

Meda is a leading international specialty pharma company with a broad product portfolio and its own sales organizations in over 60 countries. Including those markets where sales are managed by distributors, Meda's products are sold in more than 150 countries. Meda AB is the Group's parent company and its headquarters are located in Solna outside of Stockholm. The Meda share is listed under Large Cap on Nasdaq Stockholm.



Interim Report, January-June 2016

January-June 2016

- Net sales reached SEK 9,330 million (9,735), corresponding to a decrease of 4% and a flat organic sales development compared with the previous year.
- EBITDA, excluding non-recurring items, was SEK 2,832 million (3,183), corresponding to a margin of 30.4% (32.7).
- Non-recurring items related to the Mylan offer had a SEK 309 million negative impact on earnings before tax.
- Profit after tax amounted to SEK 589 million (618).
- Earnings per share reached SEK 1.61 (1.69). Excluding non-recurring items, earnings per share totaled SEK 1.65 (1.93).
- Cash earnings per share amounted to SEK 3.38 (1.57). Excluding non-recurring items cash earnings per share totaled SEK 4.03 (3.92).

Second quarter 2016

- Net sales reached SEK 5,015 million (5,152), corresponding to a decrease of 3% and an organic growth of 2% compared with the previous year.
- EBITDA, excluding non-recurring items, was SEK 1,576 million (1,780), corresponding to a margin of 31.4% (34.5).
- Non-recurring items related to the Mylan offer had a SEK 188 million negative impact on earnings before tax.
- Profit after tax amounted to SEK 298 million (392).
- Earnings per share reached SEK 0.81 (1.07). Excluding non-recurring items, earnings per share totaled SEK 1.19 (1.34).
- Cash earnings per share amounted to SEK 2.48 (0.83). Excluding non-recurring items cash earnings per share totaled SEK 2.67 (1.98).

For further inquiries, please contact:

Paula Treutiger, VP Corporate Communications & Sustainability, paula.treutiger@meda.se, +46 733-666 599.

CEO statement

The second quarter of 2016 was another promising quarter for Meda and our performance for the year-to-date through June developed fully in line with our expectations and financial plans. Overall, our growth businesses increased by 9% in the second quarter, contributing to a solid organic growth rate of 2% for the whole group. This growth was driven by resilient sales from our ongoing business, supported by several of our key growth products within the Rx-product area. We also saw particularly strong performance from our Cx-franchise and Emerging Markets business. As expected, our growth was slightly offset by reduced royalties from our agreement with Valeant, as well as the divestment of the Euromed manufacturing site.

Looking at our regions, our US business saw considerable improvement over the previous quarter, with sales totaling SEK 751 million. We continued to be encouraged by the performance of our top 25 products, which grew by 5% at CER. Our newly established affiliate in Canada also contributed very positively. This strength too was offset by the anticipated negative impact from reduced royalty revenue from outlicensed dermatology products.

Sales for Western Europe totaled SEK 3,197 million, with mixed performance across the region. While we saw strong performance in the Nordics, France, the UK and Italy continued to put some pressure on top line performance. We also continued to see strong performance from key products, especially Dymista, which continued to increase sales and acceptance, and position itself in the #1 or #2 position in several European markets. We also saw convincing growth from EpiPen® Auto-Injector, Saugella and Armolipid in the quarter. While Italy continues to be impacted by our restructuring of this business, we are confident that the actions we are taking will establish a strong platform for the future.

Emerging Markets reported exceptionally strong performance during the quarter, with sales of SEK 1,016 million, corresponding to 15% growth at CER. Key markets such as Greater China, Russia and Turkey performed particularly well, largely driven by our Cx-franchise. Sales of Dona stood out in the region with a growth rate of 131% at CER.

In all, we delivered strong sales for the second quarter of SEK 5,015 million and EBITDA excluding non-recurring items of SEK 1,577 million, representing an EBITDA margin of 31.4%. Free cash flow excluding non-recurring items for the quarter improved to SEK 975 million. Again, this performance was in line with our expectations.

Finally, we remain extremely enthusiastic about Mylan's public offer for Meda. The combination of our business is a natural fit, and provides compelling industrial logic. We expect that within Mylan much more can be done with our very attractive businesses and products as part of their global platform. We also expect our businesses in the U.S. and Europe to be far stronger, as we benefit from greater scale and diversity, and to be able to accelerate our growth in Emerging markets.

The acceptance period for the offer runs up to and including 29 July, and Mylan has stated that it expects the transaction to close during the third quarter.

Jörg-Thomas Dierks

Group President and CEO

Sales

For information on sales trends for major products, see the table on page 19. Definitions of geographic regions and product categories are presented on page 22.

January-June

Net sales for the period amounted to SEK 9,330 million (9,735), which corresponds to a decrease of 4%. At constant exchange rates, sales decreased by 2%. Sales compared to last year were negatively impacted by reduced royalties according to the agreement with Valeant as well as the divestment of the manufacturing site Euromed. Organic growth for the period was flat. The positive sales development in Emerging Markets helped offset the lower sales in the US. Western Europe sales were slightly lower than last year. For the top 20 products, organic growth for the period was 3%.

