



Meda AB (publ) – Interim report, January–June 2010

- Group sales reached SEK 5,986 million (6,901). Currency effects and increased competition for the Astelin and Optivar products are the main reasons for lower sales compared to last year.
- EBITDA amounted to SEK 2,620 million (2,349), corresponding to a 43.8% margin (34.0).
- EBITDA, excluding a non-recurring effect¹ and currency effects, rose 2% to SEK 2,398 million (2,349), thus yielding a 36.7% margin (34.0).
- Operating profit amounted to SEK 1,777 million (1,641).
- Profit after tax amounted to SEK 1,039 million (867).
- Earnings per share reached SEK 3.44 (2.87).
- Cash earnings per share reached SEK 4.93 (4.97).

¹ Excluding non-recurring income of SEK 429 million in Q2

CEO'S COMMENTS

Sales during H1 2010 reached SEK 5,986 million, a 13% decrease compared to 2009. Currency effects and generic competition for the Astelin and Optivar products in the US account for the main part of this decrease. As expected, the economic climate in some European countries also affected the pharmaceutical market. Excluding these effects, underlying growth in H1 totaled about 2–3%. We have a very interesting new-product portfolio, which will yield long-term growth. Several products are in the early stages of their launch phase, such as Xerese, Ceplene, Onsolis, and Axorid.

We continue to reinforce Meda's position in emerging markets such as Turkey and Russia. Emerging markets already constitute about 15% of Meda's total sales, and Meda's average sales growth for these markets was over 15% in H1. Meanwhile, efforts to strengthen Meda's pipeline even further is progressing. This work includes the company's Q2 acquisition of exclusive rights to a patented project for the treatment of fibromyalgia—a large area currently lacking good treatment. In addition we have acquired exclusive rights to product development based on Aldara that can potentially be used on a significantly larger area of skin affected by actinic keratosis than the existing product.

Despite greater competition for Astelin and Optivar in the US and the effects of the economic situation in some European markets, Meda achieved a somewhat higher EBITDA for the period (excluding currency and non-recurring effects). The EBITDA margin rose to 37% (34). The higher profitability was partly due to the efficiency improvement program implemented at the end of 2009, in which marketing activities were geared more towards specialists.

Cash flow during the period remained high. Net debt has thus been substantially reduced, bolstering Meda's freedom to make further acquisitions.

Anders Lönner

Group President and CEO

SALES

January–June

Net sales for January–June were down 13% to SEK 5,986 million (6,901). Currency effects regarding like-for-like sales had a negative SEK 545 million impact on sales compared to last year. Price reductions affected sales adversely in the European markets by about SEK 110 million. Key product sales in H1 were:

Astepro (allergic and non-allergic rhinitis treatment) had US sales of SEK 225 million (169) during the period. Sales in local currency were up 48% to USD 31 million (21) compared to last year.

Astelin (allergic and non-allergic rhinitis treatment) sales totaled SEK 528 million (821). In the US, sales in local currency were down 35%, reaching USD 58 million (89). Sales dipped as a result of rising sales of Astepro, its follow-up, and due to more competition in the segment.

Sales of **Tambocor** (treatment of cardiac arrhythmia) amounted to SEK 415 million (484). Calculated at fixed exchange rates, sales declined 5% after mandatory price cuts in several European markets. Tambocor continued to show robust volume growth.

Betadine (infection treatment) sales decreased to SEK 423 million (469). At fixed exchange rates, sales remained unchanged compared to last year.

Minitran (angina prevention) sales reached SEK 244 million (277). At fixed exchange rates, sales were down 2%.

Sales of **Aldara** (treatment of actinic keratosis) amounted to SEK 219 million (248). At fixed exchange rates, sales dropped 3%. A continued good volume increase in most markets was not able to make up for lower sales in Spain,

mandatory price cuts in the European markets, and reduced inventories at the wholesale level in Germany in conjunction with switching wholesalers.

Soma (muscle relaxant) sales amounted to SEK 182 million (240). Sales in local currency were down 16%.

