Share price trend since January 2008



Analysts monitoring Orexo:

ABG Sundal Collier	Alexander Lindström
Carnegie	Camilla Oxhamre
Handelsbanken Markets	Erik Hultgård
Nordea	Patrik Ling
Remium	Johan Isaksson
Redeye	Björn Fahlén
SEB Enskilda	Gustaf Vahlne

Future reporting dates:

Interim report, January - June 2009 August 21

Interim report, January - September 2009 November 10

Year-end Report, January-December, 2009 February 17, 2010

Uppsala, May 6, 2009

Orexo AB (publ)

Torbjörn Bjerke, President and CEO

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Review report
We have reviewed the appended report for the period January 1 to March 31, 2008 for Orexo AB (publ). The Board of Directors is responsible for the preparation and fair presentation of this interim report in accordance with the Annual Accounts Act and IAS 34. Our responsibility is to express an opinion on this interim report based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review takes a different direction and is substantially more restricted in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the appended year-end report has not in all significant respects been compiled in accordance with the Annual Accounts Act and IAS 34 and for the Parent Company in accordance with the Annual Accounts Act.

Uppsala, May 6, 2009
PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant

CONSOLIDATED BALANCE SHEETS

	Notes	2009 31-Mar	2008 31-Mar	2008 Dec 31
ASSETS				
Fixed assets				
Tangible fixed assets		48,824	56,527	50,317
Goodwill		16,030	16,030	16,030
Other intangible fixed assets		430,572	377,213	375,941
Total fixed assets		**495,426**	**449,770**	**442,288**
Current assets				
Inventories		14,845	14,230	13,982
Accounts receivable and other receivables		108,238	34,842	53,313
Tax receivables		2,117	3,060	4,222
Cash and cash equivalents		148,187	201,597	188,220
Total current assets		**273,387**	**253,729**	**259,737**
Total assets		**768,813**	**703,499**	**702,025**
SHAREHOLDERS' EQUITY AND LIABILITIES	3			
Share capital		8,987	8,647	8,647
Capital contributions		1,051,945	1,011,380	1,012,964
Accumulated losses		-421,553	-408,942	-451,828
Translation differences		-5,916	-	-
Total shareholders' equity		**633,463**	**611,085**	**569,783**
Long-term liabilities				
Provisions		548	329	490
Long-term liabilities		9,747	9,224	9,510
Deferred tax liability		10,088	762	415
Total long-term liabilities		**20,383**	**10,315**	**10,415**
Current liabilities				
Current liabilities, non-interest-bearing		114,967	82,099	121,827
Total liabilities		**135,350**	**92,414**	**132,242**
Total shareholders' equity and liabilities		**768,813**	**703,499**	**702,025**
Pledged assets		-	2,500	-
Contingent liabilities		42,990	43,550	42,120

CONSOLIDATED STATEMENT OF OPERATIONS

	Notes	3 months 2009 Jan-Mar	3 months 2008 Jan-Mar	12 months 2008 Jan-Dec
Net revenues		114,948	23,995	233,346
Cost of goods sold	2	-5,681	-3,896	-17,446
Gross profit		**109,267**	**20,099**	**215,900**
Selling expenses	2	-9,350	-8,002	-38,818
Administrative expenses	2	-10,844	-15,301	-55,294
Research and development expenses	2	-66,119	-62,184	-238,125
Other operating income		2,651	873	7,451
Other operating expenses	2	-5,520	-	-3,611
Operating result		**20,085**	**-64,515**	**-112,497**
Interest income		534	2,273	9,268
Interest expenses		-6	-35	-266
Other financial expenses		5,607	-	-
Financial items - net		**6,135**	**2,238**	**9,002**
Profit/loss before tax		**26,220**	**-62,277**	**-103,495**
Tax		100	115	441
Net profit/loss for the period		**26,320**	**-62,162**	**-103,054**
Net profit/loss for the period attributable to:				
Parent Company's shareholders		26,320	-62,162	-103,054
Minority interests		-	-	-
Earnings/loss per share, based on net profit attributable to the Parent Company's shareholders during the period (in SEK per share)				
Earnings per share, before dilution, SEK		1.20	-2.88	-4.77
Earnings per share, after dilution, SEK		1.15	-2.88	-4.77