April-June

Net sales for the period amounted to SEK 5,015 million (5,152), which corresponds to a decrease of 3%. At constant exchange rates, sales development was flat. Organic growth for the period amounted to 2%. The growth comes from Emerging Markets while Western Europe sales development was slightly negative and US sales were slightly positive. For the top 20 products, organic growth for the period was 7%.

Sales by geographic area

January-June

Sales for **Western Europe** over the period were SEK 5,998 (6,155), representing a 3% decrease a 1% decrease at constant exchange rates, and negative organic growth of 1%. Slow sales development in the UK, Germany, Italy and France was not fully offset by positive sales development especially in the Nordics and Belgium.

US sales amounted to SEK 1,420 million (1,579), corresponding to a decrease of 10% and 10% at constant exchange rates. Organic growth was, mainly due to lower sales of Felbatol, negative 5%. License income from the collaboration agreement with Valeant was reduced to SEK 72 million (179).

Sales in **Emerging Markets** amounted to SEK 1,826 million (1,768), representing a 3% increase. Sales at constant exchange rates increased by 10% and organic growth was 10%. Growth was especially strong in Turkey due to high market demand. Several other markets showed double digit growth.

Other Sales fell to SEK 86 million (233) after the divestment of Euromed in Q4 2015.

April-June

Sales for **Western Europe** over the period were SEK 3,197 million (3,290), representing a 3% decrease and a 2% decrease at constant exchange rates. Organic growth was negative 1%. Slow sales development in Italy, the UK, France, and Austria was not fully offset by positive sales development in the rest of the markets and especially in Norway and Denmark.

US sales amounted to SEK 751 million (793), corresponding to a decrease of 5% and 3% at constant exchange rates. Organic growth was 1%. Good sales development for several products helped to more than offset the lower sales of Felbatol in particular. License income from the collaboration agreement with Valeant was reduced to SEK 28 million (88).

Sales in **Emerging Markets** amounted to SEK 1,016 million (949), representing a 7% increase, 15% at constant exchange rates. Organic growth was 15%. Sales were strong in many countries across the region, especially in Asia, Russia and Turkey. Sales in the Middle East were lower due to delayed deliveries.

Other Sales fell to SEK 51 million (120) after the divestment of Euromed.

Sales by geographic area

SEK million	January-June					April-June				
	2016	2015	Index	Index ¹⁾	Index ²⁾	2016	2015	Index	Index ¹⁾	Index ²⁾
Western Europe	5,998	6,155	97	99	99	3,197	3,290	97	98	99
USA	1,420	1,579	90	90	95	751	793	95	97	101
Emerging Markets	1,826	1,768	103	110	110	1,016	949	107	115	115
Other Sales	86	233	36	37	93	51	120	42	42	101
Total Sales	9,330	9,735	96	98	100	5,015	5,152	97	100	102

¹⁾ Constant exchange rates ²⁾ Organic growth

Sales by product category

January-June

Sales of prescription drugs (**Rx**) amounted to SEK 5,699 million (6,019), representing a 3% decrease at constant exchange rates. Organic growth for the period was negative by 2%. Lower sales of Rx products in the US, the UK, Italy, China and the Middle East were the main reasons for the lower sales. Dymista continued to show growth at 22%.

Cx/OTC sales amounted to SEK 3,545 million (3,483), representing a 4% increase at constant exchange rates. Organic growth for the period amounted to 4%. Amongst other, products like Dona, Saugella, Armolipid, and Reparil were the main drivers behind the positive development.

Other Sales amounted to SEK 86 million (233).

April-June

Sales of prescription drugs (**Rx**) amounted to SEK 3,090 million (3,199), representing a 1% decrease at constant exchange rates. Organic growth for the period was 1%. Lower sales of Rx products in Italy, China and the Middle East were the main reasons for the lower sales. Dymista continued to show growth at 24%.

Cx/OTC sales amounted to SEK 1,874 million (1,833), representing a 5% increase at constant exchange rates. Organic growth for the period amounted to 5%, driven by higher sales of Dona in Asian markets. The positive growth for CB12 in Q1 did not continue and the product declined by 25%.

Other Sales amounted to SEK 51 million (120).

Sales by product category

SEK million	January-June					April-June				
	2016	2015	Index	Index ¹⁾	Index ²⁾	2016	2015	Index	Index ¹⁾	Index ²⁾
Rx	5,699	6,019	95	97	98	3,090	3,199	97	99	101
Cx/OTC	3,545	3,483	102	104	104	1,874	1,833	102	105	105
Other Sales	86	233	36	37	93	51	120	42	42	101
Total Sales	9,330	9,735	96	98	100	5,015	5,152	97	100	102

¹⁾ Constant exchange rates ²⁾ Organic growth

Earnings

Operating profit

January-June

Operating profit for the period was SEK 953 million (1,468) and EBITDA was SEK 2,523 million (3,094), yielding a 27.0% margin (31.8). Excluding non-recurring items, operating profit amounted to SEK 1,262 million (1,557) and EBITDA to SEK 2,832 million (3,183). This corresponds to an EBITDA margin of 30.4% (32.7).

