



## OVERVIEW

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### **Håkan Björklund, Nycomed's Chief Executive Officer says:**

"Our overall market performance in the first half of 2007 has been under pressure with selective European markets showing negative growth due to increasing generic competition and continued cost savings in the health care sector. This has been compensated by a strong performance in markets outside Europe and our contract production.

On the internal lines, we have proceeded according to plans with the integration of the former ALTANA Pharma and Nycomed organisations, and we are realising the expected synergies from these efforts as we proceed. This has made it possible to increase our adjusted EBITDA in H1 by an impressive 33% despite the modest top-line growth."

### **Introduction**

In the following discussion, references to "we", "us", "our", "Nycomed" and the "Nycomed Group" are to Nycomed S.C.A. SICAR and its consolidated subsidiaries and affiliates, and with respect to periods prior to the acquisition of Altana Pharma AG, these terms refer to the proforma financial figures for Nycomed SICAR S.C.A. and its consolidated subsidiaries and affiliates.

This discussion should be read in conjunction with the unaudited consolidated financial statements of Nycomed S.C.A. SICAR as of and for the six months ended June 30, 2007.

Information on conference call details can be found later in the report.

### **Comparability of results**

For comparative reason we have stated proforma income statement and cash flow statement for the first six months of 2006 (January to June) in this report and for the second quarter (April to June). These statements are based on unaudited consolidated figures for the first six months of 2006 for Nycomed A/S and Altana Pharma AG including the impact from the application of purchase accounting as though the acquisition of Altana Pharma AG had taken place 1 January 2006.

For further information on comparability of results, please refer to page 15.

### **Forward-looking statement**

The forward-looking statements in this report reflects management's expectations of future events based on the information presently available to us and must be viewed in the context of the business environments, currency markets and regulatory developments, which may cause actual results to deviate materially from those projected by Nycomed. Further information on factors which may cause deviations, please see website: [www.nycomed.com](http://www.nycomed.com)

## SUMMARY

### Q2 2007 highlights

In the first six months of 2007 net turnover increased by €102.0 million or 6.1%, from €1,672.0 million in the first six months of 2006 to €1,774.0 million during the same period in 2007. The net turnover during the second quarter of 2007 increased by €51.3 million from €849.2 million in 2006 to €900.5 million during the same period in 2007, representing a growth of 6.0%.

We have had a positive sales growth in all our regional segments. Our key product Pantoprazole continued to show strong sales with a growth of 17.4% for the first six months compared to last year. The growth for the second quarter of 2007 compared to 2006 amounted to 19.4%. The strong growth in sales of Pantoprazole was impacted by inventory build-up at our distributor and wholesaler in the US market.

In the first six months of 2007, adjusted EBITDA increased by 33.3% to €623.3 million, compared to €467.5 million in the same period last year. During the second quarter of 2007 Adjusted EBITDA increased by 36.3% to €337.0 million, compared to €247.3 million in the same period last year.

The increase in Adjusted EBITDA for the first six months of 2007 was mainly due to a €92.5 million increase in gross margin, reduced marketing and sales expenses of €36.1 million and reduced research and development expenses of €23.4 million. The increase in gross margin was primarily a result of strong growth in sales of Pantoprazole mainly in the US. The change of our business model in certain countries, where product repatriation from our distributing partners has taken place, also improved our gross margin positively. Despite a build up of our own sales-force in those countries affected by product repatriation, total sales and marketing expenses decreased. This decrease was mainly due

to not only the cost-base being lower than anticipated entering 2007 but also due to the start of integration of the Nycomed and ALTANA Pharma organisations. The ongoing integration of former ALTANA Pharma into Nycomed has had a material impact in reducing spending levels through the termination of activities as well as postponement of activities until later in the year and as such we expect a higher cost level in the second half of 2007 compared to the first six months. Furthermore the dismantling of the US marketing and sales organisation end of 2006, in connection with the decision in 2006 to restructure some areas of the pharmaceuticals business in the US, have resulted in a reduced cost level in 2007 compared to 2006.

The integration activities are so far running according to the overall time schedule, and the overall project time line of 18 months is achievable.

During the first six months of this year, integration targets have been transformed into a concrete implementation plan, with milestones and targets having been broken down by functional area. Detailed plans have been communicated to and agreed with each affected area.

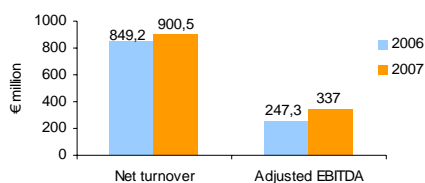
The overlapping countries are in the process of merging, and for most countries the new organization has already been defined, with cost reduction targets currently being implemented according to plan. A similar process is also ongoing for Research & Development and other corporate functions.

The social plan concept has been defined, and negotiations with the unions have taken place. In late June the required agreements with the employee representatives in Germany were signed which means the restructuring process can continue.

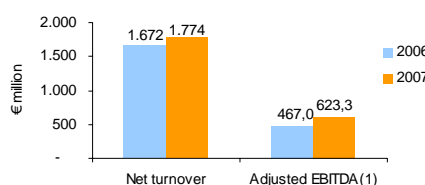
During the first six months of 2007 integration costs of €49.9 million have been expensed.

### Net turnover statistics

#### Second Quarter 2006/2007



#### Second Quarter YTD 2006/2007



€ million	Q2	Proforma	Percentage	YTD Q2	Proforma	Percentage
	2007	Q2		2006	YTD Q2	
			Change			Change
Net turnover	900.5	849.2	6.0%	1,774.0	1,672.0	6.1%
Adjusted EBITDA <sup>(1)</sup>	337.0	247.3	36.3%	623.3	467.5	33.3%

(1) EBITDA means net income adjusted for net financial terms, income taxes, depreciation of tangible assets and amortization of intangible assets. Adjusted EBITDA is EBITDA adjusted for unusual or non-recurring items not related to the future and ongoing business. For Q2 2007 the difference between EBITDA and Adjusted EBITDA comprises integration and restructuring expenses.

