

Nycomed Interim Report
Fourth quarter
and full year 2008

Q4

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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 S.C.A. SICAR and its consolidated subsidiaries and affiliates.

This discussion should be read in conjunction with the audited consolidated financial statement of Nycomed S.C.A. SICAR as of and for the twelve months ended 31 December 2008. Information on conference call details can be found later in the report.

COMPARABILITY OF RESULTS

For comparative reasons, we have stated income statement and cash flow statement for the twelve months 2007 (January to December) in this report and for the fourth quarter (October to December).

FORWARD-LOOKING STATEMENTS

The forward-looking statements in this report reflect 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. For further information on factors which may cause deviations, please see website: www.nycomed.com



CEO Comment



Very satisfying

Well positioned for 2009

2008 has been a very satisfying year for Nycomed. Our key products continue their above-average growth, and Pantoprazole performs very well outside the United States and Canada. Most of our home markets also achieved results above expectations. Moreover, we were able to reduce our cost base further which allowed us to complete the year with favourable earnings results.

Even though we see signs of the current economic situation in some pharmaceutical markets, this has had only a minor impact on Nycomed's performance during the full year and the fourth quarter.

We are rapidly moving ahead with the preparations for the European and United States regulatory filing of Daxas® (Roflumilast), our treatment of symptomatic Chronic

Obstructive Pulmonary Disease (COPD), which has shown encouraging results in the pivotal studies. And we have initiated the search for a commercialisation partner for the United States. By in-licensing Veltuzumab and effervescent Alendronate we have made significant additions to our pipeline.

The integration restructuring showed its full cost-saving effect in 2008. Together with the ongoing optimisation of our manufacturing network, this increases our competitiveness and strengthens us for the future.

For 2009, we are well prepared to manage Pantoprazole as its substance patent expires in Europe – and expect it to remain our largest single product in the longer term.

At the same time, our growth will continue to originate from our key products, from new product launches like Daxas® and sustained high growth in Russia/CIS and Latin America. Furthermore, we will be strengthening our position in Asia in the coming years by exploiting opportunities for acquisitions or partnerships.

Current world economic conditions make predictions difficult, but we are well positioned for the future and remain confident that we can deliver another good performance in 2009.

Håkan Björklund, CEO

2008 HIGHLIGHTS

- Daxas® preparation for regulatory filing moving ahead
- Core products with continuous above-average growth
- Strong sales in most of our home markets
- Well positioned for 2009

Summary



KEY FIGURES

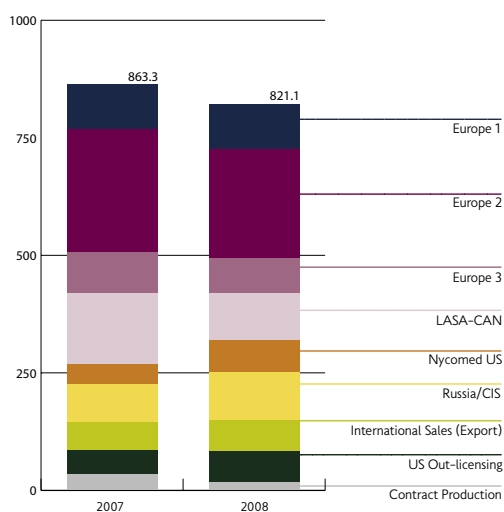
	Q4 /2008 (m€)	Q4/2007 (m€)	Change	Full year 2008	Full year 2007	Change
Net turnover	821.1	863.2	-4.9%	3,348.0	3,497.4	-4.3%
Gross profit margin	577.9 70.4%	617.8 71.7%	-6.4% -1.8%	2,463.4 73.6%	2,537.4 74.1%	-2.9% -0.7%
Operating income	-19.2	63.4	-130.3%	352.0	353.8	-0.5%
EBITDA margin	221.9 27.0%	222.2 25.7%	-0.1% 5.0%	1,142.8 34.1%	997.1 28.5%	14.6% 19.7%
Adjusted EBITDA margin	259.5 31.6%	281.4 32.6%	-7.8% -3.1%	1,207.6 36.1%	1,222.2 34.9%	-1.2% 3.2%

EBITDA means net income adjusted for net financial terms, income taxes, depreciation of tangible assets and amortisation of intangible assets. Adjusted EBITDA is EBITDA adjusted for unusual or non-recurring items not related to the future and ongoing business. For Q4-2008 the difference between EBITDA and adjusted EBITDA comprises integration and restructuring and warrants.

NET TURNOVER BY SEGMENTS

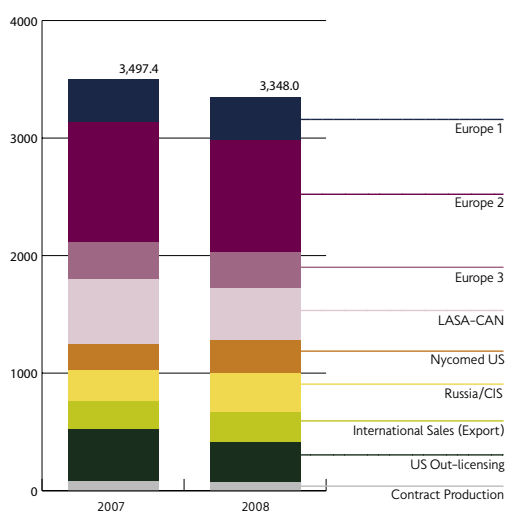
FOURTH QUARTER

(€ million)



FULL YEAR

(€ million)



2008 Financial Highlights

With most key markets performing well and sales of key products growing, Nycomed has seen a satisfying year and fourth quarter.

Cost saving measures from the 2007 restructuring prove to have a sustainable positive effect on adjusted EBITDA.

The twelve months of 2008 have been very satisfactory for Nycomed. Adjusted EBITDA amounted to € 1,207.6 million which is slightly below that of 2007. Total revenue decreased by 4.3% to € 3,348.0 million compared to € 3,497.4 million in 2007. In local currency total net turnover decreased by 1.5%.