Operating expenses for the period amounted to SEK 4,753 million (4,544) and included transaction costs of SEK 307 million related to the Mylan offer whereof SEK 144 million refers to consultant fees and SEK 163 million refers to personnel related bonuses including the LTI-programs. See page 8 for further information. Accordingly, operating expenses excluding non-recurring items were SEK 4,446 million (4,455).

Selling expenses for the period, including non-recurring items of SEK 46 million, were SEK 2,134 million (2,084).

Medicine and business development expenses, including non-recurring items of SEK 170 million, were SEK 2,056 million (1,942).

Administrative expenses for the period, including non-recurring items of SEK 91 million, totaled SEK 563 million (518).

April-June

Operating profit for the period was SEK 604 million (932) and EBITDA was SEK 1,388 million (1,748), yielding a 27.7% margin (33.9). Excluding non-recurring items, operating profit amounted to SEK 792 million (964) and EBITDA to SEK 1,576 million (1,780). This corresponds to an EBITDA margin of 31.4% (34.5).

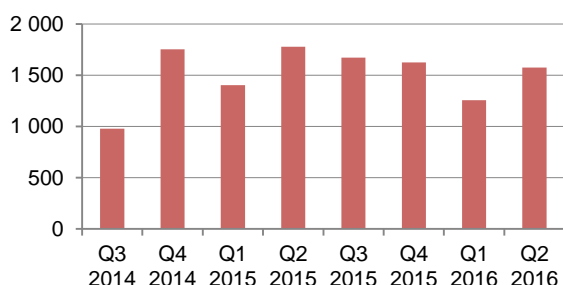
Operating expenses for the period amounted to SEK 2,415 million (2,247) and included transaction costs of SEK 186 million related to the Mylan offer. SEK 163 million of those costs refer to personnel related bonuses and included costs of SEK 74 million related to the LTI programs as a result of the shortened vesting period and the change of the programs from share settled to cash settled. See page 8 for further information. Accordingly, operating expenses excluding non-recurring items were SEK 2,229 million (2,215).

Selling expenses for the period, including non-recurring items of SEK 46 million, were SEK 1,124 million (1,035).

Medicine and business development expenses, including non-recurring items of SEK 49 million, were SEK 973 million (975).

Administrative expenses for the period, including non-recurring items of SEK 91 million, totaled SEK 318 million (237).

EBITDA (SEK million)*



*Excluding non-recurring items

Net financial items, tax and earnings per share

January-June

Net financial items amounted to SEK -473 million (-853) corresponding to a decrease of 25% compared to last year excluding non-recurring items in H1 2015 of SEK 219 million. The decrease is related to lower interest expense as a result of the reduced net debt.

Profit after net financial items totaled SEK 480 million (615).

Reported tax for the period amounted to SEK 109 million (3). Tax was affected by re-assessment of certain deferred tax balances and non-recurring items. Excluding non-recurring items, tax expense was SEK 187 million (217), equivalent to a tax rate of 23.7% (23.5).

Net profit totaled SEK 589 million (618).

Earnings per share reached SEK 1.61 (1.69). Excluding non-recurring items, earnings per share totaled SEK 1.65 (1.93).

April-June

Net financial items amounted to SEK -221 million (-384) corresponding to a decrease of 32% compared to last year excluding non-recurring items in Q2 2015 of SEK 58 million. The decrease is mainly related to lower interest expense as a result of the reduced net debt.

Profit after net financial items totaled SEK 383 million (548).

Reported tax expense for the period amounted to SEK 85 million (156). Tax was affected by tax on non-recurring items and tax for previous financial years. Excluding those items, tax expense was SEK 137 million (149), equivalent to a tax rate of 24.0% (23.4).

Net profit totaled SEK 298 million (392).

Earnings per share reached SEK 0.81 (1.07). Excluding non-recurring items, earnings per share totaled SEK 1.19 (1.34).

Cash flow

January-June

Cash flow from operating activities before changes in working capital amounted to SEK 1,874 million (1,545).

Working capital had an impact of SEK -581 million (-863) on cash flow. Cash flow from inventories totaled SEK -102 million, mainly due to timing of inventory purchases. Receivables had a negative effect of SEK 441 million and liabilities had a negative effect of SEK 38 million on cash flow. Accordingly, cash flow from operating activities amounted to SEK 1,293 million (682).

Free cash flow was SEK 1,236 million (573). Transaction costs related to the Mylan offer of SEK 126 million and restructuring costs of SEK 109 million were paid during the period. Accordingly, free cash flow excluding non-recurring items totaled SEK 1,471 million (1,432).

