

Press release April 27, 2006

Orexo acquires Noster System – strengthens its position in stomach-ulcer diagnostics

*Orexo's subsidiary Kibion AB has acquired the majority of the shares in Noster System AB. Kibion AB has also offered to purchase the remaining shares in Noster System. The acquisition is conditional upon Kibion AB acquiring more than 90 percent of all shares in Noster System. Noster System, with its product "Helioprobe™ System" – a breath test used for the diagnosis of the stomach-ulcer bacterium *Helicobacter pylori* – had a turnover of MSEK 11.4 in 2005. The acquisition is expected to generate positive impact on the results for the current fiscal year.*

"The acquisition of Noster Sytem is a strategically important step in the process of expanding the operations of Kibion AB internationally, strengthening Kibion's product portfolio as well as broadening our operations geographically. The market for the diagnosis of the stomach-ulcer bacterium *Helicobacter pylori* is huge and the potential substantial. Sales of Kibion's product Diabact® UBT amounted to MSEK 5.1 in 2005 after rising sharply compared to the year before, as did sales of Helioprobe™ System. We anticipate continued strong growth in the next few years", said Zsolt Lavotha, President and CEO of Orexo AB.

A total of 260 million people in the Western world are estimated to be infected with the bacterium *Helicobacter pylori*. By diagnosing the infection and treating it with antibiotics, stomach ulcers can be effectively cured. In recent years, it has also been found that early treatment of the *Helicobacter pylori* infection can reduce the risk of developing certain forms of stomach cancer.

"Today, Noster System is established in the Middle East, Asia and Eastern Europe, while Kibion's main markets are in England and Northern Europe. The possibilities to expand and develop existing distribution and marketing channels have been strengthened for both products through the acquisition. Apart from continued growth in our established markets, we also expect strong growth in the Balkan countries, as well as in Russia, where the *Helicobacter* bacterium is widely spread", said Lena Söderström, Managing Director of Kibion AB.

The purchase sum for all shares in Noster System amounts to MSEK 10.5. A further sum of a maximum of MSEK 7.2 may be paid, under the condition that Kibion's growth reaches certain sales targets in the next few years.

For further information, please contact:

Zsolt Lavotha, President & CEO, Orexo AB

Tfn: +46-18-780 88 12, e-mail: zsolt.lavotha@orexo.se

Claes Wenthzel, Executive Vice President & CFO, Orexo AB

Tfn: +46-18-780 88 44, e-mail: claes.wenthzel@orexo.se

Lena Söderström, Managing Director Kibion AB

Tfn: +46-18-780 88 40, e-mail: lana.soderstrom@kibion.se

TO THE EDITORS**About Orexo**

Orexo is a pharmaceutical company that focuses on developing new pharmaceutical drugs within areas currently subject to considerable clinical needs. Orexo's products are based on existing pharmaceuticals and the company's patented drug-delivery technologies. Orexo applies its broad expertise in medicine and pharmacy to the further development of existing pharmaceutical substances. By combining well-documented compounds with its own patented drug-delivery methods and its unique expertise in "dry formulations" (for example, tablets), Orexo is able to develop new patented pharmaceuticals.

At present, the company has one product on the market, three under clinical development, one of which has been out-licensed in the US, Europe and Japan, two projects in the pharmaceutical formulation phase, and one project in an early development stage. Orexo has adopted an active intellectual property rights strategy and has, since its inception, built up an extensive patent portfolio to protect its products and technologies.

Market for drug delivery

The science of drug delivery can be summarized as the process of ensuring that the active substance in a pharmaceutical product is optimally delivered to the site of action. The demand for drug-delivery products is increasing rapidly due to the fact that these new pharmaceuticals can for example offer shorter time to onset of effect or improved safety profiles.

Many pharmaceutical products on the market today have shortcomings – for example, they are slow-acting, have side effects, must be administered frequently or perhaps can only be injected. This is why demand for technologies that can make already existing products more efficient is increasing rapidly. In 2004, industry sources estimated that sales of pharmaceutical products that utilize drug-delivery methods exceeded USD 79 billion, a figure that is expected to grow to USD 117 billion by 2009 (Datamonitor 2004).

About Diabact® UBT and Heliprobe™ System

Diabact® UBT is Orexo's first commercialized product. Diabact® UBT is, like Heliprobe™ System, a breath test for diagnosing the stomach-ulcer bacterium *Helicobacter pylori*. Breath tests are recommended by European expert groups in *Helicobacter pylori* as the first choice and the most reliable non-invasive test for indicating an active inflection. One of the advantages for the patient is that he or she is spared going through a gastroscopic investigation, which many find discomforting. In terms of benefits for society, the breath test is quick, simple and significantly cheaper than gastroscopy.

An estimated total of 260 million people in the Western world are infected with *Helicobacter pylori*. By diagnosing the infection and treating it with antibiotics, stomach ulcer can be effectively cured. In recent years it has also been found that early treatment of the *Helicobacter pylori* infection can reduce the risk of developing certain forms of stomach cancer.

Distribution and marketing agreements for Diabact® UBT have been signed for Finland, Hong Kong, Ireland, the UK and Sweden. For the Japanese market, License Agreement has been signed with the pharmaceutical company Kyowa Hakko Kogyo Co Ltd. Distribution and marketing agreements for Heliprobe™ System have been signed in some twenty countries in the Middle-East, Asia and Eastern Europe.