



Nycomed A/S

Interim financial information for the three and nine months ended September 30, 2005

November 9, 2005

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Foreword

In the following discussion, references to "we", "us", "our", "Nycomed" and the "Nycomed Group" are to Nycomed A/S and its consolidated subsidiaries and affiliates, and with respect to periods prior to the acquisition of Nyco Holdings ApS by Nycomed A/S, these terms refer to Nyco Holdings ApS and its consolidated subsidiaries and affiliates.

This discussion should be read in conjunction with the unaudited consolidated financial statements of Nycomed A/S as of and for the five months ended September 30, 2005 and the proforma unaudited financial statements for Nycomed A/S for the three and nine months ended September 30, 2005. This interim report has been drawn up in accordance with IAS 34 Interim Financial Reporting. The comparative figures for the three and nine months ended September 30, 2004 (effectively presented for Nyco Holdings ApS) have been adjusted to reflect the transition to IFRS. The only area where material restatement to the comparative figures has been identified was in relation to goodwill relating to business combinations, as goodwill is no longer amortised according to IFRS 3 Business Combinations. See also the last section "Transition to IFRS" in this document for a description of the changes from Danish GAAP to IFRS".

Introduction

We are a pharmaceutical company headquartered in Denmark and focused on the marketing of pharmaceutical products in Europe. We source, develop, manufacture and market a diversified range of Rx and OTC pharmaceutical products. We differentiate ourselves from other pharmaceutical companies by a combination of our strong geographic focus and our marketing-led strategy.

Founded in 1874 in Norway as an importer of pharmaceutical products, we have grown into a multinational company with our own sales force in 20 European countries and in the CIS and China. In addition, our products are sold through export or licensing agreements with other pharmaceutical companies in other countries including Japan and the US.

On March 10, 2005, Nycomed A/S entered into a subscription, share purchase and contribution agreement, pursuant to which Nycomed A/S agreed to acquire all of the capital stock of Nyco Holdings ApS (the former parent company of the Group). The acquisition was consummated on May 9, 2005, following regulatory approvals.

To finance the acquisition, Nordic Capital and certain co-investors contributed €412.0 million, in cash to Nycomed A/S in exchange for newly issued Nycomed A/S shares and, in addition, Nycomed A/S on March 21, 2005 raised an additional €396.0 million through the sale of Senior PIK notes. Nycomed A/S has used those proceeds to purchase 100% of the outstanding capital stock of Nyco Holdings ApS from its existing shareholders and to pay related transaction fees and expenses. After the acquisition Nordic Capital and its co-investors have become the largest single investor in Nycomed A/S.

Highlights

Financial performance

Q3 2005

We achieved a net turnover of €184.6 million in the third quarter of 2005, which represents an increase of €32.5 million or 21.4% compared to the net turnover in the same period of 2004. Excluding the positive impact from foreign currency fluctuations, our net turnover increased by €32.0 million or 21.0%.

Adjusted EBITDA increased by €11.6 million from €29.4 million in the third quarter of 2004 to €41.0 million in the third quarter of 2005, representing an increase of 39.5%. Excluding the positive impact from foreign currency fluctuations, adjusted EBITDA increased by €11.3 million or 38.4%.

9 months 2005

Our net turnover for the first nine months of 2005 was €547.1 million compared to €474.7 million for the first nine months of 2004, representing an increase of 15.3%. Excluding the negative impact from foreign currency fluctuations, our net turnover increased by €73.6 million or 15.5%.

Adjusted EBITDA for the first nine months of 2005 was €115.1 million compared to €94.6 million for the first nine months of 2004, an increase of 21.7%. Excluding the negative impact from foreign currency fluctuations, adjusted EBITDA increased by €22.1 million or 23.4%.

Our results for the third quarter were the best ever in Nycomed. The results for the first nine months of 2005 have been very satisfactory on both the top and bottom line. Most of our home markets continued to perform very well. CIS continued their huge growth in net turnover and growing by 58.8% in local currency versus prior year.

Due to a combination of very satisfactory results for the first nine months and an expected strong fourth quarter, we expect an adjusted EBITDA growth for the full year 2005 to be 20% to 22% compared to 2004.

Operations

Operations performed very well during the first nine months of 2005 with a significant increase in volumes for our own produced products. The cost of goods as a percentage of net turnover continued to decrease. The continued focus on cost control in a period with increased production volumes combined with an increased yield in our plants have been the main drivers of this positive development. As a result of increasing demand for Actovegin in CIS, the Board of Nycomed A/S approved an expansion of our capacity in September. This expansion should increase the raw concentrate production by approximately 1,000 tons or 50%. The investment is budgeted to be €6.6 million.

Preotact

In September 2005 we submitted answers to Letter of Questions from EMEA (European Medicines Evaluation Agency). We expect to receive marketing authorisation for Preotact in the 2nd quarter of 2006.

Matrifen

In September we received approval for Matrifen from the Swedish Health Authorities and recently launched the product in Sweden. Although we have not yet received the price approval, we have started the promotion of Matrifen. The response from the market has been very positive. We have started the final work for the Mutual Recognition Procedure, with the purpose of obtaining marketing authorisation for the rest of Europe.

TachoSil / Angiox

The European launch and sale of our own produced product TachoSil has been very satisfactory in the first 9 months of 2005. TachoSil has now been launched in all our home markets except for the CIS and sales are up by approximately 60% compared to same period last year. The feed back from surgeons has been very positive and we foresee further strong growth from TachoSil in the future.

The take up of Angiox has been somewhat slower than expected. In all markets Angiox has been well received and accepted and we are directing significant efforts into transforming this positive reaction into sales. The sales process is though longer and more complicated than previously anticipated, obtaining reimbursement and getting through formularies in the hospitals. We expect sales for 2005 to reach app. €5.0 mio.

