



Nyco Holdings 2 ApS

Interim financial information for the three and six months ended June 30, 2005

August 17, 2005

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Foreword

In the following discussion, references to "we", "us", "our", "Nycomed" and the "Nycomed Group" are to Nyco Holdings 2 ApS and its consolidated subsidiaries and affiliates, and with respect to periods prior to our acquisition of Nycomed Holding ApS, these terms refer to our predecessor Nycomed Holding ApS and its consolidated subsidiaries and predecessors.

This discussion should be read in conjunction with the unaudited consolidated financial statements of Nyco Holdings 2 ApS as of and for the three and six months ended June 30, 2005 and the unaudited consolidated financial statements of Nyco Holdings 2 ApS as of and for the three and six months ended June 30, 2004. This interim report has been drawn up in accordance with IAS 34 Interim Financial Reporting. The comparative figures for the first halfyear of 2004 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, our shareholders entered into a subscription, share purchase and contribution agreement with a newly formed company, Nycomed A/S, at the time owned by Nordic Capital ("Nordic"), pursuant to which Nycomed A/S agreed to acquire all of the capital stock of Nyco Holdings ApS (the parent company of the Group). The acquisition was consummated on May 9, 2005, following regulatory approvals.

To finance the acquisition, Nordic 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 million through the sale of senior 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. In addition, Nyco Holdings has made a capital contribution of €53.2 million (consisting substantially of proceeds received upon exercise of outstanding warrants) to its subsidiary, Nyco Holdings 2 ApS, which has been used to redeem its remaining outstanding Junior mezzanine notes on June 8, 2005.

Highlights

Financial performance

Q2 2005

We achieved a net turnover of €183.7 million in the second quarter of 2005, which represents an increase of €21.7 million or 13.4% compared to the net turnover in the same period of 2004. Excluding the negative impact from foreign currency fluctuations, our net turnover increased by €23.6 million or 14.6%.

Adjusted EBITDA increased €6.0 million from €34.0 million in the second quarter of 2004 to €40.0 million in the second quarter of 2005, representing an increase of 17.7%. Excluding the negative impact from foreign currency fluctuations, adjusted EBITDA increased by €8.1 million or 23.8%.

6 months 2005

Our net turnover for the first six months of 2005 was €362.5 million compared to €322.6 million for the first six months of 2004, representing an increase of 12.4%. Excluding, the negative impact from foreign currency fluctuations, our net turnover increased by €43.5 million or 13.5%.

Adjusted EBITDA for the first six months of 2005 was €74.2 million compared to €65.3 million for the first six months of 2004, an increase of 13.6%. Excluding, the negative impact from foreign currency fluctuations, adjusted EBITDA increased by €12.9 million or 19.8%.

Our results for the first six months of 2005 have been very satisfactory both on top and bottom line. Most of our home markets have increased their net turnover during the first six months of 2005. CIS continued their strong growth in net turnover, and in local currency CIS have grown by 57% versus prior year.

We will proceed with our investments in Nycomed's long-term growth, and we expect to see low double digit growth both on top- and bottom line for the full year 2005.

Operations

Operations performed well during the first six months of 2005 with cost of goods as a percentage of net turnover continuing to decrease. Continued focus on containing cost and an increased yield in our plants have been the main drivers of this positive development. Due to increased sales volumes, mainly of Actovegin in the CIS and some products produced in Denmark, we have invested to increase the capacity in our Austrian and Danish plants. We are also continuously evaluating the possibility of outsourcing parts of our production to free up in-house capacity.

Angiox™

Angiox was launched in France during the first half of 2005, with launch activities proceeding as planned. The clinical trial to extend the indication for bivalirudin, ACUITY, has now enrolled more than 10,000 patients. With less than 3,800 patients to go the study is fastly reaching its completion. If the results are meeting our expectations, we can apply for the indication of ACS (Acute coronary Syndrome) to complement the existing PCI (Percutaneous Coronary Intervention) indication.

