Press release 7 November 2005

Meda AB (publ): interim report, January – September 2005

- Group sales amounted to SEK 1614 million (570 million)[1]
- Operating profit increased to SEK 361.3 million (96.5)[1]
- Profit after tax rose to SEK 167.7 million (61.3)[1]
- Profit after tax including discontinued operations amounted to SEK 209.5 million (66.1)
- Profit per share increased to SEK 2.80 (1.22)[1]
- Profit per share including discontinued operations amounted to SEK 3.50 (1.32)
- The acquisition of Viatris has burdened the third quarter with extraordinary financial costs.

Highlights

- Viatris was consolidated into the Group accounts as of August, so only two months are represented in the interim report.
- Viatris' integration is continuing intensely. The Group organisation has been established and a new management group is in place.
- A new share issue of SEK 2500 million with preferential rights for existing shareholders was approved at the extraordinary general meeting.

2005 forecast for the new Group

- Operating profit for 2005 excluding the discontinued operations is expected to reach around SEK 500 million[1].
  As previously estimated, operating profit before depreciation and amortisation (EBITDA) for 2005 should amount to SEK 700-750 million[1].

[1] Excluding the discontinued parallel trading operation (as per IFRS 5, Fixed assets held for sale and discontinued operations).

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BACKGROUND

During the third quarter, approval was received from the European anti-trust authorities, and the acquisition of Viatris could be concluded. The quarter was highly influenced by Viatris' integration into Meda and the preparation of long-term financing.

Some key ratios are greatly affected by the fact that Viatris is significantly larger than Meda and that it has been consolidated under a period of only two months. This also makes it difficult to compare figures. To provide an overall perspective, both a 2005 forecast for the new merged Group and an outlook with targets for 2007 are reported.

Figures in the report are stated excluding the discontinued operation (Parallel Trading) according to IFRS 5.

SALES

Sales for the period January -- September amounted to SEK 1614 million (570). Viatris contributed sales in August and September of SEK 560 million. Excluding Viatris, sales amounted to SEK 1054 million, which is an 85% increase.

Sales for the first nine months are allocated between the Group's two remaining business areas in SEK millions. Total sales from Viatris are included in the Pharma business area.

	Jan-Sep 2005	**Jan-Sep 2004**	**Index***
Pharma	1525	491	310
Medical Device	89	79	113

*Compared with the same period 2004.

Meda's sales

Sales excluding Viatris developed positively and amounted to SEK 1054 million (570) for the January – September period. Cibacen, Cibadrex, and Cyklokapron, the newly acquired cardiovascular products, account for most of the additional sales. Together, these products provided sales of SEK 387 million compared with the same period last year.

Among other prioritised products within the Pharma business area, Relifex (for pain and inflammation), Lederspan (for osteoarthritis and arthritis), and Zanidip (for high blood pressure) have all produced sales increases of more than 30%.

Net sales within the Medical Device business area continued to develop positively and increased by 13% to SEK 89 million (79).

Viatris' sales

Viatris' sales amounted to SEK 560 million for the months of August and September. This represents a growth of approximately 2% compared to the same period last year. The products included in the Novolizer inhaler system increased by 68% and bigger-selling products such as Betadine and Tramadol continued to progress well. Sales of the Azelastine and Allergospasmin allergy products were clearly lower compared with last year due to a lower frequency of allergies.

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PROFIT

The Group's operating profit for the January – September period increased 274% to SEK 361.3 million (96.5), which yields a 22.4% (16.9%) operating margin. During the third quarter, financial costs were exceptionally high due to the acquisition process, which has burdened the quarterly net income. A long-term, more advantageous financing will be completed during the fourth quarter.

As previously pointed out, Viatris was only consolidated two months ago. So operating profits for Meda and Viatris are reported under separate headings.

Meda's operating profit

The gross margin for January – September increased to 64.0% (49.5%). This improvement in the margin is due mostly to the addition of Cibacen and Cibadrex, but also to the positive growth of other profitable products.

Operating expenses increased 90% during the nine-month period to SEK 353.9 million (185.9). Increased marketing investments accounted for SEK 95.9 million of the SEK 168.0 million increase, and amortisation of intangible rights accounted for SEK 61.0 million.

EBITDA amounted to SEK 416.7 million (131.4) and operating profit amounted to SEK 320.8 million (96.5).

Viatris' operating profit

Viatris' gross margin amounted to 55.7% for August and September. Operating expenses for the period amounted to SEK 271.2 million, of which amortisation, including consolidation amortisation on goodwill, constituted SEK 38.6 million.

EBITDA amounted to SEK 79.1 million and operating profit amounted to SEK 40.5 million. Profits for August – September were significantly lower than for the first months of the year due to the usual low sales in continental Europe during the summer holiday period.