Summary results

	Three months ended September 30,		Change 2004/2005 (%)	Nine months ended September 30,		Change 2004/2005 (%)
	2004	2005		2004	2005	
	<i>(€ in millions)</i>			<i>(€ in millions)</i>		
Net turnover	152.1	184.6	21.4	474.7	547.1	15.3
Cost of sales ⁽¹⁾	(67.6)	(76.7)	13.5	(210.1)	(229.2)	9.1
Inventory step-up	-	(35.2)	-	-	(58.7)	-
Gross profit	84.5	72.7	(14.0)	264.6	259.2	(2.0)
Sales and marketing expenses ⁽²⁾	(53.4)	(73.7)	38.0	(159.6)	(210.0)	31.6
Research and development expenses	(6.1)	(6.7)	9.8	(19.7)	(21.5)	9.1
Administration expenses	(13.5)	(16.9)	25.2	(43.6)	(47.4)	8.7
Warrants programme	-	(8.6)	-	-	(8.6)	-
Restructuring cost	(3.0)	-	-	(3.0)	-	-
Operating income	8.5	(33.2)	(490.6)	38.7	(28.3)	(173.1)
Gross profit margin	55.5%	39.4%		55.7%	47.4%	
EBITDA ⁽³⁾	26.4	(2.8)	(110.6)	91.6	47.8	(47.8)
EBITDA margin	17.4%	(1.5)		19.3%	8.7%	
Adjusted EBITDA ⁽³⁾	29.4	41.0	39.5	94.6	115.1	21.7
Adjusted EBITDA margin	19.4%	22.2%		19.9	21.0%	

- 1) Per IFRS 3 Business Combinations, goodwill is not amortised. For the nine months ended September 30, 2004 we had amortised €24.6 million of goodwill using Danish GAAP. The figures for 2004 have been adjusted accordingly.
- 2) The three and nine months ended September 30, 2005 includes amortization of intangible assets, excluding goodwill, of €24.6 million and €59.1 million, versus €12.5 million and €37.1 million for the same period last year.
- 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 Danish GAAP. See "EBITDA and Adjusted EBITDA" below.

Factors affecting comparability of results

Variations in quarterly results and seasonality

We may experience significant quarterly fluctuations in sales of our export and contract manufacturing businesses because many of our customer orders occur in bulk and may occur unevenly and relatively infrequently in the year. In addition, we may experience additional fluctuations of sales in the fourth quarter of the year as a result of the practice of customers to either spend or risk losing remaining funds available under their annual budgets. We may also experience significant variations from period to period for products such as cough and cold products and antihistamines, the sales of which can vary according to factors such as the winter and the severity of allergy seasons. In addition, a large portion of our sales in the CIS may occur in the fourth quarter.

New ownership of Nycomed

The acquisition of Nyco Holdings ApS on May 9, 2005, the application of purchase accounting adjustments related thereto, and the related financing transactions have affected and will continue to affect our results of operations following the acquisition. In particular:

- the substantial indebtedness we incurred to finance the acquisition has increased our interest expense significantly;
- the significant adjustment to intangible assets we recorded in connection with the acquisition in respect of patents and other intellectual property rights has led to a significant increase in amortization expense;
- the purchase accounting adjustment relating to inventory resulted in a non-recurring charge of €58.7 million that has been reflected in our consolidated profit and loss 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 has been reflected in our consolidated profit and loss statement within the first five months following closing of the acquisition;
- the purchase price allocation and purchase accounting adjustments may be subject to subsequent adjustments for 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 twelve months of the acquisition date (May 9, 2005).

IFRS

As of January 1, 2005, Nycomed reports and accounts for transactions in accordance with International Financial Reporting Standards ("IFRS"), whereas previously we had used Danish GAAP. A complete reconciliation of the difference between IFRS and Danish GAAP will be available when we prepare the full Nycomed group annual accounts as of and for the year ended December 31, 2005. Until then, we will follow the requirements of IAS 34 Interim Financial Reporting. On this basis we have identified only one material difference between IFRS and Danish GAAP when reporting the first nine month period for 2005 and the prior year comparatives in 2004. This material difference is that under IFRS 3 Business Combinations, we no longer amortise goodwill in the profit and loss account but instead maintain the value on the balance sheet subject to annual impairment review. Using Danish GAAP, we had amortised €24.6 million through the profit and loss account in the first nine months of 2004 and €32.8 million for the full year 2004 respectively. These amounts have been reclassified to goodwill on the balance sheet in the figures presented in this document. Net cash flow has not been affected by this.

Review of results

Net turnover

Net turnover increased by €72.4 million, or 15.3%, from €474.7 million for the nine month period ended September 30, 2004, to €547.1 million for the nine month period ended September 30, 2005. In addition, net turnover increased by €32.5 million, or 21.4%, from €152.1 million for the three month period ended September 30, 2004 to €184.6 million for the three month period ended September 30, 2005. The increase in the net turnover was primarily a result of growth in almost all our home markets, where CIS continues to show significant growth.

An analysis of each segment is set forth below.

	Three months ended September 30,				Change
	2004		2005		2004/2005
	(€ in millions)	(%)	(€ in millions)	(%)	(%)
Scandinavia	43.0	28.3	45.5	24.7	5.8
Western Europe	20.4	13.4	23.9	13.0	17.2
Central Europe	25.9	17.0	30.8	16.7	18.9
Finland and Poland	16.0	10.5	16.8	9.1	5.0
CIS	23.5	15.5	39.6	21.4	68.5
International	17.8	11.7	23.0	12.5	29.2
Contract Production	5.5	3.6	5.0	2.6	(9.1)
Total net turnover	152.1	100.0	184.6	100.0	21.4

	Nine months ended September 30,				Change
	2004		2005		2004/2005
	(€ in millions)	(%)	(€ in millions)	(%)	(%)
Scandinavia	128.8	27.1	138.7	25.4	7.7
Western Europe	63.3	13.3	71.7	13.1	13.3
Central Europe	78.7	16.6	91.2	16.7	15.9
Finland and Poland	48.5	10.2	51.6	9.4	6.4
CIS	68.9	14.5	105.7	19.3	53.4
International	62.3	13.1	69.1	12.6	10.9
Contract Production	24.2	5.2	19.1	3.5	(21.1)
Total net turnover	474.7	100.0	547.1	100.0	15.3

Scandinavia which comprises Denmark, Norway, Sweden and the Baltics, is Nycomed's largest region by turnover. Net turnover increased by €9.9 million, or 7.7%, from €128.8 million for the nine month period ended September 30, 2004, to €138.7 million for the nine month period ended September 30, 2005. Net turnover increased by €2.5 million, or 5.8%, from €43.0 million for the three months ended September 30, 2004, to €45.5 million for the three month period ended September 30, 2005. We have had a very positive development particularly in Norway during the first nine months of 2005 compared to 2004. In Denmark sales during the 3rd quarter and the first nine months had a modest growth. Higher sales of Pantoloc and Maravan primarily compensated for lower sales of Akarin which has decreased by 72% compared to the same period of 2004. Sales of TachoSil showed a good development, with the response from the market being very positive. In Norway, the total market for pharmaceuticals grew by 3.1% for the first nine months of 2005 compared to the same period in 2004. During the same period we had a growth of 11.4%. The growth was mainly driven by increased sales of cough and cold products, Marevan, Brexidol and Calcigran. Sweden had increased sales of 10.5% for the 3rd quarter compared to last year. For the first nine months of 2005 the growth in Sweden was 5.5% compared to a general growth in the pharmaceutical market of 4.2%. The main reason for this good performance is increased sales of Pantoloc and TachoSil. The OTC-business also showed a satisfactory growth, particularly Ibumetin developed very well. In the Baltics States, sales increased with 27% during the 3rd quarter compared to the 3rd quarter in 2004. The increased sales were mainly driven by Ibumetin, Xefo and Hjertemagnyl.