Tachosil®

Launch activities are proceeding according to schedule, and we expect that the product will have been launched in most of our European markets before the end of 2005.

Summary results

	Three months ended 30 June,		Change 2004/2005 (%)	Six months ended 30 June,		Change 2004/2005 (%)
	2004	2005		2004	2005	
	<i>(€ in millions)</i>			<i>(€ in millions)</i>		
Net turnover	162.0	183.7	13.4	322.6	362.5	12.4
Cost of sales ⁽¹⁾	(70.9)	(74.8)	5.5	(142.5)	(152.5)	7.0
Gross profit	91.1	108.9	19.5	180.1	210.0	16.6
Sales and marketing expenses ⁽²⁾	(53.1)	(64.4)	21.3	(106.1)	(129.0)	21.6
Research and development expenses	(6.4)	(7.8)	21.9	(13.6)	(14.9)	9.6
Administration expenses	(15.2)	(16.0)	5.3	(30.0)	(30.4)	1.3
Project cost						
Operating income	16.4	20.7	26.2	30.4	35.7	17.4
Gross profit margin	56.2%	59.3%		55.8%	57.9%	
EBITDA ⁽³⁾	34.0	40.0	17.7	65.3	74.2	13.6
EBITDA margin	21.0%	21.8%		20.2%	20.5%	
Adjusted EBITDA ⁽³⁾	34.0	40.0	17.7	65.3	74.2	13.6
Adjusted EBITDA margin	21.0%	21.8%		20.2	20.5%	

- 1) Per IFRS 3 Business Combinations, goodwill is not amortised. For the three and six months ended June 30, 2004 we had amortised €8.2 million and €16.4 million of goodwill using Danish GAAP. The figures for 2004 have been adjusted accordingly.
- 2) The three and six months ended June 30, 2005 includes amortization of intangible assets excluding goodwill of €13.8 million and €27.3 million respectively, versus €12.3 million and €24.6 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 Nycomed A/S by Nordic Capital and its co-investors on May 9 2005, and the application of purchase accounting adjustments related thereto, and the related financing transactions will not affect Nyco Holdings 2 ApS.

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 six 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 €16.4 million through the profit and loss account in the first six 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 €39.9 million, or 12.4%, from €322.6 million for the six month period ended June 30, 2004, to €362.5 million for the six month period ended June 30, 2005. In addition, net turnover increased by €21.7 million, or 13.4%, from €162.0 million for the three month period ended June 30, 2004 to €183.7 million for the three month period ended June 30, 2005. The increase in the net turnover was primarily a result of growth in almost all our home markets with the CIS and Norway showing particularly strong growth.

An analysis of each segment is set forth below.

	Three months ended June 30,				Change 2004/2005 (%)
	2004		2005		
	(€ in millions)	(%)	(€ in millions)	(%)	
Scandinavia	42.4	26.2	47.2	25.7	11.3
Western Europe	21.6	13.3	24.1	13.1	11.6
Central Europe	27.2	16.8	31.3	17.0	15.1
Finland and Poland	16.5	10.2	17.4	9.5	5.5
CIS	22.7	14.0	33.8	18.4	48.9
International	21.3	13.1	24.0	13.1	12.7
Contract Production	10.3	6.4	5.9	3.2	(42.7)
Total net turnover	162.0	100.0	183.7	100.0	13.4

	Six months ended June 30,				Change 2004/2005 (%)
	2004		2005		
	(€ in millions)	(%)	(€ in millions)	(%)	
Scandinavia	85.8	26.6	93.2	25.7	8.6
Western Europe	42.9	13.3	47.8	13.2	11.4
Central Europe	52.8	16.4	60.4	16.7	14.4
Finland and Poland	32.5	10.1	34.8	9.6	7.1
CIS	45.3	14.0	66.1	18.2	45.9
International	44.5	13.8	46.0	12.7	3.4
Contract Production	18.8	5.8	14.2	3.9	(24.5)
Total net turnover	322.6	100.0	362.5	100.0	12.4