Zamadol (moderate to severe pain treatment) sales decreased 16% to SEK 166 million (197). Sales in local currency dipped 8%, mainly due to lower prices in several European markets.

Meda's sales of **Mestinon** (treatment of myasthenia gravis, an autoimmune disease) amounted to SEK 129 million (137). At fixed exchange rates, sales increased 3%.

Novopulmon (budesonide Novolizer, asthma treatment) sales reached SEK 97 million (108). At fixed exchange rates, sales decreased 1% after lower sales to distributors in some export markets during the period.

See page 14 for sales information in Meda's geographic regions.

April–June

Net sales for April-June fell 12% to SEK 3,043 million (3,464). Currency effects regarding like-for-like sales had a negative SEK 260 million impact on sales compared to last year. Price cuts in Europe reduced sales in the quarter by roughly SEK 70 million. Sales of the most important products during the period were:

Astepro (allergic and non-allergic rhinitis treatment) had US sales of SEK 128 million (123) during the period. Sales in local currency were up 12% to USD 17 million (15) compared to last year. Astepro's proportion of total azelastine prescribed was 43% in June.

Astelin (allergic and non-allergic rhinitis treatment) sales totaled SEK 281 million (383). In the US, sales in local currency were down 28%, reaching USD 31 million (43). A generic competitor to Astelin was launched at the end of June.

Sales of **Tambocor** (treatment of cardiac arrhythmia) amounted to SEK 206 million (248). At fixed exchange rates, sales were down 7%.

Betadine (infection treatment) sales decreased to SEK 212 million (240). At fixed exchange rates, sales decreased 2% during the quarter.

Minitran (angina prevention) sales reached SEK 124 million (138). At fixed exchange rates, sales remained unchanged compared to the same period last year.

Sales of **Aldara** (treatment of actinic keratosis) amounted to SEK 105 million (127). At fixed exchange rates, sales decreased 9%, which is partly attributable to lower sales in Spain in Q2.

Soma (muscle relaxant) sales amounted to SEK 86 million (120). Sales in local currency were down 25%. Lowered prescribing and lower wholesale inventory levels adversely affected sales.

Zamadol (moderate to severe pain treatment) sales decreased 21% to SEK 79 million (100). Sales in local currency were down 13%.

Meda's sales of **Mestinon** (treatment of myasthenia gravis, an autoimmune disease) amounted to SEK 64 million (70). At fixed exchange rates, sales remained unchanged compared to the same period last year.

Novopulmon (budesonide Novolizer, asthma treatment) sales reached SEK 48 million (47). Calculated at fixed exchange rates, sales climbed 14% after a strong increase in the German market.

See page 14 for sales information in Meda's geographic regions.

PROFIT

Compared to the same period in 2009, Q2's income measure was strongly affected by exchange rate changes. The following table illustrates these currency effects and shows a condensed income statement in which 2010's income statement items are translated to 2009's exchange rates.

FIXED EXCHANGE RATES						
	January–June			April–June		
	2010	2009	Index	2010	2009	Index
Net sales	6,531	6,901	95	3,303	3,464	95
Gross profit	4,234	4,610	92	2,136	2,341	91
<i>Gross margin, %</i>	65%	67%		65%	68%	
Operating expenses	-2,707	-2,969		-1,356	-1,457	
EBIT	1,527²	1,641	93	780²	884	88
<i>EBIT margin, %</i>	23% ²	24%		24% ²	26%	
Depreciation and amortization	-871	-708		-456	-355	
EBITDA	2,398²	2,349	102	1,236²	1,239	100
<i>EBITDA margin, %</i>	37% ²	34%		37% ²	36%	
Net financial items	-295	-344		-160	-168	
EBT	1,232²	1,297	95	620²	716	87
Tax	-388 ³	-430		-189 ³	-234	
<i>Tax, %</i>	31% ³	33%		30% ³	33%	
Net income	844⁴	867	97	431⁴	482	89

² Excluding SEK 429 million in non-recurring income.

³ Excluding tax on non-recurring income.

⁴ Excluding SEK 429 million in non-recurring income and related tax effect.

Operating profit

Operating expenses for Q2 amounted to SEK 1,283 million, which was on a par with the previous quarter.

