Interim report – August 3, 2011

Meda AB (publ) – Interim report, January-June 2011

- Group net sales reached SEK 6,177 million (5,986). At fixed currency rates, sales increased 14%.

- EBITDA rose to SEK 2,319 million (2,191[1]), corresponding to a 37.5% margin (36.6). At fixed currency rates, EBITDA increased 17%.

- Operating profit amounted to SEK 1,345 million (1,348[1]).

- Profit after tax totaled SEK 753 million (1,039). Excluding non-recurring effects, profit after tax totaled SEK 753 million (731[2]).

- Earnings per share reached SEK 2.49 (3.44). Excluding non-recurring effects, earnings per share totaled SEK 2.49 (2.42[2]).

- Cash earnings per share rose to SEK 5.10 (4.93).

[1]Excluding non-recurring revenue of SEK 429 million in Q2 2010.
[2]Excluding non-recurring revenue of SEK 429 million in Q2 2010 and its related tax effect.

Highlights

Meda and Valeant enter partnership

- Meda licensed the exclusive rights to Elidel (pimecrolimus 1% cream) and Xerese (acyclovir and hydrocortisone cream) to Valeant in North America. The companies will collaborate on development of the products.
- Meda received an initial USD 76 million and is also eligible for long-term double-digit royalties on sales of Zovirax cream and ointment (treatment of cold sores and genital herpes), Xerese, and Elidel, and on their respective future product development in North America. Up to the end of 2012, Meda estimats to receive milestone payments and royalties of about USD 130 million, and royalty payments of at least USD 120 million are expected from 2013 to 2015.

Potiga (ezogabine) receives FDA approval

- The US Food and Drug Administration (FDA) approved Potiga for treatment of epilepsy.
- The FDA approval triggered a milestone payment to Meda of USD 6 million. Meda is also entitled to receive royalties of 7% on net sales and other milestone payments related to future development of the product. GlaxoSmithKline is responsible for global commercialization.

Progress for Dymista

- New study results for Dymista were presented at this year's European Academy of Allergy and Clinical Immunology (EAACI) meeting. The results from three randomized placebo-controlled parallel group studies with more than 2,200 patients showed that Dymista represents a breakthrough in the treatment of allergic rhinitis. Compared with current standard therapy, Dymista:
  1) was more effective while retaining a positive safety profile.
  2) provided significantly faster clinically relevant alleviation of symptoms to a greater number of patients.
  3) was very effective in reducing eye symptoms associated with allergic rhinoconjunctivitis.
- The new drug application (NDA) for Dymista was submitted to the FDA in early April. The FDA has determined that the application is sufficiently complete to permit a substantive review.
- The European NDA for Dymista is expected to be submitted to the authorities concerned by the end of 2011.

Zyclara and Acnex NDAs submitted in Europe

- The NDA for patented dermatology products Acnex (clindamycin and tretinoin) and Zyclara (imiquimod 3.75% cream) have been submitted to European regulatory authorities.
- Acnex (treatment of mild to severe acne) is formulated for use once a day. More than 4,000 patients were enrolled in clinical studies. Zyclara (treatment of actinic keratosis) can be administered once per day and expands treatment options to more skin areas. More than 1,400 patients were enrolled in seven clinical studies.

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CEO'S COMMENTS

We are pleased to say that several important steps have been taken to secure good future growth in the company. Several significant acquisitions were made to strengthen our position in OTC drugs. We will continue on this path and build positions in this area with respect to products and markets. These are important initiatives that will help the company grow. The acquisition of Elidel is complete and reflects increased focus on dermatology. We chose to license the North American rights to Valeant. That partnership also includes Xerese and Zovirax. Through this agreement, Meda will be able to earn considerable royalties in the future. This agreement also means that we can focus Meda's resources on the allergy area, which is our highest priority area in the US, and that we can launch Dymista with full force.

Positive news on several products was presented in recent months:

- The NDA for Dymista in the US was submitted to the FDA, and we expect to submit an NDA in Europe before the end of the year.
- NDAs for Zyclara and Acnex have been submitted to the European regulatory authorities. These products will strengthen Meda's position in dermatology in Europe.
- Sublinox was approved in Canada and the product will be commercialized through Meda's joint venture with Valeant. Meda consolidates sales.
- Potiga was approved in the US and Europe, and GlaxoSmithKline began launching in some markets in Europe. Meda is entitled to 6-8% in royalties in these territories.

Emerging Markets continues its positive performance, and we have resolved to invest further in these markets. New subsidiaries are being established in China, Brazil, Romania, and Australia.

Conditions are now very good for successfully growing the business.

Anders Lönner

Group President and CEO

SALES

For information on sales trends for major products, see the table on page 20. Definitions concerning geographic regions and product categories are presented on page 22.