The decrease in revenue is mainly impacted by decreased sales of Pantoprazole in the United States to our partner Wyeth Pharmaceuticals as a result of the “at-risk” launch of generic Pantoprazole. Revenue for 2008 is also impacted by an execution payment of € 100.9 million received from our partner Sepracor in connection with granting the exclusive development and marketing rights for the Ciclesonide product family in the United States.

Revenue growth based on normalised revenue figures reflecting the underlying and ongoing business activities amounts to 4.1% for 2008 compared to 2007. In local currency revenue growth based on normalised revenue figures amounts to 4.3%. Normalisation of revenue comprises adjustments of decreased sales of Pantoprazole in the United States and Canada, the execution payment from the out-licensing agreement with Sepracor, acquisition of Bradley Pharmaceuticals and disposals of business activities and other minor adjustments. Adjusting for the same effects and the disposal of the oncology pipeline, normalised adjusted EBITDA grew by 34.7% in 2008 compared to 2007.

Most of our markets performed well and according to our expectations for 2008. Sales in Russia/CIS grew by 30.8% in local currency. Despite price reductions in many of our markets for Pantoprazole, sales developed satisfactorily as a result of strong volume growth. Excluding United States and Canada, we have experienced total volume growth for 2008 of approximately 15.7% for Europe and rest of world. Sales of our key products also performed according to our expectations and developed positively, with a growth of approximately 17.2% (17.8% in local currency) compared to 2007. Other products and local product portfolios in total showed a growth of approximately 7.1% (17.5% in local currency).

The growth in normalised adjusted EBITDA as stated above is impacted by the favourable development in our markets; however, significantly decreased research and development costs have also led to an increase in normalised adjusted EBITDA. This is a result of the change in the R&D model and the following restructuring in 2007. The decreased research and development costs comprise personnel-related costs as well as clinical project costs. Total marketing and sales costs increased slightly in 2008 compared to 2007. This is impacted by the acquisition of Bradley Pharmaceuticals. Excluding this acquisition, marketing and sales costs are at the same level as in 2007. Regionally, marketing and sales costs increased in our emerging markets, while marketing and sales costs decreased in other regions in general.

Summary



Business update

Positive sales developments in Nycomed's key products point to the future growth of Nycomed. The pipeline remains promising, with Daxas[®] moving ahead.

STRONG GROWTH IN KEY PRODUCTS

Nycomed sees strong development of its key products, which offsets the Pantoprazole development in the United States and Canada and points to the future growth of the company. The key products without Pantoprazole increased their revenue by 17.8% in local currency in 2008. When Pantoprazole sales in the United States and Canada as well as the one-time effect of Sepracor are excluded, revenue grew by 3.1% in local currency in 2008. Other products, which include local products and amount to approximately 30.0% of Nycomed's total revenue, grew by 10.4% in local currency in the same period.

There is a trend of lower inventory levels in wholesaler distribution channels in Europe and the United States due to the current economic conditions. Nycomed is closely monitoring the situation, especially in countries where wholesalers have very little working capital, for example in the Russia/CIS region.

US sales of Protonix[®] (Pantoprazole) in 2008 were adversely affected by the "at-risk" launch of generic Pantoprazole tablets in the United States by Teva Pharmaceuticals USA, Inc. on 21 December 2007, and the subsequent "at-risk" launch of Sun Pharmaceutical Industries, Ltd.'s generic pantoprazole tablets. On 29 January 2008 Nycomed and its licence holder Wyeth announced the US launch of its own generic version of Protonix[®] tablets. Nycomed and Wyeth remain convinced of the validity and enforceability of their patent and will continue to pursue litigation vigorously.

COMMERCIAL OPERATIONS FUNCTION RESHAPED

Nycomed has reshaped its sales and marketing organisation, combining responsibilities for International Marketing and Commercial Operations in a newly integrated function led by Executive Vice President Guido Oelkers. The move will create a leaner organisation and enhance sales and marketing effectiveness.

DAXAS[®] SHOWS ENCOURAGING PRELIMINARY RESULTS IN PHASE III COPD STUDIES

At the end of October, Nycomed announced encouraging results from a preliminary analysis of four phase III trials of Daxas[®] (Roflumilast) in the treatment of symptomatic COPD. Two pivotal 12-month studies met their primary endpoints, showing effects on exacerbation rates and pulmonary function (FEV1). Furthermore, two supporting six-month studies confirmed the efficacy of Daxas[®] when used with standard bronchodilator treatments. Further analysis including the secondary endpoints is ongoing, and full data from all four studies are expected to be published during 2009. In light of an early data analysis, Nycomed expects to file for European and US marketing authorisation in 2009. The company has already initiated the process of identifying a partner to commercialise Daxas[®] in the United States.

EFFERVESCENT ALENDRONATE IN-LICENSING AGREEMENT WITH EFFRX STRENGTHENS OSTEOPOROSIS PORTFOLIO

In December, Nycomed and US-based EffRx signed a licensing agreement on EffRx's drug EX101 (effervescent alendronate) for the treatment of osteoporosis. Under the agreement, Nycomed will receive the exclusive rights to develop, manufacture and commercialise the effervescent formulation of alendronate for the treatment of osteoporosis in a large number of countries worldwide. EX101 presents a significant enhancement to Nycomed's osteoporosis portfolio.

EX101 is a once-weekly administration of an effervescent formulation of alendronate (bisphosphonate) for treatment of postmenopausal osteoporosis. Alendronate reduces the risk of vertebral and hip fractures. EX101 is currently in late-stage clinical development, and submission for European approval is expected by the end of 2009. The licensing agreement includes Europe, Russia/CIS, the Middle East, North Africa, Latin America and Canada.

Segments



Nycomed segments

Pantoprazole volumes increased, despite price reductions. Together with the solid sales performance in most of our markets, this has contributed to a satisfying year for Nycomed.