Operating profit for January-June reached SEK 1,777 million (1,641), corresponding to an 8% increase.

EBITDA for the same period was SEK 2,620 million (2,349), yielding a 43.8% margin (34.0). EBITDA, excluding a non-recurring effect⁵ and currency effects was SEK 2,398 million (2,349), thus yielding a 36.7% margin (34.0).

Operating profit for April-June reached SEK 1,117 million (884), corresponding to a 26% increase.

EBITDA for the same period was SEK 1,561 million (1,239), yielding a 51.3% margin (35.8). EBITDA, excluding a non-recurring effect⁵ and currency effects was SEK 1,236 million (1,239), thus yielding a 37.4% margin (35.8).

Financial items

The Group's net financial items for January-June were SEK -285 million (-344). The improvement from last year is due to a lower average interest rate and lower average debt. The average interest rate at June 30, 2010 was 3.8% (4.0).

The Group's profit after net financial items for January-June rose 15% to SEK 1,492 million (1,297).

The Group's net financial items for April-June were SEK -155 million (-168), compared to SEK -130 for the first quarter. The difference between the two quarters 2010 was affected by exchange rate differences.

Group profit after net financial items for the same period thereby totaled SEK 962 million (716).

Net income and earnings per share

Net income for January-June rose 20% to SEK 1,039 million (867).

Group tax expense for H1 amounted to SEK 453 million (430), equivalent to a tax rate of 30.4% (33.2).

Earnings per share for January-June were SEK 3.44 (2.87).

Net income for April-June rose 41% to SEK 679 million (482).

Group tax expense for April-June amounted to SEK 283 million (234), equivalent to a tax rate of 29.4% (32.7).

Earnings per share for April-June reached SEK 2.25 (1.60).

CASH FLOW

Cash flow from operating activities, before changes in working capital, for January-June increased to SEK 1,663 million (1,557). Implemented restructuring measures had a SEK -89 million (-92) impact on cash flow. Customary quarterly variations in tied-up capital led to a negative change in cash flow from changes in working capital that amounted to SEK -153 million (-6). Accordingly, cash flow from operating activities amounted to SEK 1,510 million (1,551).

Cash flow from investing activities was SEK -304 million (-147) for January-June. In January, Meda acquired exclusive rights to Ceplene from EpiCept Corporation, a US development company, and in February Meda in-licensed exclusive rights to Xerese, a pharmaceutical from Medivir AB, a Swedish development company.

⁵ Excluding non-recurring income of SEK 429 million.

In May Meda acquired exclusive rights to flupirtine, to treat fibromyalgia, from Adeona Pharmaceuticals and exclusive European rights to a new formulation of imiquimod from Graceway Pharmaceuticals.

Cash flow from financing activities was SEK -1,032 million (-1,390) for January-June. Dividend of SEK 302 million was paid to Meda's shareholders in May.

Cash earnings per share for H1 were SEK 4.93 (4.97).

Cash earnings per share for Q2 were SEK 2.86 (2.52).

FINANCING

On June 30, equity stood at SEK 14,343 million, compared to SEK 13,664 million at the year's start, which corresponds to SEK 47.5 (45.4) per share. The equity/assets ratio rose to 44.1% from 41.4% at the start of the year.

The Group's net debt stood at SEK 12,215 million on 30 June, compared to SEK 13,467 million at the year's start. The SEK 1,252 million reduction in net debt is primarily attributable to the Group's cash flow.

PARENT COMPANY

Net sales for January-June totaled SEK 1,808 million (1,824), of which intra-Group sales represented SEK 1,438 million (1,408).

Profit before appropriations and tax reached SEK 1,225 million (3,044).

Net financial items were SEK 794 million (2,496), which includes dividend of SEK 2,801 million (2,715) from subsidiaries and related write-down on shares in subsidiaries amounting to SEK 1,844 million.

Cash and cash equivalents amounted to SEK 186 million, compared to SEK 10 million at year-end 2009.

Investments in intellectual property rights during January-June were SEK 276 million (204), and investments in property, plant, and equipment totaled SEK 0 million (0).