## Product and Pipeline update

### Preliminary injunction for Protonix

Nycomed and its licence holder Wyeth Pharmaceuticals, a division of Wyeth (NYSE:WYE), have announced that the United States District Court for the District of New Jersey has taken the matter of Wyeth and Nycomed's motion for a preliminary injunction against Teva Pharmaceuticals USA, Inc. and Sun Pharmaceuticals Inc. in regard to a potential launch of a generic version of Protonix (pantoprazole sodium) under advisement. The court obtained a commitment from both Teva and Sun not to launch any potential generic version of

pantoprazole before September 7, 2007 while it considers the matter.

ALTANA Pharma AG, acquired by Nycomed at the beginning of this year, and Wyeth sued Teva and Sun for patent infringement based on Teva's and Sun's filing of Abbreviated New Drug Applications (ANDAs) seeking U.S. Food and Drug Administration (FDA) approval to market generic versions of Protonix before the patent for pantoprazole, the active ingredient in Protonix, expires on July 19, 2010.

### Preotact

Nycomed and its partner NPS Pharmaceuticals have entered into an agreement expanding and amending rights and responsibilities under the Preotact® (full-length parathyroid hormone [PTH 1-84]) license originally entered into in 2004. Under the new agreement, Nycomed will gain the right to commercialize Preotact in all ex-US territories, excluding Japan, for which NPS retains commercial rights and Israel, which is the subject of a pre-existing distribution agreement with Neopharm.

This expanded agreement allows Nycomed to fully leverage the commercial capabilities and infrastructure we gained through the acquisition of ALTANA Pharma. The early experience with Preotact in the European markets has been encouraging and we look forward to continuing to build our global

presence with a product as therapeutically important as Preotact.

The agreement also provides for the transfer of manufacturing responsibility from NPS to Nycomed for drug supply in its territories. As part of the manufacturing transfer, Nycomed will pay NPS \$11 million for a large portion of existing bulk drug supply. NPS developed Preotact (U.S. trade name PREOS®) and licensed European and CIS marketing rights to Nycomed in 2004. The drug was approved by the European Commission in 2006 for the treatment of osteoporosis in postmenopausal women at high risk of fractures and has been launched in most of the major European markets. We expect to complete the drug's launch throughout the European Union this year.

### Circadin

Nycomed's partner Neurim Pharmaceuticals EEC, the EU subsidiary of Neurim Pharmaceuticals Ltd has received a European Marketing Authorisation for Circadin® 2 mg (prolonged release melatonin).

Circadin® 2 mg is indicated as monotherapy for the short-term treatment of primary insomnia characterised by poor quality of sleep in patients who are aged 55 or over.

Nycomed will be marketing Circadin® in Belgium, Netherlands, Austria, Greece, the Baltic States, Norway, Sweden, Finland, Denmark, Iceland, Switzerland, Luxembourg and Russia-CIS. The first launch is expected during fourth quarter 2007.

are granted tax incentives and seven years marketing exclusivity.

### Micromet

Nycomed and Micromet, Inc. (Nasdaq: MITI) have entered into an agreement under which the two companies will collaborate on the development of anti-GMCSF antibodies that may be useful for the treatment of inflammatory and autoimmune diseases. The lead product candidate in the collaboration is Micromet's MT203, a human antibody which neutralizes granulocyte macrophage colony stimulating factor (GM-CSF), a cytokine known to play a significant role in autoimmune and inflammatory disease.

Micromet will be primarily responsible for performing preclinical development, process development and manufacturing of MT203 for early clinical trials, whereas Nycomed will be responsible for clinical development and commercialization on a worldwide basis. Nycomed will bear the cost of development activities and reimburse Micromet for its expenses incurred in connection with the development program.

### Venticute

Nycomed's investigational surfactant product Venticute® (rSP-C- Surfactant) has been granted "Fast Track" designation by the United States Food and Drug Administration for reduction of mortality in patients with severe acute pneumonia or aspiration of gastric contents leading to intubations, mechanical ventilation and severe oxygenation impairment.

Currently, there is no approved treatment for acute respiratory failure which causes death in approximately 30% of affected patients. For those affected, hospital and intensive care costs are high as patients often remain on mechanical ventilation for weeks.

In September 2006, Venticute® received Orphan Drug Designation from the FDA for use in patients with severe acute pneumonia or aspiration of gastric contents leading to intubations, mechanical ventilation and severe oxygen impairment. Orphan drug status is designed to encourage the development of drugs which treat rare diseases and would be prohibitively expensive/unprofitable to develop under normal circumstances. Companies that develop and obtain approval for an Orphan Drug

### Alvesco

Nycomed will take back the Alvesco® product rights from Sanofi-Aventis, the co-development and marketing partner for the US market. The collaboration with Sanofi-Aventis for the development and commercialization of the combination product of ciclesonide with formoterol in the US continues. Nycomed is committed to pursue the development of Alvesco® for the US. Following its out-licensing strategy for the US, Nycomed will search for a suitable partner for commercialization of Alvesco® in the US.

Alvesco® is already approved in 44 countries and is available in more than 20 countries. Teijin Pharma Limited, one of the co-development and marketing

partners, obtained manufacturing and marketing approval for Alvesco®, the first once daily inhaled corticosteroid (ICS) agent for adult asthma in Japan, on April 18, 2007. Teijin Pharma will start promotional activities for Alvesco® shortly and will launch it soon after NHI price listing.

**Angiox**

In June, we reached an agreement with The Medicines Company whereby they bought back the rights to Angiox in Europe. We will receive a total consideration of up to US \$45 million. We believe this is a very positive agreement for Nycomed since it will have an immediate positive impact on our bottom line.

**Posidur**

In June we received positive phase II results from the Posidur studies that have been conducted by our partner Durect. We are now in the process of evaluating the strength of the data but are optimistic that this will mean that the product can enter phase III trials.

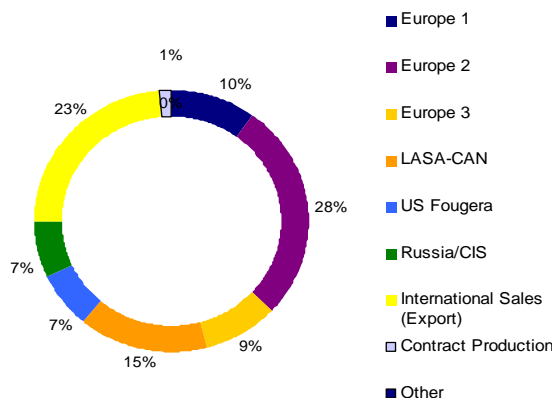
**Instanyl**

For our other investigational pain product Instanyl (or Nasal Fentanyl) we received positive phase III data in June and are thus continuing to aim for regulatory submission in the early part of next year.