Cash earnings per share for the period totaled SEK 3.38 (1.57). Excluding non-recurring items, cash earnings per share were SEK 4.03 (3.92).

Cash flow from investing activities amounted to SEK -92 million (-295).

Cash flow from financing activities amounted to SEK -1,988 million (-1,340).

April-June

Cash flow from operating activities before changes in working capital amounted to SEK 1,151 million (796).

Working capital had an impact of SEK -212 million (-445) on cash flow. Cash flow from inventories totaled SEK 52 million, primarily due to higher sales at the end of the second quarter compared to the end of the previous quarter. Receivables had an adverse effect on cash flow of SEK -496 million driven mainly by strong sales at the end of the quarter compared to the previous quarter on several markets. Liabilities had a positive effect of SEK 232 partly due to fluctuations in payments of trade payables and partly due to accrued personnel bonuses related to the Mylan offer. Accordingly, cash flow from operating activities amounted to SEK 939 million (351).

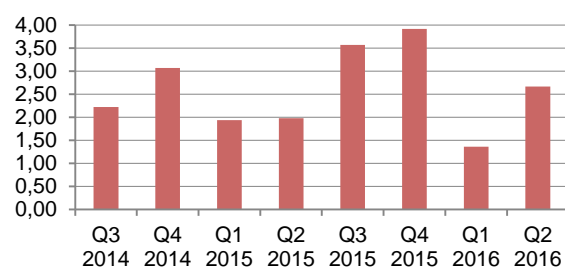
Free cash flow was SEK 906 million (304). Transaction costs related to the Mylan offer of SEK 26 million and restructuring costs of SEK 43 million were paid during the period. Accordingly, free cash flow excluding non-recurring items totaled SEK 975 million (723).

Cash earnings per share for the period totaled SEK 2.48 (0.83). Excluding non-recurring items, cash earnings per share were SEK 2.67 (1.98).

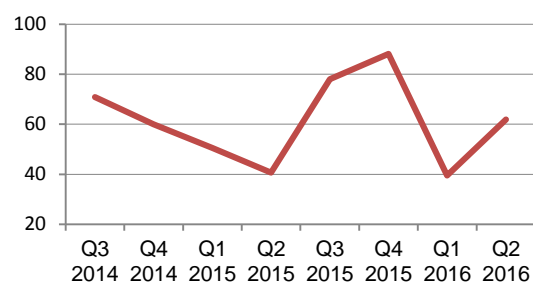
Cash flow from investing activities amounted to SEK -45 million (-49).

Cash flow from financing activities amounted to SEK -1,049 million (-536). A dividend of SEK 914 million was paid during the quarter.

Cash earnings per share (SEK)*



Free cash flow/EBITDA (%)*



* Excluding non-recurring items

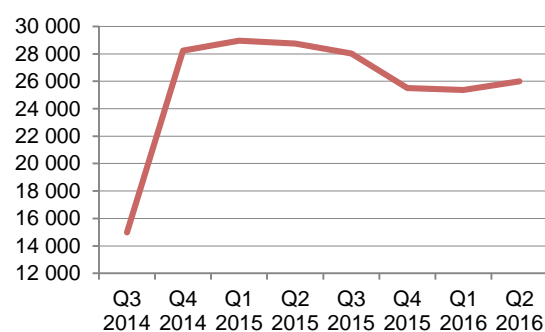
Financing

On June 30, 2016, equity stood at SEK 20,757 million compared with SEK 20,956 million at the start of the year, which corresponds to SEK 56.8 (57.3) per share. The equity/assets ratio was 34.5% compared with 34.4% at the start of the year.

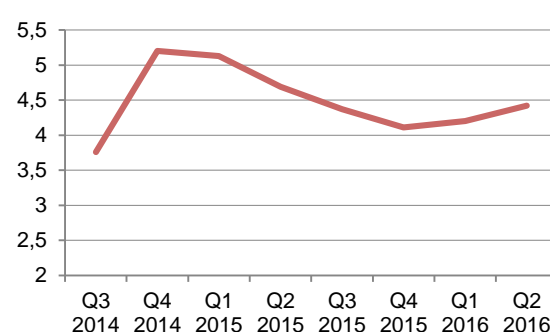
Net debt totaled SEK 26,002 million on June 30, 2016, compared with SEK 25,505 million at the start of the year. At June 30, 2016, the average cost of the debt portfolio, including pension liabilities, was 3.0%.

Performance for net debt and net debt/adjusted EBITDA over the past eight quarters is illustrated in the following charts.

Net debt (SEK million)



Net debt/adjusted EBITDA (times)



Agreements and key events

Mylan N.V., a company incorporated in the Netherlands, and whose ordinary shares are traded on the NASDAQ Global Select Market and the Tel Aviv Stock Exchange, announced on February 10, 2016, a recommended public offer to the shareholders of Meda AB to transfer all of their shares in Meda AB to Mylan N.V. for a consideration consisting of a combination of cash and shares of common stock in Mylan N.V. (the

Offer). On June 16, 2016 Mylan N.V. published its Offer Document to the shareholders of Meda AB relating to the Offer. The acceptance period for the Offer runs from and including June 17, 2016 up to and including July 29, 2016. Meda's Board of Directors recommends that Meda shareholders accept Mylan's Offer and Meda's two largest shareholders, representing approximately 30 percent of Meda's outstanding shares, have undertaken to accept the Offer.