Most of our markets performed well or above our expectations throughout 2008 even though the financial crisis added some uncertainty to our business environment primarily related to the emerging markets. In 2008 the strongest growth was seen in Greece with an increase of 42.1% over 2007 due to the strong performance of newly launched Preotact® and of Pantoprazole, but Russia/CIS also continued its strong growth, showing an increase of 23.2% in euros and more than 30.0% in local currency. Italy and most of our Eastern European countries also increased sales considerably in 2008. Despite price reductions in many of our markets for Pantoprazole, sales reached our expectations due to strong volume growth. Excluding the US and Canada we saw total volume growth of approximately 15.7% for Europe and rest of world. Sales of other key products developed satisfactorily in 2008 and met or exceeded our expectations with Preotact®, TachoSil®, Calcium, Alvesco®, Xefo® and Matrifen® showing growth of 20.0% or more.

EUROPE

Total European revenues declined by 4.6% in 2008 compared to 2007. The decline is primarily related to France, Germany, Spain and the United Kingdom due to lower prices on Pantoprazole and the divestiture of certain business such as imaging and some smaller franchises in Switzerland. Excluding sales from these businesses we had growth in Europe of approximately 0.3% in 2008. Italy increased sales in 2008 by 12.9% even though prices for Pantoprazole were voluntarily lowered by almost 40.0% in the fourth quarter of 2007. Eastern European countries continue to develop satisfactorily, Greece had strong growth of more than 40.0% while the Scandinavian countries had 0.0% or low single digit growth.

EUROPE 1

2008 revenues in Europe 1 increased by 0.2% compared to 2007 with Norway and Sweden hit by negative impact from currency and Denmark from parallel import of Pantoprazole and generic competition. This region was negatively influenced by the repatriation of the Bracco imaging business in Belgium and by TrioBe in Norway. Excluding these businesses, growth was approximately 3.6% year over year.

The Baltics saw the highest sales ever in December which was due to an upcoming substantial increase in value added tax for pharmaceuticals in January causing stocking by patients and wholesalers. Total sales were 1.1% lower than in 2007, primarily due to an early termination of contract by Dansk Droge.

Full-year performance for **Denmark** showed a decline in sales of 0.8% from 2007 to 2008. 2008 sales were hit by intensified generic competition on some key products and parallel import of Pantoprazole since summer.

Finland showed growth in sales in 2008 of 5.6% compared to 2007. We overcame a smaller production issue in the middle of the year and saw strong sales of, amongst others, Circadin®.

Total sales for **Sweden** increased by 0.4% in 2008 compared to 2007, while in local currency the increase was approximately 2.0%. The increase in sales is mainly driven by the Rx portfolio, Matrifen®, due to no impact from exchange decision (substitution) and a price increase in calcium. Also the OTC and Generic portfolios have performed well.

Belgium sales declined by 2.3% from 2007 to 2008. While excluding the loss of the imaging business, Belgium showed growth of more than 6.0%. We saw strong performance of Pantoprazole and Zurcale® while Circadin® sales were disappointing despite strong uptake in the last quarter. The OTC products were below expectations mainly due to poor performance of recently introduced products. Delays in the launch of line extension and strong competition in general have also negatively influenced our performances.

2008 sales in **Norway** were 3.6% below 2007 while in local currency the decline was approximately 1.0%. TachoSil® performed under our expectations while our OTC product, Nycoplus, had a very successful year.

EUROPE 2

Europe 2 had a very strong performance in 2008 and delivered above expectations even though total revenues declined by 5.5%. Excluding the divestment of low-margin businesses and the imaging franchises in Western European markets, the region showed growth of approximately 1.0%. Both Italy and Poland showed strong growth while the sales development in Germany was flat despite a major price cut in Pantoprazole in June.

From a portfolio standpoint Pantoprazole was again the key contributor and sales exceeded our expectations and were even slightly above an already dynamic 2007. Strong growth of consumption compensated the marked price decreases throughout the area. Pantoprazole continues to be strongly challenged by cost containment measurements of the local healthcare systems.

Segments



Sales in **Austria** showed a decline of 0.2% compared to 2007 primarily due to a launch of three Pantoprazole generics in September. They were withdrawn from the market in November after a court decision confirming our patent rights. Pantoprazole remains the best selling brand by far in the Austrian pharmaceutical market.

In **France** net sales 2008 decreased by 8.8% compared to 2007. The decline was effected by the repatriation by Bracco of the imaging business. Excluding this, sales increased by approximately 1.0%. At the end of the year Inipomp, a sizeable Pantoprazole brand of approximately € 150 million market sales and out-licensed so far to Sanofi, was repatriated.

2008 sales in **Germany** declined by 14.4% compared to 2007. The overall top line decrease was due to the loss of the imaging franchise. Excluding this, Germany showed a decline of approximately 1.0%. Key driver of this development was Pantoprazole, growing in 2008 despite a reference price cut of 27.0% in June 2008. The underlying strong increase in consumption was mainly triggered by successfully gaining patients for Pantoprazole from other proton-pump-inhibitor (PPI) treatments.

Italy recorded strong growth of 12.9% in 2008 compared to 2007. As earlier stated, Pantoprazole started with a 40.0% voluntary price cut from October 2007, which proved to be the adequate brand strategy. This led to a significant market share increase of Pantoprazole in the PPI consumption, thereby over-compensating the price decrease. However, part of the local Pantoprazole dynamic is also due to increased parallel exports. Preotact® also showed strong growth in 2008.

Sales in **The Netherlands** declined by 14.2% in 2008. This was due to strongly increased Pantoprazole parallel imports. From a local sell-out standpoint the Pantoprazole performance was and still is robust.

Poland showed strong performance in 2008 and increased sales by 30.0% compared to 2007. Major growth driver was Alvesco® with significant sales but Pantoprazole also remained on its high level despite generic competition.

Sales in **Switzerland** declined by 14.0% in 2008. The decrease was explained by two factors, a 20.0% price cut of Pantoprazole in early 2008 and the divestment of two low margin franchises, namely a generic oncology and a diagnostic line. Pantoprazole sell-out performance is still strong; loss of exclusivity will occur in June 2010 only.

EUROPE 3

Europe 3 showed a decline in revenues in 2008 compared to 2007 of 7.3%. Strong full-year performers were Greece, the Czech Republic and Romania while Spain, the UK and Portugal had decline in revenues.