Financial income and expenses

Group net financial items for January – September were SEK 122.9 million (10.3). For the third quarter, net financial items amounted to SEK 97.2 million. Expenses for financing the Viatris acquisition placed a burden of SEK 70.3 million on the third quarter. Of these expenses, SEK 62.4 million constituted interest on the purchase price for the 1 August – 29 September period when the purchase price was paid as arranged with the seller. Handling charges for the bank loan and interest amounted to SEK 14.3 million while exchange profits reduced financial expenses for the acquisition by SEK 6.4 million.

Meda's debt to credit institutions increased as of 30 September to SEK 7659.0 million due to bridge financing resulting from the acquisition. During the fourth quarter, the financial structure will be more favourable, partly because of the ongoing new share issue and partly through procurement of a long-term but flexible syndicated loan, after which Meda's net financial items will improve as compared with the third quarter. After that, it is estimated that interest costs will amount to just over SEK 200 million annually, as previously stated.

Consolidated earnings after net financial items for January – September amounted to SEK 238.4 million (86.2).

Net income

The Group's tax expense for January – September amounted to SEK 70.7 million (24.9), which yields a 29.7% (28.9%) tax rate. The tax rate increased to 33.1% (28.7%) for the third quarter as a result of the somewhat higher tax rate in the Viatris Group on average.

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Net income from remaining operations was SEK 167.7 million for January – September. Profit after tax including discontinued operations amounted to SEK 209.5 million (66.1)

Profit per share for remaining operations increased to SEK 2.80 (1.22). Profit per share including discontinued operations increased to SEK 3.50 (1.32).

FINANCIAL POSITION

Cash flow from operations (excluding discontinued operations) amounted to SEK 298.7 million (86.4) for January – September.

Group investments for the period amounted to SEK 6256.5 million (338.1). The cash effect from the acquisition of Viatris amounted to SEK 5254 million. The sale of the Parallel Trading business area generated an inflow of SEK 71 million. In January, the Group acquired Cibacen and Cibadrex from Novartis, a Swiss pharma company, for SEK 941 million. In February, it acquired Imovane for selected European markets from sanofi-aventis for SEK 90.0 million.

Meda financed the acquisitions through a preferential rights share issue worth SEK 554.4 million (after issue costs) and through loans of about SEK 5900 million. Warrants were also exercised, which injected SEK 13.2 million into the company.

At the end of September 2005, Group cash and cash equivalents were worth SEK 547.3 million compared to SEK 60.8 million at the year's start. In addition, unused credit facilities totalled SEK 335 million. During the period, interest-bearing liabilities increased to SEK 7659.0 million (432.9). At the end of September, the net debt stood at SEK 7717.7 million compared to SEK 402.9 million at the year's start.

The Viatris acquisition has momentarily burdened the equity/assets ratio, which was 11.2% at the end of the last quarter compared with 42,5% at the year's start. The ongoing new share issue is expected to improve the equity/assets ratio to just over 30%.

Equity increased to SEK 1294.7 million compared to SEK 545.6 million at the year's start, which is comparable to SEK 20.65 per share (12.36).

The ongoing new share issue is expected to bring in about SEK 2500 million.

CONTRACTS AND KEY EVENTS

- **ACQUISITION OF VIATRIS AND ITS INTEGRATION**

On 8 August, Meda announced its agreement to acquire Viatris, German pharma company.

This acquisition has placed Meda as one of the leading specialty pharma companies in Europe. This new European platform is a milestone in Meda's continuing development. Meda is now an attractive partner for licensers and has a new growth area in asthma treatment through Novolizer, a new inhaler.

The payment of EUR 588 million (SEK 5460 million) for all shares in Viatris was made on 29 September 2005. The purchase price was reduced by SEK 47 million in the final settlement. In addition, Meda redeemed loans of about EUR 135 million (SEK 1269 million). Meda also took over Viatris' pension provisions and liquid assets. The acquisition was initially financed by bank loans but will be partially refinanced by a preferential rights share issue of no more than SEK 2508 million at a price of SEK 60 per share.

The integration of Viatris into the Group is continuing on schedule. The merging of market units is so far along that, for all practical purposes, the Group is now operating as a company in the key markets of Germany, France, and Italy.

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- **NEW GROUP ORGANISATION**

A new group organisation has been approved. The basic principles are cultivation of the business areas, short decision-making chains, and delegated responsibilities with clear objectives and follow-up.

Group management now consists of six persons:

Anders Lönner, Chief Executive Officer. The board has come to an agreement with Anders Lönner, which extends his employment contract through the end of 2007.