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	3 months 2009 Jan-Mar	3 months 2008 Jan-Mar	12 months 2008 Jan-Dec
Net profit/loss for the period		**26,320**	**-62,162**	**-103,054**
Other comprehensive income				
Hedging of net investments		2,852	-	-
Exchange rate differences		-5,916	-	-
Other comprehensive income for the period, net after tax		**-3,064**	**-**	**-**
Total comprehensive income for the period		**23,256**	**-62,162**	**-103,054**
Total comprehensive income for the period attributable to:				
Parent Company's shareholders		23,256	-62,162	-103,054

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Attributable to the Parent Company's shareholders

	Share capital	Other contributed capital	Accumulated loss	Translation differences	Total	Total shareholders' equity 1)
Opening balance, January 1, 2008	8,647	1,011,380	-348,775	-	671,252	671,252
Total comprehensive income for the period	-	-	-62,162	-	-62,162	-62,162
Employee stock options	-	-	1,995	-	1,995	1,995
Closing balance, March 31, 2008	**8,647**	**1,011,380**	**-408,942**	**-**	**611,085**	**611,085**
Opening balance, January 1, 2009	8,647	1,012,964	-451,828	-	569,783	569,783
Total comprehensive income for the period	-	-	29,172	-5,916	23,256	23,256
Employee stock options	-	-	1,103	-	1,103	1,103
New share issue	340	38,981	-	-	39,321	39,321
Closing balance, March 31, 2009	**8,987**	**1,051,945**	**-421,553**	**-5,916**	**633,463**	**633,463**

1) *There are no minority interests*

CONSOLIDATED CASH-FLOW STATEMENTS

	Notes	3 months 2009 Jan-Mar	3 months 2008 Jan-Mar	12 months 2008 Jan-Dec
Continuing operations				
Profit/loss before interest expense and interest income		20,085	-64,515	-112,497
Interest income		534	2,273	9,268
Interest expenses		-6	-35	-266
Adjustment for items not included in cash flow	4	13,988	5,252	12,265
Cash flow from continuing operations before changes in working capital		**34,601**	**-57,025**	**-91,230**
Change in working capital				
Accounts receivable		-53,642	-3,471	-19,172
Other current receivables		7,134	11,395	7,463
Inventories		-863	-936	-688
Current liabilities		-50,156	-38,284	1,894
Provisions		58	167	328
Long-term liabilities		237	-371	-85
Cash flow from continuing operations		**-62,631**	**-88,525**	**-101,490**
Investing activities				
Acquisition of machinery and equipment		-121	-1,160	-1,671
Divestment of machinery and equipment		-	11	110
Acquisition of current investments		-	-	-
Divestment of current investments		-	-	-
Acquisition of shares in subsidiaries		24,695	-327	-327
Cash flow after investments		**-38,057**	**-90,001**	**-103,378**
Change in financing				
Proceeds from new share issue		75	-	-
Cash flow after financing activities		**-37,982**	**-90,001**	**-103,378**
Cash flow for the year				
Cash and cash equivalents, beginning of period		188,220	291,598	291,598
Exchange rate differences in cash and cash equivalents		-2,051	-	-
Changes in cash and cash equivalents		-37,982	-90,001	-103,378
Cash and cash equivalents, at close of period		**148,187**	**201,597**	**188,220**