Long-term performance based incentive programs (LTI-programs)

As of June 30, 2016, Meda has two outstanding LTI-programs approved by the AGM in 2014 and 2015. Meda is subject to a public takeover by Mylan which may lead to a change of control (CoC). Therefore, the board of Meda AB decided to modify the programs and convert them with a cash compensation to the participants in event of a CoC, provided that the individuals are still employed by Meda at that date. This means that the LTI-programs have been reclassified from equity settled programs to cash settled programs. The amount of compensation will be based on the number of share rights allotted for each of the programs and the Meda share price at completion of CoC. The vesting period for each program has been reduced and runs to August 2016. If CoC does not occur the LTI-programs will continue in full force and effect.

Risks and uncertainties

The business is exposed to financial risks, which are described in Meda's 2015 Annual Report on pages 94-96. Risks related to operations are described in the 2015 Annual Report on pages 70-72.

Accounting policies

The Group complies with the EU-approved IFRS standards and their interpretations (IFRIC). This interim report was prepared as per IAS 34 Interim Financial Reporting. Further information about Group reporting and valuation principles is detailed in Note 1 on pages 90-94 of the 2015 Annual Report. The parent company applies RFR 2, Accounting for Legal Entities.

The Group uses the same accounting policies in this interim report as applied in the preparation of the 2015 Annual Report. The new and amended IFRS standards and IFRIC interpretations effective from January 1, 2016, have not had any material effect on the consolidated financial statements.

The Board of Directors and the CEO certify that the half-yearly financial report gives a fair view of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, July 21, 2016

Martin Svalstedt Board chairman	Luca Rovati Deputy board chairman	Peter Claesson Board member
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Peter von Ehrenheim Board member	Kimberly Lein-Mathisen Board member	Guido Oelkers Board member
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Karen Sörensen Board member	Lillie Li Valeur Board member	Lars Westerberg Board member
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Jörg-Thomas Dierks
CEO

The company's auditors did not review this interim report.

Meda AB

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

Upcoming reporting dates

Interim report, January-September

October 26, 2016

Forward-looking statement

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.

Meda AB discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. This information was submitted for publication on July 21, 2016 at 8:00 AM.

Consolidated income statement

SEK million	January-June		April-June		Full year
	2016	2015	2016	2015	2015
Net sales	9,330	9,735	5,015	5,152	19,648
Cost of sales	-3,624	-3,723	-1,996	-1,973	-7,525
Gross profit	5,706	6,012	3,019	3,179	12,123
Other income	-	-	-	-	22
Selling expenses	-2,134	-2,084	-1,124	-1,035	-4,359
Medicine- and business development ¹⁾	-2,056	-1,942	-973	-975	-4,086
Administrative expenses	-563	-518	-318	-237	-981
Operating profit (EBIT)	953	1,468	604	932	2,719
Net financial items	-473	-853	-221	-384	-1,415
Profit for the period after net financial items (EBT)	480	615	383	548	1,304
Tax	109	3	-85	-156	-112
Net profit	589	618	298	392	1,192
Profit/loss attributable to:					
Parent company shareholders	589	618	298	392	1,176
Non-controlling interests	0	0	0	0	16
Net profit	589	618	298	392	1,192
¹⁾ Of which amortization of product rights	-1,462	-1,507	-731	-756	-3,040
EBITDA	2,523	3,094	1,388	1,748	6,003
Amortization, product rights	-1,462	-1,507	-731	-756	-3,040
Depreciation and amortization, other	-108	-119	-53	-60	-244
Operating profit (EBIT)	953	1,468	604	932	2,719
EBITDA, excluding non-recurring effects	2,832	3,183	1,576	1,780	6,482

Consolidated comprehensive income

SEK million	January-June		April-June		Full year
	2016	2015	2016	2015	2015
Net profit	589	618	298	392	1,192
Items that will not be reclassified to the income statement					
Revaluation of defined-benefit pension plans and similar plans, net of tax	-177	27	-53	46	55
	-177	27	-53	46	55
Items that may be reclassified to the income statement					
Translation difference	824	-373	869	-470	-376
Translation difference reversed to income statement	-	0	-	-	-3
Hedge of net investment, net of tax	-490	288	-469	218	308
Cash flow hedges, net of tax	8	-5	5	-8	-1
Available-for-sale financial assets, net of tax	-3	-5	-2	-4	-9
	339	-95	403	-264	-81
Other comprehensive income, net of tax	162	-68	350	-218	-26
Total comprehensive income	751	550	648	174	1,166
Profit attributable to:					
Parent company shareholders	751	550	648	174	1,150
Non-controlling interests	0	0	0	0	16
Total comprehensive income	751	550	648	174	1,166