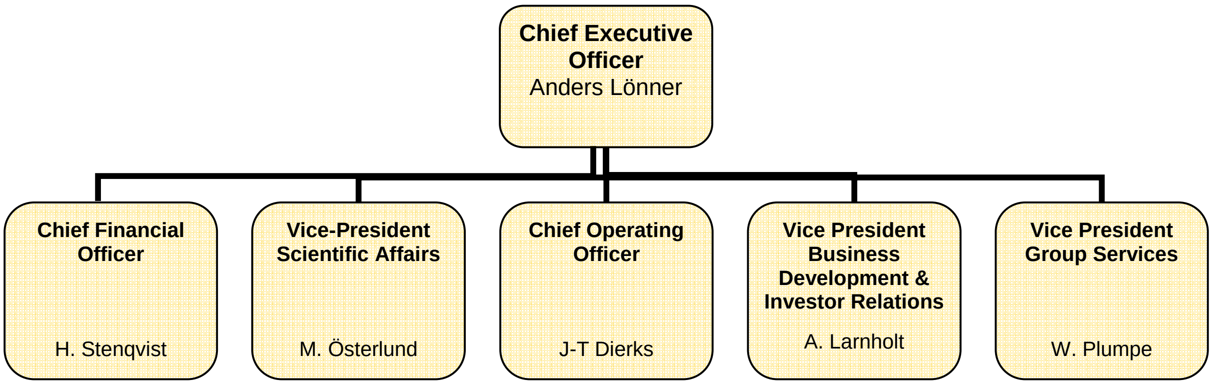
Dr. Jörg-Thomas Dierks, Chief Operating Officer. Jörg-Thomas Dierks is a 45-year-old physician. Previously chief operating officer for Viatris, and before that, senior vice president for worldwide commercial operations for Asta-Medica.

Anders Larnholt, Vice President of Business Development and Investor Relations. Anders Larnholt is 33 and both MSc and Bachelor of Finance with previous experience at Credit Suisse First Boston. Meda employee since 2000.

Wilhelm Plumpe, Vice President of Group Services. Wilhelm Plumpe is 53 and was previously Viatris' chief financial officer. He has many years of experience in leading positions within Continental AG.

Henrik Stenqvist, Chief Financial Officer. Henrik Stenqvist is 38 years old, MBA. Previous experience as chief financial officer in subsidiaries of AstraZeneca. Meda employee since 2003.

Mårten Österlund, Vice President of Scientific Affairs. Mårten Österlund is 48 with a Ph.D. in molecular biology from Uppsala University. He has done research at the Pasteur Institute in Paris and has experience with development companies, including leading positions at Karo-Bio. Meda employee since 2005.



- **BULLETIN FROM THE EXTRAORDINARY GENERAL MEETING (EGM)**

On October 17, Meda's EGM unanimously approved the board's decision to issue a maximum of 41,791,743 series A shares, with a par value of SEK 2 per share. Shareholders have preferential rights to subscribe for the new shares. So for every three previously held shares, they may subscribe for two new shares. The record date for the right to participate in the new share issue is 1 November 2005. The subscription period is from 8 November 2005 to 24 November 2005. The subscription price is SEK 60 per share. The board's decision states that the new share issue can boost the company's share capital from SEK 125,375,230 by at most SEK 83,583,486 to at most SEK 208,958,716. The new shares entitle the right to any dividends – pending approval – starting from the 2005 financial year.

The October 17 unanimous EGM decision is aligned with the board's proposal on issue of a subordinated debenture with detachable warrants for new subscription of series A shares (warrant scheme for executives). So the company

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will take out a promissory note (for a nominal SEK 1000) by issuing a subordinated debenture with 3,000,000 detachable warrants for new subscription of shares. Subscription for the promissory note will occur during the 18 October 2005 to 28 October 2005 period. The promissory note will be issued at a nominal amount and payment must be made in cash on 28 October at the latest. The promissory note will be interest-free and must be paid on 31 December 2005. With deviation from shareholders' preferential rights, Scanmeda AB, a subsidiary, will be able to subscribe for the promissory note. Then Scanmeda AB will offer executives in the Meda Group an opportunity to buy the warrants. The purchase price per warrant will be equal to the market value for warrants, as per the Black & Scholes model for valuation. Each promissory note with a detachable warrant entitles the holder to subscribe for one new share in the company at a nominal value of SEK 2, which is comparable to an SEK 150 subscription price. The new share issue's subscription period starts on 27 February 2006 and ends on 26 February 2008. With full subscription of shares in the above described, preferential-rights issue, the dilution effect from total exercise of warrants is comparable to about 2.9% of the share capital and votes.