Greece showed an increase in sales of 42.1% in 2008 over 2007. Pantoprazole performed very well, and Preotact® showed strong growth with an increase in sales of approximately 75.0% over 2007. Other newly launched products are showing good growth.

For **Romania** sales increased by 28.1% in 2008. Especially Actovegin® delivered above expectations, Xefo® tripled sales in 2008 but also Controloc® increased considerably despite of loss of exclusivity.

Sales in 2008 in **Croatia** increased by 11.6% compared to 2007 even though we saw intensified generic competition on Pantoprazole and hospital savings initiatives that reduced our hospital sales.

We saw an increase in sales in 2008 of 24.0% compared to 2007 in **The Czech Republic**. The OTC portfolio in general and Calcichew® in particular had a strong year, while the Bracco imaging business suffered from price erosion, not fully offset by volume increase.

Sales increased by 1.2% in 2008 in **Slovakia**. During the year sales were impacted by wholesaler IT problems and stock reductions and many of our products were hit by price cuts.

In **Ireland** sales increased by 7.7% in 2008 compared to 2007. Protium delivered according to expectations even though it was hit by parallel import.

2008 sales in **The United Kingdom** declined by 42.4% compared to 2007. This is primarily due to parallel import of Protium on top of a gradual decline due to in-class generic substitution driven by payers.

In 2008 sales in **Portugal** declined by 18.3% compared to 2007, the main reasons being our decision not to launch Matrifen®, in the delay launch of TachoSil® and stock-out situations on Faktu. Pantoprazole reached our expectations.

In **Spain** 2008 sales declined by 14.1% compared to 2007 primarily due to a 30.0% price cut on Pantoprazole in February 2008. Preotact® 2008 sales showed strong growth and almost doubled compared to 2007 while TachoSil® showed growth of almost 60.0%. TachoSil® sales suffered from hospital cost containment measures during the year.

In **Hungary** sales declined by 14.3% in 2008 primarily due to a price cut on Pantoprazole oral form of 44.0% which squeezed the generic Pantoprazole penetration. Ebrantil® showed strong performance while Alvesco® sales were slightly below our expectations.

LATIN AMERICA, SOUTH AFRICA AND CANADA

The region showed a decline in revenues of 17.9% in 2008 compared to 2007 primarily due to the generic impact on Pantoprazole in Canada and a negative development in exchange rates. Adjusting for the generic impact on Pantoprazole in Canada and the negative exchange deviation the region showed growth of approximately 4.0%.

2008 sales in **Canada** declined by 42.5% primarily due to the generic impact on Pantoprazole in April 2008. Furthermore, Alvesco®, Omnaris® and Resultz showed sales below our expectations.

Sales in **South Africa** declined by 12.2% in 2008 compared to 2007. This is primarily due to negative exchange rate movements. Adjusting for this, South Africa showed a growth of approximately 8.0%. Xefo® and the OTC business performed well.

Sales in **Brazil** declined by 0.3% in 2008 compared to 2007. Adjusting for the negative impact from currency, Brazil showed a growth of approximately 1.0%. Sales of Neosaldina[®], Pantoprazole oral, Dramin and Kaloba are still driving sales although Kaloba is behind previous years due to seasonality, while our OTC franchise suffered in the latter part of the year.

Total sales in **Mexico** declined by 1.3% in 2008 compared to 2007 and recovered strongly in the second half of the year after a weak start in 2008. We had very strong December sales. Currency developed negatively and adjusting for this negative impact, Mexico showed an increase in sales of approximately 7.0% in 2008.

Sales in **Argentina** increased by 10.9% in 2008 compared to 2007 with strong performance of our key products. The financial crisis hit Argentina as early as the in third quarter, increasing interest rates to approximately 35.0% and forcing wholesalers to inventories. In local currency sales increased approximately 20.0% in 2008.

RUSSIA/CIS

Total revenues in **Russia/CIS** increased by 22.9% in 2008 compared to 2007. However, adjusting for the negative exchange rate impact the increase reached more than 30.0%. Sales developed according to expectations in all countries except for Georgia while Asia, Belorussia, Russia and Ukraine showed good growth. Russia constitutes approximately 70.0% of total sales in this region.

Actovegin[®] continues to be the biggest product in **Russia/CIS** and we have seen strong growth of Concor, Glucophage, Cardiomagnyl, Warfarin, Xymelin, Ceraxon and Curosurf.

The financial crisis hit **Russia/CIS** and extension in payment terms with the distributors is an ongoing discussion for all suppliers in the region. The situation in Ukraine is difficult and the pharmaceutical business, like other business areas, almost stopped in December.

INTERNATIONAL SALES/EXPORT (ASIA, AUSTRALIA, CHINA, JAPAN AND OTHER EXPORT COUNTRIES)

Total revenues of international sales/export increased by 8.6% in 2008 compared to 2007. The increase was 7.1% in the fourth quarter, compensating for a relative weak third quarter. All regions contributed to the growth led by Asia and China. In the latter part of the year we had small problems delivering all orders to China, Middle East and European export countries.

Despite the turbulences in the market in mid 2008 **Australia** showed an increase in sales of 2.4% in 2008 compared to 2007. The increase was primarily led by Somac[®], sales of which grew by approximately 6.0% over the last year, increasing market share to more than 20.0%, and also by Alvesco[®].

Total sales to **China** in 2008 increased by more than 50.0% in local currency compared to 2007 primarily led by the strong performance of Pantoprazole, both IV and tablets, Actovegin[®] and Calcium.

Asia showed an increase sales of approximately 9.0% in 2008 compared to 2007 primarily driven by strong performance of South Korea and Malaysia. Key products TachoSil[®], Alvesco[®] and Zycomb continue to deliver according to plan.

Middle East /Africa increased sales in 2008 by approximately 17.0% over 2007 despite delays in deliveries, postponement of import licences and new financial restrictions in Iran and Pakistan, market sales continue to grow in line with our targets. Pantoprazole and Xefo[®] continued their strong performance.

