Interim report January-June 2013

Unless otherwise stated in this report, all data refers to the Group. Figures in parentheses relate to the corresponding period in 2012.

FDA approves Zubsolv™ for maintenance treatment of opioid dependence

During the period

- Net revenues amounted to MSEK 208.8 (166.5).
- Revenues from launched products increased by 77 percent to MSEK 205.0 (115.7).
- Earnings after tax were MSEK -88.2 (-32.8). Earnings include impairment charge of MSEK 43.9 related to OX-NLA, a project that has been outlicensed to Meda since 2008.
- Earnings per share were MSEK -3.05 (-1.10).
- Cash flow from operating activities amounted to MSEK 79.4 (172.4).
- Cash and cash equivalents amounted to MSEK 300.7 (426.1).
- First patient treated in a new phase III study aiming to extend the clinical use of Zubsolv.
- Preparations for the launch of Zubsolv continue as planned.
- Dose-finding study completed for OX51. Data analysis is initiated and study results are expected in third quarter 2013.

After the end of the period

- Orexo enters into a commercial partnership with Publicis Touchpoint Solutions for the launch of Zubsolv in the US.
- FDA approves Zubsolv for maintenance treatment of opioid dependence.
- Robert A. DeLuca appointed as President of Orexo US Inc.
- Notice of Extraordinary General Meeting on August 6, 2013.

MSEK	**2013 Apr-Jun**	**2012 Apr-Jun**	**2013 Jan-Jun**	**2012 Jan-Jun**	**2012 Jan-Dec**
Net revenues	69.0	82.9	208.8	166.5	326.3
Revenues from launched products	68.6	79.9	205.0	115.7	267.1
EBIT	-112.7	-14.4	-82.4	-28.4	-79.4
EBIDTA	-67.5	-12.6	-36.0	-24.7	-62.1
Earnings after tax	-115.7	-16.6	-88.2	-32.8	-85.9
Earnings per share	-4.0	-0.56	-3.05	-1.10	-2.92
Cash flow from operating activities	84.4	205.3	79.4	172.4	28.7
Cash and cash equivalents	300.7	426.1	300.7	426.1	228.1

Teleconference
CEO Nikolaj Sørensen and CFO Carl-Johan Blomberg will present the report at a teleconference today at 10:30 a.m. CET. Presentation slides are available via the link and on the website.
Internet: http://financialhearings.nu/130712/orexo/
Telephone: SE: +46-851999368, UK: +44-2076602081, US: +1-8557532237

For further information, please contact:
Nikolaj Sørensen, CEO, tel: +46 (0)703 50 78 88, e-mail: nikolaj.sorensen@orexo.com

CEO's comments

The second quarter of 2013 and the first days of July were an inflection point and one of the most important periods in the history of Orexo. Since 2010, it has been our goal to become a fully integrated specialty pharmaceutical company with own commercial organization. With the FDA's approval of Zubsolv™, the establishment of a subsidiary in the US, and the collaboration agreement with Publicis Touchpoint Solutions we have now achieved this goal. We believe that Zubsolv, with its unique product features, such as a fast dissolve time, a new menthol taste, a smaller tablet size and ease of use, will have a positive impact on patients' adherence to their treatment.

We were very pleased to present our new commercial partner in the US, Publicis Touchpoint Solutions, at the beginning of July. With this agreement we have considerably improved the preconditions for a successful launch of Zubsolv, as we have gained access to an established, strong and experienced commercial organization, fully dedicated to Zubsolv and Orexo. At the same time, we were also able to announce that we have appointed Robert A. DeLuca as President of Orexo US Inc., who has extensive experience of establishing commercial pharmaceutical operations in the US.

A critical element in our launch preparations is to ensure that Zubsolv will be available in sufficient quantities at launch in September. The production and inventory build-up with our manufacturing partner in the US, are proceeding very well and we are confident that we can meet demand for Zubsolv at launch. In addition, our new colleagues in the US are preparing commercial activities to secure a successful launch.

In order to further strengthen the competitiveness of Zubsolv and to create long-term value, treatment of the first patient in a new phase III study was initiated in June with the goal of extending the clinical indication to initiation of treatment for opioid dependence, an indication that competing products do not have. In addition further clinical studies will soon be initiated.