- **2005 FORECAST FOR THE NEW GROUP AND OUTLOOK FOR THE FUTURE**

The acquisition of Viatris has been completed and the company was consolidated with the Meda Group as of 1 August 2005. So Meda's board can announce forecasts for all of 2005 for the consolidated company (12 months for Meda and 5 months for Viatris):

The Group's 2005 operating profit is estimated to reach about SEK 500 million.

The previous EBITDA forecast for the combined companies of between SEK 700 and 750 million for all of 2005 stands.

The previous forecast was: "The Group's 2005 operating profit (excluding Viatris) is estimated to reach at least SEK 380 million (including the sold operation). The EBITDA for the combined companies for all of 2005 should amount to SEK 700-750 million after application of IFRS 5."

The acquisition of Viatris places Meda as one of the leading specialty pharma companies in Europe. The entire company is now focussed on utilizing this new potential.

Quick consolidation and rationalisation of the new company structure is on the agenda so that synergy effects can be exploited on both the revenue and cost fronts. With its strengthened position, Meda will also continue its active acquisition strategy. In the short term, profits can be burdened by one-time restructuring costs in 2005 and 2006, but Meda estimates that circumstances should lead to a quick, significant improvement in profitability. The profitability objective for the combined companies should reach an EBITDA margin of at least 25% during 2007.

ACCOUNTING PRINCIPLES

This January-September 2005 interim report Complies with RR 31 and International Accounting Standard (IAS) 34.

Starting on 1 January 2005, the Group's financial reports are prepared as per the International Financial Reporting Standards (IFRS); 1 January 2004 was the date of transition to the IFRS. All financial information after this date was restated to comply with the IFRS.

According to a EU decision in 2002, stock-exchange-listed companies must prepare their consolidated financial statements according to accounting principles established by the International Accounting Standards Board. These principles are called the *International Financial Reporting Standards* and the *International Accounting Standards* (IFRS and IAS); the IAS were established before 2002. IFRS transition effects on Meda's profit/loss and financial position were described in Meda's *2004 year-end report* and *2004 annual report*. The IFRS and IAS, which must be applied starting in 2005, are EU Commission-approved standards.

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Restatement of income statements, balance sheets, equity, and key data for 2004 (as per the IFRS) are reported in forthcoming sections; effect on the opening, 1 January 2004 balance sheet is SEK 0.

GOODWILL AMORTISATION

Goodwill amortisation is prohibited as per IFRS 3. Instead, write-down tests must be done at least once a year. Meda did write-down tests on 31 December 2003 and 31 December 2004. As per these tests, there is no need for write-downs; brought-back goodwill amortisation for 2004 totalled SEK 8.5 million.

MARKET'S MEASUREMENT OF FOREIGN-EXCHANGE-DERIVATIVE HEDGING ITEMS

During application of the IFRS, all derivatives are continuously marked valued. As per previous accounting principles, derivatives are *not* market valued. Market value was SEK 0.4 million for outstanding foreign-exchange-derivative hedging items; SEK 0.1 million was deducted for tax.

DISCONTINUING AN OPERATION

Operations, which are being discontinued, are reported separately in the income and balance sheet statements starting at the time when it's highly likely that a sale will occur within one year (as per IFRS 5: Fixed assets held for sale and discontinued operations). So the parallel trading operation is reported separately under "Discontinued operations".

OPENING BALANCE SHEET AS PER IFRS

In general, accounting principles applied on the opening balance must agree with each IFRS that applies at the time of reporting. Several exceptions from total retroactive application are allowed; when the opening balance is reported as per the IFRS, then Meda will apply exceptions in this manner:

- Employee benefits (IAS 19): introduction of IAS 19 is not considered a transition effect, because RR29 already has been applied from 1 January 2004. RR29 and IAS 19 are generally aligned. Accumulated actuarial profits and losses for pension plans were set to zero (0) at the time of transition and completely reported as pension liability and equity.
- Equity compensation benefits (IFRS2): the recommendation will be applied to plans that have an allocation date starting on 7 November 2002 and onward and that have an earning date of 1 January 2005 or later. Meda's plan doesn't fall within these dates, so it need not be restated. So for this plan, only disclosure as per IFRS 2 applies.
- Financial instruments (IAS 39): reporting and valuation will be applied from 1 January 2004.
- Restatement differences in relation to investments in foreign operations should, as per IAS 21, be reported as a separate item in equity. If foreign operations are sold, then accumulated restatement differences should be reported as part of the profit/loss of the disposals. Meda chose to set the accumulated restatement differences to zero (0) as of 1 January 2004, as per transition provisions in IFRS 1.

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2006 REPORTS

The consolidated financial statement for 2005 will be submitted on Thursday, 23 February 2006

Stockholm, 7 November 2005

Anders Lönner
CEO

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Meda's auditors did not review this interim report.