KEY FIGURES

	3 months 2009 Jan-Mar	3 months 2008 Jan-Mar	12 months 2008 Jan-Dec
Operating margin, %	17	-269	-48
Profit margin, %	23	-260	-44
Return on total capital, %	3	-8	-14
Return on equity, %	4	-10	-17
Return on capital employed, %	4	-10	-17
Debt/equity ratio, multiple	0	0	0
Equity/assets ratio, %	82	87	82
Current ratio, %	238	309	213
Acid ratio, %	225	292	202
Average number of shares, before dilution	21,900,642	21,617,395	21,617,395
Average number of shares, after dilution	22,963,839	22,749,675	22,689,035
Number of shares, after full dilution	24,574,059	23,382,170	23,300,567
Number of shares, before dilution	22,467,137	21,617,395	21,617,395
Number of shares, after dilution	23,530,334	22,749,675	22,684,988
Earnings/loss per share, before dilution, SEK	1.20	-2.88	-4.77
Earnings/loss per share, after dilution, SEK	1.15	-2.88	-4.77
Shareholders' equity, before dilution, SEK	28.20	28.27	26.36
Shareholders' equity, after dilution, SEK	26.92	26.86	25.12
Number of employees at close of period	122	120	128
Average number of employees	123	124	123
Shareholders' equity	633,463	611,085	569,783
Capital employed	633,463	611,085	569,783

DEFINITIONS

Operating margin: Operating profit/loss as a percentage of net revenues.

Profit margin: Profit/loss after financial items as a percentage of net revenues.

Return on total capital: Operating profit/loss plus financial income as a percentage of average balance sheet total.

Return on shareholders' equity: Profit/loss of the period as a percentage of average shareholders' equity.

Return on capital employed: Operating profit/loss plus financial income as a percentage of average capital employed.

Capital employed: Interest-bearing liabilities and shareholders' equity.

Debt/equity ratio: Interest-bearing liabilities divided by shareholders' equity.

Equity/assets ratio: Shareholders' equity in relation to total assets.

Current ratio: Current assets as a percentage of current liabilities.

Acid ratio: Current assets excluding inventories as a percentage of current liabilities.

Number of shares after full dilution: Total number of shares plus the maximum number of shares that may be subscribed for through options outstanding

Number of shares after dilution: Calculation of the dilution from options issued by the company up to 2005 has been carried out in accordance with IAS 33.

Earnings per share before dilution: Profit/loss divided by average number of shares outstanding before dilution.

Earnings per share after dilution: Profit/loss divided by average number of shares outstanding after dilution.

Shareholders' equity per shares before dilution: Shareholders' equity divided by the number of shares before dilution at the close of the period.

Shareholders' equity per share after full dilution: Shareholders' equity divided by the number of shares after dilution at the close of the period

PARENT COMPANY BALANCE SHEET

SEK 000s	Notes	2009 March 31	2008 March 31	2008 Dec 31
ASSETS				
Fixed assets				
Tangible fixed assets		48,360	55,032	49,985
Intangible fixed assets		473	534	509
Shares in subsidiaries /joint ventures		606,441	524,169	524,169
Total fixed assets		**665,274**	**579,735**	**574,663**
Current assets				
Inventories		6,456	5,980	5,233
Accounts receivable		101,011	50,886	103,245
Tax receivables		1,733	1,473	2,536
Current investments		-	-	-
Cash and bank balances		17,946	39,999	29,608
Total current assets		**127,146**	**98,338**	**140,622**
Total assets		**782,420**	**678,073**	**715,285**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	6			
Restricted equity		299,738	299,398	299,397
Non-restricted equity		381,982	322,345	309,797
Total shareholders' equity		**681,720**	**621,743**	**609,194**
Long-term liabilities				
Provisions		548	329	490
Total long-term liabilities		**548**	**329**	**490**
Current liabilities, non-interest-bearing,		100,152	55,672	105,601
Total liabilities		**100,700**	**56,330**	**106,091**
Total shareholders' equity and Liabilities		**782,420**	**678,073**	**715,285**
Pledged assets		-	2,500	-
Contingent liabilities		11,050	11,050	11,050