Western Europe comprises Belgium, France, the Netherlands and UK. Net turnover increased by €8.4 million, or 13.3%, from €63.3 million for the nine month period ended September 30, 2004, to €71.7 million for the nine month period ended September 30, 2005. In addition, net turnover increased by €3.5 million, or 17.2%, from €20.4 million for the three months ended September 30, 2004, to €23.9 million for the three months September 30, 2005. Sales in Belgium during the first nine months of 2005 have increased by 7.3% compared to the first nine months of 2004. Sales of Zurcal continued to perform very well, despite the introduction of different reimbursement modalities for cheaper PPI's in Belgium. The implementation of the new reimbursement system for PPI's as of July 1, 2005, has until now had a positive effect on our sales. Sales of Glucadol and L-Thyroxine also developed very well. TachoSil was launched on September 1, 2005 and the feedback from the market has been very positive. The reimbursement of Angiox was rejected in August 2005 and a new dossier will be introduced, with the expectation that we will obtain an approval for reimbursement by September 2006. In the Netherlands sales increased by 15.8% compared with the same period in 2004. Calcium has maintained a market share of more than 80%; however, the product is under huge pressure due to parallel imports. Pantoprazole, Glucadol and TachoSil performed very well. Also Mitomycin and Ubretid showed a good development. Angiox was launched in November 2004,

and has since then received very positive reactions, although a lot of effort is still needed to get the product accepted in the hospitals. Sales in France increased during the first nine months of 2005, mainly due to increased sales of Gutron and Beriplast. In the private hospitals fixed budgets on surgery procedures were introduced at the beginning of the year, and this affected our sales. In the UK market Angiox and TachoSil have now been well accepted. We are putting a lot of efforts into transforming this positive reaction into sales which is a delayed process in the UK market.

Central Europe comprises Austria, Germany, Italy, Switzerland and Greece. Net turnover increased by €12.5 million, or 15.9%, from €78.7 million for the nine month period ended September 30, 2004, to €91.2 million for the nine month period ended September 30, 2005. In addition, net turnover increased by €4.9 million, or 18.9%, from €25.9 million for the three months ended September 30, 2004 to €30.8 million for the three months ended September 30, 2005. The net turnover in Germany grew by 27% during the first nine months of 2005 compared to the same period in 2004. Sales of TachoSil, in particular, increased by 48% during the 3rd quarter. We expect to see further growth in this product. We also increased sales of Ubretid and Curosurf. Despite the effect of the Austrian government's cost reduction program during the first half of 2005, we had a growth of 11% versus the same period last year, which was double the growth rate of the overall Austrian market. This increase was mainly driven by Zurcal which increased with 25.2% compared to a general market growth of 14.4%. TachoSil and Beriplast also developed very well during the 3rd quarter. In Switzerland the Rx market showed a very limited growth. Nycomed has, during the first nine months, increased sales by 12.3% compared to a general market growth of 2.1%. TachoSil has been launched very successfully. One of our key products Zurcal is facing increased competition from generic Omeprazole. In Greece the authorities signed during August the new reimbursement list, and it is expected, that the new pricing list will be implemented by November 1, 2005. Xefo Rapid is included on the list, which indicate, that we will be able to switch from the plain Xefo to Xefo Rapid without a negative effect on sales. TachoSil has been launched successfully in Greece.

Finland and Poland had an increase in net turnover of €3.1 million, or 6.4%, from €48.5 million for the nine month period ended September 30, 2004, to €51.6 million for the nine month period ended September 30, 2005. In addition, net turnover increased by €0.8 million, or 5%, from €16.0 million for the three months ended September 30, 2004 to €16.8 million for the three months ended September 30, 2005. Our net turnover in Finland increased with 3.0% during the first nine months. Sales of prescription medicines in Finland grew by 2.0% during the 3rd quarter of 2005, which was equivalent the market. Sales of our generic portofolio in Finland are declining although the decrease is slower than expected. In Poland we have just launched Calcium. The sale of TachoComb is developing very well. Angiox has been approved under the reimbursement system, but the National Health Insurance Fund does not have sufficient funding for more expensive products.

The CIS, increased net turnover by €36.8 million, or 53.4%, from €68.9 million for the nine months ended September 30, 2004 to €105.7 million for the nine months ended September 30, 2005. In addition, net turnover increased by €16.1 million, or 68.5%, from €23.5 million for the three months ended September 2004 to €39.6 million for the three months ended September 30, 2005. Net turnover in total in the Asia/Caucasus region has doubled versus the first nine months of 2004, especially Ukraine and Kazakhstan have had a fantastic year. The Russian market was the biggest contributor in terms of volume. All our key products had double digit growth compared to last year with Actovegin, Concor, Glucophage and Warfarin being the key contributors. Actovegin has been the key driver behind the big success in the CIS. To support continued growth in this market, a further 100 employees are being recruited now.

International comprises our export operation and sales in China. Net turnover increased by €6.8 million, or 10.9%, from €62.3 million for the nine months period ended September 30, 2004, to €69.1 million for the nine months September 30. 2005. In addition the net turnover increased by €5.2 million, or 29.2% from €17.8 million for the three months ended September 2004 to €23.0 million for the three months ended September 30, 2005. Sales of TachoComb are continuing to develop very well in Japan due to good sales effort by our new partner ZLB. Sales of Calcium increased in the UK, the U.S. and Canada compared to last year. These increases

have been partially offset by decreased sales of Xefo in Spain, where our partner introduced a new competitive product within this segment.

Contract Production Net turnover decreased by €5.1 million, or 21.1%, from €24.2 million for the nine months ended September 30, 2004, to €19.1 million for the nine months ended September 30, 2005. In addition the net turnover decreased by €0.5 million, or 9.1% from €5.5 million for the three months ended September 30, 2004 to €5.0 million for the three months ended September. The decrease is mainly due to lower sales of Celiprolol to Aventis and that the agreement, concerning contract production with the new owners of Collett Pharma has expired. Furthermore we continue to free up capacity to support production of own products.