January-June

Net sales for the period amounted to SEK 6,177 million (5,986). At fixed currency rates, sales increased 14%. Acquired products contributed SEK 848 million and the effect of products that were discontinued during the period was SEK -37 million year-on-year. The net effect of price changes in Europe in H1 amounted to about SEK -70 million year-on-year.

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Sales by geographic area

SEK million	H1 2011	H1 2010	INDEX	INDEX (FIXED EXCHANGE RATES)
Western Europe	3,953	4,099	96	104
USA	1,244	1,021	122	141
Emerging Markets	815	761	107	120
Other Sales	165	105	157	169
Total sales	6,177	5,986	103	114

Sales in **Western Europe** for the period were SEK 3,953 million (4,099), representing a 4% increase at fixed exchange rates. Sales trends in the region show significant variation between markets. Germany, France, the UK, the Netherlands, and Belgium all exhibited positive organic growth during the period. However, this could not offset continued declines in Spain and Italy. Organic sales trends in the Nordics were slightly negative during the period.

USA sales amounted to SEK 1,244 million (1,021), representing a 41% increase at fixed exchange rates. The increase is related to acquisitions, as in the previous quarter. As a result of Astelin's generic competition beginning in H2 2010, sales of Astelin in local currency fell in the period to USD 13 million. This is a decrease of USD 46 million year-on-year. Sales of follow-up product Astepro increased 7% to USD 33 million at fixed exchange rates.

Sales in **Emerging Markets** amounted to SEK 815 million (761), representing a 20% increase at fixed exchange rates. Growth during the period was driven by markets in Eastern Europe and Turkey.

Other Sales amounted to SEK 165 (105) million.

Sales by product category

SEK million	H1 2011	H1 2010	INDEX	INDEX (FIXED EXCHANGE RATES)
Branded Generics	761	614	124	136
Specialty Products	3,961	4,246	93	103
OTC	1,203	927	130	141
Other Sales	252	199	127	137
Total sales	6,177	5,986	103	114

Sales in **Branded Generics** rose to SEK 761 million (614), representing a 36% increase at fixed exchange rates. This corresponds to organic growth of 19%.

Specialty Products amounted to SEK 3,961 million (4,246), representing a 3% increase at fixed exchange rates. Organic growth in this category was -9% as a result of generic competition for Astelin in the US. Excluding this effect, organic development was in line with last year in this category.

OTC sales amounted to SEK 1,203 million (927), representing a 41% increase at fixed exchange rates. The increase relates primarily to acquired products. Organic growth for OTC was about 4%.

Other Sales amounted to SEK 252 (199) million.

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April-June

Net sales in Q2 amounted to SEK 3,234 million (3,043). At fixed currency rates, sales increased 17%. Acquired products contributed SEK 550 million and the effect of discontinued products during the period was SEK -24 million year-on-year. The net effect of price changes in Europe during the quarter amounted to about SEK -40 million year-on-year.

Sales by geographic area

SEK million	Q2 2011	Q2 2010	INDEX	INDEX (FIXED EXCHANGE RATES)
Western Europe	2,094	2,030	103	109
USA	631	533	118	143
Emerging Markets	437	427	102	114
Other Sales	72	52	139	148
Total sales	3,234	3,043	106	117

Sales in **Western Europe** in Q2 were SEK 2,094 million (2,030), representing a 9% increase at fixed exchange rates. Organic growth amounted to -2% year-on-year after weak sales in Spain and Italy.

USA sales amounted to SEK 631 million (533), representing a 43% increase at fixed exchange rates.

Sales in **Emerging Markets** amounted to SEK 437 million (428), representing a 14% increase at fixed exchange rates. Sales increased especially in Russia, while growth in Turkey was lower than in Q1.

Other Sales amounted to SEK 72 (52) million.

Sales by product category

SEK million	Q2 2011	Q2 2010	INDEX	INDEX (FIXED EXCHANGE RATES)
Branded Generics	427	304	140	155
Specialty Products	2,049	2,180	94	104
OTC	636	456	140	150
Other Sales	122	103	119	126
Total sales	3,234	3,043	106	117

Sales in **Branded Generics** rose to SEK 427 million (304), representing a 55% increase at fixed exchange rates. Organic growth for the period amounted to 33% after strong sales of Molaxole in Western Europe and the generic versions of azelastine and carisoprodol in the US.

Specialty Products amounted to SEK 2,049 million (2,180), representing a 4% increase at fixed exchange rates. Continued generic penetration of Astelin in the US led to organic growth of -12% for the period. This was partly offset by increased sales of specialty products in Russia during the quarter. Excluding the impact of generic competition for Astelin in the US, organic growth amounted to -2%.

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OTC sales amounted to SEK 636 million (456), representing a 50% increase at fixed exchange rates. The increase relates primarily to acquired products. OTC's organic growth in Q2 was about 4% distributed over several markets.