Share data

	January-June		April-June		Full year
	2016	2015	2016	2015	2015
Earnings per share					
Basic earnings per share, SEK	1.61	1.69	0.81	1.07	3.22
Diluted earnings per share, SEK	1.61	1.69	0.81	1.07	3.22
Basic earnings per share, SEK ¹⁾	1.65	1.93	1.19	1.34	4.14
Diluted earnings per share, SEK ¹⁾	1.65	1.93	1.19	1.34	4.14
Average number of shares					
Basic (thousands)	365,467	365,467	365,467	365,467	365,467
Diluted (thousands)	365,467	365,467	365,467	364,467	365,467
Number of shares on closing day					
Basic (thousands)	365,467	365,467	365,467	365,467	365,467
Diluted (thousands)	365,467	365,467	365,467	365,467	365,467

¹⁾ Earnings per share excluding non-recurring effects.

Consolidated balance sheet

SEK million	June 30 2016	June 30 2015	December 31 2015
ASSETS			
Non-current assets			
- Property, plant and equipment	1,490	1,646	1,504
- Intangible ¹⁾	46,821	49,337	47,478
- Other non-current assets	2,063	2,028	2,097
Non-current assets	50,374	53,011	51,079
Current assets			
- Inventories	3,011	3,154	2,876
- Current receivables	5,992	5,530	5,279
- Cash and cash equivalents	842	1,359	1,612
Current assets	9,845	10,043	9,767
Total assets	60,219	63,054	60,846
EQUITY AND LIABILITIES			
Equity	20,757	20,326	20,956
Non-current liabilities			
- Borrowings	22,955	25,437	22,507
- Pension obligations	2,544	2,312	2,273
- Deferred tax liabilities	4,212	5,091	4,708
- Other non-current liabilities	347	2,792	2,830
Non-current liabilities	30,058	35,632	32,318
Current liabilities			
- Borrowings	1,361	2,412	2,355
- Other current liabilities	8,043	4,684	5,217
Current liabilities	9,404	7,096	7,572
Total equity and liabilities	60,219	63,054	60,846
¹⁾ Of which goodwill	25,988	25,430	25,524

Consolidated cash flow statement

SEK million	January-June		April-June		Full year
	2016	2015	2016	2015	2015
Profit after financial items	480	615	383	548	1,304
Adjustments for items not included in cash flow	1,673	1,638	870	629	3,373
Net change in pensions	-18	-31	-8	-14	-45
Net change in other provisions	-58	-386	-17	-143	-112
Income taxes paid	-203	-291	-77	-224	-803
Cash flow from operating activities before changes in working capital	1,874	1,545	1,151	796	3,717
Cash flow from changes in working capital					
Inventories	-102	-178	52	95	-198
Receivables	-441	-323	-496	-191	-96
Liabilities	-38	-362	232	-349	-99
Cash flow from operating activities	1,293	682	939	351	3,324
Cash flow from investing activities	-92	-295	-45	-49	262
Cash flow from financing activities	-1,988	-1,340	-1,049	-536	-4,272
Cash flow for the period	-787	-953	-155	-234	-686
Cash and cash equivalents at period's start	1,612	2,311	977	1,624	2,311
Exchange-rate difference in cash and cash equivalents	17	1	20	-31	-13
Cash and cash equivalents at period's end	842	1,359	842	1,359	1,612
Free cash flow, SEK million	1,236	573	906	304	3,095
Free cash flow, excluding non-recurring effects, SEK million	1,471	1,432	975	723	4,172
Cash earnings per share, SEK	3.38	1.57	2.48	0.83	8.47
Cash earnings per share, excluding non-recurring effects, SEK	4.03	3.92	2.67	1.98	11.41

Consolidated statement of changes in equity

SEK million	Share capital	Other capital contributions	Other reserves	Retained earnings including profit for the year	Total	Non-controlling interests	Total equity
Opening balance, equity, January 1, 2015	365	13,788	401	6,142	20,696	-16	20,680
Total comprehensive income	-	-	-68	618	550	0	550
Divestment of operation	-	-	-	-	-	-3	-3
Share-based payments, settled using equity instruments	-	-	-	13	13	-	13
Dividend	-	-	-	-914	-914	-	-914
Closing balance, equity, June 30, 2015	365	13,788	333	5,859	20,345	-19	20,326
Opening balance, equity, January 1, 2016	365	13,788	375	6,431	20,959	-3	20,956
Total comprehensive income	-	-	162	589	751	0	751
Reclassification of share-based plans from equity-settled to cash-settled	-	-	-	-36	-36	-	-36
Dividend	-	-	-	-914	-914	-	-914
Closing balance, equity, June 30, 2016	365	13,788	537	6,070	20,760	-3	20,757

Fair value – financial assets and liabilities

The table below comprises the consolidated financial assets and liabilities that are measured at fair value.

