Interim report, 8 August 2007

Meda AB (publ.) January – June 2007, H1 interim report

- The Group's net sales reached SEK 3,747.8 million (2,650.0).

- Earnings before interest, taxes, depreciation and amortisation (EBITDA), excluding non-recurring impact on profits, increased to SEK 1,273.1 million[1] (686.6[2]), giving a 34.0% margin (25.9).

- Operating profit, excluding non-recurring profit impact, rose to SEK 934.4 million[1] (496.5[2]).

- Including non-recurring items, operating profit totalled SEK 816.3 million (820.4).

- Profit after tax was SEK 426.0 million (465.2). Excluding non-recurring items, profit after tax rose to SEK 460.9 million[3] (239.9[3]).

- Earnings per share (EPS) were SEK 1.87 (2.14). Excluding one-offs, EPS stood at SEK 2.02[3] (1.10[3]).

[1] Excluding restructuring costs of SEK 118.1 million due to the 3M pharma division acquisition.
[2] Excluding revenue of SEK 76.4 million from disposal of a production plant in the Netherlands, and SEK 247.5 million in capital gain in connection with a partnership agreement with Almirall, a Spanish pharma company.
[3] Excluding the above non-recurring effects and excluding non-recurring revenue of SEK 65.3 million in net financial items from Q1 2007. Calculated using a standard tax rate of 34.5%.

Highlights

Meda establishes operations in the US through strategic acquisition of MedPointe

- Meda acquires MedPointe and creates an international specialty pharma company with:
  - Market coverage in Europe and the US.
  - Increased focus in high-priority therapy areas (TAs).
  - Strong pipeline of new product opportunities.

- MedPointe:
  - Net sales for 2006 totalled USD 252 million, an increase of 23%.
  - TAs: allergy / respiratory, and pain.
  - 710 employees, about 500 of whom are in sales and marketing.

- Purchase price:
  - USD 520 million in cash, and
  - 17,500,000 newly issued shares in Meda.

- New Meda shareholders:
  - The Carlyle Group.
  - The Cypress Group LLC.
  - Other US investors.

- The acquisition depends on US competition authority approval; this is expected in Q3 2007.

Follow-up to the Aldara drug acquired from 3M in the US

- Sotirimod is a patented substance in a late clinical development phase.
- More potent than Aldara.
- Purchase price: USD 10 million for the European rights and future milestone payments of USD 10 million.

The first combined product including an NSAID (ketoprofen) and a proton pump inhibitor (omeprazole) acquired from Ethypharm

- Newly developed combined product with well-known substances.
- Reduces gastrointestinal side effects in treatment of pain, using ketoprofen.
- Already submitted for registration.
- Purchase price: EUR 3 million for most European markets and future milestone payments of EUR 6 million.

Acquisition of product portfolio from Wyeth

- Acquisition of 10 well-established drugs from Wyeth.
- The products give Meda extra sales of about SEK 160-170 million for the rest of 2007 (8 mths).
- Meda's position is fortified in key European markets, e.g., Italy and France.
- Purchase price: SEK 530 million.

CONSISTENT STRATEGY

Meda continues to build on its operations with the same business concept, but with new dimensions. In six years, the company developed from a small Swedish pharma company to a North European operation, to a pan-European enterprise and, through the US company acquisition, to an international specialty pharma company with expanded ambitions. Meda applies its strategy consistently, step by step, by establishing in new markets and acquiring products. Meda now has a pipeline of new product opportunities – not least for the US market. Meda's steadfast goal: expansion with profitability and controlled risk.

SALES

The Meda Group's net sales for H1 totalled SEK 3,747.8 million (2,650.0) – a 41.4% increase. Exchange rate changes adversely affected Group sales by SEK 34.1 million – compared to 2006. The main portion of the sales increase was due to the product portfolio acquired from 3M, in which Tambocor, Minitran, and Aldara products continued to sell well. Aldara's sales for the period were SEK 184 million. Azelastine sales rose robustly during Q2, achieving 13% sales growth – compared to Q2 2006. Sales of Novopulmon also displayed strong growth of 18% in Q2. The product portfolio recently acquired from Wyeth was included in Meda's sales as from May and contributed SEK 34.6 million during the period.

PROFIT

Non-recurring items

Some non-recurring items, which have an effect on profit, affect comparability with the same period in 2006.