Royalty and milestone payments from Abstral® increased by 110 percent during January-June. The revenue increase for all our launched products amounted to 77 percent. The lower net earnings for the period compared with the previous year are primarily due to increased costs for the coming launch of Zubsolv, such as inventory build-up and other pre-launch activities as well as clinical studies. Impairment related to the OX-NLA project as well as expenses in connection with the sale of Abstral to Galena in the US have also impacted earnings.

With the US commercial partnership agreement now established with Publicis Touchpoint Solutions, in which both parties invest into the launch of Zubsolv, and the present financial strength of Orexo, equity financing to support the launch of the product will not be needed. Our target to achieve a sustainable profitability at the end of this year remains unchanged.

I look forward to the forthcoming three months, a period totally focused on preparations for and launch of Zubsolv in the US. With a competent organization in place in the US, a strong commercial partner and a unique product profile, I am hopeful about the future.

Nikolaj Sørensen
President and CEO

Operations

Zubsolv™ – treatment of opioid dependence

Zubsolv™ was approved on July 4 by the US Food and Drug Administration, FDA, for maintenance treatment of opioid dependence.

All focus is now on securing the successful launch of Zubsolv in the USA by means of the agreement that was recently entered into with Publicis Touchpoint Solutions. The company is a leading partner in the life-science industry in the USA and offers complete sales solutions. Orexo US Inc. thus has a strong partner with relevant experience of product launches and knowledge of the American market for opioid dependence, together with a well-established infrastructure for distribution and sales.

Work at the production unit in Uppsala has been intense ahead of the planned launch to gain approval of the production site and transfer knowledge to the production partner in the US. The contract manufacturer in the US already carries out production of Zubsolv ahead of the launch in September. This has resulted in an inventory build-up of MSEK 86 since year-end. Child-resistant packaging and systems that enable traceability of the Zubsolv™ tablets on the market have been developed by Orexo. The aim of all this is to increase safety and reduce the risk of erroneous use and abuse of Zubsolv.

At the same time we have continued to work on securing and strengthening the long-term competitive advantages of Zubsolv™ through further development and new studies. For example, treatment of the first patient in a new phase III study was initiated in June with the aim of extending the clinical indication for Zubsolv to initiation of opioid dependence therapy as well. The study is the first of three planned studies during 2013. The two other studies concern how well patients adhere with treatment with Zubsolv and aim to further document patients' preference and health economic aspects. These three studies strengthen and extend the documentation of Zubsolv and the advantages of Orexo's formulation technology are clarified. The results of these studies are expected during 2014.

The results from the comparative acceptance study performed during 2012 between Zubsolv and Suboxone® Film were presented in April in Chicago at the largest and most important congress of the year for specialists in dependence medicine in the US, ASAM (American Society of Addiction Medicine). The study showed that 9 out of 10 participants would choose Zubsolv rather than Suboxone Film for daily treatment. Orexo thus assesses that Zubsolv has great market potential due to its unique properties in a rapidly growing market with great medical needs and also due to a positive view of medical treatment of opioid dependence on the part of politicians and authorities in the US. Orexo estimates that the product's market potential corresponds to annual sales of more than USD 500 million.

In February the American government classified opioid dependence as "essential healthcare" which should be covered by all insurance companies in the US. American experts assess that this, in combination with the ongoing healthcare reform in the USA, will double the number of patients able to receive treatment for their dependence during 2014.* As only 20% of Americans who are opioid-dependent receive some form of treatment today, it is Orexo's assessment that that the market is about to grow rapidly during the coming years. There are already more than 5 million Americans who today are opioid-dependent and access to paid diagnosis and treatment is important for the continued development of the market.

** Source: Health law could overwhelm addiction services, Associated Press, April 16, 2012.*

Launched products

Abstral®

In March Orexo sold Abstral in the USA to Galena Biopharma, Inc. Orexo initially received USD 10 million and will receive a further USD 5 million within twelve months. Furthermore, low double digit royalties will be paid, and payments will be made when certain milestones based on predetermined sales levels are reached. With this sale Orexo has secured net payments related to Abstral of more than MSEK 700 over the past twelve months. To this should be added future milestone and royalty payments.

The transition to Galena Biopharma, Inc. has been completed successfully. A main focus for Galena will be to ensure improved market access for Abstral and they have started this work, which is expected to continue throughout 2013 in anticipation of a broader commercial launch Q4, 2013.