2008 sales of our exports to **EU/other export countries** increased approximately 7.0% over 2007 with Pantoprazole, TachoSil[®] and Xefo[®] as main drivers. Turkey continued to show strong growth.

Sales in **Japan** increased approximately 1.0% in 2008 compared to 2007.

NYCOMED US

Revenues in **Nycomed US INC** increased by 24.1% in 2008 compared to 2007. In local currency the increase was almost 40.0% primarily as a result of the acquisition of Bradley Pharmaceuticals at the beginning of the year.

Fougera is continuing to experience destocking in the wholesale distribution and retail channels due to the economic conditions in the United States. Pharma-Derm weekly and monthly TRx data continue to show increases in promoted products; the sales shortfall is mainly attributable to destocking at the wholesale and retail levels. December sales are stronger than in the two preceding months.

OUT-LICENSING

Sales of Protonix[®] (Pantoprazole) were adversely affected by the "at-risk" launch of generic Pantoprazole tablets in the United States by Teva Pharmaceuticals USA, Inc. on 21 December 2007 and the subsequent "at-risk" launch of Sun Pharmaceutical Industries, Ltd's generic Pantoprazole tablets.

On 29 January 2008, Nycomed and its licence holder Wyeth announced the US launch of its own generic version of Protonix[®] tablets. Nycomed and Wyeth remain convinced of the validity and enforceability of their patent and will continue to pursue litigation vigorously.

Total revenues from the sale of Protonix[®] in the United States declined by 53.2% in 2008 compared to 2007.

CONTRACT MANUFACTURING

Sales from contract production decreased by 10.2% in 2008 compared to 2007. Fourth quarter and full year 2007 sales was extraordinarily impacted by non-recurring fees and disposal of inventory in connection with the termination of the contract with Bracco. Adjusting for this we saw growth in sales in fourth quarter and 2008 of 29.3% and 19.6% respectively.

Segments



EUROPE 1

€ million	Q4 /2008	Q4 /2007	Change	Full year 2008	Full year 2007	Change
Net turnover	95.1	94.5	0.6%	367.5	366.9	0.2%

(Baltic States, Belgium, Denmark, Norway, Sweden, Finland) Total net turnover for the fourth quarter of 2008 was above net turnover for the same period in 2007 for the region as a whole.

EUROPE 2

€ million	Q4 /2008	Q4 /2007	Change	Full year 2008	Full year 2007	Change
Net turnover	232.9	261.4	-10.9%	957.2	1,013.2	-5.5%

(Austria, France, Germany, Italy, Poland, Switzerland, Netherlands) Total net turnover for the region for the fourth quarter of 2008 was 5.5% below the same period in 2007, decreasing from € 1,013.2 million in 2007 to € 957.2 million in 2008.

EUROPE 3

€ million	Q4 /2008	Q4 /2007	Change	Full year 2008	Full year 2007	Change
Net turnover	73.9	88.9	-16.9%	299.1	322.6	-7.3%

(Spain, Greece, UK, Portugal, Hungary, Czech Republic, Slovakia, Croatia, Romania) Total net turnover decreased by 7.3% to € 299.1 million, compared to € 322.6 million in the fourth quarter of 2007.

LATIN AMERICA, SOUTH AFRICA AND CANADA

€ million	Q4 /2008	Q4 /2007	Change	Full year 2008	Full year 2007	Change
Net turnover	100.1	149.3	-33.0%	449.9	548.1	-17.9%

(Argentina, Brazil, Mexico, South Africa, Canada) For the region as a whole, total net turnover decreased by 17.9% to € 499.9 million in 2008 for the fourth quarter compared to the same period in 2007, due to generic impact of Pantoprazole in Canada and a negative development in exchange rates.

NYCOMED US

€ million	Q4 /2008	Q4 /2007	Change	Full year 2008	Full year 2007	Change
Net turnover	67.0	43.7	53.2%	272.3	219.4	24.1%

Total net turnover of Nycomed US increased by 53.2% to € 67.0 million in the fourth quarter of 2008 compared to the same period in 2007.

RUSSIA/CIS

€ million	Q4 /2008	Q4 /2007	Change	Full year 2008	Full year 2007	Change
Net turnover	103.9	79.7	30.3%	329.9	268.4	22.9%

Net turnover increased by 22.9% for the fourth quarter compared to the same period in 2007.

INTERNATIONAL SALES (EXPORT)

€ million	Q4 /2008	Q4 /2007	Change	Full year 2008	Full year 2007	Change
Net turnover	64.9	60.6	7.1%	261.2	240.6	8.6%

(Asia, Australia, China, Japan and other export countries) Total revenues of international sales/export increased by 8.6% in 2008 compared to 2007.

OUT-LICENSING

€ million	Q4 /2008	Q4 /2007	Change	Full year 2008	Full year 2007	Change
Net turnover	65.4	51.5	27.0%	337.2	436.1	-22.7%

Sales in the fourth quarter of 2008 of Protonix® (Pantoprazole) were adversely affected by the "at-risk" launch of generic Pantoprazole tablets in the United States.

CONTRACT PRODUCTION

€ million	Q4 /2008	Q4 /2007	Change	Full year 2008	Full year 2007	Change
Net turnover	18.1	33.7	-46.4%	73.7	82.1	-10.2%

Sales from contract production decreased by 10.2% to €73.7 million for the fourth quarter of 2008.