Cost of sales

In the table below, the elements of costs of goods sold are presented, both in euro and as a percentage of net turnover. The increase or decrease is stated as a percentage from period to period.

	Three months ended 30 September				Change
	2004		2005		2004/2005
	(€ million)	(%)	(€ million)	(%)	(%)
Total direct costs	50.9	33.4	60.4	32.7	18.7
Amortization inventory step-up			35.2	19.1	
Indirect production costs	16.7	11.0	16.3	8.8	(2.4)
Total cost of sales	67.6	44.4	111.9	60.6	65.5

	Nine months ended 30 September				Change
	2004		2005		2004/2005
	(€ million)	(%)	(€ million)	(%)	(%)
Total direct costs	152.7	32.2	169.3	30.9	10.9
Amortization inventory step-up			58.7	10.7	-
Indirect production costs	57.4	12.1	59.9	11.0	4.5
Total cost of sales	210.1	44.3	287.9	52.6	37.0

Total cost of sales increased as a percentage of net turnover from 44.4% and 44.3%, respectively during the three and nine months ended September 30, 2004, to 60.6% and 52.6% respectively, for the three and nine months ended September 30, 2005. The increase related to the application of purchase accounting and its consequent amortization of inventory step-up.

Excluding the amortization of inventory step-up total cost of sales as a percentage of net turnover decreased from 44.4 and 44.3% during the three and nine months ended September 30, 2004, to 41.6% and 41.9%, for the three and the nine months ended September 30, 2005, respectively.

Total direct costs as a percentage of net turnover decreased from 33.4% and 32.2%, during the three and nine months ended September 30, 2004, to 32.7% and 30.9%, for the three and nine months ended September 30, 2005. This positive development was mainly a result of increased yield in our production plants and continued strong cost control.

For the three and nine month periods ended September 30, 2005, indirect production costs as a percentage of net turnover decreased to 8.8% and 11.0% compared to 11.0% and 12.1% in the same period in 2004. This decrease is mainly due to efficient labour utilization.

Gross Profit and Gross Profit Margin

Gross profit decreased by €5.4 million, or 2.0% from €264.6 million for nine month period ended September 30, 2004, to €259.2 million for the nine month period ended September 30, 2005.

Gross profit decreased by €11.8 million, or 14.0% from €84.5 million in the three month period ended September 30, 2004, to €72.7 million for the three month period ended September 30, 2005.

Excluding the amortization of inventory step-up gross profit increased by €53.3 million, or 20.1% from €264.6 million in the nine month period ended September 30, 2004, to €317.9 million for the nine month period ended September 30, 2005. For the three months ended September 30, 2005 gross profit increased by €23.5 million from €84.5 million, or 27.7% to €107.9 million.

This positive development was mainly due to increased sales in key markets and especially in CIS. The increased sales of own produced products, reduced production costs and higher yields in our production plants were also some of the key drivers of the positive development.

Sales and marketing expenses

In the table below, the elements of sales and marketing expenses are presented both in euro and as a percentage of net turnover. The increase or decrease is stated as a percentage from period to period.

	Three months ended September 30				Change 2004/2005 (%)
	2004		2005		
	(€ million)	(%)	(€ million)	(%)	
Sales and marketing expenses in regions	38.4	25.3	46.2	25.0	20.3
Centralized selling expenses	2.8	1.8	3.4	1.8	21.4
Amortization of intangible assets	12.2	8.0	24.1	13.1	97.5
Total sales and marketing expenses	53.4	35.1	73.7	39.9	38.0
Amortization of intangible assets included in sales and marketing expenses in regional segments	0.3		0.5		

	Nine months ended September 30				Change 2004/2005 (%)
	2004		2005		
	(€ million)	(%)	(€ million)	(%)	
Sales and marketing expenses in regions	114.7	24.2	141.2	25.8	23.1
Centralized selling expenses	8.8	1.8	11.4	2.1	29.5
Amortization of intangible assets and goodwill fair value adjustments	36.1	7.6	57.5	10.5	59.3
Total sales and marketing expenses	159.6	33.6	210.0	38.4	31.6
Amortization of intangible assets included in sales and marketing expenses in regional segments	1.0		1.6		

In the second quarter report, amortisations on intangibles in the 6 months proforma income statement were based on 6 months amortisations on the intangible assets fair values applied in purchase accounting. This has been changed in the third quarter report in order to reflect that the acquisition of Nyco Holdings ApS effectively took place in May 2005. Therefore amortisations on intangible assets for the 9 months period comprise 4 months amortisations on intangible asset values for Nyco Holdings ApS consolidated and 5 months amortisations on the intangible asset fair values applied in purchase accounting for Nycomed A/S.

Sales and marketing expenses increased by €50.4 million, or 31.6% from €159.6 million in the nine month period ended September 30, 2004, to €210.0 million for the nine month period ended September 30, 2005. In addition sales and marketing expenses increased by €20.3 million, or 38.0% from €53.4 million in the three month period ended September 30, 2004, to €73.7 million in the three month period ended September 30, 2005.

Excluding the increased amortization of intangible assets related to the application of purchase accounting, sales and marketing expenses increased by €32.4 million or 20.3% from €159.6 million for the nine months ended September 30, 2004 to €192.0 million for the nine months ended September 2005. For the three month ended September 30, 2005 sales and marketing expenses increased by €9.5 million or 18.8% from €53.4 million in the 3rd quarter of 2004 to €62.9 million in 2005.

This increase mainly reflects the increased costs in connection with expansion of our activities in the CIS and France and the implementation of our new subsidiaries in United Kingdom, Italy, Spain and Poland. Furthermore, we continued our planned investment in launch and roll-out activities for TachoSil and Angiox and our pre-marketing activities related to Preatact.

Research and development expenses

Research and development expenses increased by €1.8 million, or 9.1%, from €19.7 million for the nine months ended September 30, 2004, to €21.5 million for the nine months ended September 30, 2005. In addition, research and development expenses increased by €0.6 million, or 9.8%, from €6.1 million for the three months ended September 30, 2004 to €6.7 million for the three months ended September 30, 2005. This increase is mainly due to increased activities related to already launched products.