As stated in the interim report for January – March 2007, integration of 3M's pharma division was completed during Q1. Restructuring costs of SEK 118.1 million were recognised during Q1, and the costs affect profits for January – June 2007. In the same period in 2006, SEK 323.9 million had non-recurring positive impact on profits due to disposal of a production plant in the Netherlands and a collaboration agreement with Almirall, a Spanish pharma company.

Operating profit

Group operating profit for January – June totalled SEK 816.3 million (820.4). Operating expenses for the period were SEK 1,466.9 million (1,047.9); SEK 303.4 million (136.8) comprised intangible rights amortisation and SEK 118.1 million were restructuring costs after integration of 3M's pharma division. Group operating profit, excluding non-recurring items for January – June thus increased to SEK 934.4 million[4] (496.5[5]).

EBITDA, excluding non-recurring profit impact for the same period, climbed to SEK 1,273.1 million[4] (686.6[5]) – a rise of 85%. The EBITDA margin, less non-recurring items, thus improved dramatically to 34.0% (25.9). Including non-recurring items, EBITDA for H1 totalled SEK 1,155.0 million (1,010.5).

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[4] Excluding restructuring costs of SEK 118.1 million due to the 3M pharma division acquisition.
[5] Excluding revenue of SEK 76.4 million from disposal of a production plant in the Netherlands, and SEK 247.5 million in capital gain in connection with a partnership agreement with Almirall, a Spanish pharma company.

Corporate ID: 556427-2812
Pipers väg 2A, Tel: + 46 8-630 19 00 info@meda.se
Box 906, 170 09 Solna Fax: + 46 8-630 19 50 www.meda.se

Financial items

The Group's net financial items for January-June were SEK -165.5 million (-130.3). A non-recurring effect in the form of an exchange difference of SEK 65.3 million from Q1, regarding financing of the 3M acquisition, had a positive impact on net financial items. Group profit after net financial items for the period thus totalled SEK 650.8 million (690.1).

Net profit

Net profit for H1, excluding non-recurring profit impact, rose to SEK 460.9 million[6] (239.9[7]). Net profit for H1, including non-recurring profit impact, was SEK 426.0 million (465.2). Group tax expense for H1 was SEK 224.8 million (224.9), equivalent to a tax rate of 34.5% (32.6). Had the future company tax cut in Germany come into force in early 2007, then Meda's total tax rate for H1 would have been about 3.5 percentage points lower.

Earnings per share before dilution for H1 and excluding non-recurring profit effects stood at SEK 2.02[6] (1.10[7]).

Earnings per share before dilution for H1 2007 were SEK 1.87 (2.14).

FINANCIAL POSITION

Meda's financial position was reinforced during the period – thanks to positive cash flow from operating activities and the new share issue implemented in February.

Cash flow from operating activities (before changes in working capital) for January – June rose to SEK 893.0 million (465.9). Implemented restructuring measures had an adverse effect of SEK -61.0 million on cash flow. Change in working capital for the period totalled SEK -323.0 million (-17.2) and is mainly attributable to the 3M acquisition, which was a net assets acquisition. Total cash flow from operating activities thus reached SEK 570.0 million (448.7).

Cash flow from investing activities was SEK -6,216.8 million (-62.8) for January – June. In January, Meda acquired 3M's European pharma division for SEK 5,605.3 million, and a product portfolio from Wyeth in the US for SEK 530.0 million.

Cash flow from financing activities was SEK 5,595.8 million (-548.2) for H1. After issue expenses, the new share issue generated positive cash flow of SEK 1,844.2 million, while bank loans increased (net) by SEK 3,865.4 million. Dividend of SEK 116.1 million was paid to Meda's shareholders in May.

At the end of June, Group cash and cash equivalents were SEK 71.9 million, compared to SEK 120.6 million at year-end 2006. Net debt stood at SEK 8,618.8 million on 30 June – compared to SEK 4,512.1 million at the end of 2006. The equity/assets ratio was 35.9% – compared to 38.0% at year-end 2006.

On 30 June, equity was SEK 6,569.8 million, compared to SEK 4,296.8 million at year-end 2006, which corresponds to SEK 28.28 (19.75) per share.

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[6]Excluding restructuring costs of SEK 118.1 million due to the 3M pharma division acquisition and excluding non-recurring revenue of SEK 65.3 million in net financial items from Q1 2007. Calculated using a standard tax rate of 34.5%.
[7]Excluding revenue of SEK 76.4 million from disposal of a production plant in the Netherlands, and SEK 247.5 million in capital gain in conjunction with a partnership agreement with Almirall, a Spanish pharma company. Calculated using a standard tax rate of 34.5%.