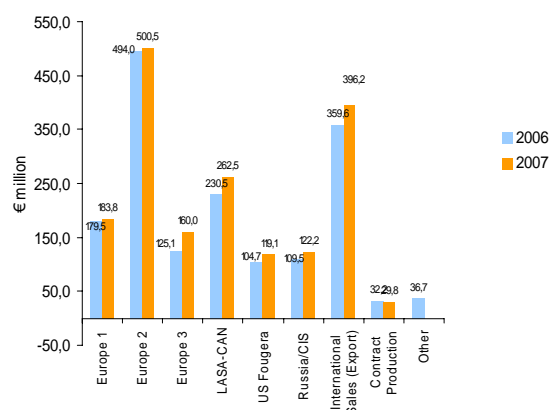
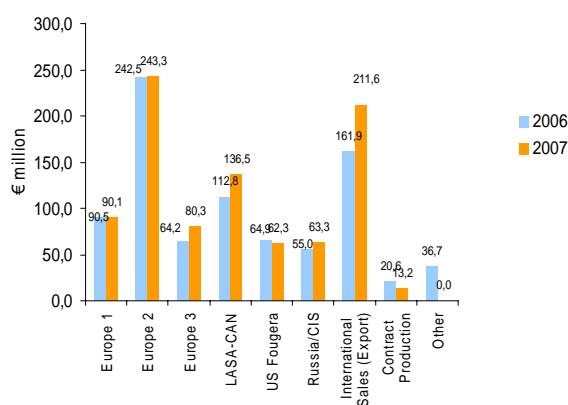
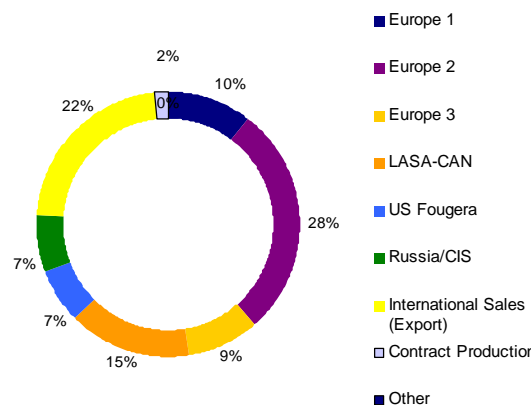
## SEGMENTS

### Net turnover by segments

Second Quarter 2006/2007



Second Quarter YTD 2006/2007



Nycomed's sales and operation profit derive from the following geographical segments:

**Europe 1** – comprising Denmark, Norway, Sweden, Finland, Belgium and the Baltic States.

**Europe 2** – comprising Germany, France, Italy, Netherlands, Austria, Poland and Switzerland

**Europe 3** – comprising Greece, UK, Portugal, Romania, Spain, Czech Republic, Hungary, Ireland, Croatia and Slovakia

**LASA-CAN** - comprising Canada, Argentina, Mexico, Brazil and South Africa

**Russia/CIS**

**US Fougera**

### International Sales (Asia, Australia, China, India, Japan and other export countries) Contract Production

In addition, Nycomed has other business entities comprising central functions which are: Research and Development, International Marketing, Business Development and In-licensing/out-licensing, Operations and Administration.

Nycomed's segments reflect the structure of our management and sales organisation, our systems of internal financial reporting, and the predominant source of risk and return of the business.

## Europe 1

The Baltic States, Belgium, Denmark, Finland, Norway, Sweden

€ million	Q2 2007	Q2 2006	Percentage Change	YTD Q2 2007	YTD Q2 2006	Percentage Change
Net sales	88.9	90.3	-1.5%	182.6	179.3	1.9%

### Short comments:

Total net sales in Europe 1 declined by 1.5% (compared to Q2/06) reversing the growth trend of Q1 (+5.3%) and bringing down YTD growth to 1.9% over the same period for 2006.

### Market development and business performance

The Baltic countries: Accelerating growth performance (from +10.1% in Q1 to +14.4% in Q2) was consistent with expectations.

Belgium: Successful integration efforts (fully operational sales-forces by early May) led to Pantoprazole turnaround (despite Nexium price reduction of 30% and increasing competitive pressure) with a 3% Q2 growth compared to 12% Q1 decline, particularly due to improved Pantozol sales (+7%) and a side-ways moving Zurcal. Tachosil accelerated growth (+78% vs. 14% in Q1; high double digit Calcium growth (+16%) pushed YTD calcium-growth to 13%. While Q2 sales were 3.5% higher than in the previous year on an YTD-comparison we are 0.4% below the same period in 2006.

Denmark: Generic pressure on local products caused Q2-sales declined of 2.4% bringing YTD-growth to 0.8%. As indicated previously Matrifen® does not perform as expected (expected as generic but substitution was denied by authorities). Due to delay of generic competition, Pantoloc® continues the good performance (+9% against Q1 2006). TachoSil accelerated growth from (34% to 62%). Preotact® virtually maintained Q1-sales-level.

Finland: Sales-decline of Kestine® (-31%) and Calcium (-6%) pushed sales from a 10% growth to a 1% YTD-decline. The market is experiencing continuous generic pressure resulting in market-share loss across all segments.

Norway: After a strong Q1 (+19%), sales declined by 2% in Q2, mainly due to Kestine (-50%). Own generic products (Pravastatin and Cytostatica; price increase for Prednisolon) had a compensatory effect.

Sweden: Continuous positive performance compared to previous year (Q2: +2%; YTD: +4%); however originally anticipated conditions did not materialize as expected.

## Europe 2

Austria, France, Germany, Italy, Netherlands, Poland, Switzerland

€ million	Q2 2007	Q2 2006	Percentage Change	YTD Q2 2007	YTD Q2 2006	Percentage Change
Net sales	241.7	244.6	-1.2%	498.6	496.1	+0.5%

Sales decreased by 1.2% comparing to 2.3%-Q1-growth mainly due to Pantoprazole decline (-5%), particularly in Germany due to a price cut in 2006, in Italy after regional cost containments and in the Netherlands as a consequence of parallel imports.