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Group consolidated income statement

SEK MILLION	January – September 2005	2004	Change	July – September 2005	2004	Change	2004
Remaining operations							
Net sales	1 613,7	569,9	183%	901,7	207,5	335%	792,5
Cost of sales	-627,2	-287,5		-370,4	-103,8		-399,8
Gross profit	**986,5**	**282,4**	249%	**531,3**	**103,7**	412%	**392,7**
Selling expenses	-337,8	-99,1		-197,3	-31,3		-140,4
Medical and business development expenses 1)	-176,9	-43,3		-103,5	-17,2		-62,2
Administration expenses	-110,5	-43,5		-78,6	-15,6		-57,2
Operating profit (EBIT)	**361,3**	**96,5**	274%	**151,9**	**39,6**	284%	**132,9**
Net financial items	-122,9	-10,3		-97,2	-5,4		-14,9
Profit after net financial items (EBT)	**238,4**	**86,2**	177%	**54,7**	**34,2**	60%	**118,0**
Tax	-70,7	-24,9		-18,1	-9,8		-30,8
Net income from remaining operations	**167,7**	**61,3**	174%	**36,6**	**24,4**	50%	**87,2**
Net income from discontinued operations	41,8	4,8		37,9	-0,2		6,4
Net income	**209,5**	**66,1**	217%	**74,5**	**24,2**	208%	**93,6**
1) Of which amortisation of intangible assets	-118,7	-32,2		-56,8	-13,7		-46,2
EBITDA	**495,8**	**131,4**		**222,8**	**54,2**		**182,8**
Amortisation, product rights	-118,7	-32,2		-56,8	-13,7		-46,2
Depreciation, other	-15,8	-2,7		-14,1	-0,9		-3,7
Operating profit (EBIT)	**361,3**	**96,5**		**151,9**	**39,6**		**-49,9**
Key ratios related to profit/loss							
Operating margin, %	22,4	16,9		16,8	19,1		16,8
Profit margin, %	14,8	15,1		6,1	16,5		14,9
EBITDA, %	30,7	23,1		24,7	26,1		23,1
Return on capital employed rolling 12, %	8,1	18,1					17,3
Return on equity, rolling 12, %	26,3	19,2					18,8

Share data	January – September 2005	2004	July – September 2005	2004	2004
Earnings per share from remaining operations					
Earnings per share before dilution, SEK 4)	2,80	1,22	0,58	0,48	1,73
Earnings per share after dilution, SEK 4)	2,79	1,21	0,58	0,48	1,72
Earnings per share from discontinued operations					
Earnings per share before dilution, SEK 4)	0,70	0,10	0,60	0,00	0,13
Earnings per share after dilution, SEK 4)	0,70	0,09	0,60	0,00	0,13
Average number of shares					
before dilution (thousands)	59 998	50 299	62 688	50 374	50 329
after dilution (thousands)	60 110	50 858	62 688	50 962	50 742
Number of shares before dilution (thousands)	62 688	43 890	62 688	43 890	44 139
Number of shares after dilution (thousands)	62 688	44 377	62 688	44 402	44 499

4) Earnings per share and average number of shares are calculated for 2004 taking into account the bonus issue element of the new share issue from February-March 2005. The number of shares are also recalculated taking into account the implemented 5:1 share split from May 2005.

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Group consolidated balance sheet

SEK MILLION	30-Sep 2005	30-Sep 2004	31-Dec 2004
Assets			
Fixed assets			
– Product rights	3 545,1	711,6	697,3
- Goodwill	5 250,0	177,6	177,6
- Tangible	755,3	15,5	15,1
- Financial	190,0	9,8	10,6
Fixed assets	**9 740,4**	**914,5**	**900,6**
Current assets			
- Inventory	575,9	185,5	180,3
- Short-term receivables	737,4	143,3	133,9
- Cash and cash equivalents	547,3	18,7	60,8
Current assets	**1 860,6**	**347,5**	**375,0**
Total asset	**11 601,0**	**1 262,0**	**1 275,6**
Equity			
Equity och liabilities	**1 294,7**	**513,7**	**545,6**
Long-term liabilities			
- Provisions for pensions	609,7	34,2	34,4
- Deferred tax liabilities	801,7	89,0	92,3
- Interest-bearing loans	107,5	117,8	105,0
- Other liabilities, non-interest bearing	50,1	-	-
Long-term liabilities	**1 569,0**	**241,0**	**231,7**
Current liabilities			
- Interest-bearing loans	7 551,5	332,2	327,9
- Short-term, non-interest bearing	1 185,8	175,1	170,4
Current liabilities	**8 737,3**	**507,3**	**498,3**
Total equity och liabilities	**11 601,0**	**1 262,0**	**1 275,6**