Other Sales amounted to SEK 122 million (103) and included a milestone payment of SEK 38 million for FDA approval of Potiga.

PROFIT

Compared year-on-year, Q2's income measure was strongly affected by exchange rate fluctuations. The following table shows a condensed income statement in which 2011's income statement items are translated to 2010's exchange rates.

	FIXED EXCHANGE RATES					
	January-June			April-June		
	2011	2010	*Index*	2011	2010	*Index*
Net sales	**6,796**	**5,986**	***114***	**3,546**	**3,043**	***117***
Gross profit	**4,351**	**3,873**	***112***	**2,268**	**1,971**	***115***
Gross margin, %	*64%*	*65%*		*64%*	*65%*	
Operating expenses	-2,810	-2,525		-1,471	-1,283	
EBIT	**1,541**	**1,348**[2]	***114***	**797**	**688**[2]	***116***
EBIT margin,%	*23%*	*23%*[2]		*22%*	*23%*[2]	
Depreciation and amortization	-1,023	-843		-533	-444	
EBITDA	**2,564**	**2,191**[2]	***117***	**1,330**	**1,132**[2]	***117***
EBITDA margin,%	*38%*	*37%*[2]		*38%*	*37%*[2]	
Net financial items	-292	-285		-160	-155	
EBT	**1,249**	**1,063**[2]	***117***	**637**	**533**[2]	***120***
Tax	-367	-332[3]		-188	-162[3]	
Tax, %	*29%*	*30%*[3]		*29%*	*30%*[3]	
Net profit	**882**	**731**[4]	***121***	**449**	**371**[4]	***121***

Operating profit

As a result of last year's positive non-recurring effect, operating profit decreased in H1 to SEK 1,345 milliion (1,777).

[2] Excluding non-recurring revenue of SEK 429 million in Q2 2010.
[3] Excluding tax on non-recurring revenue.
[4] Excluding non-recurring revenue of SEK 429 million in Q2 2010 and its related tax effect.

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EBITDA for the same period declined to SEK 2,319 million (2,620), yielding a 37.5% margin (43.8). EBITDA, excluding non-recurring effects[5] and currency effects, was SEK 2,564 million (2,191), yielding a 37.7% margin (36.6).

Operating profit for Q2 reached SEK 695 million (1,117), corresponding to a 38% decrease, due to last year's non-recurring revenue of SEK 429 million.

EBITDA for the same period declined to SEK 1,200 million (1,561), yielding a 37.1% margin (51.3). EBITDA, excluding non-recurring effects[5] and currency effects, was SEK 1,330 million (1,132), yielding a 37.5% margin (37.2).

Operating expenses for H1 amounted to SEK 2,601 million (2,525). Excluding currency effects and depreciation and amortization, the increase arose from additional operating expenses from acquired operations.

Selling expenses for Q2 amounted to SEK 591 million (583), which is a 14% increase compared to the previous quarter. Medicine and business development expenses for Q2 amounted to SEK 616 million (558). Excluding amortization of product rights, medicine and business development expenses were in line with last year. Administrative expenses for Q2 amounted to SEK 156 million (142).

Financial items

Group net financial items for H1 were SEK -277 million (-285). The average interest rate on 30 June 2011 was 3.4% (3.8).

Profit after net financial items for the same period totaled SEK 1,068 million (1,492).

Group net financial items for Q2 were SEK -154 million (-155). Net financial items for Q1 amounted to SEK -123 million. The difference between the two quarters is attributable to increased interest expenses resulting from the acquisitions of Antula and Elidel.

Net profit and earnings per share

Net profit for H1 amounted to SEK 753 million (1,039). Excluding non-recurring effects, net profit totaled SEK 753 million (731[6]).

Group tax expense for the same period amounted to SEK 315 million (453), equivalent to a tax rate of 29.4% (30.4).

Earnings per share for H1 were SEK 2.49 (3.44). Excluding non-recurring effects, earnings per share totaled SEK 2.49 (2.42[6]).

Net profit for Q2 amounted to SEK 380 million (679). Excluding non-recurring effects, net profit totaled SEK 380 million (371[6]).

Group tax expense for the same period amounted to SEK 161 million (283), equivalent to a tax rate of 29.6% (29.4).

Earnings per share for Q2 were SEK 1.26 (2.25). Excluding non-recurring effects, earnings per share totaled SEK 1.26 (1.23[6]).

[5] Excluding non-recurring revenue of SEK 429 million.
[6] Excluding non-recurring revenue of SEK 429 million in Q2 2010 and its related tax effect.

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CASH FLOW

Cash flow from operating activities before changes in working capital for H1 amounted to SEK 1,546 million (1,663).