Austria: After a strong 1st quarter (+12.1%) we had another strong quarter (+9.4%) significantly driven by Pantoloc® (YTD: +20%). Tachosil® with strong Q2-growth of 23% (YTD: 8%). Preotact® is still in the early launch phase, slow patient pick up as first accounts are starting treatment.

France: In Q2 sales slowed down (8% vs. 26% in Q1), mainly due to a slower growth of both Panto-brands in the French market place, Eupantol® and Inipomp®, the latter marketed by Sanofi-Aventis. Both Angiox® and TachoSil® are developing successfully; while the Imaging franchise accelerated its dynamic double-digit-growth.

Germany: similar to the 1st quarter the decrease of the net sales by 5% vs. previous year is driven by

Panto and as a consequence of the German cost containment measurements. Sales of the Panto-molecule decreased by 8% (including parallel exports to countries with higher price levels than Germany). After a slow moving Q1, OTC recorded a 4% increase – however YTD the franchise is still below last years level. Despite strong price competition, Imaging maintained previous year's sales. Preotact®, launched in Q2/06 expanded sales by nearly 30% compared to Q1 in a stagnating Parathormone market. TachoSil® reached almost same sales-level as in Q2/06 reversing the 15% decline in the 1st quarter. Alvesco® plateaued at nearly €3m per quarter.

Italy: Q2 net sales declined 3% driven by a steep decline of the Panto-molecule (-17%), despite parallel exports to markets with higher price level. The significant growth of reference-price PPIs (Proton-Pump inhibitors) on a regional basis following the generization of Lanzoprazole has a negative impact on all still patented PPI molecules. High growth momentum continues for both, newly launched

products Angiox® (+42%) and TachoSil® (+103%). Preotact® (launched in Q2/2007) developed well and more than doubled sales.

Netherlands: Dutch net sales decreased in Q2 2007 by 20% vs. same period 2006 due to continuing strongly increased parallel imports of Panto from lower priced countries, whereas the product continues its strong dynamic regarding its market performance and consumption. Angiox® (Q2: +25%) and TachoSil® (Q2: 9%) are clearly above previous year. Alvesco® maintained sales level of approx. €400k. The Imaging business reversed 8% Q1-decline and grew by 13% (YTD: 2%).

Poland: continuous dynamic growth of net sales (+18%) driven by the strong performance of the Imaging business (+35%), newly launched Alvesco® already almost 10% market share and Panto (+7%), despite increasing generic competition.

Switzerland: the Swiss net sales accelerated to 12% growth (Q1: 8%) driven by Pantozol® (+19%). Both newly launched Angiox® and Alvesco® are still at low sales-levels. Calcimagon® continues to perform very well (+10%), remaining clear market leader in its class. TachoSil® sales remain at €400k with a Q2-growth of 36% (YTD: 53%)

### Europe 3

Croatia, Czech Republic, Greece, Hungary, United Kingdom / Ireland, Portugal, Romania, Slovakia, Spain

€ million	Q2 2007	Q2 2006	Percentage Change	YTD Q2 2007	YTD Q2 2006	Percentage Change
Net sales	80.2	63.3	+27%	160.0	124.2	+29%

YTD Sales grew €35.8 million (+29%) to €160.0 million compared to the same period of 2006, driven by repatriation in Spain and positive business developments in all countries with exception of UK.

Croatia: Our sales in Croatia continue to perform very well. Alvesco® has been a star performer with 44% market share (May 2007). Panto is holding its market-share quite well (46%, May 2007, YTD: 50%) despite generic competition and the launch of Nexium.

Czech Republic: Sales (Q: +34%) are driven by imaging business (+22%) and a well developing Alvesco (Q2: +92%, YTD: +84%) with a market-share of 11.9% (May 07) and Euphyllin® (YTD: +18%), our biggest Rx product in Czech. Net sales of Matrifen (launched in Q1) are insignificant.

Greece: Greece net sales (Q2: + 31%, YTD: 32%) is driven by growth in all products with the exception of Calcium (Q": - 18%, YTD: -9%).

Hungary: In a declining market Nycomed shows a 4% growth YTD. Due to generic pressures, Panto decreased its market share and Alvesco developed favorably.

United Kingdom / Ireland: After an unsatisfactory Q1 (-18%), net sales declined in the second quarter by approx. 33%. Panto suffers from substitution of brands with cheaper generics (esp. lansoprazole) as well as parallel imports. Alvesco® however accelerates growth from 24% (Q1) to 33% (Q2). Matrifen® sales on the other hand declined significantly compared to the 1<sup>st</sup> quarter 2007. Sales in Ireland (+6%) continue to be driven by Panto.

Portugal: Favorable net-sales development almost compensated for the sales decrease in Q1 (YTD: - 0.4%).

Romania: Panto managed to expand its market share slightly despite increasing Nexium-competition. Even without reimbursement Alvesco®' increased its market share to 14.7%.

Slovakia: the favorable development in the Slovakian market is driven by Panto as well as Alvesco. The latter reaching a 30.7% (YTD: 29.2%) market-share.

Spain: Driven by repatriation of Panto but also excellent development of Tachosil and a superb launch of Preotact, net sales increase by 39% (YTD: 45%).

### LASA-CAN

Argentina, Brazil, Canada, Mexico, South Africa

€ million	Q2 2007	Q2 2006	Percentage Change	YTD Q2 2007	YTD Q2 2006	Percentage Change
Net sales	133.4	104.2	+28%	262.5	210.8	+24.5%

Argentina: net sales declined by 28% (compared to Q2/06); in local currency -23%.

Brazil: compared to Q2/06 net sales are growing by + 16% (in local currency: +11%). This performance is mainly driven by the OTC business (+33% in €) and an outstanding growth of the major local product Neosaldina®. Panto reversed Q1-decline and grew 6% (2% local currency) in Q2.