Key ratios affecting balance sheet

Net liabilities	7709,5	463,1	402,9
Net debt ratio, multiple	6,0	0,9	0,7
Equity/assets ratio, %	11,2	40,7	42,8
Equity per share, SEK (at end of period)	20,65	11,70	12,36

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Group change in shareholders' equity

SEK MILLION	30-Sep 2005	30-Sep 2004	31-Dec 2004
Opening balance, shareholders' equity	**545,6**	**459,1**	**459,1**
Dividend	-25,1	-17,5	-17,5
New issues	571,7	6,5	11,2
Translation difference	-24,7	-0,5	-0,8
Hedging of net investment	17,7	-	-
Profit for the period	209,5	66,1	93,6
Closing balance, shareholders' equity	**1 294,7**	**513,7**	**545,6**

Group consolidated cash flow statement

SEK MILLION	January – September		July – September		
	2005	**2004**	**2005**	**2004**	**2004**
Cash flow from operating activities before changes in working capital	354,9	107,9	116,9	44,8	149,1
Changes in working capital					
Inventory	-20,9	4,5	-10,3	2,5	8,7
Receivables	10,4	-16,2	114,5	-8,0	-6,2
Liabilities	-26,0	22,2	-71,2	15,5	22,9
Cash flow from operating activities 1)	318,4	118,4	149,9	54,8	174,5
Cash flow from investing activities	-6256,5	-338,1	-5197,7	-177,1	-337,8
Cash flow from financing activities	6424,4	212,2	5394,0	116,9	198,4
Cash flow for the period	**486,3**	**-7,5**	**346,2**	**-5,4**	**35,1**
Cash and cash equivalents at start of the year	60,8	26,1	65,0	18,9	26,1
Exchange rate difference for cash and cash equivalents	0,2	0,1	-1,7	-0,1	-0,4
Cash and cash eqviualents at the end of the period	**547,3**	**18,7**	**409,5**	**13,4**	**60,8**
1) Of wich is from discontinued operations	*19,7*	*32,0*	*15,1*	*13,2*	*34,4*

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Transistion to IFRS, consolidated income statement

SEK million	January – September 2004	Adjustment IFRS	Adjustment IFRS 5*	IFRS	July – September 2004	Adjustment IFRS	Adjustment IFRS 5*	IFRS
Net sales	767,6		-197,7	569,9	257,1		-49,6	207,5
Cost of sales	-475,0		187,5	-287,5	-152,2		48,4	-103,8
Gross Profit	**292,6**	**0,0**	**-10,2**	**282,4**	**104,9**	**0,0**	**-1,2**	**103,7**
Selling expenses	-102,4		3,3	-99,1	-32,8		1,5	-31,3
Medicine and business development expenses	-48,2	4,6	0,3	-43,3	-19,4	2,1	0,1	-17,2
Administration expenses	-44,9	1,4		-43,5	-16,1	0,5	0,0	-15,6
Operating profit	**97,1**	**6,0**	**-6,6**	**96,5**	**36,6**	**2,6**	**0,4**	**39,6**
Net Financial items	-10,3	0,0	0,0	-10,3	-5,4	0,0	0,0	-5,4
Profit after net financial items	**86,8**	**6,0**	**-6,6**	**86,2**	**31,2**	**2,6**	**0,4**	**34,2**
Tax	-26,7		1,8	-24,9	-9,6		-0,2	-9,8
Net income from remaining operations	**60,1**	**6,0**	**-4,8**	**61,3**	**21,6**	**2,6**	**0,2**	**24,4**
Net income from discontinued operations			**4,8**	**4,8**			**-0,2**	**-0,2**
Net income	**60,1**	**6,0**	**0,0**	**66,1**	**21,6**	**2,6**	**0,0**	**24,2**
Period's adjustment								
Goodwill amortisation		6,0				2,6		
Valuation of foreign-exchange contracts		0,0				0,0		
Deferred tax		0,0				0,0		
		6,0				2,6		

SEK million	January – December 2004	Adjustment IFRS	Adjustment IFRS 5*	IFRS
Net sales	1 041,9	0,4	-249,8	792,5
Cost of sales	-635,9		236,1	-399,8
Gross profit	**406,0**	**0,4**	**-13,7**	**392,7**
Selling expenses	-144,6		4,2	-140,4
Medicine and business development expenses	-69,5	6,7	0,6	-62,2
Administration expenses	-59,0	1,8		-57,2
Operating profit	**132,9**	**8,9**	**-8,9**	**132,9**
Net financial items	-14,9	0,0		-14,9
Profit after net financial items	**118,0**	**8,9**	**-8,9**	**118,0**
Tax	-33,2	-0,1	2,5	-30,8
Net income from remaining operations	**84,8**	**8,8**	**-6,4**	**87,2**
Net income from discontinued operations			**6,4**	**6,4**
Net income	**84,8**	**8,8**	**0,0**	**93,6**
Period's adjustments				
Goodwill amortisation		8,5		
Valuation of foreign-exchange contracts		0,4		
Deffered tax		-0,1		
		8,8		