Cash flow from changes in working capital for the same period was SEK 28 million (-153). Tied-up capital decreased by SEK 471 million as a result of the cooperation agreement with Valeant, for which Meda received USD 76 million in deferred revenue. Excluding these payments, tied-up capital increased SEK 443 million during the period. Capital tied up in inventories rose by SEK 114 million during the period foremost as a result of the takeover of new products. Receivables increased tied-up capital by SEK 237 million during the period. The increase is attributable to higher sales at the end of the period year-on-year in markets with longer credit periods and to seasonal fluctuations.

Cash flow from operating activities for H1 amounted to SEK 1,574 million (1,510).

Cash flow from investing activities amounted to SEK -4,775 million (-304). Two OTC products on the US market were acquired in January. Antula, Elidel, and all rights to Xerese in North America were acquired in Q2.

Cash flow from financing activities amounted to SEK 3,217 million (-1,032) in H1.

Cash earnings per share reached SEK 5.10 (4.93) for the same period.

Cash flow from financing activities amounted to SEK 3,480 million (-499) in Q2.

Cash earnings per share reached SEK 3.11 (2.86) for the same period.

FINANCING

On June 30, equity stood at SEK 14,102 million compared to SEK 13,925 million at the year's start, which corresponds to SEK 46.7 (46.1) per share. The equity/assets ratio was 37.1% compared to 41.5% at the start of the year.

Group net liabilities totaled SEK 17,340 million on June 30, compared with SEK 13,524 million at the year's start.

PARENT COMPANY

Net sales for H1 totaled SEK 2,244 million (1,808), of which intra-Group sales represented SEK 1,380 million (1,438).

Profit before appropriations and tax reached SEK 1,939 million (1,225).

Net financial items amounted to SEK 1,373 million (794).

Cash and cash equivalents amounted to SEK 0 million compared to SEK 0 million at year-end 2010.

Investments in intellectual property rights in H1 were SEK 245 million (276), and investments in property, plant, and equipment totaled SEK 0 million (0).

Non-current financial assets stood at SEK 24,011 million compared to SEK 19,433 million at year-end 2010.

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AGREEMENTS AND KEY EVENTS

- **MEDA ACQUIRES ELIDEL**

In April Meda came to an agreement with Novartis to acquire worldwide rights to Elidel (pimecrolimus 1% cream). Elidel is a proprietary drug for the treatment of atopic eczema. Atopic eczema is a chronic, recurring inflammatory skin disease. Elidel is the first topical preparation developed for the treatment of atopic eczema that does not contain a corticosteroid. Elidel has been documented in studies involving more than 60,000 patients.

Elidel is sold in over 90 countries worldwide. The acquisition occurred in May after approval from anti-trust authorities. The purchase price for global rights amounted to USD 420 million (about SEK 2,650 million), which is a multiple of about five times EBITDA.

- **MEDA ACQUIRES EXCLUSIVE RIGHTS TO XERESE IN NORTH AMERICA**

In February 2010, Meda in-licensed exclusive North American rights to Xerese, a patented product for treating cold sores. The agreement includes double-digit royalties on sales with minimum royalties to partner Medivir AB. Meda acquired all remaining rights to Xerese in North America and royalties are no longer paid to Medivir. The purchase price was USD 45 million. Under the new agreement, Meda will look to developing new products. For these new products, Medivir will receive single-digit royalties and a milestone payment of USD 10 million when approved by the FDA.

- **MEDA AND VALEANT ENTER PARTNERSHIP**

Meda and Valeant have concluded a cooperation agreement in which Meda licenses the exclusive rights to Elidel (pimecrolimus 1% cream) and Xerese (acyclovir and hydrocortisone cream) in the US, Canada, and Mexico to Valeant. Meda and Valeant will collaborate on development of both products.

Meda will receive initial payments of USD 76 million, of which about half will be taken up as revenue over a longer period. Meda will also receive long-term double-digit royalties on sales of Zovirax cream and ointment (treatment of cold sores and genital herpes), Xerese, and Elidel, and on their respective future development in North America. MEDA estimates milestone payments and royalties of about USD 130 million through the end of 2012. Royalties will then be paid as long as the products are commercialized. From 2013 to 2015, royalties should reach at least USD 120 million.

- **NDA FOR DYMISTA SUBMITTED AND DETERMINED COMPLETE BY FDA**

The NDA for Dymista, a new intranasal formulation of azelastine hydrochloride and fluticasone propionate, was submitted to the FDA in April and was subsequently considered to be sufficiently complete to permit a substantive review.

Dymista is a new drug for the treatment of patients with seasonal allergic rhinitis. Dymista was documented in several studies with more than 4,000 patients, including a long-term study of more than 600 patients to demonstrate safety.