Abstral continues its positive development in Europe and grew by 26% during the first quarter compared with the corresponding period in 2012. At the present sales rate Orexo will receive royalties for Abstral in Europe during 2013, for sales exceeding EUR 42.5 million. Sales figures for the second quarter will be reported in the forthcoming interim report.

Furthermore, Orexo will also receive royalties for Abstral in the future from other markets where the product is approved. We expect that Abstral will be launched shortly in further markets. Next in line is Japan, where Orexo's partner Kyowa Hakko Kirin submitted a New Drug Application for KW-2246 (Abstral) at the end of 2012.

Edluar™

Sales of Edluar grew during the first quarter by 50% in the USA and Canada. The launch of Edluar has been initiated in Europe by our collaboration partner Meda AB and the product is now available in Germany, Sweden and Belgium. Edluar will be launched in more European countries during 2013 and 2014.

Development programs

OX51 – prevention of acute episodes of intense pain
OX51 is a proprietary sublingual tablet formulation of alfentanil. The product will be the first oral alfentanil product for the prevention of acute intense pain episodes in connection with short surgical and invasive diagnostic procedures. Orexo anticipates that these shorter procedures will continue to grow significantly, with an increasing need for efficient and convenient pain prevention which can be managed in an office based setting.

In the autumn 2012, Orexo initiated a dose-finding study on patients undergoing prostate biopsies. The dose-finding study is now complete with the last patient leaving the study in June 2013. The company is now reviewing the data and the study results will be reported in the third quarter of 2013.

The study was a double-blind, randomized, placebo-controlled study comprising 180 patients who underwent elective prostate biopsies. The study was performed in 4 different European countries at 17 selected centers. The primary aim of this study is to show a dose response compared to placebo. When the study results are finalized, Orexo will determine the development strategy for OX51 in phase III.

Collaboration projects

OX-MPI – PGE2 inhibition (Prostaglandin E2)
The aim is to develop a completely new pharmaceutical class based on Orexo's prostaglandin research. The OX-MPI project is in a preclinical phase and evaluation of potential clinical strategies is ongoing. Boehringer Ingelheim has sole responsibility for all research and development and commercialization of future products. Boehringer Ingelheim will make payments to Orexo as and when certain milestones are achieved. In addition to this, royalty is to be paid on future sales.

OX-CLI – respiratory tract diseases
Orexo entered into a collaboration agreement with AstraZeneca in January 2013 regarding OX-CLI, a preclinical program for potential new treatment of respiratory tract diseases. Under the agreement AstraZeneca gains the rights to perform extensive preclinical research and evaluation of substances in Orexo's OX-CLI program. AstraZeneca also has an option to acquire all substances linked to the program. Transfer and a licensing agreement will then be agreed on by the parties, whereby Orexo will receive milestone payments during the development phase and royalty payments based on future revenues. AstraZeneca is responsible for all development costs for the project.

The interim period January-June in figures

Revenues

Launched products

Total revenues from Orexo's launched products increased during the period January-June 2013 by 77 percent, to MSEK 205.0 (115.7), compared with the same period the previous year. These include revenues of MSEK 64.3 related to sales of Abstral® in the US.
Royalty revenues from Abstral amounted to MSEK 117.7 (55.8).

Royalty revenues from Edluar™ amounted to MSEK 3.9 (2.4) during the period.

Kibion's sales during the period were MSEK 19.1 (20.2). The Middle East and the EU are Kibion's largest markets.

Revenues related to development projects

Revenues related to development projects amounted in all to MSEK 1.6 (36.7). During the first quarter of 2012, MSEK 36.7, a portion previously recognized as deferred revenue, was taken up as revenue in connection with the discontinuation of the OX-CLI project with Janssen Pharmaceuticals, Inc.

Total revenues

Total revenues during the period amounted to MSEK 208.8 (166.5), an increase of 25 percent compared with the same period the previous year. During the period April-June net revenues were MSEK 69.0 (82.9). Net revenues the previous year include a milestone payment of MSEK 29.3 for Abstral.