* Regarding sale of the parallel trading operation

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Transition to IFRS, consolidated balance sheet (summary)

MSEK	30-sep 2004	Adjustment IFRS 2004	30-sep 2004	31-dec 2004	Adjustment IFRS 2004	31-dec 2004
Assets						
Fixed assets						
- Product rights	711,6		711,6	697,3		697,3
- Goodwill	171,6	6,0	177,6	169,1	8,5	177,6
- Tangible	15,5		15,5	15,1		15,1
- Financial	9,8		9,8	10,6		10,6
Current assets						
- Inventory	185,5		185,5	180,3		180,3
- Short term receivables	143,3	0,0	143,3	133,5	0,4	133,9
- Cash and cash equivalents	18,7		18,7	60,8		60,8
Current assets	**1 256,0**	**6,0**	**1 262,0**	**1 266,7**	**8,9**	**1 275,6**
Equity and liabilities						
Equity	507,7	6,0	513,7	536,8	8,8	545,6
Non-current liabilities						
- Pension provisions	34,2	0,0	34,2	34,4		34,4
- Deferred tax liabilities	89,0		89,0	92,2	0,1	92,3
- Interest-bearing loans	117,8		117,8	105,0		105,0
Current liabilities						
- Interest bearing loans	332,2		332,2	327,9		327,9
- Current, non-interest bearing	175,1		175,1	170,4		170,4
Total equity and liabiliteas	**1 256,0**	**6,0**	**1 262,0**	**1 266,7**	**8,9**	**1 275,6**
Period's adjustments						
Goodwill amortisation		6,0			8,5	
Valuation of foreign-exchange contracts		0,0			0,4	
Deffered tax		0,0			-0,1	
		6,0			8,8	

Transition to IFRS, specification of changes in shareholders' equity

SEK million	30-sep 2004	Adjustment IFRS 2004	30-sep 2004	31-dec 2004	Adjustment IFRS 2004	31-dec 2004
Opening equity	**459,1**	**0,0**	**459,1**	**459,1**	**0,0**	**459,1**
Dividend	-17,5		-17,5	-17,5		-17,5
New share issue	6,5		6,5	11,2		11,2
Translation difference	-0,5		-0,5	-0,8		-0,8
Period's profit	60,1	6,0	66,1	84,8	8,8	93,6
Closing equity	**507,7**	**6,0**	**513,7**	**536,8**	**8,8**	**545,6**

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IFRS transitions affected key figures like this:

	January – September				July - September			
	2004	2004 Adjustment IFRS	2004 Adjustment IFRS 5	2004 IFRS	2004	2004 Adjustment IFRS	2004 Adjustment IFRS 5	2004 IFRS
Operating margin, %	12,6	0,8	3,5	16,9	14,2	1,0	3,9	19,1
Profit margin, %	11,3	0,8	3,0	15,1	12,1	1,0	3,4	16,5
Return on employed capital rolling, 12 months, %	17,2	0,9		18,1				
Return on equity rolling, 12 months, %	17,6	1,6		19,2				
Earnings per share before dilution, SEK	1,19	0,12	-0,10	1,22	0,43	0,05	0,00	0,48
Earnings per share after dilution, SEK	1,18	0,12	-0,09	1,21	0,42	0,05	0,00	0,48
Net debt	463,1	0,0	0,0	463,1				
Net debt/equity ratio, times	0,9	0,0	0,0	0,9				
Equity/assets ratio, %	40,40	0,30	0,00	40,70				
Equity per share, SEK (at period's end)	11,57	0,13	0,00	11,70				

	January – December			
	2004	2004 IFRS adjustment	2004 IFRS 5 s adjustments	2004 IFRS
Operating margin, %	12,8	2,9	1,1	16,8
Profit margin, %	11,3	2,5	1,1	14,9
Return on capital employed rolling 12, %	16,2	0,0		16,2
Return on equity rolling 12, %	17,1	1,7		18,8
Earnings per share before dilution, SEK	1,68	0,17	-0,13	1,73
Earnings per share after dilution, SEK	1,67	0,17	-0,13	1,72
Net liabilities	402,9	0,0	0,0	402,9
Net debt ratio, multiple	0,7	0,0	0,0	0,7
Equity/assets ratio, %	42,40	0,40	0,00	42,80
Equity per share, SEK (at end of period)	12,16	0,20	0,00	12,36

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COMPANY ACQUISITION SPECIFICATION

On August 5, Meda AB acquired 100% of the share capital in Viatris, a pharma company with operations in most western European countries. The Viatris Group is consolidated as of that date.