Financial Report



Key figures

€ million	Q4 2008 QTD	Q4 2007 QTD	Percentage Change	Q4 2008 YTD	Q4 2007 YTD	Percentage Change
Net sales	805.8	832.1	-3.2%	3,191.8	3,450.3	-7.5%
Royalties/other income ¹⁾	15.3	31.1	-50.7%	156.3	47.2	231.4%
Net turnover	821.1	863.2	-4.9%	3,348.0	3,497.4	-4.3%
Cost of sales	-243.2	-244.5	-0.5%	-884.6	-906.6	-2.4%
Amortisation of fair value adjustments on inventories from acquisitions ²⁾	-	-0.9	-100.0%	-	-53.0	-100.0%
Total cost of sales	-243.2	-245.4	-0.9%	-884.6	-959.6	-7.8%
Gross profit	577.9	617.8	-6.4%	2,463.4	2,537.8	-2.9%
Sales and marketing expenses	-248.9	-263.9	-5.7%	-916.2	-934.6	-2.0%
thereof disposal of activities and other non-recurring items	-1.1	-7.8	-85.9%	22.0	-4.6	-578.7%
Amortisation of fair value adjustments on patents and rights from acquisitions ³⁾	-178.8	-130.1	37.4%	-646.0	-531.8	21.5%
Total sales and marketing expenses	-427.7	-394.0	8.5%	-1,562.2	-1,466.4	6.5%
Research and development expenses	-51.4	-31.7	62.1%	-224.7	-284.5	-21.0%
Administration expenses	-78.0	-71.3	9.3%	-257.2	-259.1	-0.8%
Integration/restructuring costs	-40.0	-57.5	-30.4%	-67.3	-174.0	-61.3%
Operating income	-19.2	63.4	-130.3%	352.0	353.8	-0.5%
Gross profit margin ²⁾	70.4%	71.7%	-1.8%	73.6%	74.1%	-0.7%
EBITDA ⁴⁾	221.9	222.2	-0.1%	1,142.8	997.1	14.6%
EBITDA margin	27.0%	25.7%	5.0%	34.1%	28.5%	19.7%
Adjusted EBITDA ⁴⁾	259.5	281.4	-7.8%	1,207.6	1,222.2	-1.2%
Adjusted EBITDA margin	31.6%	32.6%	-3.1%	36.1%	34.9%	3.2%

1) Royalties are not disclosed separately from Other income since their amount is not material to Nycomed.

2) Cost of sales for December YTD 2007 includes € 53.0 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.

3) Amortisation 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 Amortisation for December 2008 YTD includes € 56.6 million as an extraordinary amount for the termination of the Venticute project.

4) EBITDA means net income plus net financial items, income taxes, depreciation of tangible assets and amortisation of intangible assets. Adjusted EBITDA includes certain unusual or non-recurring items. EBITDA and adjusted EBITDA are not measurements of performance under IFRS but are key measures used in order to have a more comprehensive analysis of Nycomed's operating performance ongoing business and ability to service our debt.

NET TURNOVER

Total net turnover decreased by € 149.4 million or 4.3% to € 3,348.0 million from € 3,497.4 million in 2007. In local currency total net turnover decreased by 1.5%. The main reason for the decline in net turnover is decreased sales of Pantoprazole in the United States to our partner Wyeth Pharmaceuticals as a result of the "at-risk" launch of generic Pantoprazole. This is partly off-set by an execution payment of € 100.9 million received from our partner Sepracor in connection with granting the exclusive development and marketing rights for the Ciclesonide product family in the United States. As stated previously in the 2008 Financial Highlights section, revenue

growth based on normalised revenue figures reflecting the underlying and ongoing business activities amounts to 4.1% for 2008 compared to 2007. In local currency revenue growth based on normalised revenue figures amounts to 4.3% in local currency.

Please refer to the segment section for more details on regional revenue performance, page 7.

COST OF SALES

Cost of Sales for 2008 decreased by € 22.0 million to € 884.6 million, a decrease of 2.4%. This excludes the impact from write-off of inventory step-up in 2007 related to the acquisition of Altana Pharma of € 53.0 million.

GROSS PROFIT

The gross profit for 2008, excluding the impact of write-off of inventory step-up, decreased by € 127.3 million, or 4.9% to € 2,463.4 million. Total gross profit margin decreased from 74.1% in 2007 to 73.6% in 2008. The decrease in gross profit and gross profit margin is primarily impacted by the decline in sales of Pantoprazole in the United States partly off-set by a favourable product mix in 2008.

SALES AND MARKETING EXPENSES

Sales and marketing expenses excluding amortisation of fair value adjustments decreased by 18.4 million or 2.0% from € 934.6 million in 2007 to € 916.2 million in 2008. For the fourth quarter 2008 sales and marketing expenses excluding amortisation of fair value adjustments decreased by 15.0 million or 5.7% above 2007. Sales and marketing expenses are influenced by the disposal of activities and other non recurring items. In 2008, sales and marketing expenses are positively impacted by 22 million income mainly relating to the disposal of the oncology business. Excluding this effect, sales and marketing expenses decreased by 8.2 million, or 0.9% with respect to last year. Sales and marketing expenses were impacted by the acquisition of Bradley Pharmaceuticals entailing higher sales and marketing expenses in the United States, compared to 2007. Excluding this acquisitions, marketing and sales expenses were slightly below the level in 2007.

Regionally, marketing and sales costs increased in our emerging markets, Latin America and Russia/CIS, whereas marketing and sales expenses decreased in Europe and in the central marketing functions.

In amortisation of fair value adjustments on patents and rights from acquisitions, Nycomed recognised an impairment loss of € 56.6 million for the project in process of Venticute, due to negative results for clinical trials classified.

RESEARCH AND DEVELOPMENT EXPENSES

Total research and development expenses decreased by € 59.8 million, 21.0%, compared to 2007, from € 284.5 million in 2007 to € 224.7 million in 2008. This is a result of the change in the R&D model and the following restructuring in 2007. The decreased research and development costs are comprised by personnel-related costs as well as decreased project costs for clinical development programmes. The decline in project costs for clinical development was primarily related to Ciclesonide as a result of the disposal to Sepracor and the termination of the Venticute project. Capitalisation of development costs in 2008, not impacting the income statement, mainly comprised

capitalisation of Daxas® development costs of € 29.5 million, and a milestone payment of € 25.6 million in connection with the in-licensing of Veltuzumab from our partner Immunomedics. In addition, other development costs for Instanyl®, Preotact® and Optesia® and the development of the generics portfolio in the United States were capitalised.

ADMINISTRATION EXPENSES

Total administration expenses were slightly below the expenses in 2007, a decrease of 0.8%. In most of our markets administration expenses were at the same level as in 2007 or slightly below and in the central functions comprising Central IT, Human Resources, Corporate Finance, Corporate Communication, Legal, Insurances and other central services areas the costs decreased slightly compared to 2007 in total.