Net revenues were distributed as follows:

MSEK	Apr-Jun 2013	Apr-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Dec 2012
Abstral royalties	57.9	36.4	117.7	55.8	175.2
Milestone payment Abstral	-	29.3	64.3	29.3	29.3
Edluar™ royalties	2.1	1.2	3.9	2.4	6.3
ProStrakan AB joint venture 50%	-	3.3	-	8.0	8.0
Kibion	8.6	9.7	19.1	20.2	48.3
Total revenue from launched products	***68.6***	***79.9***	***205.0***	***115.7***	***267.1***
Partner-financed R&D costs	0.4	1.8	2.2	13.4	23.8
Licensing revenue for development projects	-	-	1.6	36.7	36.7
Other	-	1.2	-	0.7	-1.3
Total	**69.0**	**82.9**	**208.8**	**166.5**	**326.3**

Costs and earnings

Selling expenses
Selling expenses amounted to MSEK 40.5 (26.4) for the period January-June 2013 and MSEK 21.6 (13.4) for the period April-June. The increased expenses are primarily due to marketing activities for the coming commercialization of Zubsolv™ and to the building up of the US subsidiary.

Administrative expenses
Administrative expenses for the period January-June 2013 amounted to MSEK 59.6 (37.0). Administrative expenses include expenses of a one-time nature related to sales of Abstral® in the USA and to evaluation of the commercialization strategy in the USA to the tune of MSEK 13.9. Other increases in expenses are attributable to the company's ongoing patent litigation regarding Edluar™ in the US. Administrative expenses for the period April-June amounted to MSEK 25.0 (23.4).

Research and development costs
For the period January-June 2013, research and development costs amounted to MSEK 128.7 (110.1). The costs are for the most part attributable to activities related to clinical studies in the Zubsolv program and to preparations for and the starting up of production of Zubsolv. Research and development costs for the period April-June 2013 amounted to MSEK 82.1 (53.9).

Other income and expenses
Other income and expenses amounted to MSEK -48.4 (-7.7) during the period January-June 2013. Other expenses include expenses of MSEK 4.8 attributable to the change in the workforce that has been carried out and to impairment of previously acquired research and development , OX-NLA which has been outlicensed to Meda AB, to the tune of MSEK 43.9. The remainder of other income and expenses comprises primarily exchange-rate gains/losses.

Depreciation and amortization
Depreciation and amortization amounted to MSEK 2.5 (3.7) for the period January-June 2013 and MSEK 1.2 (1.8) for the period April-June 2013.

Net financial items
Net financial items for the period January-June 2013 amounted to MSEK -5.8 (-4.4). Net financial items include interest expenses of MSEK 6.1 for convertible debentures.

Earnings
Operating earnings for the period January-June 2013 were MSEK -82.4 (-28.4).

Financial position

At June 30, 2013, cash and cash equivalents amounted to MSEK 300.7 (426.1) and interest-bearing liabilities to MSEK 116.9 (116.0). This includes a convertible bond amounting to MSEK 111, which has a conversion price of SEK 47.50, maturing on March 31, 2015.

Cash flow from operating activities for the period January-June 2013 was MSEK 79.4 (172.4). During the period January-June 2013, the stock related to the launch of Zubsolv increased by approximately MSEK 86.

A resolution was adopted at the Extraordinary General Meeting of shareholders on July 13, 2012 to introduce a buyback program of the company's own shares. A maximum of 10 percent of the shares outstanding could be bought back up until the Annual General Meeting 2013. Under this program 1,121,124 shares have been bought back, for a value of MSEK 53. All the shares were bought back during the previous year.

Shareholders' equity at June 30, 2013 was MSEK 102.5 (284.2). The equity/assets ratio was 17 (41) percent. The royalty payment in accordance with the Abstral® agreement, which has been received but not yet recognized as revenue, has affected the equity/assets ratio negatively by approximately 35 percentage units. As this is recognized, the equity/assets will increase by approximately 10 percentage units per quarter.

The valuation of derivatives intended to hedge coming cash flows has been done at current market prices.

Investments in fixed assets

Gross investments in tangible and intangible fixed assets amounted to MSEK 8.9 (3.3) for the period January-June 2013 and MSEK 3.8 (2.2) for the period April-June. Investments mainly concerned production equipment for Zubsolv™.

Parent Company

Most of the Group's business is carried out in the Parent Company, Orexo AB. Net revenues for the period January-June 2013 amounted to MSEK 189.8 (128.0) and earnings after financial items were MSEK -110.7 (-80.7). Investments amounted to MSEK 8.5 (3.3). As of June 30, 2013, cash and cash equivalents in the Parent Company amounted to MSEK 252.2 (415.8).