The acquired business contributed net sales of SEK 559.7 million and an operating profit of SEK 40.5 million to the Group for the August – September 2005 period. If the acquisition had taken place on 1 January 2005, the Group's net sales would have been SEK 3799 million with an operating profit of SEK 586 million. Following is information on the acquired net assets and goodwill.

	SEK MILLION
Purchase price	
- Cash payment	5 459.6
- Expenses directly connected to the acquisition	6.0
Total purchase price	5 465.6
Fair value of acquired net assets	-365.7
Goodwill	5 099.9

Goodwill is attributed to the new Group's future product and marketing opportunities, cost savings, and synergy effects from sales, product development, and production.

These assets and liabilities were included in the acquisition:	**Fair value**	**Acquired book value**
Product rights		
- Product rights (included on the product rights line)	1 319.6	721.0
- License rights (included on the product rights line)	580.4	0.0
- Customer contracts (included on the product rights line)	15.9	0.0
- Other intangible assets	14.9	5.8
Goodwill	0.0	625.0
Property plant and equipment	744.0	744.0
Financial assets		
- Deferred prepaid tax	185.2	581.2
- Other financial assets	8.3	8.3
Other current assets	1 221.2	1 221.2
Long-term liabilities		
- Deferred tax liabilities[1]	-685.7	-40.9
- Other long-term liabilities	-1 824.4	-1 824.4
Current liabilities	-1 213.7	-1 210.3
Acquired net assets	**365.7**	**831.1**
Goodwill	**5 099.9**	
Total purchase price	**5 465.6**	
Cash and cash equivalents in the Viatris Group	-212.0	
Changes to Group cash and cash equivalents at acquisition	**5 253.6**	

[1] Mainly concerns deferred tax on the difference between acquired book value and fair value of product rights. The deferred tax liability will gradually be dissolved when amortisation of product rights occurs.

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Discontinued operations

SEK MILLION	January – September		July – September		
	2005	2004	2005	2004	2004
Net income from sold business operations					
Net sales	139,6	197,7	16,8	49,6	249,8
Cost of goods sold	-131,5	-187,5	-15,3	-48,4	-236,1
Gross profit	**8,1**	**10,2**	**1,5**	**1,2**	**13,7**
Selling expenses	-1,4	-3,3	-0,6	-1,5	-4,2
Medical and business development expenses	-0,6	-0,3	-0,2	-0,1	-0,6
Administration expenses	0,0	0,0	0,0	0,0	0,0
Net income from disposal of operations	37,4	0,0	37,4	0,0	0,0
Operating profit	**43,5**	**6,6**	**38,1**	**-0,4**	**8,9**
Net financial items	0,0	0,0	0,0	0,0	0,0
Profit after net financial items	**43,5**	**6,6**	**38,1**	**-0,4**	**8,9**
Tax	-1,7	-1,8	-0,2	0,2	-2,5
Net income from discontinued operations [1)]	**41,8**	**4,8**	**37,9**	**-0,2**	**6,4**

1) Refers to the sold Parallel Trading operation

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Segment reporting

SEK MILLION	January – September			July – September			
	2005	**2004**	**Change**	**2005**	**2004**	**Change**	**2004**
Remaining operations							
Net sales							
Pharma	1 524,4	491,0	210%	873,1	182,2	379%	685,4
Medical Device	89,3	78,9	13%	28,6	25,3	13%	107,1
	1 613,7	**569,9**	183%	**901,7**	**207,5**	335%	**792,5**
Gross profit							
Pharma	938,0	239,8	291%	516,1	89,6	476%	334,9
Medical Device	48,5	42,6	14%	15,2	14,2	7%	57,8
	986,5	**282,4**	249%	**531,3**	**103,8**	412%	**392,7**
Gross margin							
Pharma	61,5%	48,8%	12,7%	59,1%	49,2%	9,9%	48,9%
Medical Device	54,3%	54,0%	0,3%	53,1%	56,1%	-3,0%	54,0%
	61,1%	**49,6%**	11,5%	**58,9%**	**50,0%**	8,9%	**49,6%**
Operating profit							
Pharma	444,8	118,4	276%	222,0	47,7	365%	161,4
Medical Device	27,0	21,6	25%	8,5	7,5	13%	28,9
Non allocated expenses	-110,5	-43,5		-78,6	-15,6		-57,3
Operating profit from remaining operations	**361,3**	**96,5**	274%	**151,9**	**39,6**	284%	**133,0**

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