PARENT COMPANY

Meda AB markets and sells pharmaceuticals and healthcare products. The company also has participating interests in subsidiaries that operate in large parts of Europe.

Net sales for H1 2007 totalled SEK 1,375.0 million (613.0), of which intra-Group sales represented SEK 918.8 million (239.7). The increase in intra-Group sales is mainly attributable to the parent company's sales to Group companies of pharmaceuticals acquired in 2007. Profit before appropriations and tax totalled SEK 491.9 million (185.5).

Cash and cash equivalents totalled SEK 4.7 million, compared to SEK 20.2 million at year-end 2006.

Investments in intangible rights amounted to SEK 4,039.1 million in the first six months of 2007 and were mainly product acquisitions from 3M and Wyeth. Other investments remained essentially unchanged during H1 in relation to the same period in 2006.

Financial assets rose to SEK 8,117.5 million – compared to SEK 5,872.4 million at year-end 2006. The acquisition of 3M's European pharma division entailed a rise in internal loan receivables.

Meda AB implemented a new share issue in February 2007, which generated positive cash flow SEK 1,844.2 million after issue expenses. Bank loans increased SEK 3,873.8 million (net) during the period.

AGREEMENTS AND KEY EVENTS

- **ACQUISITION OF FOLLOW-UP TO THE ALDARA DRUG ACQUIRED FROM 3M IN THE US**

Meda acquired the European rights to the sotirimod substance from 3M, a US company. Sotirimod is designed to treat actinic keratosis and other conditions and is a follow-up of Aldara (active substance: imiquimod). Sotirimod and imiquimod are immunomodulatory drugs that activate the body's immune system to combat skin changes such as actinic keratosis. Aldara is a market leader in its segment, and Meda reported sales of SEK 184 million during H1 2007.

Sotirimod is a patented substance in a late clinical development phase. It is more potent than imiquimod, and in human trials, it proved more effective than Aldara in treating actinic keratosis. Actinic keratosis is characterised by reddish-brown, scaly patches on sun-damaged skin and can be precancerous. It is prevalent in more than 30 million people in Europe.

Meda paid USD 10 million and might pay a further USD 10 million in milestone payments at defined development and commercialisation stages.

"Actinic keratosis is a common skin disease," said Anders Lönner, Meda's CEO, during the acquisition. "That's why it's very important to continue developing new improved drugs in this area. Our goal is to develop sotirimod into a next-generation Aldara, with even better efficacy and simpler treatment. Acquisition of sotirimod further reinforces Meda's product portfolio in dermatology."

- **ACQUISITION OF RIGHTS TO FIRST COMBINATION OF AN NSAID (KETOPROFEN) AND A PROTON PUMP INHIBITOR (OMEPRAZOLE)**

Meda and Ethypharm, a French development company, signed a long-term exclusive agreement (15 years) for a new combined product to treat pain and inflammation. The product comprises the well-known substances omeprazole (a proton pump inhibitor) and ketoprofen (*non-steroidal anti-inflammatory drugs* [NSAID]). Use of this combination can avoid gastrointestinal side effects from ketoprofen. Another patient benefit is that the drug only needs to be administered once a day.

The agreement applies to most European markets. The biggest markets are the UK, Spain, Germany and Italy. Rheumatic diseases are a growing problem as the proportion of elderly people in Europe increases. So potential for the new product is judged to be high.

The product was submitted for registration; Meda has paid EUR 3 million for the sales rights and might pay a further EUR 6 million in milestone payments after registration and attainment of certain sales targets. No such payments will be due after sales reach EUR 55 million.

The product is a capsule containing ketoprofen (sustained release granules) and omeprazole (enteric-coated granules). Ethypharm's pharmaceutical technology enabled development of a unique single-dose formulation. Ketoprofen is an NSAID and is common in rheumatic diseases treatment. Omeprazole is a proton pump inhibitor with an acid-inhibiting effect that protects the mucous membrane of the stomach.

Regarding this acquisition, Lönner said: "This new product will be of great help to patients who must currently take two drugs to avoid NSAID side effects. The agreement with Ethypharm strengthens Meda's position in the high-priority area of pain and inflammation – a therapy area in which Meda already has a robust position with several products."