Future reporting dates

Interim report, January – September 2013	October 23, 2013
Year-end report for the 2013 financial year	January 30, 2014

Interim reports are covered in a conference call on the date of publication. Details on how to access the calls are provided in each report and on Orexo's website.

The company's auditors have not reviewed this interim report.

Assurance by the Board of Directors

The Board of Directors and the President give their assurance that the six-month report provides a fair and accurate view of the Company's and the Group's operations, financial position and earnings and describes the significant risks and uncertainties facing the company and the companies included in the Group.

Uppsala, July 12, 2013

Orexo AB (publ)

Martin Nicklasson Chairman of the Board	Raymond Hill Board member	Staffan Lindstrand Board member
Scott Myers Board member	Kristina Schauman Board member	Michael Shalmi Board member

Nikolaj Sørensen
President and CEO

Consolidated statement of operations

MSEK	Notes	3 months 2013 Apr-Jun	3 months 2012 Apr-Jun	6 months 2013 Jan-Jun	6 months 2012 Jan-Jun	12 months 2012 Jan-Dec
Net revenues		69.0	82.9	208.8	166.5	326.3
Cost of goods sold	2	-7.1	-6.8	-14.0	-13.7	-27.9
Gross profit		**61.9**	**76.1**	**194.8**	**152.8**	**298.4**
Selling expenses	2	-21.6	-13.4	-40.5	-26.4	-62.0
Administrative expenses	2	-25.0	-23.4	-59.6	-37.0	-82.6
Research and development costs	2	-82.1	-53.9	-128.7	-110.1	-216.2
Other operating income and expenses	2	-45.9	0.2	-48.4	-7.7	-17.1
Operating earnings		**-112.7**	**-14.4**	**-82.4**	**-28.4**	**-79.4**
Financial items – net		-3.0	-2.2	-5.8	-4.4	-8.2
Earnings before tax		**-115.7**	**-16.6**	**-88.2**	**-32.8**	**-87.6**
Income tax		-	-	-	-	1.7
Net earnings for the period[1)]		**-115.7**	**-16.6**	**-88.2**	**-32.8**	**-85.9**

Consolidated statement of comprehensive income

MSEK	3 months 2013 Apr-Jun	3 months 2012 Apr-Jun	6 months 2013 Jan-Jun	6 months 2012 Jan-Jun	12 months 2012 Jan-Dec
Earnings for the period	**-115.7**	**-16.6**	**-88.2**	**-32.8**	**-85.9**
Other comprehensive income					
Items that may subsequently be reversed to the statement of operations:					
Cash flow hedge	-22.2	3.0	-5.9	3.0	14.4
Exchange-rate differences	2.2	0.2	1.3	0.2	-0.6
Other comprehensive earnings for the period, net after tax	**-20.0**	**3.2**	**-4.6**	**3.2**	**13.8**
Total comprehensive earnings for the period [1)]	**-135.7**	**-13.4**	**-92.8**	**-29.6**	**-72.1**
Earnings per share, before dilution, SEK	-3.05	-0.56	-4.00	-1.10	-2.92
Earnings per share, after dilution, SEK	-3.05	-0.56	-4.00	-1.10	-2.92

[1)] *All equity and earnings for the respective period are attributable to the Parent Company's shareholders. There are no non-controlling interests.*

Consolidated balance sheet

MSEK	Notes	2013 Jun 30	2012 Jun 30	2012 Dec 31
ASSETS				
Fixed assets				
Tangible fixed assets		33.3	37.7	35.1
Goodwill		26.1	26.1	25.8
Acquired research and development		62.3	116.8	106.2
Other intangible fixed assets		11.4	2.1	3.1
Financial assets		10.9	4.1	18.5
Total fixed assets		**144.0**	**186.8**	**188.7**
Current assets				
Inventories		116.1	25.7	28.3
Accounts receivable and other receivables		30.9	49.7	36.7
Cash and cash equivalents		300.7	426.1	228.1
Total current assets		**447.7**	**501.5**	**293.1**
Total assets		**591.7**	**688.3**	**481.8**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Total shareholders' equity	3	**102.5**	**284.2**	**191.2**
Long-term liabilities				
Provisions		5.9	1.2	4.0
Long-term liabilities, non-interest bearing		4.2	4.2	4.1
Long-term liabilities, interest bearing		105.7	104.8	109.5
Deferred tax liability		2.4	2.9	4.1
Total long-term liabilities		**118.2**	**113.1**	**121.7**
Current liabilities				
Current liabilities, non-interest bearing		359.8	279.8	157.8
Current liabilities, interest bearing		11.2	11.2	11.1
Total current liabilities		**371.0**	**291.0**	**168.9**
Total liabilities		**489.2**	**404.1**	**290.6**
Total shareholders' equity and liabilities		**591.7**	**688.3**	**481.8**