- **DYMISTA SHOWS NEW POSITIVE STUDY RESULTS**

Meda presented new Dymista study results at this year's EAACI meeting in Istanbul, Turkey, which was held June 11-15. Data from three randomized placebo-controlled parallel group studies that comprised more than 2,200 patients showed that Dymista represents a breakthrough in the treatment of allergic rhinitis, since Dymista is more

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effective than intranasal fluticasone propionate and azelastine nasal spray for safely alleviating nasal rhinitis symptoms.

An important aspect is that Dymista provides significantly faster clinically relevant alleviation of symptoms to a greater number of patients than the current standard treatments. It is also very effective in reducing eye symptoms associated with allergic rhinoconjunctivitis.

- **ACNEX NDA SUBMITTED IN EUROPE**

The NDA for Acnex (clindamycin and tretinoin) was submitted in April to the European regulatory authorities. Acnex is a new product for the treatment of mild to severe acne. The product is patented and formulated for use once a day. More than 4,000 patients were enrolled in clinical studies.

The application covers 29 countries through the decentralized procedure. NDAs for Russia, Turkey, and the CIS countries will follow. There are more than 30 million patients with acne in Meda's markets.

- **ACQUISITION OF ANTULA COMPLETED**

Acquisition of Antual occurred in April after approval from anti-trust authorities. The acquisition is a consistent step in Meda's strategy to grow in OTC products.

- **POTIGA (EZOGABINE) RECEIVES FDA APPROVAL**

Valeant Pharmaceuticals International Inc., Meda's partner for ezogabine, which is known as retigabine outside the US, received approval from the FDA for Potiga (ezogabine) in June. Potiga is approved for adjunctive treatment of adults with partial-onset seizures. Potiga is the first approved drug for this indication that affects potassium channels in a new way.

This FDA approval gives Meda a milestone payment of USD 6 million. Meda is also entitled to receive royalties of 7% in the US on net sales and additional milestone payments related to future development of the product. GlaxoSmithKline is responsible for global commercialization.

Trobalt (retigabine) was approved in Europe on March 28, 2011, and the launch by GlaxoSmithKline has already been initiated in Germany, the UK, Switzerland, and Denmark. MEDA will receive royalties of 6-8% in Europe.

EVENTS AFTER THE REPORTING DATE

- **SUBLINOX APPROVED IN CANADA**

Health Canada, the Canadian regulatory authority, has approved Sublinox for the treatment of sleep disorders. Sublinox is a new patented sublingual drug with the well-established active substance zolpidem. Sublinox will be commercialized by Meda Valeant Pharma Canada Inc., the joint venture company formed by Meda and Valeant in Canada. The launch is planned for Q4 2011.

RISKS AND UNCERTAINTIES

The Meda Group's business is exposed to financial risks. Meda's 2010 annual report describes the company's management of these risks on pp. 86-88. Several other factors, which Meda cannot fully control, affect the Group's operations. Factors judged particularly significant to Meda's future growth are: competitors and pricing,

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actions by authorities, partnerships, market assessments, clinical trials, key individuals and recruitment, product liability, patents, and trademarks. The 2010 annual report describes these types of risks (pp. 132-134).

ACCOUNTING POLICIES

Group

Meda complies with the EU-approved IFRS standards and their interpretations (IFRIC). This interim report was prepared as per International Accounting Standard (IAS) 34 Interim Financial Reporting. The Group uses the same accounting policies as applied in the 2010 annual report. Further information about Group reporting and valuation principles is detailed in Note 1 on pp. 82-85 of the 2010 annual report.

Parent company

The parent company applies RFR 2 Accounting for Legal Entities.

REPORTS IN 2011

Interim report, January-September	Wednesday, November 2, 2011

The board of directors and CEO hereby confirm that this interim report provides a true and fair view of the parent company's and Group's operations, position, and performance, and describes material risks and uncertainties faced by the parent company and Group companies.

Stockholm, August 3, 2011

Bert-Åke Eriksson *Board chairman*	Peter Claesson *Board member*	Marianne Hamilton *Board member*
Tuve Johannesson *Board member*	Maria Carell *Board member*	Peter von Ehrenheim *Board member*
Anders Lönner *CEO*	Anders Waldenström *Board member*	

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REVIEW REPORT

We have reviewed this report for the period 1 January 2011 to 30 June 2011 for Meda AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 3 August 2011

PricewaterhouseCoopers AB

Göran Tidström
Authorized Public Accountant
Auditor in charge

FORWARD-LOOKING STATEMENTS

This report is not an offer to sell or a solicitation to buy shares in Meda. This report also contains certain forward-looking statements with respect to certain future events and Meda's potential financial performance. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts and may sometimes include words such as "may", "will", "seek", "anticipate", "expect", "estimate", "intend", "plan", "forecast", "believe", or other words of similar meaning. These forward-looking statements reflect the current expectations on future events of the management at the time such statements are made, but are made subject to a number of risks and uncertainties. In the event such risks or uncertainties materialize, Meda's results could be materially affected. The risks and uncertainties include, but are not limited to, risks associated with the inherent uncertainty of pharmaceutical research and product development, manufacturing and commercialization, the impact of competitive products, patents, legal challenges, government regulation and approval, Meda's ability to secure new products for commercialization and/or development, and other risks and uncertainties detailed from time to time in Meda AB's interim or annual reports, prospectuses, or press releases. Listeners and readers are cautioned that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Meda does not intend or undertake to update any such forward-looking statements.