Non-current financial assets stood at SEK 19,581 million compared to SEK 20,432 million at year-end 2009.

AGREEMENTS AND KEY EVENTS

• MEDA ACQUIRES RIGHTS TO NEW TREATMENT OF ACTINIC KERATOSIS

Meda acquired exclusive European rights to a new formulation of imiquimod from Graceway Pharmaceuticals. The new formulation is 3.75% imiquimod topical cream indicated for the treatment of actinic keratosis (AK). This product has recently been approved in the US and Canada.

Today Meda markets a higher strength (5%) of imiquimod in Europe under the trademark Aldara. In 2009, sales of Aldara were approximately SEK 500 million.

3.75% imiquimod can be used on a significantly larger treatment area, it is once-daily and more tolerable due to the decreased concentration. The patent for this novel imiquimod formulation is pending.

Graceway is continuing its development program around 3.75% imiquimod. Meda has exclusive rights to follow-up products based on the imiquimod substance.

In consideration for the exclusive rights for 3.75% imiquimod, Meda has paid Graceway an undisclosed up-front and a single-digit royalty on net sales. No milestone payments will be due for 3.75% imiquimod.

Imiquimod is an immunomodulating agent that activates the body's own immune defenses through the skin. Actinic keratosis (AK) often develops on skin frequently exposed to the sun and it is a common pre-cancerous lesion. It should be treated as it cannot be predicted which AK will develop into more serious forms of skin cancer. AK occurs in more than 30 million people in Europe, and only a small percentage of patients have been properly treated.

- **ONSOLIS APPROVED IN CANADA**

Onsolis (fentanyl) has been approved by Health Canada, the Canadian pharmaceutical authority. Onsolis is a new patented product indicated for the treatment of breakthrough pain in cancer patients.

Onsolis is the first available fentanyl product approved in Canada for this indication and it is expected to be available for patients during the third quarter of 2010. The product will be commercialized by the joint venture between Meda and Valeant in Canada (Meda Valeant Pharma Canada Inc.).

Onsolis uses a unique delivery system designed to give rapid and reliable delivery of fentanyl, the active ingredient. The product consists of a thin dissolvable disc for application of fentanyl to the buccal (inner lining of cheek) membranes.

- **MEDA ACQUIRES EXCLUSIVE RIGHTS TO FLUPIRTINE FOR A NEW INDICATION**

Meda acquired exclusive US, Canadian and Japanese rights for the use of flupirtine to treat fibromyalgia from Adeona Pharmaceuticals. As part of the agreement, Meda assumes full responsibility for development and commercialization of the compound. Flupirtine is currently in phase-II development for the patented use for fibromyalgia.

Fibromyalgia is a chronic and debilitating condition characterized by widespread pain and stiffness throughout the body, accompanied by severe fatigue, insomnia, and mood symptoms. Fibromyalgia affects an estimated 2-4% of the population worldwide, including an estimated 4 million people in the United States.

There are presently three products approved for this indication in the US: Lyrica, Cymbalta, and Savella. Flupirtine differs from these products in that it employs a unique mode of action. Meda estimates the US market for fibromyalgia to be nearly USD 1 billion at launch of flupirtine.

Meda also believes flupirtine's neuroprotective properties can be leveraged to treat new indications outside of pain and fibromyalgia, resulting in robust product lifecycle opportunities.

Under the agreement with Adeona, Meda made an up-front payment of USD 2.5 million. In addition, Meda will make a milestone payment of USD 5 million upon the Food and Drug Administration's (FDA's) acceptance of the New Drug Application (NDA), and USD 10 million upon NDA Approval by the FDA. Meda will also pay single-digit royalties to Adeona.

- **MEDA RECEIVES ONE-TIME PAYMENT OF EUR 45 MILLION**

Meda reached an agreement with the Spanish pharma company Almirall regarding a respiratory combination project in the Novolizer device that Meda had certain rights to. The project is in the research phase, and Almirall has purchased Meda's rights for EUR 45 million.