Consolidated changes in shareholders' equity

MSEK	2013 Jun 30	2012 Jun 30	2012 Dec 31
Opening balance, shareholders' equity	**191.2**	**311.1**	**311.1**
Total comprehensive earnings for the period	-92.8	-29.6	-72.1
Employee stock options, vested amount	1.9	2.7	4.3
Buyback of shares	-	-	-53.0
New share issues	2.2	0.0	0.9
Closing balance, shareholders' equity	**102.5**	**284.2**	**191.2**

Consolidated cash-flow statements

MSEK	Notes	3 months 2013 Apr-Jun	3 months 2012 Apr-Jun	6 months 2013 Jan-Jun	6 months 2012 Jan-Jun	12 months 2012 Jan-Dec
Operating earnings		-112.7	-14.4	-82.4	-28.4	-79.4
Financial income and expenses		-2.2	-1.5	-4.2	-2.9	-5.1
Adjustment for non-cash items	4	46.0	3.0	49.1	5.8	23.5
Cash flow from operating activities before changes in working capital		**-68.9**	**-12.9**	**-37.5**	**-25.5**	**-61.0**
Changes in working capital		**153.3**	**218.2**	**116.9**	**197.9**	**89.7**
Cash flow from operating activities		**84.4**	**205.3**	**79.4**	**172.4**	**28.7**
Acquisition of machinery and equipment		-3.9	-2.2	-9.0	-3.3	-5.8
Sale of machinery and equipment		-	-	0.1	-	0.6
Sale joint venture		-	12.1	-	12.1	12.1
Cash flow from investing activities		**-3.9**	**9.9**	**-8.9**	**8.8**	**6.9**
New share issue		0.1	0.0	2.2	0.0	0.8
Amortization of loans		-0.5	-1.1	-1.1	-1.1	-2.3
Buyback of shares		-	-	-	-	-53.0
Cash flow from financing activities		**-0.4**	**-1.1**	**1.1**	**-1.1**	**-54.5**
Cash flow for the period		**80.1**	**214.1**	**71.6**	**180.1**	**-18.9**
Cash and cash equivalents at the beginning of the period		**218.9**	**212.4**	**228.1**	**246.9**	**246.9**
Exchange-rate differences in cash and cash equivalents		1.7	-0.4	1.0	-0.8	0.1
Changes in cash and cash equivalents		80.1	214.1	71.6	180.1	-18.9
Cash and cash equivalents at the end of the period		**300.7**	**426.1**	**300.7**	**426.1**	**228.1**

Key figures

	3 months 2013 Apr-Jun	3 months 2012 Apr-Jun	6 months 2013 Jan-Jun	6 months 2012 Jan-Jun	12 months 2012 Jan-Dec
Operating margin, %	-163	-17	-39	-17	-24
Return on equity, %	-62	-6	-47	-11	-33
Net debt, MSEK	-184	-310	-184	-310	-107,5
Debt/equity ratio, %	114	41	114	41	63
Equity/assets ratio, %	17	41	17	41	40
Number of shares, before dilution	28,891,208	29,899,993	28,891,208	29,899,993	28,825,208
Number of shares, after dilution	31,878,141	32,472,760	31,878,141	32,472,760	31,645,177
Earnings per share, before dilution, SEK	-4.0	-0.56	-3.05	-1.10	-2.92
Earnings per share, after dilution, SEK	-4.0	-0.56	-3.05	-1.10	-2.92
Number of employees at the end of the period	93	97	93	97	92
Shareholders' equity, KSEK	102,507	284,182	102,507	284,182	191,194
Capital employed, KSEK	219,338	400,189	219,338	400,189	397,174

Definitions of key figures are presented on the final page of this report.