Interest rate swaps and currency forward contracts are reported as level 2 and used for the purpose of hedging. Fair value measurement for interest rate swaps is calculated by discounting with observable market data. Measurement of fair value for currency forward contracts is based on published forward prices.

Available-for-sale financial assets are reported as level 1 and 2. Level 1 comprises quoted interest-bearing securities and fair value measurement is based on quoted prices on an active market. Level 2 mainly comprises fund holdings where fair value measurement is based on observable market data.

Group derivatives are covered by right of set-off between assets and liabilities with the same counterparty. Offsetting of assets and liabilities has not been applied. Derivatives recognized as assets and liabilities are presented in the table below.

No transfers have been made between level 1 and level 2 during the period.

SEK million	January-June		January-June		Full year	
	2016		2015		2015	
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2
Assets						
Currency forward contracts	-	216	-	162	-	149
Available-for-sale financial assets	6	14	3	28	6	17
Total	6	230	3	190	6	166
Liabilities						
Interest rate swaps ¹⁾	-	14	-	14	-	23
Currency forward contracts	-	345	-	90	-	201
Total	-	359	-	104	-	224

¹⁾ Cash flow hedging

Parent company

The parent company's net sales reached SEK 3,245 million (3,054), of which intra-Group sales represented SEK 2,169 million (2,066). Operating profit totaled SEK 156 million (346) and net financial items amounted to SEK 77 million (-78).

Investments in intellectual property rights for the period were SEK 9 million (15), and investments in property, plant, and equipment totaled SEK 3 million (25).

Financial assets on June 30, 2016, totaled SEK 42,035 million, compared to SEK 40,224 million at the end of the previous year. Cash and cash equivalents amounted to SEK 243 million (968).

Income statement for the parent company

SEK million	January-June	
	2016	2015
Net sales	3,245	3,054
Cost of sales	-1,912	-1,834
Gross profit	1,333	1,220
Selling expenses	-300	-208
Medicine- and development expenses	-670	-563
Administrative expenses	-207	-103
Operating profit (EBIT)	156	346
Net financial items	77	-78
Profit for the period after net financial items (EBT)	233	268
Appropriations and tax	-246	-89
Net profit	-13	179

Balance sheet for the parent company

	June 30	December 31
	2016	2015
ASSETS		
Non-current assets		
- Intangible	4,064	4,459
- Property, plant and equipment	47	45
- Financial	42,035	40,224
Total non-current assets	46,146	44,728
Current assets		
- Inventories	578	535
- Current receivables	2,049	1,725
- Cash and bank balances	243	968
Total current assets	2,870	3,228
Total assets	49,016	47,956
EQUITY AND LIABILITIES		
Restricted equity	3,540	3,540
Non-restricted equity	11,663	12,623
Total equity	15,203	16,163
Untaxed reserves	1,782	1,520
Provisions	78	75
Non-current liabilities	27,734	24,075
Current liabilities	4,219	6,123
Total equity and liabilities	49,016	47,956

Sales (SEK million)

Sales trends for the 20 best-selling products in the period.

SEK million	January-June				April-June			
	2016	2015	Index	Index ¹⁾	2016	2015	Index	Index ¹⁾
Dymista	570	474	120	122	341	281	121	124
Dona	456	377	121	128	274	154	177	189
Betadine	419	407	103	103	213	218	97	98
Tambocor	300	309	97	97	173	168	102	103
EpiPen	276	260	106	110	181	131	139	143
Saugella	250	215	116	117	124	117	106	107
Elidel ²⁾	224	282	79	83	126	167	75	79
Armolipid	186	160	116	116	114	106	108	108
Aldara/Zyclara	185	195	95	97	101	107	94	97
Astelin	165	202	82	84	93	95	98	102
Reparil	153	122	126	130	85	63	136	142
Legalon	142	190	75	78	68	127	54	55
Calcium	135	140	96	97	65	74	88	88
Mestinon	133	139	96	98	72	79	91	93
CB12	132	152	87	88	63	86	73	75
Felbatol	127	203	62	63	67	116	57	58
Minitran	124	118	105	105	66	71	93	94
Spasmolyt	123	123	100	102	84	71	118	119
Solco	121	108	112	123	65	52	125	138
Treo	110	109	101	102	54	57	99	99

¹⁾ Index in constant exchange rates

²⁾ Refers to sales outside North America

Segment information

External net sales

SEK million	January-June		April-June		Full year
	2016	2015	2016	2015	2015
Western Europe	5,998	6,155	3,197	3,290	12,213
USA	1,420	1,579	751	793	3,354
Emerging Markets	1,826	1,768	1,016	949	3,660
Other Sales	86	233	51	120	421
Total external net sales	9,330	9,735	5,015	5,152	19,648