Administration Expenses

Administration expenses increased by €3.8 million, or 8.7%, from €43.6 million for the nine months ended September 30, 2004, to €47.4 million for the nine months ended September 30, 2005. In addition administration expenses increased by €3.4 million, or 25.2%, from €13.5 million for the three months ended September 30, 2004 to €16.9 million for the three months ended September 30, 2004. This increase was mainly due to one time termination costs.

Operating Income

Our operating income decreased from an income of €38.7 million for the nine months ended September 30, 2004, to a loss of €28.3 million for the nine months ended September 30, 2005. In addition, our operating income decreased from an income of €8.5 million for the three months ended September 30, 2004 to a loss of €33.2 million for the three months ended September 30, 2005.

Excluding the amortization of inventory step-up and the increased amortization of intangibles related to the application of purchase accounting, our operating income increased from an income of €38.7 million for the nine months ended September 2004 to an income of €48.4 million for the nine months ended September 2005. In addition the operating income increased from €8.5 million for three months ended September 30, 2004 to €12.8 million for three month ended September 2005. The positive development reflected the very strong development in sales in most of our markets particularly the CIS and a high yield in our production facilities.

Due to the application of IFRS as from January 1, 2005 we booked in the 3rd quarter of 2005, a charge to our profit and loss accounts of €8.6 million reflecting the market value of warrants issued.

Net financial items

Interest and financial charges increased by €17.4 million, from €51.1 million for the nine month period ended September 30, 2004 to €68.5 million for the nine month period ended September 30, 2005. In addition, interest and financial charges increased by €4.8 million, from €21.2 million for the three month period ended September 30, 2004 to €26.0 million for the three month period ended September 30, 2005. The increase is primarily due to interest cost related to the issuance of the PIK note. The financial charges for the first 9 months included a loss of €8.9 million related to our investment in NPS Pharmaceuticals.

Exchange rate gains increased by €4.7 million from a gain of €0.3 million for the nine month period ended September 30, 2004, to a gain of €5.0 million for the nine month period ended September 30, 2005. In addition, exchange rate gains decreased by €0.3 million from a loss of €0.8 million for the three month period ended September 30, 2004 to a loss of €0.5 million for the three month period ended September 30, 2005.

Income tax expense/benefit

Income tax benefit increased by €17.9 million from a tax benefit of €7.6 million for the nine months ended September 30, 2004, to a tax benefit of €25.5 million for the nine months ended September 30, 2005. In addition, income tax benefit increased by €11.0 million from a tax benefit of €5.7 million for the three months ended September 30, 2004, to a tax benefit of €16.7 million for the three months ended September 30, 2005. The increase of tax benefit for the nine months ended September 30, 2005 was due to lower income before taxes between the two periods of €84.5 million. Furthermore, an increased tax benefit of €3.6 million related to the effect of different tax rates, non deductible expenses and adjustments related to prior years, partly offset by an increased tax expense of €1.9 million related to non deductible financial expenses, an increased expense of €2.6 million related to non deductible expenses related to warrant programme and a decrease of tax benefit of €4.7 million following a change of the tax rate applied to deferred tax on step up values from 31.5% to 30% of 2004.

During the second half of 2005 Nycomed will pay additional income taxes of €9.7 million following a tax audit of Nycomed Austria GmbH of which €4.9 million has been paid during the three months ended September 30, 2005. The main part of the additional taxes related to interest expenses associated with the group internal reorganisation of debt implemented as part of the November 2002 transaction, where Nycomed was acquired by an investor group led by CSFB. The additional income tax payment is covered by existing tax provisions and does therefore not effect the profit and loss statement.

Net income

Our net income decreased by €66.6 million from a loss of €4.8 million at September 30, 2004 to a loss of €71.4 million for nine month period ended September 30, 2005 for the reasons described above. In addition, our net income decreased by €35.5 million from a loss of €7.0 million for the three month period ended September 30, 2004 to a loss of €42.5 million for the three month period ended September 30, 2005.

EBITDA and Adjusted EBITDA

EBITDA means net income plus net financial items, income taxes, depreciation of tangible assets and amortization of intangible assets. Adjusted EBITDA comprises EBITDA adjusted for certain unusual or non-recurring items. Neither EBITDA nor Adjusted EBITDA is a measurement of performance under Danish GAAP and you should not consider EBITDA or Adjusted EBITDA as an alternative to any other measures of performance under generally accepted accounting principles. EBITDA and Adjusted EBITDA have been disclosed in this report to permit a more complete and comprehensive analysis of our operating performance relative to other companies and of our ability to service our debt. Because all companies do not calculate EBITDA measures identically, our presentation of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies. In addition, EBITDA is not calculated the same as "EBITDA" will be calculated under the indenture for the notes.

	Three months ended September 30,		Nine months ended September 30,	
	2004	2005	2004	2005
	<i>(€ in millions)</i>		<i>(€ in millions)</i>	
Net income (loss)	(7.0)	(42.5)	(4.8)	(71.4)
<i>Adjustments:</i>				
Net financial items	21.2	26.0	51.1	68.5
Income tax expense (benefit)	(5.7)	(16.7)	(7.6)	(25.4)
Depreciation	5.4	5.8	15.8	17.0
Amortization	12.5	24.6	37.1	59.1
EBITDA	26.4	(2.8)	91.6	47.8
<i>Adjustments:</i>				
Warrants programme	-	8.6	-	8.6
Inventory fair value adjustments	-	35.2	-	58.7
Project cost / restructuring exp.	3.0	-	3.0	-
Adjusted EBITDA	29.4	41.0	94.6	115.1

Liquidity

The table below summarizes our cash flows for the three and nine months ended September 30, 2004 and 2005 respectively:

	Three months ended September 30,	
	2004	2005
	<i>(€ in millions)</i>	
Net cash as of beginning of period	57.6	42.4
Foreign exchange differences	0.1	0.1
	57.7	42.5
Net cash flow from (used in) operating activities	12.0	2.9
Net cash flow used in other investment activities	(50.6)	(13.0)
Net cash flow from (used in) financing activities	20.0	5.1
Net change in cash and cash equivalents	18.6	5.1
Net cash as of end of period	39.1	37.5

	Nine months ended September 30	
	2004	2005
	<i>(€ in millions)</i>	
Net cash as of beginning of period	38.1	23.1
Translation differences	-	-
	38.1	23.1
Net cash flow from (used in) operating activities	31.0	15.9
Net cash flow from used in other investment activities	(39.8)	(807.8)
Net cash flow from (used in) financing activities	9.8	806.3
Net change in cash and cash equivalents	1.0	14.4
Net cash as of end of period	39.1	37.5

Cash Flow - Operating activities

Cash flow from operating activities showed an inflow of €15.9 million for the nine months ended September 30, 2005 compared to an inflow of €31.0 million in the same period of 2004. Cash flow from operating activities showed an inflow of €2.9 million for the three months ended September 30, 2005 compared to an inflow of €12.0 million in the same period of 2004.