Canada: continued very strong growth (+141% in € / 154% in local currency) over Q2/06 is due to Panto repatriation from Solvay in May 2006 but also due to a solid market-performance of Panto (market share May: 31.8%, YTD: 31.6%). Panto is the 4<sup>th</sup> largest brand on the Canadian pharmaceutical market. Alvesco® sales continue to develop positively

Mexico: Net sales are decreasing by -18% compared to the same period last year , explained partly a

negative currency effect (-4%) and the lack of the Solvay business which was returned back to Solvay in July 2006. Alevian® Duo (launched late 2006) achieved market-share of 11.6% (May) and YTD: 10.1%

South Africa: net sales in Q2/07 compared to Q2/06 declined by 25%, due to currency devaluation of 14% ) and declining Panto sales (-45%) due to generic erosion. Business is driven by solid Iron products range (+31% in local currency).

## Russia/CIS

€ million	Q2 2007	Q2 2006	Percentage Change	YTD Q2 2007	YTD Q2 2006	Percentage Change
Net sales	62.8	54.9	14.4%	121.7	109.4	11.2%

Sales in Russia/CIS grew 11.2% in the first six months of 2007, from €109.4 million in the first six months of 2006 to €121.7 million in for the same period in 2007. The region continues its strong recovery and despite a significant weakening US dollar the performance is as expected. In local currency sales grew by 20.4% for the first six months and 23% for the second quarter of 2007 compared to 2006.

As a part of our risk management activities we are continuously evaluating foreign currency exposures and relevant invoicing currencies. As of July 1, 2007 we have decided to change invoicing currency from US dollar to Russian rubles in Russia.

## United States (US Fougera)

€ million	Q2 2007	Q2 2006	Percentage Change	YTD Q2 2007	YTD Q2 2006	Percentage Change
Net sales	58.2	64.8	-10.3%	115.0	104.7	+9.9%

Q2 sales declined by 10.3% (- 3% in US\$) due to seasonality. (An early snake season entailed that a

large portion of sales of our product against snake bites were recorded in the first quarter).

## International sales (Asia, Australia, China, India, Japan and other export countries)

€ million	Q2 2007	Q2 2006	Percentage Change	YTD Q2 2007	YTD Q2 2006	Percentage Change
Net sales	209.1	153.2	+ 36.5%	393.7	350.9	+12.2%

International Export:  
International sales excluding Wyeth recorded a solid performance also due to stocking effects aimed at preventing product shortages due to renaming activities.

Alvesco® defends market share (May: 6.35%) achieving a growth of 86% (Q2/07) and YTD: 114%

### Australia

The strong sales growth in Australia of 47,2% is due to the repatriation of Somac® from Pfizer as of January 1st 2007.

### Wyeth:

Sales to Wyeth of Pantoprazole increased 7.7% to € 137m, driven by good Wyeth ex-factory sales of US\$ 550m: The strong growth in sales was impacted by inventory build-up at Wyeth and at the wholesaler in the US market.

## Contract Production

€ million	Q2 2007	Q2 2006	Percentage Change	YTD Q2 2007	YTD Q2 2006	Percentage Change
Net sales	12.5	13.1	- 4.6%	29.1	24.7	+17.6%

Sales in our contract manufacturing business increased by 17.6% for the first six months of 2007 compared to 2006. This is due to increased demand related to our toll manufacturing agreements. However, for the second quarter of 2007 the activities decreased.

## FINANCIAL REPORT

### Key Figures

€ million	Q2 2007	Proforma Q2 2006	% change	Q2 YTD 2007	Proforma Q2 YTD 2006	% change
Net turnover	900.5	849.2	6.0%	1,774.0	1,672.0	6.1%
Cost of sales	(219.8)	(216.0)	1.8%	(435.6)	(426.1)	2.2%
Write-off of inventory step-up <sup>(1)</sup>	(25.6)	(25.6)	-	(51.2)	(51.2)	
<b>Gross profit<sup>(1)</sup></b>	<b>655.1</b>	<b>607.6</b>	<b>7.8%</b>	<b>1,287.2</b>	<b>1,194.7</b>	<b>7.7%</b>
Sales & marketing expenses	(278.5)	(306.4)	(9.1%)	(518.9)	(566.4)	(8.4)%
Research and development expenses	(79.6)	(94.3)	(15.6)%	(177.5)	(201.0)	(11.7) %
Administration expenses	(63.4)	(68.8)	(7.8)%	(125.5)	(132.0)	(5.0)%
Amortizations <sup>(2)</sup>	(64.3)	(61.1)	-	(216.0)	(211.8)	-
Disposal of activities and other non-recurring items	-	-	-	-	7.3	-
Integration/Restructuring costs	(19.4)	-	-	(49.9)	-	-
<b>Operating income</b>	<b>149.9</b>	<b>77.0</b>	<b>94.6%</b>	<b>199.4</b>	<b>90.7</b>	<b>119.8%</b>
Gross profit margin <sup>(1)</sup>	75.6%	74.6%		75.4%	74.5%	
EBITDA <sup>(3)</sup>	293.7	223.4	31.5%	523.9	418.0	25.3%
EBITDA margin	32.6%	26.3%		29.5%	25.0%	
Adjusted EBITDA <sup>(3)</sup>	337.0	247.3	36.3%	623.3	467.5	33.3%
Adjusted EBITDA margin	37.4%	29.1%		35.1%	28.0%	

1) Cost of Sales includes €51.2 million write-off of inventory step-up in connection with purchase price allocation related to the acquisition of former Altana Pharma AG. The gross profit margin stated above has been adjusted for this non-cash and non-recurring write-off of inventory step-up.

2) Amortizations for 2007 are impacted by the application of purchase accounting in connection with the acquisition of Altana Pharma AG as a result of the fair value adjustments to the values of currently marketed products and development projects.

3) EBITDA means net income plus net financial items, income taxes, depreciation of tangible assets and amortization of intangible assets. Adjusted EBITDA includes certain unusual or non-recurring items (as described below). EBITDA and Adjusted EBITDA are not measurements of performance under IFRS. See "EBITDA and Adjusted EBITDA" below.

### Net turnover

In the first six months of 2007 net turnover increased by €102.0 million or 6.1%, from €1,672.0 million in the first six months of 2006 to €1,774.0 million during the same period in 2007. The net turnover during the second quarter of 2007 increased by €51.3 million from €849.2 million in 2006 to €900.5 million during the same period in 2007, representing a growth of 6.0%.