Parent Company statement of operations

MSEK	Notes	3 months 2013 Apr-Jun	3 months 2012 Apr-Jun	6 months 2013 Jan-Jun	6 months 2012 Jan-Jun	12 months 2012 Jan-Dec
Net revenues		60.4	68.3	189.8	128.0	272.0
Cost of goods sold		-1.7	-	-3.4	-	-
Gross profit		**58.7**	**68.3**	**186.4**	**128.0**	**272.0**
Selling expenses		-17.6	-9.3	-32.5	-16.5	-46.8
Administrative expenses		-25.8	-21.6	-59.4	-71.1	-114.2
Research and development costs		-81.2	-50.7	-126.2	-103.6	-206.7
Other operating income and expenses		-1.5	-0.5	-3.8	-8.8	-19.3
Operating earnings		**-67.4**	**-13.8**	**-35.5**	**-72.0**	**-115.0**
Interest income and expenses		-3.1	-2.5	-6.0	-4.8	-9.1
Impairment of shares in subsidiaries		-0.9	-	-2.2	-	-29.1
Sales joint venture		-	-3.9	-	-3.9	-3.9
Financial items - net		**-4.0**	**-6.4**	**-8.2**	**-8.7**	**-42.1**
Earnings before tax		**-71.4**	**-20.2**	**-43.7**	**-80.7**	**-157.1**
Tax		-	-	-	-	-
Earnings for the period		**-71.4**	**-20.2**	**-43.7**	**-80.7**	**-157.1**

Parent Company balance sheet

MSEK	Notes	2013 Jun 30	2012 Jun 30	2012 Dec 31
ASSETS				
Fixed assets				
Tangible and intangible fixed assets		43.9	39.0	38.0
Shares in subsidiaries/joint ventures		202.2	211.8	172.2
Total fixed assets		**246.1**	**250.8**	**210.2**
Current assets				
Inventories		103.8	15.3	18.5
Accounts receivable and other receivables		48.1	57.6	55.6
Cash and bank balances		252.2	415.8	216.6
Total current assets		**404.1**	**488.7**	**290.7**
Total assets		**650.2**	**739.5**	**500.9**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES				
Shareholders' equity		**87.7**	**254.3**	**127.3**
Long-term liabilities		**106.4**	**98.5**	**107.3**
Current liabilities		**456.1**	**386.7**	**266.3**
Total liabilities		**562.5**	**485.2**	**373.6**
Total shareholders' equity and liabilities		**650.2**	**739.5**	**500.9**
Pledged assets		**43.1**	**46.4**	**44.0**
Contingent liabilities		**10.6**	**11.3**	**8.4**

Notes

1. Accounting policies

- This interim report was prepared pursuant to IAS 34. Orexo applies IFRS as approved by the EU.
- The accounting policies stated below are identical to those applied in the preparation of the 2012 Annual Report.
- The Parent Company's financial statements were prepared in accordance with RFR 2 (Swedish Financial Reporting Board's recommendation) and Chapter 9 of the Swedish Annual Accounts Act.

New and amended accounting policies as of 2013

- No new or amended International Financial Reporting Standards have come into effect that have any significant impact on the Group.

2. Costs distributed by type of cost

	3 months 2013 Apr-Jun	3 months 2012 Apr-Jun	6 months 2013 Jan-Jun	6 months 2012 Jan-Jun	12 months 2012 Jan-Dec
Raw materials and supplies	6.5	10.5	13.5	20.0	37.4
Other external costs	100.9	52.8	172.4	96.2	221.3
Personnel costs	31.8	33.6	64.2	78.3	138.1
Depreciation/amortization and impairment	45.2	1.8	46.4	3.7	17.3
Total	**184.4**	**98.7**	**296.5**	**198.2**	**414.1**

Research and development costs encompass costs for personnel, premises, external costs for clinical trials, pharmaceutical registration and laboratory services, and the depreciation/amortization of equipment, acquired patents and other intangible assets. All development costs recognized in the balance sheet pertain to assets that were acquired through business combinations.

3. Shareholders' equity

Shares outstanding
The number of shares outstanding as of June 30, 2013 was 30,012,332, all of which were common shares. All shares carry entitlement to one vote each.

Number of shares outstanding at January 1, 2013	29,946,332
Subscription for shares through exercise of employee stock options	66,000
Shares outstanding at June 30, 2013	30,012,332

1,121,124 shares were bought back during 2012. These are included in the total number of shares outstanding and are owned by Orexo.