Working capital showed an outflow of €45.9 million for the nine months ended September 30, 2005 compared to an outflow of €7.1 million for the nine months ended September 30, 2004. The negative deviations related to higher sales in our home markets and particularly in the CIS with longer than average credit terms and the build up of inventory of certain raw materials. As the last day in September was a Friday and as part of our payments are due on the last day of the month some payments were received only in October.

Cash Flow – Other investment Activities

Cash flow related to other investment activities showed an outflow of €807.8 million for the nine months ended September 30, 2005 which is an increase of €768.0 million from €39.8 million inflow for the nine months ended September 30, 2004. The significant increase is due to Nycomed's acquisition of the shares in Nyco Holdings ApS. Furthermore the outflow consists of development costs, milestone payments for products and normal maintenance investments and acquisition fees. Excluding the net proceeds from the sale of Collett Pharma in 2004 and the investment in NPS Pharmaceuticals the outflow for the first nine months of 2004 was €31.4 million compared to an outflow of €23.3 million for 2005, excluding the outflow related to the acquisition.

For the three months ended September 30, 2005 cash flow related to other investment activities showed an outflow of €13.1 million compared to an outflow of €50.6 million in the same period in 2004. Excluding the net proceeds from the sale of Collett Pharma in 2004 and the investment in NPS Pharmaceuticals the outflow was €18.2 million.

Cash Flow – Financing Activities

Cash flow from financing activities showed an inflow of €806.4 million for the nine months period ended September 30, 2005 which represents an increase of €796.6 million from the inflow of €9.8 million for the same period last year. The inflow consisted of €412.0 million capital contribution from Nordic Capital and €47.8 million proceeds from the exercise of warrants in Nyco Holdings ApS. €396.0 million in net proceeds was from the issuance of PIK notes and €0.9 million interest income from escrow accounts. In addition, €18.5 million was paid as financing fees and €5.3 million has been used for a capital increase to Nyco Holdings ApS. Finally, there have been ordinary instalments on the senior facilities.

Capital resources

In line with our business plan and strategy, we will continue to devote significant cash resources to the continued growth of our business. As of September 30, 2005, we had cash of €37.5 million compared to a cash position at the end of September 30, 2004 of €39.1 million. As of September 30, 2005 we had €15.0 million drawn under our revolving facility compared to €0.0 million at the end of September 2004.

We have, as part of our senior credit facilities, the following facilities:

- a €70.0 million in-licensing credit facility, which may be used primarily to in-license products that are entering Phase III clinical trials and as of September 30, 2005, €49.8 million was available under this facility;
- a €40.0 million revolving credit facility, which may be used to finance working capital and for general corporate purposes or to finance expansion capital expenditure, but not to finance certain of the activities provided for in the other facilities as long as those facilities are not fully utilized and as of September 30, 2004, €25.0 million was available under this facility;
- a €66.8 million Tranche A facility and a Tranche B and C facility of €135.0 million each, at the end of September 2005.

We believe that our operating cash flows, together with available borrowings under the senior credit facilities and existing cash resources, will be sufficient to fund our currently anticipated working capital needs, capital expenditures and debt service requirements, although we cannot assure you that this will be the case. See "Forward-looking Statements".

In particular, future drawings under the senior credit facilities will be available only if, among other things, we meet the financial maintenance covenants and other conditions included in the senior credit facilities. Our ability to meet those covenants will depend on our results of operations and factors outside of our control.

We have a substantial amount of debt and significant debt service obligations. As of September 30, 2005, we had €1,017.8 million of consolidated debt, €372.0 million of which is indebtedness under the senior credit facilities. Our book value of debt of €1,027.3 million on our balance sheet includes an offsetting accounting adjustment of €19.7 million of unamortized financing fees, unrealised gain of €0.6 million and an adjustment to the market value of the Senior Notes of €29.8 million. Furthermore, the booked value includes €24.8 million in capitalised interest on the Senior PIK Notes. We expect to borrow the un-drawn portion of our senior credit facilities over the coming years and as a result we expect our total debt to increase.

Market risks

We are exposed to market risk, primarily related to foreign exchange and interest rates. We actively monitor these exposures. We have set up strategies to hedge fluctuations in exchange rates through forward exchange contracts and interest rates using interest rate swaps. Our objective is to reduce, where we deem it appropriate to do so, fluctuations in earnings and cash flows associated with these risks. We do not enter into any financial transaction containing a risk that cannot be quantified at the time the transaction is concluded.

Interest rate risk

Interest is payable under our senior credit facilities at variable rates. As a result, we could be adversely affected if interest rates were to rise significantly. Our exposure to interest rate fluctuations will depend on the amount of variable-rate indebtedness that we have outstanding and the extent of any hedging arrangements that we put in place. Under the senior credit facilities, we are required to hedge at least 50% of the variable-rate indebtedness under our term loan facilities. In order to hedge this risk, we enter into interest rate swaps that exchange our variable interest payments for fixed interest payments.

As at September 30, 2005, we had hedged approximately 50.0% of the indebtedness under the senior credit facilities for 36 months starting in November 2002 and September 2005 using interest rate swaps, and we will continue to review the percentage hedged periodically with a view to determine whether a greater proportion should be hedged.

Based on the variable rate indebtedness outstanding on our senior credit agreement at September 30, 2005 of €183.0 million, if the variable interest rates for an annual period changed by a full percentage, the interest payable would be €1.9 million higher or lower. This does not reflect the impact of any hedging instruments associated with the indebtedness or the impact of exchange rate changes.

Foreign Exchange Risk

Our results are exposed to exchange rate fluctuations for the following reasons, among others:

- We are exposed to foreign exchange transaction risk as sales and purchases may be denominated in currencies different from the functional currency of our subsidiaries; specifically, most of our sales are denominated in euro, Japanese yen, US dollars, Norwegian kroner and Danish kroner, while our costs are generated in the different currencies of countries where we maintain our production facilities, primarily Norway and Denmark (neither of which have adopted the euro), Belgium and Austria.