PARENT COMPANY STATEMENT OF OPERATIONS

SEK 000s	Notes	3 months 2009 Jan-Mar	3 months 2008 Jan-Mar	12 months 2008 Jan-Dec
Net revenues		98,498	8,052	207,757
Cost of goods sold		-	-	-
Gross profit				
Selling expenses		-3,684	-2,679	-19,041
Administrative expenses		-8,180	-12,441	-52,085
Research and development expenses		-54,407	-39,394	-197,689
Other operating income		1,820	286	4,514
Other operating expenses		-4,693	-	-1,779
Operating profit/loss		**29,354**	**-46,176**	**-58,323**
Earnings from financial Investments				
Interest income		162	928	3,733
Interest expenses		-2	-17	-215
Other financial income		2,852	-	-
Profit/loss after financial items		**32,366**	**-45,265**	**-54,805**
Net profit/loss for the period		**32,366**	**-45,265**	**-54,805**

Notes

1. Accounting principles

This Interim Report was prepared pursuant to IAS 34, Interim Financial Reporting, which complies with the requirements of the Swedish Financial Accounting Standards Council's recommendation RFR 1.1, Interim Financial Reporting for Groups. As of 2005, Orexo applies IFRS as approved by the EU. The accounting principles and calculation methods comply with those applied in preparing the 2008 Annual Report.

During fiscal 2008, "Selling expenses" and "Administrative expenses" were reclassified. Business development is now is now classified as selling expenses and not as an administrative expense. The historical comparative figures have been restated in line with the new classification.

The Parent Company's accounting was prepared in line with RFR 2.2.

The accounting principles applied in this interim report are described in greater detail in the notes to the 2008 annual report.

The amounts below are in SEK 000s, unless otherwise indicated.

New accounting principles in 2009
Effective January 1, 2009, Orexo applies IFRS 8. The new standard requires that segment information be presented from the perspective of the executive management, which means that it is presented in the manner used in internal reporting. Since this is done at the Group level, Orexo's accounting will continue to be based on a single segment.

Orexo applies IAS 23, but this has not had any effect on the company's accounting.

The amended IAS 1 Presentation of financial statements is applied as of January 1, 2009. The amendment has affected Orexo's annual accounting retrospectively as of December 31, 2007. Among other implications, the amendment means that revenue and costs previously reported directly against shareholders' equity is now reported in a separate report directly after the statement of operations. Another change is that new designations may be used for the financial reports. However, this change is not mandatory and Orexo has elected to retain the current designations.

2. Costs distributed by type of cost

	2009 Jan-Mar	2008 Jan-Mar	2008 Jan-Dec
Raw materials and supplies	9,455	7,719	32,244
Other external costs	46,537	47,083	181,642
Personnel costs	37,107	31,722	128,475
Depreciation and impairment	4,414	2,859	10,734
TOTAL	**97,513**	**89,383**	**353,295**

3. Shareholders' equity

Changes in Group equity

	2009 Jan-Mar	2008 Jan-Mar	2008 Jan-Dec
Shareholders' equity brought forward, according to balance sheet	**569,783**	**671,252**	**671,252**
Net profit/loss for the period	26,320	-62,162	-103,054
New subscription for warrants	75	-	-
Non-cash issue	39,246		
Employee stock options, vested value for employees	1,103	1,995	1,584
Exchange-rate differences	-5,916	-	-
Hedging of net investments	2,852	-	-
Amount at close of period	**633,463**	**611,085**	**569,783**

Shares outstanding

The number of shares outstanding at December 31, 2009, was 22,467,137, all of which were common shares. All shares carry entitlement to one vote each.

During the period January – March, the number of shares outstanding increased by a total of 849,242 shares, whereof 843,992 through a non-cash issue at a price of SEK 46.50 per share and 5,250 shares through the exercise of employee stock options.