When the acquisition was made public, Gérard Leduc, president of Ethypharm, said: "We chose Meda instead of many other competitors due to Meda's pan-European coverage and strong marketing organisation in the pain therapy area."

- **ACQUISITION OF PRODUCTS IN WYETH'S PORTFOLIO**

Meda acquired 10 well-established drugs in Europe from Wyeth, a US company. The deal marks another step in Meda's strategy to become the leading European speciality pharma company.

The acquired products are highly recognised brands with sound profitability. Meda took over the products on 1 May 2007. No employees switched from Wyeth to Meda in conjunction with the acquisition, which is expected to inject sales of about SEK 160-170 million into Meda for full-year 2007 (eight months). The purchase price was SEK 530 million – fully financed via existing credit facilities.

The acquisition strengthened Meda's product portfolio in two of its most important markets. Italy and France account for about 60% of the acquired products' sales, and positive marketing synergies are expected.

Seresta, the largest product, is used within the central nervous system (CNS) therapy area, and its active substance is oxazepam. Oxazepam is in the benzodiazepine group of drugs and is an anti-anxiety and tranquilizing agent used to treat sleep disorders and various substance-withdrawal symptoms. Meda already had three major CNS products: Imovane (sleep disorders), Thioctacid (diabetic neuropathies), and Parlodel (Parkinson's disease).

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Pipers väg 2A, Tel: + 46 8-630 19 00 info@meda.se
Box 906, 170 09 Solna Fax: + 46 8-630 19 50 www.meda.se

The main part of the acquired sales comprises:

Active substance	Brand name	Medical use	Therapy area
Oxazepam	Seresta, Serpax, Serenal, Praxiten	Anti-anxiety and tranquilizing agent (benzodiazepine)	Central nervous system (CNS)
Mitoxantrone	Novantrone, Elsep, Ralenova	Cancer and multiple sclerosis (MS)	CNS and cancer
Zaleplon	Sonata, Zerene	Sleep disorders	CNS
Lormetazepam	Loramet	Anti-anxiety and tranquilizing agent (benzodiazepine)	CNS

KEY EVENTS AFTER THE REPORTING DATE

- **MEDA ESTABLISHES US PRESENCE THROUGH STRATEGIC ACQUISITION OF MEDPOINTE INC.**

Meda signed an agreement to acquire all shares in MedPointe Inc. This acquisition establishes Meda as an international specialty pharma company, with full market coverage in the US and Europe and sales close to SEK 9 billion.

The new company combination will give Meda geographic and product synergies. MedPointe focuses on two of Meda's high-priority therapy areas: allergy / respiratory, and pain, and the companies' product portfolios complement each other well. Meda has a pipeline that can now be commercialised through a wholly owned subsidiary on the US market. This retains all of the product value. Similarly, through its existing European organisation, Meda can use product opportunities in MedPointe's development programme.

MedPointe is a rapidly growing, privately owned US specialty pharma company. Net sales for 2006 were USD 252 million – 23% higher than 2005. The gross margin was about 90%, but major costs for marketing and clinical development programmes limited the EBITDA margin to roughly 12%. MedPointe made substantial investments for several years to build its pipeline. Meda's US operation will initially account for about 20% of the merged company's net sales. MedPointe is estimated to not have net debt at the time of the transaction. The acquisition is expected to have a positive impact on Meda's profit per share by 2009 at the latest.

MedPointe's shareholders will receive USD 520 million in cash payment and 17,500,000 newly issued shares in Meda[8]. The Carlyle Group and the Cypress Group, LLC, two well-known private equity firms, are MedPointe's largest shareholders and have decided to become Meda shareholders. After the transaction, their combined shareholding will be about 6%.[9] The acquisition depends on US competition authority approval.

"We are glad to support a strong and logical industrial solution. Meda has in a relatively short period of time built a solid pan-European position. Together with MedPointe we see unique synergy effects, both product and market wise", said Dr. Ryan Harris, Principal, The Carlyle Group, when the deal went public.

Frazier Healthcare Ventures, Ferrer Freeman & Co. and MedPointe's management (other MedPointe shareholders) also decided to become Meda shareholders. A lock-up agreement applies to newly issued shares for 12-18 months after the acquisition.

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[8]In May 2007, Meda's AGM accepted the board's proposal to authorise the board to decide on a new share issue on one or more occasions before the next AGM to increase share capital. This authorisation comprises a maximum of 23,223,712 shares that can be used to pay for acquisition of other companies, for example.