We have had a positive sales growth in all our regional segments. Our key product Pantoprazole continued to show strong sales with a growth of

17.4% for the first six months compared to last year. The growth for the second quarter of 2007 compared to 2006 amounted to 19.4%. The strong growth in sales of Pantoprazole was impacted by inventory build-up at our distributor and wholesaler in the US market.

Please refer to the section "Segments" for further details.

### Cost of sales

Cost of sales during the first six months of 2007 increased by €9.5 million, or 2.2%, from €426.1 million in 2006 to €435.6 million in 2007. For the second quarter of 2007 cost of sales increased by €3.8 million, or 1.8%, from €216 million to €219.8

million in 2007. This excludes the impact from write-off of inventory step-up related to the application of purchase accounting in connection with the acquisition of Altana Pharma AG.

## Gross profit

Gross profit during the first six months of 2007 increased by €92.5 million from €1,245.9 million in 2006 to €1,338.4 million in 2007. This excludes the impact from write-off of inventory step-up related to the application of purchase accounting in connection with the acquisition of Altana Pharma AG. For the second quarter of 2007 gross profit increased by €47.5 million, or 7.5%, from €633.2 million in the second quarter of 2006 to €680.7 million in 2007.

Gross profit margin increased from 74.5% for the first six months of 2006 to 75.4% in the first six months of 2007.

The increase in gross margin was primarily impacted by change in business model in certain countries where product repatriation from our distributing partners improved our gross margin and in addition to this, strong sales of Pantoprazole in general.

## Sales and Marketing Expenses

Sales and marketing expenses decreased by €47.5 million, or 8.4% in the first six months of 2007 from €566.4 million in 2006 to €518.9 million in 2007. For the second quarter sales and marketing expenses decreased by €27.9 million, or 9.1%. The decrease is a combination of reduced spending levels, already from the beginning of 2007 compared to the first quarter in 2006, in the regions as well as in central sales and marketing activities. The integration of former Altana Pharma into Nycomed has had a material impact in the reducing spending levels which

has resulted in stopping certain activities as well as postponement of other activities until later in the year. Furthermore the dismantling of the US marketing and sales organisation end of 2006, in connection with the decision in 2006 to restructure some areas of the pharmaceuticals business in the US, have resulted in a reduced spending level in 2007 compared to 2006.

## Research and Development Expenses

The year over year comparison of the first six months of 2006 compared to the first six months of 2007 reflects a €23.4 million, or 11.7 %, decrease in R&D expenses. For the second quarter R&D expenses decreased by €14.6 million, or 15.6%. This was mainly driven by the integration of the two organizations leading to voluntary workforce reduction and reduced spending behaviour. Other drivers were the decision to shift R&D personnel working for marketing from R&D to the marketing organisation, closure of ARI (ALTANA Research Institute Boston,), capitalization of US R&D cost at Fougera and the stop of Soraprazan development activities.

(metered dose inhaler), the enforcement of the Pantoprazole substance patent against generic competitors and the planned build-up of the Roskilde Clinical Operations group.

Main projects like Preotact, Zycomb, Instanyl , Daxas, Venticute and Ciclesonide proceeded according to plan.

During Q2 2007 the R&D organization focussed on refining the new R&D strategy and operating model, reviewing the R&D pipeline portfolio, defining the next levels of management structure, negotiating and implementing headcount decisions for the German restructuring with works council, while at the same time maintaining focus on delivering drug project results.

These cost reducing effects were partly balanced by business decisions to in-license MT203 (an anti-GM-CSF antibody for the treatment of inflammatory and autoimmune diseases), the higher activity levels at Sanofi-Aventis for the partnered Ciclesonide MDI

## Administration Expenses

For the first six months of 2007 administration expenses decreased by €6.6 million, or 5.0%, from €68.7 million in 2006 to €63.4 million in 2007. For the second quarter the administrative expenses decreased by €5.4 million, or 7.8%.

The decrease is mainly related to a lower cost base already from the beginning of the year as well as a result of the integration activities.

## Operating income

For the first six months of 2007 operating income increased by €108.7 million, or 119.8%, from €90.7 million in 2006 to €199.4 million in 2007. For the

second quarter operating profit increased by €72.9 million, or 94.6%.

## Net financial items

Net financial items were considerably impacted by the new financing structure of Nycomed. Proforma net financial items for the first six months of 2006 amounted to €191.9 million net expenditure. Net financial items for the first six months of 2007

amounted to €107.2 million net expenditure. The decrease in net expenditures is mainly related to an unrealised foreign exchange gain of €76.8 million related to our US dollar denominated debt and other foreign exchange related items.

## **Tax**

Total corporate income tax benefit decreased during the first six months of 2007 from a tax benefit in 2006 of €31.0 million to a tax expense of €47.0 million in

2007. The decreased tax benefit was mainly a result of the increase in operating income and unrealised foreign exchange gains in 2007.

## **Net income**

Net income for the first six months of 2007 amounted to €45.2 million compared to a net loss of €70.2 million for the same six months period in 2006. Net income

for the second quarter of 2007 amounted to €64.6 million compared to a net loss of €17.4 million for the second quarter of 2006.

## Liquidity

**Cash flow from operating activities** showed a net inflow of € 167.4 million for the first six months of 2007 compared to € 208.3 million in 2006. This decrease is mainly related to the interest payments on our senior credit facilities. The cash flow for the first six months of 2007 was comprised by cash flow from our primary business activities (cash EBITDA), hereof an outflow of €114.0 million from working capital. The negative development in working capital was mainly related to increased inventories and delayed payment terms in some countries. During the first six months of 2007, we have had net financial expenses of € 191.3 million mainly covering our interest payments on debt. Furthermore cash flow from operating activities was impacted by tax payments of €94.2 million. For the second quarter of 2007 cash flow from operating activities showed a net inflow of € 132.7 million compared to € 123.3 for the second quarter of 2006.

**Cash flow from investment activities** showed an outflow of € 102.4million, which is derived from payment to Altana AG of € 50.0 million of purchase price adjustment and payment of acquisition fees of € 23.9 million and capital expenditures of €46.0 million. We have also had an income of € 16.0 million in

connection with the disposal of the Sangtec Molecular laboratory in Sweden,.