Options

At March 31, there was a total of 2,540,104 options outstanding that carry rights corresponding to 2,106,922 shares in Orexo and the exercise of 433,182 options for shares in Orexo[1]. Each option written by Biolipox AB provides entitlement for exchange for one share in Orexo AB, and a corresponding number of shares are held by the independent company Pyrinox AB.

The list below shows the change in the number of options during the period January 1, 2009 to March 31, 2009 distributed among each category.

[1] All information regarding options issued by Orexo AB has been restated to take into account the 1:250 share split conducted in November 2005. The 2005 Annual Report states that older option certificates provide entitlement to subscribe for 250 shares after the split. The reported data regarding options issued by Orexo AB refer to the number of shares to which each option provides entitlement to subscribe for shares following the share split. All data regarding options issued by Biolipox AB are restated using a factor of 0.45854, which corresponds to the computed value of the options related to the share price for the Orexo share on the acquisition date. The reported data regarding the options issued by Biolipox refers to the number of shares for which each option may be exchanged after recalculation.

	Opening 1/1 2009	Change	Closing Mar 31, 2009
Personnel-related options			
Of which:			
Decided and allotted employee stock options	651,075		651,075
Allotted in February 2009[1]		329,500	329,500
Exercised		-5,750	-5,750
Total			**974,825**
Decided and allotted Board member options	12,847		12,847
Total			**12,847**
Decided and allotted warrants	15,250		15,250
Total			**15,250**
Decided but not allotted employee stock options, 2008			
Opening balance, approved by the 2008 AGM	429,500		429,500
Less allotment in February 2009[1]		-329,500	-329,500
Total			**100,000**
Warrants held by subsidiary for cash-flow hedging of payroll overhead	78,000		78,000
Total			**78,000**
Total options decided	**1,186,672**	**-5,750**	**1,180,922**
Employee stock options taken over from Biolipox AB (no dilution effect, included in newly issued shares in conjunction with acquisition of Biolipox)	334,851	-32,043	302,808
Warrants taken over from Biolipox AB subsidiary for cash-flow hedging of social security fees (no dilution effect)	130,374	-	130,374
Total options from Biolipox	**462,225**	**-**	**433,182**
Total options to employees	**1,651,897**	**-37,793**	**1,614,104**
Other options			
Warrants related to supplemental payment in conjunction with acquisition of Biolipox AB	926,000	-	926,000
Total options outstanding	**2,577,897**	**-37,793**	**2,540,104**

During the period January –March 2009, 5,750 stock employee options from Orexo's employee stock options were exercised. During the period January –March, 2009, 32,043 of Biolipox employee stock options were also exercised, entailing that holders exchanged their options for 32,043 shares held by the independent company Pyrinox AB. Exercise did not entail any new share issues by Orexo.

1) Allotment in February after return of 100,000 employee stock options in April 2009.

In February new options were allotted. The distribution among executives following the return of 100,000 options in April 2009 was as follows:

- CEO: 30,000 shares
- Other senior executives: 120,000 shares
- Other employees: 179,500 shares

The strike price is SEK 51 and the options may be exercised through December 31, 2018. Vesting takes the form of one third of the total number allotted options on each of the three anniversary dates immediately after February 25, 2009. The fair value, calculated according to the Black & Scholes method, was SEK 9.38 per option on the allotment date.

Annual General Meeting approved new program
Orexo's Annual General Meeting (AGM) held on April 23, 2009 approved a new employee stock options program comprising the issuance of warrants as well as the approval of the disposal of warrants within the framework of employee stock options. Employee stock options comprise 470,000 employee stock options. Each employee stock option may be used to acquire one share in Orexo in return for payment of a strike price set at 110% of the market value Orexo's share on the allotment date. Full exercise of the new options would lead to a dilution of some 2 percent of the share capital and voting rights in Orexo.