[9]If no further warrants are redeemed before the acquisition. On 18 July there were 232,291,251 outstanding shares in Meda.

MedPointe has 710 employees. The company covers the entire US market with about 500 employees in sales and marketing. Marketing is mainly directed at allergy and pain treatment specialists plus general practitioners. Its head office is in Somerset, New Jersey. MedPointe's most important products are made in a modern production plant in Decatur, Illinois. About 100 employees work in production.

MedPointe's priority TAs are allergy, respiratory, and pain. Its bestsellers are Astelin and Optivar, containing the active substance azelastine. Astelin is a steroid-free nasal spray, approved for treatment of allergic and non-allergic rhinitis. Optivar are eye drops approved for treatment of allergic conjunctivitis. MedPointe's net sales for Astelin and Optivar totalled USD 167 million and USD 29 million, respectively in 2006 – both with a double-figure growth rate in local currency compared to 2005.

"We're now establishing Meda as an international specialty pharma company," said Lönner at the time of acquisition. "The merged company will be strong with its market coverage and pipeline. Our organisation can market product development opportunities from both companies instead of out-licensing them. MedPointe's investments in product development constitute robust growth potential in sales and profitability. I'd like to welcome Meda's new US shareholders, which I see as a sign of confidence in the company."

Meda has collaborated with MedPointe in manufacture of azelastine during the past five years. Both azelastine's formulations (nasal spray and eye drops) have utility patents in the US until 2011. MedPointe also developed a significant programme of imminent and long-term opportunities for azelastine. Meda intends to commercialise these opportunities in Europe and in other key markets.

"There is an extraordinarily good fit between the two companies. The management team at MedPointe is eager to join the Meda team and together create a winning team. Both companies have interesting product opportunities, which give a strong potential in both the middle and long-term. We can now increase our efforts to support these programs with both US and European coverage", said Paul Edick, CEO MedPointe Inc, when the deal was announced.

- **EXTENDED COLLABORATION WITH RECORDATI**

Meda and Recordati, an Italian pharma company, signed a long-term agreement for marketing a new combined product in Spain – one of the biggest European markets. The product comprises the well-known substances lercanidipine (a calcium antagonist) and enalapril (an ACE inhibitor). The product is indicated for high blood pressure treatment.

Meda already has marketing rights for this combined product in Germany and Scandinavia. Product launch is under way in Germany, and an application for product registration in Spain was submitted.

- **CHANGED TAX RATES IN GERMANY**

On 6 July, the Bundesrat in Germany decided to cut the income tax for companies. For Meda, this means lower company taxes for the Group's operations in Germany as from 1 January 2008. The lower tax rates have a positive impact of about 3.5 percentage points on the Meda Group's total tax rate (tax in relation to pre-tax profit), based on profit levels reported in the Group's H1 accounts for 2007.

Revaluation of deferred tax assets and tax liabilities following this decision to cut tax rates will have a non-recurring positive impact of about SEK 80-90 million on Group net sales. This effect will be recognised in the Q3 accounts for 2007.

RISKS AND UNCERTAINTIES

The Meda Group's business is exposed to financial risks. Meda's 2006 annual report describes its risk management (pages 44-45). Several other factors, which Meda cannot fully control, affect the Group. Factors that are particularly significant for Meda's future growth are: competitors and pricing, actions by authorities, partnerships, market valuations, clinical trials, key individuals and recruitment, product liability plus patents and trademarks. The 2006 annual report describes these types of risks (pages 90-91). No special changes were identified for the coming six months. Meda continues implementing its growth strategy, so acquisitions are assessed as per current risk profiles.

ACCOUNTING POLICIES

Group

Meda complies with the EU-approved IFRS standards and their interpretation (IFRIC). This interim report was prepared as per International Accounting Standard (IAS) 34 Interim Financial Reporting. Meda applies (1) the new standard – IFRS 7, Financial instruments: Disclosures and (2) Supplement to IAS, Presentation of financial statements. The Group's accounting policies and calculation methods are otherwise unchanged from the 2006 annual report.

2007 INTERIM REPORTS

January – September	Tuesday, 30 October

The board and CEO affirm that this semi-annual report (1) provides a true, fair summary of the parent company's and Group's operations, position, and earnings, and (2) describes significant risks and uncertainties faced by the parent and Group companies.