OPERATING INCOME

Operating income for 2008 amounted to € 352.0 million compared to € 353.8 million in 2007.

NET FINANCIAL ITEMS

Total net financial items for 2008 amounted to an expense of € 475.7 million compared to an expense of € 76.5 million in 2007, an increase of € 399.2 million. The 2008 net financial items comprised interest income and other financial income of € 23.3 million (€ 22.3 million in 2007), third party interest expenses of € 348.9 million (€ 395.1 million in 2007) and net loss from derivatives of € 117.1 (net gain of € 17.0 million in 2007). The 2008 net loss from derivatives included a € 20.9 million gain from the buy-back of own debt. Furthermore, total net financial items for 2008 comprised unrealised foreign exchange loss of € 247.0 million, (a gain of € 305.8 million in 2007) which primarily related to the revaluation of US dollar denominated debt. In 2007 the currency exposure on the US dollar denominated debt was partly fixed by currency swaps. The revaluation of the US dollar debt impacted the income statement negatively in 2007 whereas the positive market value of the currency swaps was booked to equity. In connection with the restrike of the currency swaps in 2008 a gain of € 227.2 million was realised. Finally, net financial items also comprised amortisation of financing fees of

€ 16.1 million and other financial expenses of € 5.7 million.

TAX EXPENSE

Corporate income tax expense for the period January to December 2008 decreased by € 87.6 million from an expense of € 41.9 million to an income of € 45.7 million mainly as a result of decreased profit before tax. The income tax expense is determined by the country-specific tax rates and the effect of non-deductible items, withholding taxes, tax on dividends received and impact from change of tax rates.

NET INCOME

Net income for 2008 amounted to € -77.9 million compared to € 235.4 million in 2007.

LIQUIDITY

Cash flow from operating activities showed an inflow of € 494.7 million during 2008 compared to an inflow of € 475.8 million in 2007. The increase in cash flow from operating activities is primarily related to lower interest payments on debt and significantly lower income tax payments. The impact from these areas more than off-sets the negative cash flow impact from working capital comprising trade working capital (inventories, trade receivables and trade payables) and other current assets and other current liabilities.

Cash flow from investing activities showed an outflow of € 409.1 million mainly derived from the acquisition of Bradley Pharmaceuticals, totalling € 232.0 million. The outflow related to tangible and intangible assets was equivalent to € 171.0 million.

Cash flow from financing activities showed an outflow of € 65.7 million. An amount of € 248.3 million relates to the payment of installments at the end of June and December amounting to a total of € 185.8 million and the payment of a cash sweep of € 62.5 million at the end of March 2008. In addition, the cash flow from financing activities was impacted by € 33.9 million as part of the acquisition of own debt during the month of December 2008. The restrike of cross-currency swaps generated an inflow of € 227.2 million.

Financial Report



Cash flow statement highlights

€ million	Q4/2008	Q4/2007	Full year 2008	Full year 2007
Net cash as of beginning of period	404.9	361.1	484.2	677.8
Net cash flow from (used in) operating activities	77.2	213.5	494.7	475.8
Net cash flow from (used in) other investment activities	-56.7	-115.8	-409.1	-204.2
Net cash flow from (used in) financing activities	78.8	32.7	-65.7	-460.3
Net change in cash and cash equivalents	99.3	130.4	20.0	-188.7
Foreign exchange differences	-7.5	-7.3	-7.5	-4.9
Net cash as of end of period	496.7	484.2	496.7	484.2

CAPITAL RESOURCES

Nycomed expects also in 2009 to generate significant cash flow to support the strategy and services of debt.

As of the end of December 2008 Nycomed had a cash position of € 496.7 million compared to a cash position of € 484.2 million at the end of 2007.

At the end of December 2008 Nycomed had a total senior debt of € 4,576.8 million (excluding the local debt of € 6.8 million and the effect of the outstanding financing fees of € 70.4 million), compared to € 4,751.5 million at the end of 2007 (excluding the local debt of € 20.5 million and the effect of the outstanding financing fees of € 86.8 million).

Nycomed has committed facilities of € 450.0 million under the in-licensing/restructuring facility, of which € 125.0 million have been drawn. In addition Nycomed has a revolver facility of € 250.0 million, which remains un-drawn.

Currency swaps € million	Due	Outstanding		Locked gain
		USD	EUR	
Currency swap, three-year duration at a rate of 1.2806% entered into 6 February 2008	31/03/2011	640.3	500.0	-40.7
Currency swap, three-year duration at a rate of 1.2847% entered into 31 March 2008	31/03/2011	642.4	500.0	-37.8
Currency swap, three-year duration at a rate of 1.2806% entered into 12 May 2008	31/03/2011	320.2	250.0	-18.8
Currency swap, three-year duration at a rate of 1.2847% entered into 12 May 2008	31/03/2011	321.2	250.0	-20.4
			1,500.0	-117.7

We originally entered into cross-currency swaps in the first half of 2008 equal to € 1,500.0 million at an average USD/EUR exchange rate of 1.5208. Due to the major amount of unrealised gain we decided to restrike the swaps at an average of 1.28275 adding € 227.2 million to our cash position in November 2008.