- We are exposed to foreign exchange translation risk as the financial statements of, and our equity investments in, our subsidiaries as well as our other foreign currency denominated assets and liabilities must be translated as part of our financial reporting from the reporting currency of the subsidiary into euro.
- In order to minimize the impact on our operating results and cash flows due to fluctuations in the exchange rate between the euro and other currencies in which we transact business, we hedge our non-euro currency transactions by using forward exchange contracts. We seek to hedge approximately 75% of our expected non-euro currency sales and purchases on a rolling 12 month basis (cash flow hedging). When sales and purchases are invoiced and a receivable or payable is generated, we seek to hedge 100% of the receivables and payables amounts using short-term forward exchange contracts (balance sheet hedging).
- We are continuously following the possibility of changing our invoicing currency in the CIS from USD to euro. At this point in time, we do not believe that the market or our customers are ready to accept invoicing in euro. We have thus decided to continue to invoice our CIS sales in USD in 2005 and 2006. We intend to review this decision on an annual basis to ensure that we are appropriate balancing market concerns against our foreign currency exchange exposure.

Transition to IFRS

Nycomed changed its accounting policies with effect from January 1 2005 and the Interim Report for the three and nine month period ended September 30 2005 has with respect to recognition and measurement been prepared in accordance with IFRS. This Interim Report has been drawn up in accordance with IAS 34 Interim Financial Reporting. The comparatives for the three and nine month period of 2004 have been restated to reflect the transition.

It should be noted that the accounting impact set out below can only be considered as provisional as it will be the standards and interpretations applicable on December 31, 2005 that will provide the basis for the final transition implications.

The expected transition impact can be summarised as shown in the points below.

The transition implications are based on IFRS 1 First-time Adoption and the standards and interpretations expected to be applicable December 31, 2005. In accordance with IFRS 1, Nycomed has in the IFRS opening balance sheet as at January 1, 2004

- applied the option of recognising the existing carrying amount of assets and liabilities for business combinations made prior to January 1, 2004,
- included unrecognised actuarial gains and losses net of taxes related to defined benefit plans in equity,
- reset cumulative translation differences related to foreign subsidiaries.

Compared with Danish GAAP accounting policies changes are made to the accounting for business combinations. Based on Nycomed's IFRS implementation project this is the only area where material adjustments to the comparatives have been identified. Under IFRS 3 Business Combinations, goodwill resulting from business combinations should not be amortised in the profit and loss account. Instead goodwill must be tested for impairment. For the first nine months of 2004 Nycomed amortised goodwill amounting to €24.6 million. Except for the use of interest rate swaps to maintain a reasonable balance between fixed and floating interest rate risks relating to the Group's debt, it has been decided not to use cash flow hedge accounting for other hedging derivatives as of January 1, 2005. In accordance with IFRS 1 the comparatives have not been restated. Please see also the Nyco Holdings A/S Annual Report 2004, or Annual Report to Bondholders for Nyco Holdings 2 ApS, page 43 and 67.

Consolidated statements of profit and loss

Nycomed A/S	Three months ended September 30,		Nine months ended September 30, Pro forma	
	2004	2005	2004	2005
	<i>(€thousands)</i>		<i>(€thousands)</i>	
Net turnover	152,096	184,602	474,702	547,077
Cost of sales	(67,629)	(76,710)	(210,140)	(229,168)
Inventory step-up	-	(35,239)		(58,732)
Gross Profit	84,467	72,653	264,562	259,177
Sales and marketing expenses	(53,408)	(73,741)	(159,641)	(209,976)
Research and development expenses	(6,124)	(6,660)	(19,719)	(21,523)
Administration expenses	(13,454)	(16,892)	(43,457)	(47,440)
Restructuring/project cost	(3,000)		(3,000)	-
Warrants programme		(8,579)		(8,579)
Total operating expenses	(75,986)	(105,872)	(225,817)	(287,518)
Operating income (loss)	8,481	(33,219)	38,745	(28,341)
Financial expenses	(20,713)	(25,613)	(52,970)	(76,289)
Financial income	276	170	1,497	2,793
Gain/losses foreign exchange	(783)	(529)	327	4,973
Net financial items	(21,220)	(25,972)	(51,146)	(68,523)
Income (loss) before taxes	(12,739)	(59,191)	(12,401)	(96,864)
Income tax (expense) benefit	5,714	16,683	7,582	25,478
Minority share of result	-	-	-	-
Net income (loss)	(7,025)	(42,508)	(4,819)	(71,386)

Consolidated statements of profit and loss 1/5 – 30/9 2005

Consolidated 5 months
1/5 – 30/9 2005

Nycomed A/S

Net turnover	307,464
Cost of sales	(184,901)
Gross Profit	122,563
Sales and marketing expenses	(123,692)
Research and development expenses	(11,682)
Administration expenses	(27,283)
Warrants programme	(8,579)
Total operating expenses	(171,236)
Operating income (loss)	(48,673)
Financial expenses	(50,147)
Financial income	2,510
Gain/losses foreign exchange	76
Net financial items	(47,561)
Income (loss) before taxes	(96,234)
Income tax (expense) benefit	27,873
Minority share of result	-
Net income (loss)	(68,361)

Consolidated balance sheet

Nycomed A/S

Assets	Consolidated as per closing date	September 30, 2005
Completed development projects		
Patents and distribution rights	1,003,008	958,417
Goodwill	661,934	661,934
Development projects in progress and prepaid intangibles	187,900	197,509
Total intangible fixed assets	1,852,842	1,817,860
Land and buildings	106,598	106,778
Plant and machinery	55,290	53,131
Fixture, fittings, equipment	12,487	12,395
Assets under construction	6,380	7,342
Total tangible fixed assets	180,755	179,646
Investments	12,454	11,096
Other receivables	243	252
Total financial fixed assets	12,697	11,348
Total fixed assets	2,046,294	2,008,854
Finished goods and goods for resale	111,042	84,148
Raw materials and semi finished goods	87,374	69,181
Prepayments for goods	1,692	1,692
Total inventory	200,108	155,021
Total trade debtors 3rd party	124,251	133,049
Affiliated companies		-
Income tax receivable		-
Deferred tax assets		-
Prepaid expenses and other current assets	5,308	8,908
Other	10,272	9,898
Total receivables	139,831	151,855
Cash	102,588	37,485
Total current assets	442,527	344,361
Total assets	2,488,821	2,353,215