Stockholm, 8 August 2007

Peter Sjöstrand *Board chairman*	Bert-Åke Eriksson *Board member*
Marianne Hamilton *Board member*	Tuve Johannesson *Board member*
Anders Lönner *CEO*	Anders Waldenström *Board member*

For more information, contact:

Anders Lönner, CEO	Telephone: +46-08-630 19 00
Anders Larnholt, Investor Relations	Telephone: +46-08-630 19 62, or +46 70-945 88 78

REVIEW REPORT

We have reviewed the interim report for the period January 1 – June 30, 2007 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 issued by FAR. 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 Standards on Auditing in Sweden RS and other generally accepted auditing practices. 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.

Stockholm August 8, 2007

Öhrlings PricewaterhouseCoopers AB

Göran Tidström
Authorised public accountant
Partner in charge

Mikael Winkvist
Authorised public accountant

Corporate ID: 556427-2812
Pipers väg 2A,
Box 906, 170 09 Solna
Tel: + 46 8-630 19 00
Fax: + 46 8-630 19 50
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Group consolidated income statement

SEK million	January–June			April–June			January–December
	2007	2006	Change	2007	2006	Change	2006
Net sales	3 747.8	2 650.0	41.4%	1 959.7	1 333.8	46.9%	5 256.0
Cost of sales	-1 464.6	-1 105.6		-758.5	-547.8		2 178.8
Gross profit	**2 283.2**	**1 544.4**	**47.8%**	**1 201.2**	**786.0**	**52.8%**	**3 077.2**
Selling expenses	-770.4	-575.9		-357.8	-290.5		-1 083.1
Medicine and business development expenses[1)]	-474.3	-290.3		-229.0	-137.8		-523.9
Administration costs	-222.2	-181.7		-114.1	-86.8		-358.2
Other income[2)]	-	323.9		-	247.5		321.9
Operating profit (EBIT)	**816.3**[3)]	**820.4**	**-0.5%**	**500.3**	**518.4**	**-3.5%**	**1 433.9**
Net financial items	-165.5	-130.3		-115.4	-65.1		-243.4
Profit after net financial items (EBT)	**650.8**	**690.1**	**-5.7%**	**384.9**	**453.3**	**-15.1%**	**1 190.5**
Tax	-224.8	-224.9		-134.3	-165.7		-402.1
Net income	**426.0**	**465.2**	**-8.4%**	**250.6**	**287.6**	**-12.9%**	**788.4**
[1)] Of which intangible rights amortisation.	-303.4	-136.8		-158.6	-70.3		-277.4
[2)] Profit from sale of non-current assets.							
[3)] Includes restructuring costs of SEK 118.1 million.							
EBITDA	**1 155.0**	**1 010.5**		**674.6**	**615.3**		**1 813.3**
Amortisation, product rights	-303.4	-141.4		-158.6	-71.7		-292.0
Amortisation, other	-35.3	-48.7		-15.7	-25.2		-87.4
Operating profit (EBIT)	**816.3**	**820.4**		**500.3**	**518.4**		**1 433.9**
EBITDA (excluding non-current assets sold and restructuring costs)	**1 273.1**	**686.6**		**674.6**	**367.8**		**1 491.4**
Key ratios related to profit/loss							
Operating margin, %	21.8	31.0		25.5	38.9		27.3
Profit margin, %	17.4	26.0		19.6	34.0		22.7
EBITDA, %	30.8	38.1		34.4	46.1		34.5
EBITDA, % (excluding non-current assets sold and restructuring costs)	34.0	25.9		34.4	27.6		28.4
Return on capital employed, rolling 12 months, %	11.8	17.6					16.0
Return on equity, rolling 12 months, %	14.1	17.8					19.6

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Share data

	January–June		April–June		January–December
	2007	2006	2007	2006	2006
Earnings per share[1)]					
Earnings per share before dilution, SEK	1.87	2.14	1.08	1.32	3.63
Earnings per share after dilution, SEK	1.85	2.14	1.07	1.32	3.62
Average number of shares[1)]					
before dilution (thousands)	228 144	217 344	232 247	217 344	217 346
after dilution (thousands)	229 909	217 344	233 971	217 344	217 566
Number of shares on closing day [2)]					
before dilution (thousands)	232 291	208 959	232 291	208 959	208 988
after dilution (thousands)	233 789	208 959	233 789	208 959	211 082

[1)] Earnings per share and average number of shares are recalculated considering the bonus issue element in the 2007 new share issue and previous new share issues as well as the 2:1 split implemented in May 2007.
[2)] Consideration is given to the 2:1 split implemented in May 2007.