Accounts



ACCOUNTING PRINCIPLES

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

Statement of profit and loss

€ million	Q4 /2008	Q4 /2007	Full year 2008	Full year 2007
Net sales	805.8	832.1	3,191.8	3,450.3
Royalties /other income	15.3	31.1	156.3	47.2
Net turnover	821.1	863.2	3,348.0	3,497.4
Cost of Sales	-243.2	-244.5	-884.6	-906.6
Amortisation of fair value adjustments on inventories from acquisitions	-	-0.9	-	-53.0
Gross Profit	577.9	617.8	2,463.4	2,537.8
Sales and Marketing expenses	-248.9	-263.9	-916.2	-934.6
thereof disposal of activities and other non-recurring items	-1.1	-7.8	22.0	-4.6
Amorisation of fair value adjustments and rights from acquisition	-178.8	-130.1	-646.0	-531.8
Total Sales and Marketing expenses	-427.7	-394.0	-1,562.2	-1,466.4
Research and Development expenses	-51.4	-31.7	-224.7	-284.5
Administration expenses	-78.0	-71.3	-257.2	-259.1
Integration/restructuring costs	-40.0	-57.5	-67.3	-174.0
Operating Income	-19.2	63.4	352.0	353.8
Net financial items	-245.1	-3.7	-475.7	-76.5
Profit before tax	-264.2	59.7	-123.6	277.3
Tax expense	99.8	39.2	45.7	-41.9
Net Income	-164.4	98.9	-77.9	235.4

EBITDA/Adjusted EBITDA

€ million	Q4 /2008	Q4 /2007	Full year 2008	Full year 2007
Net income (loss)	-164.4	98.9	-77.9	235.4
Adjustments:				
Net financial items	245.1	3.7	475.7	76.5
Income tax expense (benefit)	-99.8	-39.2	-45.7	41.9
Depreciations and amortisations	241.1	158.8	790.7	643.3
EBITDA	221.9	222.2	1,142.8	997.1
Adjustments:				
Integration/restructuring costs	33.8	57.5	61.1	174.0
Inventory step-up	-	1.7	-	51.1
Warrants	3.8	-	3.8	-
Adjusted EBITDA	259.5	281.4	1,207.6	1,222.2

Accounts



Consolidated balance sheet 31 December 2008

ASSETS	31.12.08 € million	31.12.07 € million
Non-current assets		
Goodwill	2,159	2,075
Other intangibles	3,443	3,876
Total intangibles	5,602	5,950
Total property, plant and equipment	624	685
Other investments in shares and bonds	32	14
Other receivables	8	11
Total investments	39	25
Deferred tax assets	97	117
TOTAL NON-CURRENT ASSETS	6,362	6,778
Current assets		
Total inventories	435	401
Trade receivables	579	587
Income tax receivable	18	24
Other receivables and prepayments	70	88
Total receivables	667	700
Cash and cash equivalents	509	512
TOTAL CURRENT ASSETS	1,610	1,613
TOTAL ASSETS	7,972	8,391

Consolidated balance sheet 31 December 2008

EQUITY AND LIABILITIES	31.12.08 € million	31.12.07 € million
TOTAL STOCKHOLDERS' EQUITY	1,321	1,381
Non-current liabilities		
Pension commitments	288	289
Deferred tax	970	1,256
Other provisions	60	52
Deferred income and other non-current liabilities	7	7
Financial institutions	4,275	4,484
TOTAL NON-CURRENT LIABILITIES	5,600	6,088
Current liabilities		
Financial institutions	238	201
Trade payables	265	267
Income tax payable	50	17
Other provisions	209	223
Other payables	204	84
Deferred income	85	131
TOTAL CURRENT LIABILITIES	1,050	922
TOTAL LIABILITIES	6,651	7,010
TOTAL EQUITY AND LIABILITIES	7,972	8,391

Accounts



Consolidated cash flow statement

€ million	Q4/2008	Q4/2007	Full year 2008	Full year 2007
Income before net financials and tax	-19.2	63.4	352.0	353.8
Depreciation and amortisation	241.1	158.7	790.7	643.3
Amortisation of inventory step-up	-	0.8	-	50.2
Warrants programme	3.8	0.9	3.8	0.9
Change in provisions	-53.7	13.5	-54.8	1.4
Foreign exchange differences	-4.2	-	-	-
Total	167.8	237.3	1,091.7	1,049.6
Change in working capital	24.5	161.7	-111.8	24.6
Financial income (expense)	-82.4	-92.5	-316.6	-374.8
Other gains and losses	0.6	-	0.6	-
Income taxes paid	-33.3	-93.0	-169.1	-223.6
Cash flow from operating activities	77.2	213.5	494.7	475.8
Adjustment purchase price Altana Pharma AG	-	-	-	-50.1
Acquisition fees paid	-	5.6	-	-18.3
Disposal of activities ¹⁾	-	-48.7	-	-
Acquisition Bradley Pharmaceuticals Inc.	-	-	-232.0	-
Additional acquisition costs Bradley Pharmaceuticals Inc.	5.0	-	-7.1	-
Purchase of intangible asset, net	-40.3	-66.7	-117.5	-97.2
Purchase of property, plant and equipment, net	-21.5	14.0	-53.5	-36.2
Net cash acquired (Bradley)	-	-	1.0	-
Other investments	-	-20.0	-	-2.4
Cash flow from investing activities	-56.7	-115.8	-409.1	-204.2
Change in long-term debt	-114.9	44.7	-248.3	-448.3
Change in local borrowings	0.5	-	-10.7	-
Financing fees paid	-	-12.0	-	-12.0
Realised foreign exchange effect on the unwinding of CCS	227.2	-	227.2	-
Buyback of debt	-33.9	-	-33.9	-
Cash flow from financing activities	78.8	32.7	-65.7	-460.3
Net cash flow	99.3	130.4	20.0	-188.7
Net cash beginning of the year	404.9	361.1	484.2	677.8
Foreign exchange differences	-7.5	-7.3	-7.5	-4.9
Net cash end of the period	496.7	484.2	496.7	484.2

1) Disposal of activities for December 2007 YTD includes an income of € 16.0 million in connection with the disposal of Sangtec Molecular Laboratory in Sweden and furthermore a cash inflow related to the disposal of the production facility in Cork, Ireland and disposal of distribution rights for the product Angiox.

Contacts



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CONFERENCE CALL

Nycomed will host a conference call on 24 February 2009 at 4:00 PM (CET).


To access, participants should dial one of the following phone numbers:

Denmark	+45 70 26 50 40
Ireland	+353 1 436 4265
UK	+44 208 817 9301
US	+1718 354 1226

This conference will be transcribed and digitally recorded. 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.

The conference will be available in digital replay. This service will be available approximately one hour after the conference call has ended and will be available until 23:59 GMT 03 March 2009.

Digital replay phone number	+353 1 436 4267
Digital replay security code	1573574#



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