Options

As of June 30, 2013, a total of 2,485,941 options were outstanding that carry rights to new subscription of 2,444,835 shares in Orexo and the exchange of 41,106 options for shares in Orexo. Each option issued by Biolipox AB provides entitlement to the exchange of 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 distributed by category.

Options to employees and Board members	**Opening, Jan 1, 2013**	**Change**	**Closing, Jun 30, 2013**
Of which:			
Approved and allotted employee stock options	1,500,469		
Exercised		-38,736	
Allotted		605,000	2,066,733
Approved and allotted Board options	288,085		
Allotted		200,000	
Expired		-270,000	218,085
Approved and allotted warrants	10,000		10,000
Employee stock options approved by AGM, unallotted	380,000	-305,000	75,000
Warrants held by subsidiaries as cash-flow hedging for social security fees	117,373	-1,250	116,123
Total number of options outstanding	**2,295,927**	**190,014**	**2,485,941**

During the period January-June, a total of 38,736 employee stock options from Orexo's options program were exercised.

Convertible bond

The outstanding convertible bond amounting to MSEK 111 matures on March 31, 2015. If converted, this would increase the number of shares outstanding by 2,340,000.

Number of shares after full dilution

Shares outstanding at June 30, 2013	30,012,332 [1)]
Employee stock options allotted	2,294,818
Employee stock options not yet allotted	75,000 [2)]
Warrants for cash-flow hedging for social security fees	116,123
Convertible bond (upon conversion)	2,340,000
	34,838,273

[1)] *Including 1,121,124 repurchased shares, owned by Orexo.*

[2)] *Can be allotted during the current year.*

4. Cash flow

Adjustment for non-cash items

MSEK	3 months 2013 Apr-Jun	3 months 2012 Apr-Jun	6 months 2013 Jan-Jun	6 months 2012 Jan-Jun	12 months 2012 Jan-Dec
Depreciation/amortization and impairment	45.1	1.8	46.4	3.7	17.3
Estimated costs for employee stock options program	1.7	2.0	4.3	3.6	9.3
Financial expenses, convertible bond	-0.8	-0.8	-1.6	-1.5	-3.1
Total	**46.0**	**3.0**	**49.1**	**5.8**	**23.5**

5. Pledged assets and contingent liabilities

As the Inflazyme project has been discontinued, the entire supplementary purchase consideration of MSEK 43.1 is recognized as a contingent liability.

Warrants were issued to Pyrinox AB as cash-flow hedging for social security fees pertaining to the employee stock options issued by Biolipox. Orexo has pledged to handle any deficits exceeding the cover provided by the warrants during their lifetime through December 31, 2016.

Orexo acquired the UK drug company PharmaKodex in February 2009. This acquisition included conditional payments based on Orexo's possible use of the PharmaKodex technology in product development. As this has not been the case, these are not recognized as a liability.

Operations in PharmaKodex have been closed down. The acquired technology was written down in its entirety during 2011 and 2012.

6. Significant risks and uncertainties

Significant risks and uncertainties are presented in the Annual Report for 2012. The financial risk has decreased since the beginning of the year through the sale of Abstral® in the USA. There have been no other significant changes. The planned launch of Zubsolv in the USA during 2013 will entail risk exposure of an operational nature.

Definitions of key figures

Key figures and certain other operating information per share are defined as follows:

Number of shares after dilution	Shares at the end of the period adjusted for the dilutive effect of potential shares.
Return on shareholders' equity	Net earnings for the period as a percentage of average shareholders' equity.
Net debt	Current and long-term interest-bearing liabilities including pension liabilities, less cash and cash equivalents.
Earnings per share, before dilution	Net earnings for the period after tax divided by the average number of shares outstanding before dilution during the period.
Earnings per share, after dilution	Net earnings for the period after tax divided by the average number of shares outstanding after dilution during the period.
Operating margin	Operating earnings as a percentage of net revenues.
Debt/equity ratio	Interest-bearing liabilities divided by shareholders' equity.
Equity/assets ratio	Shareholders' equity as a percentage of total assets.
Capital employed	Interest-bearing liabilities and shareholders' equity.

Please note
Orexo AB publ discloses the information provided herein pursuant to the Securities Markets Act. The information was provided for public release on July 12, 2013, at 8:00 a.m. This report has been prepared in both Swedish and English. In the event of any discrepancy in the content of the two versions, the Swedish version shall prevail.