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Group consolidated balance sheet

SEK million	30 June 2007	30 June 2006	31 Dec 2006
ASSETS			
Non-current assets			
- Property, plant, and equipment	624.2	592.2	625.5
- Intangible assets[1)]	14 874.0	8 888.4	8 624.6
- Other non-current assets	343.5	320.4	275.4
Non-current assets	**15 841.7**	**9 801.0**	**9 525.5**
Current assets			
- Inventories	847.8	599.7	588.8
- Current receivables	1 527.0	939.2	1 084.0
- Cash and cash equivalents	71.9	166.0	120.6
Current assets	**2 446.7**	**1 704.9**	**1 793.4**
Total assets	**18 288.4**	**11 505.9**	**11 318.9**
EQUITY AND LIABILITIES			
Equity	**6 569.8**	**4 093.2**	**4 296.8**
Non-current liabilities			
- Borrowings	7 392.6	4 301.5	3 422.7
- Pension obligations	652.0	598.2	572.6
- Deferred tax liabilities	991.2	830.1	870.4
- Other liabilities, non-interest-bearing	162.0	140.9	135.6
Non-current liabilities	**9 197.8**	**5 870.7**	**5 001.3**
Current liabilities			
- Borrowings	706.8	107.7	753.2
- Current, non-interest-bearing	1 814.0	1 434.3	1 267.6
Current liabilities	**2 520.8**	**1 542.0**	**2 020.8**
Total equity and liabilities	**18 288.4**	**11 505.9**	**11 318.9**
Key ratios affecting balance sheet			
Net debt	8 618.8	4 707.4	4 512.1
Net debt/equity ratio, times	1.3	1.2	1.1
Equity/assets ratio, %	35.9	35.6	38.0
Equity per share, SEK (at end of period)[2)]	28.28	19.59	19.75
[1)] Of which goodwill	6 782.1	5 191.8	5 082.4

[2)] Consideration is given to the bonus issue element in the 2007 new share issue and the 2:1 split implemented in May 2007.

Corporate ID: 556427-2812
Pipers väg 2A,
Box 906, 170 09 Solna
Tel: + 46 8-630 19 00
Fax: + 46 8-630 19 50
info@meda.se
www.meda.se

Group consolidated cash flow statement

SEK million	January–June		April–June		January–December
	2007	2006	2007	2006	2006
Cash flow from operating activities before changes in working capital	893.0	465.9	478.0	298.3	1 061.3
Changes in working capital					
Inventories	-208.9	-73.9	-99.9	-15.6	-75.1
Receivables	-479.2	-143.2	-109.6	-21.3	-235.4
Liabilities	365.1	199.9	-20.1	199.8	13.0
Cash flow from operating activities	**570.0**	**448.7**	**248.4**	**461.2**	**763.8**
Cash flow from investing activities	-6 216.8	-62.8	-566.4	238.8	-211.0
Cash flow from financing activities	5 595.8	-548.2	255.3	-694.0	-756.3
Cash flow for the period	**-51.0**	**-162.3**	**-62.7**	**6.0**	**-203.5**
Cash and cash equivalents at period's start	120.6	331.4	135.6	162.7	331.4
Exchange rate difference in cash and cash equivalents	2.3	-3.1	-1.0	-2.7	-7.3
Cash and cash equivalents at period's end	**71.9**	**166.0**	**71.9**	**166.0**	**120.6**

Group change in shareholders' equity

SEK million	30 June 2007	30 June 2006	31 Dec 2006
Opening balance, equity	**4 296.8**	**3 759.6**	**3 759.6**
Dividend	-116.1	-52.2	-52.2
New share issue	1 848.0	-	-
Subscription, through subscription rights	5.9	-	2.2
Warrants	-	1.7	1.7
Translation difference	120.2	-118.4	-242.6
Hedging of net investment, after tax	-40.2	42.4	75.4
Cash flow hedging, after tax	29.2	-5.1	-35.7
Profit for the period	426.0	465.2	788.4
Closing balance, equity	**6 569.8**	**4 093.2**	**4 296.8**

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Information on geographic markets – external net sales

SEK million	January–June		April–June		January–December
	2007	2006	2007	2006	2006
External net sales					
Northern Europe	450.8	398.6	223.5	203.3	769.9
Central and Eastern Europe	1 003.6	725.0	525.4	367.1	1 316.8
Western Europe	1 647.1	999.7	872.5	512.1	1 912.5
Export markets	369.3	292.8	200.8	148.8	589.8
Unallocated sales	277.0	233.9	137.5	102.5	667.0
	3 747.8	**2 650.0**	**1 959.7**	**1 333.8**	**5 256.0**

A new regional division was announced in the 2006 year-end financial statement. It applies as of the first quarter of 2007.