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Consolidated condensed income statement

SEK million	January-June			April-June			January-December
	2011	2010	Change	2011	2010	Change	2010
Net sales	6,177	5,986	3%	3,234	3,043	6%	11,571
Cost of sales	-2,231	-2,113		-1,176	-1,072		-4,156
Gross profit	**3,946**	**3,873**	**2%**	**2,058**	**1,971**	**4%**	**7,415**
Other income	-	429		-	429		429
Selling expenses	-1,110	-1,165		-591	-583		-2,436
Medicine and business development expenses[1]	-1,181	-1,057		-616	-558		-2,222
Administrative expenses	-310	-303		-156	-142		-657
Operating profit (EBIT)	**1,345**	**1,777**		**695**	**1,117**		**2,529**
Net financial items	-277	-285		-154	-155		-552
Profit for the period after net financial items (EBT)	**1,068**	**1,492**		**541**	**962**		**1,977**
Tax	-315	-453		-161	-283		-549
Net profit	**753**	**1,039**		**380**	**679**		**1,428**
Profit/loss attributable to:							
Parent company shareholders	756	1,045		381	683		1,444
Non-controlling interests	-3	-6		-1	-4		-16
Net profit	**753**	**1,039**		**380**	**679**		**1,428**
[1]Of which amortization of product rights	-914	-787		-476	-416		-1,660
EBITDA	**2,319**	**2,620**		**1,200**	**1,561**		**4,306**
Amortization, product rights	-914	-787		-476	-416		-1,660
Depreciation and amortization, other	-60	-56		-29	-28		-117
Operating profit (EBIT)	**1,345**	**1,777**		**695**	**1,117**		**2,529**
EBITDA (excluding non-recurring effects)	**2,319**	**2,191**	**6%**	**1,200**	**1,132**	**6%**	**4,074**
Key ratios related to earnings							
Operating margin, %	21.8%	29.7%		21.5%	36.7%		21.9%
Profit margin, %	17.3%	24.9%		16.7%	31.6%		17.1%
EBITDA, %	37.5%	43.8%		37.1%	51.3%		37.2%
EBITDA (excluding non-recurring effects)	37.5%	36.6%		37.1%	37.2%		35.2%
Return on capital employed, rolling 12 months, %	7.2%	11.0%					9.3%
Return on equity, rolling 12 months, %	8.0%	12.2%					10.4%

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Consolidated statement of comprehensive income

SEK million	January-June		April-June		January-December
	2011	2010	2011	2010	2010
Net profit	**753**	**1,039**	**380**	**679**	**1,428**
Translation difference	130	-210	424	279	-1,628
Net investment hedge, after tax	-118	110	-201	-3	671
Cash flow hedges, after tax	16	42	-8	20	92
Other comprehensive income for the period, net of tax	**28**	**-58**	**215**	**296**	**-865**
Total comprehensive income	**781**	**981**	**595**	**975**	**563**
Profit/loss attributable to:					
Parent company shareholders	783	987	596	979	579
Non-controlling interests	-2	-6	-1	-4	-16
Total comprehensive income	**781**	**981**	**595**	**975**	**563**

Share data

	January-June		April-June		January-December
	2011	2010	2011	2010	2010
Earnings per share					
Basic earnings per share, SEK	2.49	3.44	1.26	2.25	4.72
Diluted earnings per share, SEK	2.49	3.44	1.26	2.25	4.72
Average number of shares					
Basic (thousands)	302,243	302,243	302,243	302,243	302,243
Diluted (thousands)	302,243	302,243	302,243	302,243	302,243
Number of shares on closing day					
Basic (thousands)	302,243	302,243	302,243	302,243	302,243
Diluted (thousands)	302,243	302,243	302,243	302,243	302,243

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Consolidated condensed balance sheet