The AGM also approved a Board member stock program comprising the issuance of 31,350 warrants and the approval of the disposal of the warrants within the framework of the Board shareholder program. Board members who participate in Orexo's Board member shareholder program receive 50 percent of their Board fees in cash and are allotted Board member shares in an amount that, on the allotment date, is equal in value to 50 percent of the Board fee and any fees for committee work. Entitlement to acquire shares pursuant to the Bard member stock program is contingent on the Board member remaining on the Board for all or part of the mandate period. Each Board-program share may be used to acquire one share in Orexo in return for payment of a strike price set in relation to the par value of the Orexo share.

4. Cash flow

Adjustment for items not included in cash flow

	2009 Jan-Mar	**2008 Jan-Mar**	**2008 Jan-Dec**
Depreciation/amortization and impairment	4,414	2,859	10,734
Estimated costs for employee stock options	1,129	2,391	1,531
Exchange rate differences	-14		
Hedging of net investments	2,852	-	-
Unrealized change of value in derivatives	5,607	-	-
Other	-	2	-
Total	**13,988**	**5,252**	**12,265**

5. Shareholders' equity

Changes in the Parent company's shareholders' equity

	2009 Jan-Mar	2008 Jan-Mar	2008 Jan-Dec
Opening shareholders' equity, according to the balance sheet	**609,194**	**665,932**	**665,932**
Net profit/loss for the period	32,366	-45,265	-54,805
Subscription for shares through the exercise of warrants	75	-	
New share issues	39,246	-	
New warrant issues		-	
Employee stock options, vested value	839	1,076	933
Group contribution	-	-	1,000
Closing amount	**681,720**	**621,743**	**609,194**

6. Acquisition of Pharmakodex

On February 24, Orexo AB attained decisive influence and thus control of the UK company PharmaKodex. The company was consolidated in the Orexo Group as of the same date.

The acquired company contributed net revenues of MSEK 0.0 and a net loss of MSEK 7.6 for the period February 24 to 31 March 31, 2009. If the acquisition had occurred on January 1, 2008, the Group's net revenues would have remained unchanged and the net loss for the period would have been MSEK 3.2 larger.

Orexo acquired the company in return for payment in two stages: The first stage was to be paid in the form of newly issued shares in Orexo, while the second stage in either shares in Orexo or cash, depending on Orexo's choice. As payment for the first part, 843,992 new shares in Orexo were issued. Additional shares equivalent to the same value in GBP will be issued in August 2009, unless Orexo decides to pay for the second part in cash. The number of shares that will ultimately be issued is estimated on the basis of the current share price, but no lower than SEK 42. The transaction also involves additional conditional payments based on revenues from licenses for PharmaKodex' current program and technologies, as well as being based on payments for certain milestones.

The acquisition value is MSEK 82.3. The calculation of the acquisition value is based on the estimated value of the newly issued shares and the expenses incurred by the acquisition:

Acquired net assets and goodwill (MSEK)**:**

Newly issued shares	39.2
Newly issued shares, supplementary payment, Sept. 2009	39.2
Direct expenses in connection with the acquisition	3.9
Total purchase price	**82.3**
Fair value of acquired net assets	82.3
Goodwill	**0.0**

The assets and liabilities included are follows: (MSEK):

	Fair value	Acquired carrying value
Intangible fixed assets		
- Acquired R&D	60.0	-
Intangible fixed assets	1.5	1.5
Tangible fixed assets	0.4	0.4
Current receivables	6.3	6.3
Cash and cash equivalents	28.5	28.5
Current liabilities	-4.0	-4.0
Deferred tax	-10.4	
Acquired net assets	**82.3**	**32.7**

Expenses in connection with the acquisition (MSEK):

Expenses incurred in the acquisition	-3.9
Cash and cash equivalents in the acquired company	28.5
Change in consolidated cash and cash equivalents	**24.6**

Note
Orexo AB Publ. discloses the information provided herein pursuant to the Securities Markets Act. The information was provided for public release on May 6, 2009 at 08:30 CET. This report has been prepared in both Swedish and English. In case of variation in the content of the two versions, the Swedish version shall take precedence.