Information on geographic markets – internal net sales between segments

SEK million	January–June		April–June		January–December
	2007	2006	2007	2006	2006
Internal net sales between segments					
Northern Europe	715.9	199.3	371.7	117.4	368.8
Central and Eastern Europe	235.5	210.2	110.0	103.1	383.7
Western Europe	32.8	42.3	17.8	21.0	66.8
	984.2	**451.8**	**499.5**	**241.5**	**819.3**

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Acquisition of 3M's pharma division in Europe

On 9 November 2006, Meda announced that it had signed an agreement to acquire 3M's pharma division in Europe. Meda took over operations on 2 January 2007. The deal makes Meda one of the leading European specialty pharma companies.

The 3M pharma division that Meda acquired markets key specialist products such as Aldara, Tambocor, and Minitran in Europe. At the time of acquisition, the operation generated annual sales of about SEK 2 billion and had more than 300 employees. The EBITDA margin is about 30%. Important synergies are attainable through a more powerful organisation in major markets such as France, Italy, the UK, Spain, and Germany. Cost synergies are expected to exceed SEK 150 million, mainly through administrative rationalisation. The sales organisation principally works in the dermatology and cardiovascular TAs. Several of Meda's biggest products are also in these areas. Because the products complement each other, positive synergy effects are also expected in marketing.

The acquisition price was fixed at SEK 5,609.3 million. When the acquisition was announced, a higher acquisition price of about SEK 6,200 million on a debt-free basis was stated. A positive currency effect helped reduce the purchase price by about SEK 300 million. The remaining difference of about SEK 290 million comprises staff-related liabilities that Meda takes over and adjustments for working capital. The acquired operation contributed net sales of SEK 1,021 million to the Group for the January-June 2007 period.

This table shows acquired net assets and goodwill.

Acquisition calculation:

	SEK million
Cash payment	5 609.3
Expenses directly related to the acquisition	73.0
Total acquisition value	**5 682.3**
Fair value of acquired net assets	-4 140.7
Goodwill	**1 541.6**

Goodwill is attributed to additional 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:

SEK million	Fair value	Seller's carrying amount
Product rights	4 171.1	
Other current assets	39.7	39.7
Current liabilities	-7.1	-7.1
Non-current liabilities	-63.0	-63.0
Acquired net assets	**4 140.7**	**-30.4**
Change in Group's cash and cash equivalents at acquisition	**5 682.3**	

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Parent company's consolidated income statement

SEK million	January–June	
	2007	2006
Net sales	1 375.0	613.0
Cost of sales	-508.6	-221.8
Gross profit	**866.4**	**391.2**
Other operating income	30.3	-
Selling expenses	-79.6	-23.9
Medicine and business development expenses	-230.1	-79.2
Administration costs	-51.9	-34.3
Operating profit (EBIT)	**535.1**	**253.8**
Net financial items	-43.2	-68.3
Profit after net financial items (EBT)	**491.9**	**185.5**
Appropriations	-467.2	-163.7
Net income	**24.7**	**21.8**

Parent company's consolidated balance sheet

SEK million	30 June 2007	31 Dec 2006
ASSETS		
Non-current assets		
- Intangible	5 619.6	1 778.7
- Property, plant and equipment	1.1	1.0
- Financial	8 117.5	5 872.4
Total non-current assets	**13 738.2**	**7 652.1**
Current assets		
- Inventories	99.2	81.8
- Current receivables	689.1	372.8
- Cash and cash equivalents	4.7	20.2
Total current assets	**793.0**	**474.8**
Total assets	**14 531.2**	**8 126.9**
EQUITY AND LIABILITIES		
Restricted equity	**5 236.3**	**3 382.4**
Non-restricted equity	**63.8**	**126.0**
Untaxed reserves	**1 194.9**	**727.7**
Provisions	**62.4**	**43.9**
Non-current liabilities	**6 908.5**	**2 885.3**
Current liabilities	**1 065.3**	**961.6**
Total equity and liabilities	**14 531.2**	**8 126.9**

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