**Cash flow from financing activities** showed an outflow of € 491.3 million during the first six months of 2007. At the end of December 2006 we had a total debt of € 5.491 million compared to € 4.936.5 million at the end of the June 2007. During the first six months of 2007 we have repaid € 241.0 million under the In-licensing- and restructuring facility and € 250.0 million under the revolver facility and both facilities are thus undrawn at the end of June 2007.

### Capital resources:

We will continue to devote significant cash resources to the continued growth and repayment of debt.

As of June 30, 2007 we had cash of € 250.7 million compared to a cash position of € 676.9 million at the end of 2006.

The tables below summarise our cash flows for the first six months of 2007:

€ million	Q2 2007	Proforma Q2 2006	Q2 YTD 2007	Proforma Q2 YTD 2006
Net cash as of beginning of period	337.7	413.6	676.9	405.9
Net cash flow from (used in) operating activities	132.7	123.3	167.4	208.3
Net cash flow used in other investment activities	(21.8)	(34.5)	(102.4)	(70.8)
Net cash flow from (used in) financing activities	(198.0)	(131.3)	(491.3)	(172.3)
Net change in cash and cash equivalents	(87.1)	(42.5)	(426.3)	(34.8)
Net cash as of end of period	250.6	371.1	250.6	371.1

## Outlook 2007

For 2007 as a whole we expect low single digit growth in our revenues and a growth in adjusted EBITDA of approximately 25% compared to 2006.

## ACCOUNTS

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### Accounting principles

This Interim Report has been drawn up in accordance with International Financial Reporting Standards (IFRS). For further information, please see website:

### Comparability of results

The acquisition of ALTANA Pharma AG and the related application of purchase accounting adjustments and financing transactions have affected, and will continue to affect, our results of operations following the acquisition. In particular:

- The substantial debt we incurred to finance the acquisition will increase the combined Group's interest expense onwards significantly
- The significant adjustment to intangible assets we recorded in connection with the acquisition in respect of patents and other intellectual property rights will lead to a significant increase in amortisation expense
- The purchase accounting adjustment relating to inventory resulted in a nonrecurring charge of € 49.4 million. This will be reflected in our consolidated income statement, net of the related income tax benefit, as the inventory on hand at the acquisition date is sold to customers. This impact and the related effect on gross and operating margins will be reflected in our consolidated income statement within the first six months following the closing of the acquisition
- The purchase price allocation and purchase accounting adjustments may be subject to subsequent adjustments of fair values. IFRS 3 Business Combinations effectively requires allocation of the cost of an acquisition to identifiable assets, liabilities and contingent liabilities to be completed within a period of 12 months of the acquisition date (29 December 2006).

### COMPARATIVE FIGURES

The audited consolidated income statement for 2006 in the 2006 Annual Report was not impacted by the acquisition of ALTANA Pharma AG as closing of the acquisition took place on 29 December 2006.

However, for comparative reason we have stated proforma income statement and cash flow statement for the first six months of 2006 in this report. These statements are based on unaudited consolidated figures for the six months ended 30 June 2006 for Nycomed A/S and Altana Pharma AG including the impact from the application of purchase accounting as though the acquisition of Altana Pharma AG had taken place 1 January 2006.

## Statement of profit and loss

<b>€ million</b>	Q2 2007	Proforma Q2 2006	Q2 YTD 2007	Proforma Q2 YTD 2006
Net turnover	900.5	849.2	1,774.0	1,672.0
Cost of sales	(219.8)	(216.0)	(435.6)	(426.1)
Inventory step-up	(25.6)	(25.6)	(51.2)	(51.2)
<b>Gross Profit</b>	<b>655.1</b>	<b>607.6</b>	<b>1,287.2</b>	<b>1,194.7</b>
Sales & marketing expenses	(278.5)	(306.4)	(518.9)	(566.4)
Research & development expenses	(79.6)	(94.3)	(177.5)	(201.0)
Administration expenses	(63.4)	(68.8)	(125.5)	(132.0)
Amortizations <sup>(2)</sup>	(64.3)	(61.1)	(216.0)	(211.8)
Disposal of activities and other non-recurring items	-	-	-	7.3
Integration/Restructuring costs	(19.4)	-	(49.9)	-
<b>Operating income (loss)</b>	<b>149.9</b>	<b>77.0</b>	<b>199.4</b>	<b>90.7</b>
Financial items, net	(52.3)	(96.0)	(107.2)	(191.9)
<b>Income (loss) before taxes</b>	<b>97.6</b>	<b>(19.0)</b>	<b>92.2</b>	<b>(101.2)</b>
Income tax (expense) benefit	(33.0)	1.6	(47.0)	31.0
<b>Net income (loss)</b>	<b>64.6</b>	<b>17.4</b>	<b>45.2</b>	<b>(70.2)</b>

## EBITDA/Adjusted EBITDA

<i>€ million</i>	Q2 2007	Proforma Q2 2006	Q2 YTD 2007	Proforma Q2 YTD 2006
<b>Net income (loss)</b>	<b>64.6</b>	<b>(17.4)</b>	<b>45.2</b>	<b>(70.2)</b>
<b>Adjustments:</b>				
Net financial items	52.3	96.0	107.2	191.9
Income tax expense (benefit)	33.0	(1.6)	47.0	(31.0)
Depreciations and Amortizations	143.8	146.4	324.5	327.3
<b>EBITDA</b>	<b>293.7</b>	<b>223.4</b>	<b>523.9</b>	<b>418.0</b>
<b>Adjustments:</b>				
Integration/Restructuring costs	19.4		49.9	
Inventory step-up	23.9	23.9	49.5	49.5
<b>Adjusted EBITDA</b>	<b>337.0</b>	<b>247.3</b>	<b>623.3</b>	<b>467.5</b>