RISKS AND UNCERTAINTIES

The Meda Group's business is exposed to financial risks. Meda's 2009 annual report describes the company's management of these risks (pp 67-68). 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, actions by

authorities, partnerships, market assessments, clinical trials, key individuals and recruitment, product liability, patents, and trademarks. The 2009 annual report describes these types of risks (pp 116-118).

ACCOUNTING POLICIES

Group

Meda complies with the EU-approved IFRS standards and their interpretations (IFRIC). This interim report was prepared as per IAS 34 Interim Financial Reporting. These new accounting standards apply as of January 1, 2010:

IFRS 3 (revised) Business Combinations. The change will apply prospectively to acquisitions occurring after the change's effective date. Application will alter how future acquisitions are recognized, e.g., regarding recognition of transaction costs, conditional (contingent) considerations, and step acquisitions. The revision will not affect previously completed acquisitions but will affect recognition of future transactions.

IAS 27 Consolidated and Separate Financial Statements. The impact of this amendment includes always recognizing results attributable to minority shareholders, even if the minority interest is negative, and always recognizing transactions with minority shareholders in equity. The amendment of the standard may influence how future transactions are recognized.

In other respects, the Group's accounting policies and calculation methods remain unchanged from the 2009 annual report.

REPORTS IN 2010

Interim report, January-September Wednesday, November 3, 2010

The board of directors and CEO hereby confirm that this six-month 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 4, 2010

Bert-Åke Eriksson
Chairman of the Board

Peter Claesson
Board member

Marianne Hamilton
Board member

Tuve Johannesson
Board member

Carola Lemne
Board member

Anders Lönner
CEO

Anders Waldenström
Board member

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REVIEW REPORT

We have reviewed the interim report for the period January 1 – June 30, 2010 for Meda. The board of directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material respects, in accordance with IAS 34 and the Annual Accounts Act and, on behalf of the parent company, also in accordance with the Swedish Annual Accounts Act.

Stockholm, August 4, 2010

PricewaterhouseCoopers AB

Göran Tidström
Authorized public accountant
Chief accountant

Mikael Winkvist
Authorized public accountant

Group condensed income statement

SEKm	January–June			April–June			January–December
	2010	2009	Change	2010	2009	Change	2009
Net sales	5,986	6,901	-13%	3,043	3,464	-12%	13,178
Cost of sales	-2,113	-2,291		-1,072	-1,123		-4,462
Gross profit	3,873	4,610	-16%	1,971	2,341	-16%	8,716
Other income	429	-		429	-		-
Selling expenses	-1,165	-1,574		-583	-765		-2,931
Medical and business development expenses ¹⁾	-1,057	-1,040		-558	-523		-2,175
Administrative expenses	-303	-355		-142	-169		-708
Operating profit (EBIT)	1,777	1,641	8%	1,117	884	26%	2,902
Net financial items	-285	-344		-155	-168		-618
Profit before tax (EBT)	1,492	1,297	15%	962	716	34%	2,284
Tax	-453	-430		-283	-234		-747
Net income	1,039	867	20%	679	482	41%	1,537
Profit/loss attributable to:							
Parent company shareholders	1,045	867		683	482		1,539
Minority interest	-6	-		-4	-		-2
	1,039	867		679	482		1,537
¹⁾ Of which amortization of product rights	-787	-641		-416	-321		-1,354
EBITDA	2,620	2,349		1,561	1,239		4,387
Amortization, product rights	-787	-641		-416	-321		-1,354
Depreciation and amortization, other	-56	-67		-28	-34		-131
Operating profit (EBIT)	1,777	1,641		1,117	884		2,902
EBITDA (excluding non-recurring effects)	2,191	2,349	-7%	1,132	1,239	-9%	4,518
Key ratios related to earnings							
Operating margin, %	29.7	23.8		36.7	25.5		22.0
Profit margin, %	24.9	18.8		31.6	20.7		17.3
EBITDA, %	43.8	34.0		51.3	35.8		33.3
EBITDA (excluding non-recurring effects)	36.6	34.0		37.2	35.8		34.3
Return on capital employed, rolling 12 months, %	11.0	9.9					10.0
Return on equity, rolling 12 months, %	12.2	10.3					11.4