SEK million	June 30 2011	June 30 2010	December 31 2010
ASSETS			
Non-current assets			
- Property, plant, and equipment	783	787	788
- Intangible[1]	32,212	26,729	28,214
- Other non-current assets	686	685	624
Non-current assets	**33,681**	**28,201**	**29,626**
Current assets			
- Inventories	1,679	1,561	1,520
- Current receivables	2,496	2,529	2,305
- Cash and cash equivalents	124	246	111
Current assets	4,299	4,336	3,936
Total assets	**37,980**	**32,537**	**33,562**
EQUITY AND LIABILITIES			
Equity	**14,102**	**14,343**	**13,925**
Non-current liabilities			
- Borrowings	14,648	7,074	7,632
- Pension obligations	794	846	790
- Deferred tax liabilities	2,726	2,340	2,607
- Other liabilities, non-interest-bearing	273	360	316
Non-current liabilities	**18,441**	**10,620**	**11,345**
Current liabilities			
- Borrowings	2,040	4,554	5,226
- Short-term, non-interest-bearing	3,397	3,020	3,066
Current liabilities	5,437	7,574	8,292
Total equity and liabilities	**37,980**	**32,537**	**33,562**
[1]Of which goodwill	**14,172**	**13,033**	**13,235**
Key ratios affecting balance sheet			
Net debt	17,340	12,215	13,524
Net debt/equity ratio, times	1.2	0.9	1.0
Equity/assets ratio, %	37.1	44.1	41.5
Equity per share, SEK (at end of period)	46.7	47.5	46.1

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Consolidated condensed cash flow statement

SEK million	January-June		April-June		January-December
	2011	2010	2011	2010	2010
Cash flow from operating activities					
Profit after financial items	1,068	1,492	541	962	1,977
Adjustments for items not included in cash flow	974	528	498	50	1,367
Net change in pensions	-2	-4	-5	8	0
Net change in other provisions	-96	-87	-53	-35	70
Income taxes paid	-398	-266	-296	-132	-680
Cash flow from operating activities before change in working capital	**1,546**	**1,663**	**685**	**853**	**2,734**
Cash flow from change in working capital					
Inventories	-115	19	-12	-22	-15
Receivables	-237	-24	-135	-22	17
Liabilities	380	-148	426	61	-200
Cash flow from operating activities	**1,574**	**1,510**	**964**	**870**	**2,536**
Cash flow from investing activities	-4,775	-304	-4,564	-214	-2,852
Cash flow from financing activities	3,217	-1,032	3,480	-499	365
Cash flow for the period	**16**	**174**	**-120**	**157**	**49**
Cash and cash equivalents at period's start	111	76	244	89	76
Exchange-rate difference for cash and cash equivalents	-3	-4	0	0	-14
Cash and cash equivalents at period's end	**124**	**246**	**124**	**246**	**111**
Key ratios related to cash flow					
Free cash flow, SEK million	1,540	1,489	940	864	2,465
Cash earnings per share, SEK	5.10	4.93	3.11	2.86	8.15

Consolidated statement of changes in equity

SEK million	June 30	June 30	December 31
	2011	2010	2010
Opening balance, equity	**13,925**	**13,664**	**13,664**
Dividend	-604	-302	-302
Change in minority share, net	-2	-6	-16
Total comprehensive income	783	987	579
Closing balance, equity	**14,102**	**14,343**	**13,925**

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Information on geographic markets

SEK million	January-June		April-June		January-December
	2011	2010	2011	2010	2010
External net sales					
Northern Europe	877	796	480	392	1,595
Central and eastern Europe	1,826	1,872	967	971	3,624
Western Europe	1,761	1,881	929	937	3,527
USA	1,229	1,020	619	532	2,014
Export markets	319	312	167	159	592
Unallocated sales	165	105	72	52	219
	6,177	**5,986**	**3,234**	**3,043**	**11,571**
EBITDA					
Northern Europe	292	307	131	145	603
Central and eastern Europe	746	778	400	409	1,473
Western Europe	732	825	400	416	1,513
USA	697	450	362	245	684
Export markets	121	120	60	64	192
Unallocated sales	-269	140	-153	282	-159
	2,319	**2,620**	**1,200**	**1,561**	**4,306**

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Acquisition of Antula

Meda announced its acquisition of Antula, a Nordic OTC company, on February 21, 2011. The acquisition gives Meda clear opportunities for growth, partly through Meda's and Antula's existing products, and partly through Antula's pipeline of new products. Through the integration with Meda, several of the products will have potential to become internationally strong brands.

The purchase consideration was SEK 1,800 million on a debt-free basis. Direct costs attributable to the acquisition total about SEK 0.5 million.

Preliminary data on acquired net assets and goodwill follows. Final acquisition values will be established when the final evaluation of assets, working capital, and contingent liabilities is completed.

Preliminary acquisition calculation:

	SEK million
Acquisition value	1,618
Fair value of acquired net assets	-513
Goodwill	**1,105**

Goodwill is attributable to additional future product and market opportunities related to the strategic platform for OTC products that was acquired.