## Balance sheet

<i>€ million</i>	30 June 2007	31 December 2006
<b>ASSETS</b>		
Goodwill	2.084	2.098
Other Intangibles	4.100	4.350
<b>Total intangibles</b>	<b>6.184</b>	<b>6.448</b>
<b>Total property, plant and equipment</b>	<b>785</b>	<b>802</b>
Investments	72	38
Deferred tax assets		151
<b>Total non-current assets</b>	<b>7.041</b>	<b>7.439</b>
<b>Current assets</b>		
Total inventories	421	433
Trade Receivables	579	517
Other current assets	266	89
Cash and marketable securities	272	698
<b>Total current assets</b>	<b>1.538</b>	<b>1.737</b>
<b>TOTAL ASSETS</b>	<b>8.579</b>	<b>9.176</b>

## Balance sheet

<i>€ thousand</i>	30 June 2007	31 December 2006
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>1.280</b>	<b>1.232</b>
Pension commitments	296	289
Deferred tax provision	1.341	1.435
Other provisions and non-current liabilities	63	73
Financial institutions	4.665	4.267
<b>Total non-current liabilities</b>	<b>6.365</b>	<b>6.064</b>
<b>Current liabilities</b>		
Financial institutions	183	1.141
Trade payables	230	234
Income taxes payable	232	55
Other payables	188	379
Deferred income	101	71
<b>Total current liabilities</b>	<b>934</b>	<b>1.880</b>
<b>Total liabilities</b>	<b>7.299</b>	<b>7.944</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8.579</b>	<b>9.176</b>

## Cash flow statement

<i>€ million</i>	Q2 2007	Proforma Q2 2006	Q2 YTD 2007	Proforma Q2 YTD 2006
<b>Income before net financials and tax</b>	<b>149.9</b>	<b>77.0</b>	<b>199.4</b>	<b>90.7</b>
Depreciations and amortizations	143.8	146.4	324.5	327.3
Amortization of inventory-up	23.9	23.9	49.5	49.5
Change in provisions	24.0	16.2	(9.8)	21.8
Foreign exchange differences	(1.4)	(1.0)	3.3	(2.0)
<b>Total</b>	<b>340.2</b>	<b>262.5</b>	<b>566.9</b>	<b>487.3</b>
Change in working capital	(37.5)	(58.8)	(114.0)	(123.3)
Financial income (expense)	(107.4)	(1.3)	(191.3)	(17.4)
Income taxes paid	(62.6)	(79.1)	(94.2)	(138.3)
<b>Cash flow from operating activities</b>	<b>132.7</b>	<b>123.3</b>	<b>167.4</b>	<b>208.3</b>
Acquisition of subsidiaries			(50.1)	
Acquisition fees paid			(23.9)	
Addition of intangibles	(7.9)	(32.6)	(15.4)	(51.3)
Addition of property, plant & equipment	(15.2)	(6.2)	(30.6)	(30.6)
Other investments	1.3	4.3	17.6	11.1
<b>Cash flow from investing activities</b>	<b>(21.8)</b>	<b>(34.5)</b>	<b>(102.4)</b>	<b>(70.8)</b>
Change in long term debt	(198.0)	5.4	(491.3)	9.6
Profit transfer		(136.7)		(181.9)
<b>Cash flow from financing activities</b>	<b>(198.0)</b>	<b>(131.3)</b>	<b>(491.3)</b>	<b>(172.3)</b>
<b>Net cash flow</b>	<b>(87.1)</b>	<b>(42.5)</b>	<b>(426.3)</b>	<b>(34.8)</b>
Net cash at the beginning of the period	337.7	413.6	676.8	405.9
Foreign exchange differences			0.1	
<b>Net cash at the end of the period</b>	<b>250.6</b>	<b>371.1</b>	<b>250.6</b>	<b>371.1</b>

## FACTS

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### About Nycomed

Following the acquisition of ALTANA Pharma AG on 29 December 2006, Nycomed is a pharmaceutical company of 12,000 people.

We provide medicines and products for hospitals, specialists and general practitioners, as well as over-the-counter medicines in selected markets.

Our aim is to bring medicines that make a real difference to patients and to healthcare providers. We are engaged in all aspects of a product's life, from research and development to production, marketing and customer relations. We also work closely with innovative research-based companies, always looking for products with real promise for patients.

The result is a broad portfolio of products and a powerful pipeline. We work in a wide range of therapeutic areas, particularly cardiology, gastroenterology, osteoporosis, respiratory, pain and tissue management.

We diligently test our medicines to evaluate safety and efficacy, and collaborate with local and international authorities to shepherd our products

through approval, registration and reimbursement programmes.

Our goal is to always keep patients in focus. We are constantly searching for ways to make treatments more manageable. Medicinal travel packs, easy-to-administer injections and fast-acting formulas help people administer treatments more simply, allowing them to live fuller, more productive lives.

A European-based company, we have a wide geographical scope and operate extensively throughout Europe and in fast-growing markets in Latin America, Russia/CIS and Asia-Pacific. No matter where we are in the company, we know that everything we do matters to someone and that we all contribute to making healthcare better for patients around the world.

Nycomed is privately owned and has its corporate headquarters in Zurich, Switzerland. There are production sites in Austria, Belgium, Brazil, Denmark, Estonia, Finland, Germany, India, Ireland, Mexico, Norway, Poland and the US. Nycomed's R&D facilities are led out of Konstanz in Germany, with additional sites in Denmark, the US and India.

### Contact information

Nycomed Group

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### Conference call details

Nycomed will host a conference call 22 August at 4:00 PM (CET). To access, participants should dial one of the following phone numbers:

- International participants can dial: **+353 1 436 4265**
- International participants can dial: **+44 208 817 9301**
- Danish participants can dial **70 26 50 40**. From outside Denmark **+45 70 26 50 40**
- The **Operator** will call in 10 minutes prior to start time to specify any details and ensure sound quality. Any arrangements will be finalised at this time.
- This conference will be digitally recorded.
- This conference will be transcribed.
- All participants who dial in will be requested to give their full name and company name for the conference call. These details will be requested to ensure the screening process for all participants as requested by the arranger.

A digital replay will be available approximately one hour after the conference call has ended. It will then be available for one week.

- The dial in number is: **+353 1 436 4267**. The alternative dial-in number is: **+44 207 769 6425**.
- The Digital Replay Security code is: **999474#**.

### Financial calendar

Nycomed expect to announce financial results for the third quarter 19 November 2007.

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