Group statement of comprehensive income

SEKm	January–June		April–June		January–December
	2010	2009	2010	2009	2009
Net income	1,039	867	679	482	1,537
Translation difference	-210	-239	279	-611	-1,233
Net investment hedge, after tax	110	36	-3	147	254
Cash flow hedges, after tax	42	-3	20	-	40
Other comprehensive income for the period, net of tax	-58	-206	296	-464	-939
Total comprehensive income	981	661	975	18	598
Profit/loss attributable to:					
Parent company shareholders	987	661	979	18	600
Minority interest	-6	-	-4	-	-2
	981	661	975	18	598

Share data

	January–June		April–June		January–December
	2010	2009	2010	2009	2009
Earnings per share					
Basic earnings per share, SEK	3.44	2.87	2.25	1.60	5.09
Diluted earnings per share, SEK	3.44	2.87	2.25	1.60	5.09
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

Group condensed balance sheet

SEKm	June 30, 2010	June 30, 2009	December 31, 2009
ASSETS			
Non-current assets			
- Property, plant, and equipment	787	918	854
- Intangible ¹⁾	26,729	29,000	27,453
- Other non-current assets	685	918	883
Non-current assets	28,201	30,836	29,190
Current assets			
- Inventories	1,561	1,764	1,666
- Current receivables	2,529	2,280	2,091
- Cash and cash equivalents	246	214	76
Current assets	4,336	4,258	3,833
Total assets	32,537	35,094	33,023
EQUITY AND LIABILITIES			
Equity	14,343	13,723	13,664
Non-current liabilities			
- Borrowings	7,074	10,733	10,200
- Pension obligations	846	935	882
- Deferred tax liabilities	2,340	2,549	2,349
- Other liabilities, non-interest-bearing	360	486	415
Non-current liabilities	10,620	14,703	13,846
Current liabilities			
- Borrowings	4,554	3,520	2,478
- Short-term, non-interest-bearing	3,020	3,148	3,035
Current liabilities	7,574	6,668	5,513
Total equity and liabilities	32,537	35,094	33,023
Key ratios affecting balance sheet			
Net debt	12,215	14,945	13,467
Net debt/equity ratio, times	0.9	1.1	1.0
Equity/assets ratio, %	44.1	39.1	41.4
Equity per share, SEK (at end of period)	47.5	45.4	45.2
¹⁾ Of which goodwill	13,033	14,044	13,260

Group condensed cash flow statement

SEKm	January–June		April–June		January- December
	2010	2009	2010	2009	2009
Cash flow from operating activities					
Profit after financial items	1,492	1,297	962	716	2,284
Adjustments for items not included in cash flow	528	613	50	310	1,392
Net change in pensions	-4	-	8	-7	-4
Net change in other provisions	-87	-110	-35	-26	-23
Income taxes paid	-266	-243	-132	-203	-562
Cash flow from operating activities before changes in working capital	1,663	1,557	853	790	3,087
Cash flow from changes in working capital					
Inventories	19	-20	-22	-37	-85
Receivables	-24	108	-22	196	160
Liabilities	-148	-94	61	-147	-38
Cash flow from operating activities	1,510	1,551	870	802	3,124
Cash flow from investing activities	-304	-147	-214	-31	-518
Cash flow from financing activities	-1,032	-1,390	-499	-854	-2,724
Cash flow for the period	174	14	157	-83	-118
Cash and cash equivalents at period's start	76	198	89	299	198
Exchange rate difference for cash and cash equivalents	-4	2	0	-2	-4
Cash and cash equivalents at period's end	246	214	246	214	76
Key ratios related to cash flow					
Free cash flow, SEK million	1,489	1,502	864	763	3,006
Cash earnings per share, SEK	4.93	4.97	2.86	2.52	9.95

Group change in equity

SEKm	June 30,	June 30,	December 31,
	2010	2009	2009
Opening balance, equity	13,664	13,290	13,290
Dividend	-302	-227	-227
New share issue, preferential	-	-1	-1
Change in minority share, net	-6	-	2
Total comprehensive income	987	661	600
Closing balance, equity	14,343	13,723	13,664