The acquisition included these assets and liabilities:

SEK million	Fair value
Product rights	911
Other non-current assets	8
Inventories	46
Trade receivables	91
Other receivables	17
Cash and cash equivalents	12
Deferred tax liabilities	-224
Trade payables	-74
Other liabilities	-145
Borrowings	-129
Acquired net assets	513
Goodwill	1,105
Total purchase consideration	**1,618**
Cash and cash equivalents in acquired entities	-12
Change in Group cash and cash equivalents at acquisition	**1,606**

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Condensed income statement for the parent company

SEK million	January-June	
	2011	2010
Net sales	2,244	1,808
Cost of sales	-957	-811
Gross profit	**1,287**	**997**
Other operating income	68	76
Selling expenses	-240	-195
Medicine and business development expenses	-469	-378
Administrative expenses	-80	-69
Operating profit (EBIT)	**566**	**431**
Net financial items	1,373	794
Profit for the period after net financial items (EBT)	**1,939**	**1,225**
Appropriations and tax	-640	-252
Net profit	1,299	973

Condensed balance sheet for the parent company

SEK million	June 30	December 31
	2011	2010
ASSETS		
Non-current assets		
- Intangible	8,224	8,379
- Property, plant, and equipment	1	1
- Financial	24,011	19,433
Total non-current assets	**32,236**	**27,813**
Current assets		
- Inventories	382	292
- Current receivables	1,099	1,180
- Cash and bank balances	0	0
Total current assets	1,481	1,472
Total assets	**33,717**	**29,285**
EQUITY AND LIABILITIES		
Restricted equity	3,477	3,477
Non-restricted equity	8,872	8,160
Total equity	**12,349**	**11,637**
Untaxed reserves	2,715	2,026
Provisions	56	101
Non-current liabilities	14,619	7,615
Current liabilities	3,978	7,906
Total equity and liabilities	**33,717**	**29,285**

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SALES

Sales trends for major products

	January-June				April-June			
SEK million	2011	2010	INDEX	INDEX (LC)*	2011	2010	INDEX	INDEX (LC)*
BETADINE	387	423	92	100	200	212	95	101
TAMBOCOR	384	415	92	101	201	206	97	104
ASTEPRO	208	225	92	107	88	128	69	83
ASTELIN	204	528	39	43	101	281	36	41
ALDARA	201	219	92	100	103	105	98	106
MINITRAN	183	244	75	82	89	124	72	77
FELBATOL	166	91	181	210	98	41	238	287
SOMA	154	182	85	98	81	86	95	114
ZAMADOL	130	166	78	86	63	79	79	86
THIOCTACID	125	68	184	209	54	36	152	169
RANTUDIL	123	155	79	90	61	95	64	75
MESTINON	121	129	94	103	68	64	106	114
FORMATRIS	110	110	101	110	56	51	112	119
MARCOUMAR	103	102	101	109	55	57	96	101
NOVOPULMON	97	97	101	110	48	48	99	106
ETOFENAMATE	80	84	95	108	45	53	86	98
SOLCO	78	97	81	88	44	53	84	90
MUSE	75	23	326	367	37	12	309	358
SARGENOR	73	66	109	120	33	34	95	101
CALCIUM	71	73	96	101	38	37	100	104

* Index in local currency (fixed exchange rates)

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DEFINITIONS

Return on equity

Net profit/loss as a percentage of average equity.

Return on capital employed

Operating profit/loss as a percentage of average capital employed.

Gross margin

Gross profit/loss as a percentage of net sales. Gross profit/loss equals net sales less cost of sales.

EBITDA

Earnings before interest, taxes, depreciation, and amortization.

EBITDA margin

Earnings before interest, taxes, depreciation, and amortization as a percentage of net sales.

Free cash flow

Cash flow from operating activities less maintenance investments in property, plant, and equipment.

Cash earnings per share

Free cash flow divided by the average number of shares after dilution.

Net debt

Net of interest-bearing liabilities and interest-bearing provisions less cash and cash equivalents, including current investments and interest-bearing non-current financial assets.

Net debt/equity ratio

Net debt divided by equity.

Earnings per share

Net profit/loss per share.

Operating margin

Operating profit/loss as a percentage of net sales.

Equity/assets ratio

Equity as a percentage of the balance sheet total.

Capital employed

The balance sheet total less cash and cash equivalents, tax provisions, and non-interest-bearing liabilities.

Profit margin

Profit after net financial items as a percentage of net sales.

DEFINITIONS RELATED TO SALES COMMENTS

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Sales by geographic area

Western Europe – Western Europe, excluding the Baltics, Poland, Czech Republic, Slovakia, and Hungary

USA – includes Canada

Emerging Markets – Eastern Europe, including the Baltics, Poland, Czech Republic, Slovakia, and Hungary, along with Turkey, the Middle East, Mexico, and other non-European markets

Other Sales – Revenue from contract manufacturing, services, and other income

Sales by product category

Branded Generics – Non-patented prescription pharmaceuticals with brand names

Specialty Products – Original prescription pharmaceuticals and specialty products

OTC – Over-the-counter products

Other Sales – Revenue from med-tech products and income not related to products

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