EBITDA

SEK million	January-June		April-June		Full year
	2016	2015	2016	2015	2015
Western Europe	2,213	2,201	1,201	1,260	4,247
USA	431	633	227	325	1,432
Emerging Markets	618	639	334	343	1,281
Other Sales	-739	-379	-374	-180	-957
Total EBITDA	2,523	3,094	1,388	1,748	6,003

EBITDA, excluding non-recurring effects

SEK million	January-June		April-June		Full year
	2016	2015	2016	2015	2015
Western Europe	2,213	2,253	1,201	1,292	4,476
USA	431	633	227	325	1,432
Emerging Markets	618	665	334	343	1,294
Other Sales	-430	-368	-186	-180	-720
Total EBITDA	2,832	3,183	1,576	1,780	6,482

Key ratios

	January-June		April-June		Full year
	2016	2015	2016	2015	2015
Related to earnings					
Net sales, SEK million	9,330	9,735	5,015	5,152	19,648
- Growth, total	-4%	42%	-3%	48%	28%
- Growth, constant exchange rates	-2%	31%	0%	38%	21%
- Growth, organic	0%	-1%	2%	2%	-1% *)
Gross margin	61.2%	61.8%	60.2%	61.7%	61.7%
EBITDA, SEK million	2,523	3,094	1,388	1,748	6,003
EBITDA margin	27.0%	31.8%	27.7%	33.9%	30.6%
EBITDA excluding non-recurring effects, SEK million	2,832	3,183	1,576	1,780	6,482
EBITDA margin excluding non-recurring effects	30.4%	32.7%	31.4%	34.5%	33.0%
Earnings per share, SEK	1.61	1.69	0.81	1.07	3.22
Earnings per share excluding non-recurring effects, SEK	1.65	1.93	1.19	1.34	4.14
Adjusted earnings per share, SEK	4.74	5.12	2.73	2.94	10.57
Related to cash flow					
Free cash flow, SEK million	1,236	573	906	304	3,095
Cash earnings per share, SEK	3.38	1.57	2.48	0.83	8.47
Free cash flow excluding non-recurring effects, SEK million	1,471	1,432	975	723	4,172
Cash earnings per share excluding non-recurring effects, SEK	4.03	3.92	2.67	1.98	11.41
Return/Efficiency					
Adjusted free cash flow/capital employed	10.3%	10.0%			10.3%
Adjusted free cash flow/equity	20.2%	17.1%			20.1%
Net working capital/net sales	26%	26%			22%
Free cash flow/EBITDA	49%	19%	65%	17%	52%
Free cash flow excluding non-recurring effects/EBITDA excluding non-recurring effects	52%	45%	62%	41%	64%
Related to balance sheet					
Net debt, SEK million	26,002	28,749			25,505
Net debt/equity ratio, times	1.3	1.4			1.2
Equity per share, SEK (at end of period)	56.8	55.6			57.3
Equity/asset ratio	34.5%	32.2%			34.4%
Other					
Net debt/adjusted EBITDA	4.42	4.69			4.11

*) *Organic growth pro forma*

Definitions related to sales comments

Sales by geographic area

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

US – includes Canada.

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

Other Sales – revenues from contract manufacturing, services and other income.

Sales by product category

Rx – prescription drugs and specialty products.

Cx/OTC – non-prescription products.

Other Sales – revenues from contract manufacturing, services and other income.

Definitions of key ratios

Related to earnings

Growth, total – sales development in relation to the same period the previous year.

Growth, constant exchange rates – sales development in relation to the same period the previous year adjusted for currency effects.

Growth, organic – sales development adjusted for currency effects, acquisitions, disposals, discontinued products, and revenues from the cooperation agreement with Valeant.

Organic growth, pro forma – sales development in relation to the same period the previous year including acquisitions of products and business adjusted for currency effects.

Earnings per share – profit for the period attributable to parent company shareholders in relation to weighted average number of shares for the period. Where applicable, the comparative periods have been recalculated to consider the bonus issue element.

Adjusted earnings per share – earnings per share adjusted for non-recurring items and amortizations on product rights and related tax.

Related to cash flow

Free cash flow – cash flow from operating activities less cash flow from investing activities (excluding acquired product rights and acquired operations).

Cash earnings per share – free cash flow for the period in relation to weighted average number of shares for the period. Where applicable, the comparative periods have been recalculated to consider the bonus issue element.

Return/Efficiency

Capital employed – the balance sheet total less cash and cash equivalents, tax provisions, and non-interest-bearing liabilities.

Adjusted free cash flow/capital employed – free cash flow rolling 12 months excluding non-recurring items and paid interest in relation to average capital employed.

Free cash flow/equity – free cash flow rolling 12 months excluding non-recurring items in relation to average equity.

Net working capital/net sales – current assets less current liabilities in relation to net sales rolling 12 months pro forma.

Related to balance sheet

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.

Equity/assets ratio – equity as a percentage of the balance sheet total.

Other

Net debt/adjusted EBITDA – net debt divided by EBITDA rolling 12 months pro forma excluding restructuring and transaction costs due to acquisitions.