Information on geographic markets

SEKm	January–June		April–June		January–December
	2010	2009	2010	2009	2009
External net sales					
Northern Europe	796	834	392	396	1,666
Central and eastern Europe	1,872	1,932	971	962	3,656
Western Europe	1,881	2,188	937	1,118	4,143
US	1,020	1,487	532	764	2,749
Export markets	312	326	159	158	646
Unallocated sales	105	134	52	66	318
	5,986	6,901	3,043	3,464	13,178
EBITDA					
Northern Europe	307	347	145	171	672
Central and eastern Europe	778	759	409	400	1,346
Western Europe	825	961	416	509	1,796
US	450	625	245	358	1,249
Export markets	120	118	64	52	248
Unallocated sales	140	-461	282	-251	-924
	2,620¹⁾	2,349	1,561¹⁾	1,239	4,387²⁾

1) Including non-recurring income of SEK 429 million.

2) Including restructuring costs of SEK 131 million.

SALES TRENDS FOR GEOGRAPHIC REGIONS

Northern Europe

Sales for January-June were down 2% in fixed exchange rates compared to the same period last year. This was mainly the result of lower volumes in Denmark and Norway. In Q2, sales in fixed exchange rates rose 2% after sales in Sweden surpassed the total market's development.

Central and eastern Europe

Sales for January-June increased 6% in fixed exchange rates compared to the same period last year. Driven by strong sales growth in Turkey and Russia, the region's sales rose 11% in fixed exchange rates during the second quarter.

Western Europe

Sales for January-June were down 5% in fixed exchange rates compared to the same period last year. In Q2, sales in fixed exchange rates fell 7%, which is mainly attributable to mandatory price cuts and lower volumes in the Spanish market.

US

Sales for January-June were down 24% in fixed exchange rates compared to the same period last year. At fixed exchange rates, sales decreased 27% during Q2. The decline at fixed exchange rates is especially related to lower sales of Astelin and Optivar.

Export markets

Exchange rate fluctuations had a negative effect of SEK 23 million on sales in H1 and of SEK 13 million in Q2 compared to the same period last year.

Condensed income statement for the parent company

SEKm	January–June	
	2010	2009
Net sales	1,808	1,824
Cost of sales	-811	-806
Gross profit	997	1,018
Other operating income	76	77
Selling expenses	-195	-98
Medicine and business development expenses	-378	-373
Administrative expenses	-69	-76
Operating profit (EBIT)	431	548
Net financial items	794	2,496
Profit before tax (EBT)	1,225	3,044
Appropriations and tax	-252	-331
Net income	973	2,713

Condensed balance sheet for the parent company

SEKm	June 30,	December 31,
	2010	2009
ASSETS		
Non-current assets		
- Intangible	7,022	7,062
- Property, plant, and equipment	1	1
- Financial	19,581	20,432
Total non-current assets	26,604	27,495
Current assets		
- Inventories	189	189
- Current receivables	825	456
- Cash and bank balances	186	10
Total current assets	1,200	655
Total assets	27,804	28,150
EQUITY AND LIABILITIES		
Restricted equity	3,477	3,477
Non-restricted equity	8,924	8,211
Total equity	12,401	11,688
Untaxed reserves	1,798	1,552
Provisions	99	56
Non-current liabilities	6,902	9,857
Current liabilities	6,604	4,997
Total equity and liabilities	27,804	28,150

DEFINITIONS

Capital employed

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

Cash earnings per share

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

Earnings per share

Net profit/loss per share.

EBITDA

Earnings before interest, taxes, depreciation, and amortization.

EBITDA margin

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

Equity/assets ratio

Equity as a percentage of the balance sheet total.

Free cash flow

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

Gross margin

Gross profit/loss as a percentage of net sales. The gross profit/loss equals net sales minus cost of sales.

Net debt

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

Net debt/equity ratio

Net debt divided by equity.

Operating margin

Operating profit/loss as a percentage of net sales.

Profit margin

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

Return on capital employed

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

Return on equity

Net profit/loss as a percent of average equity.