Consolidated balance sheet

Nycomed A/S

Liabilities	Consolidated as per closing date	September 30, 2005
Capital Stock	99	99
Other reserves	897,784	841,042
Total shareholders equity	897,883	841,141
Pension commitments	22,245	22,395
Deferred tax provision	368,984	326,689
Other provisions	2,943	1,959
Total provisions	394,172	351,043
Total loans > 1 year – 3 rd party	1,026,943	1,001,745
Total long term debt	1,026,943	1,001,745
Total loans < 1 year – 3 rd party	22,938	25,595
Trade payables	47,217	46,118
Affiliated company	-	-
Income taxes payable	15,081	18,790
Other payables	82,387	67,958
Deferred income	2,200	825
Total current liabilities	169,823	159,286
Total current debt	1,196,766	1,161,031
Total liabilities	1,590,938	1,512,074
Total shareholders equity and liabilities	2,488,821	2,353,215

Consolidated statement of Cash Flows

Nycomed A/S

	Three months ended September 30,		Nine months ended September 30, Pro forma	
	2004	2005	2004	2005
	<i>(€ thousands)</i>		<i>(€ thousands)</i>	
Income before net financials and tax	8,481	(33,219)	38,745	(28,341)
Depreciation of property, plant and equipment	5,457	5,852	15,750	17,045
Amortization of intangibles	12,489	24,600	37,094	59,107
Amortization of inventory step-up		35,240	-	58,732
Warrants programme		8,579	-	8,579
Change in provisions	5,086	(396)	3,433	(1,712)
Foreign exchange differences	738	256	(1,566)	(3,376)
Total	32,251	40,912	93,456	110,034
Change in inventories and receivables	(2,238)	(16,166)	(3,228)	(50,048)
Change in payables and other liabilities	5,293	2,100	(3,917)	4,144
Change in intercompany balance	-	-	-	-
Financial income (expense)	(21,361)	(15,641)	(47,238)	(35,358)
Income taxes paid	(1,947)	(8,293)	(8,122)	(12,911)
Cash flow from operating activities	11,998	2,912	30,951	15,861
Proceeds from sale of business activities	-	-	24,021	-
Acquisition of Nycomed Holding	-	-	-	(777,299)
Acquisition of subsidiaries	-	-	-	-
Acquisition fees paid	-	(3,000)	-	(7,198)
Addition of intangibles	(9,424)	(4,873)	(12,869)	(16,234)
Addition of property, plant and equipment	(8,744)	(5,185)	(18,529)	(11,152)
Addition of investments and bonds	(32,424)	-	(32,424)	4,074
Cash flow from investing activities	(50,592)	(13,058)	(39,801)	(807,809)
Proceeds from issuance of capital stock	(735)	-	-	-
Capital Contribution from shareholders				412,000
PIK Notes proceeds				396,000
Interest on financing funds				856
Acquisition of shares in Nyco Holdings	-	-	(264)	-
Financing fees paid		57		(18,491)
Warrants exercise proceeds	-	-	-	47,800
Change in long term debt	25,200	5,000	14,500	(31,781)
Exchange effect on USD loan	-	-	-	-
Capital contribution	-	-	-	-
Change in other long term liabilities	-	-	-	-
Acquisition and financing fees paid	(4,440)	-	(4,440)	-
Cash flow from financing activities	20,025	5,057	9,796	806,384
Net cash flow	(18,569)	(5,089)	946	14,436
Net cash at the beginning of the period	57,648	42,457	38,127	23,073
Foreign exchange differences	65	117	71	(24)
Net cash at the end of the period	39,144	37,485	39,144	37,485

Operating income/loss by segment

Segment	Nyco Holdings ApS	Nycomed A/S
	Three months ended September 30, 2004	Three months ended September 30, 2005
Scandinavia including Baltics	21,109	24,393
Western Europe	8,178	8,870
Central Europe	7,359	8,999
Finland and Poland	4,978	6,720
CIS	6,336	12,731
International	11,993	15,958
Contract Production	2,797	2,208
Other *)	(54,269)	(113,098)
Total operating income	8,481	(33,219)

Segment	Nyco Holdings ApS	Nycomed A/S Pro forma
	Nine months ended September 30, 2004	Nine months ended September 30, 2005
Scandinavia including Baltics	60,077	69,642
Western Europe	27,075	27,126
Central Europe	24,126	24,248
Finland and Poland	14,302	17,079
CIS	20,780	35,380
International	42,978	47,321
Contract Production	10,595	8,336
Other *)	(161,188)	(257,473)
Total operating income	38,745	(28,341)

*) Other comprises all central costs related to operations, product development, international marketing, international business development and administration.

Statement of changes in Stockholders' Equity

	September 30, 2005		
	Capital stock	Other reserves	Total
Stockholders' equity Opening Balance Sheet May 1, 2005	99	897,784	897,883
Capital increase			
Net income to the period		(68,361)	(68,361)
Warrant programme		8,579	8,579
Unrealised loss on cashflow hedging		5,304	5,304
Tax on equity postings		(460)	(460)
Exchange rate adjustments, subsidiaries		(1,804)	(1,804)
Stockholders' equity September 30, 2005	99	841,042	841,141

Forward-looking statements

This report includes forward-looking statements relating to future events or prospects. Because forward-looking statements involve predictions about the future, they are inherently subject to a number of risks and uncertainties and our actual results may differ materially from our historical results or those anticipated or predicted by forward-looking statements. Important factors that could cause those differences include, but are not limited to:

- general local and global economic and market conditions;
- our substantial leverage and our ability to meet our debt service obligations;
- changes in the level of demand for our products, particularly our key products and important branded prescription products;
- regulatory action and the reimbursement and pricing policies of, and general levels of spending by, the national healthcare systems in our home markets;
- our ability to increase the level of awareness, brand recognition and reputation of our products;
- changes in the level of competition faced by our products, including the launch of new products by competitors and the introduction of generic competition upon the expiration of patents associated with our products or competing products;
- our ability to launch new products, including line extensions or in-licensed products, and introduce our products into new markets;
- our exposure to currency or interest rate fluctuations; and
- our ability to protect our intellectual property.

Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. We undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this report.

All forward-looking statements included in this report are based on information available to us on the date of this report. We undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this report.

About Nycomed

Nycomed is a pharmaceutical company dedicated to meeting needs in Europe. The company provides hospital products throughout the region and general practitioner and pharmacy medicines in selected markets.

New products are sourced through licensing agreements with research companies. Here Nycomed provides late-stage clinical development, registration and marketing.

Headquartered in Roskilde, Denmark, the company employs about 3,000 people throughout Europe and Russia/CIS. Nycomed is privately owned.

Further information on Nycomed is available on the company's homepage at the address: www.nycomed.com

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