Scandinavia which comprises Denmark, Norway, Sweden and the Baltics, is Nycomed's largest region by turnover. Net turnover increased by €7.4 million, or 8.6%, from €85.8 million for the six month period ended June 30, 2004, to €93.2 million for the six month period ended June 30, 2005. Net turnover increased by €4.8 million, or 11.3%, from €42.4 million for the three months ended June 30, 2004, to €47.2 million for the three month ended June 30, 2005. Compared to the first half of 2004 we had a very positive development particularly in Norway. In Denmark net turnover has grown moderately, despite sales of Akarin decreasing by 70% compared to the same period in 2004. This decrease was compensated primarily by higher Pantoloc sales, which gained a market share of 22%. The positive development in Norway was mainly driven by increased sales of cough and cold products, Marevan, Brexidol and Calcigran. Sweden had record sales in both May and June of this year. Sales of Ibumetin, a pain relief product, continued to develop nicely. In the Baltics sales were close to the same level as last year. Positive sales of Ibumetin and Xefo compensated for a delay in regulatory approvals which negatively impacted sales. Sales of Tachosil have developed very well in Denmark, Norway and Sweden.

Western Europe comprises Belgium, France, the Netherlands and UK. Net turnover increased by €4.9 million, or 11.4%, from €42.9 million for the six month period ended June 30, 2004, to €47.8 million for the six month period ended June 30, 2005. In addition, net turnover increased by €2.5 million, or 11.6%, from €21.6 million for the three months ended June 30, 2004, to €24.1 million for the three months June 30, 2005. In Belgium sales of Zurcal and Glucadol performed well. As of July 1, 2005 changes in the reimbursement system for PPI products is applicable, which is expected to have an impact on the sales of Zurcal. Pre-marketing activities related to TachoSil and Angiox were completed during the first half of 2005. TachoSil is scheduled to be launched on September 1, 2005 and Angiox at the end of 2005. In the Netherlands sales increased by 19.9% compared with the same period in 2004. Calcium has performed very well and now has a market share of 85%. Glucadol and Ubretid have also shown good development. TachoSil was launched in 2004 and is performing well. Sales in France have increased during the first six months of 2005, mainly due to increased Gutron and Beriplast sales. Angiox was launched in June of this year. In the UK market a lot of efforts have been made to get the required approval for our key products at the individual hospital level. Before this approval has been received, no sales can be made. Both Angiox and TachoSil have been launched. The UK market has never accepted glues due to the BSE issue and as TachoComb has never been registered in the UK market, its successor TachoSil is seen as a completely new product in the market, which tends to slow the whole process.

Central Europe comprises Austria, Germany, Italy, Switzerland and Greece. Net turnover increased by €7.6 million, or 14.4%, from €52.8 million for the six month period ended June 30, 2004, to €60.4 million for the six month period ended June 30, 2005. In addition, net turnover increased by €4.1 million, or 15.1%, from €27.2 million for the three months ended June 30, 2004 to €31.3 million for the three months ended June 30, 2005. The net turnover in Germany grew by 19% during the first six months of 2005 compared to the same period in 2004. Sales of TachoSil, in particular, has developed very well with growth of 21% compared to prior year. Despite the effect of the Austrian government's cost reduction program during the first half of 2005, we had a growth of 12% versus the same period last year, which was double the growth rate of the overall Austrian market. This increase was mainly driven by Zurcal and TachoSil. In Switzerland TachoSil has also been successfully launched. We also launched Paclitaxel in June, and the first reactions from the market have been very promising. However, Zurcal is still continuing to face generic competition in Switzerland. In Greece we expect, the authorities will implement new pricing policies soon. This means that new products will be priced based on an average price of the three countries with the cheapest prices in the EU. In general, we expect this initiative could lead to a price reduction of between five and seven percent in Greece. Xefo has performed very well, and we are waiting for the reimbursement of Xefo rapid. Zurcal is still under generic competition from a newly launched product.

Finland and Poland had an increase in net turnover of €2.3 million, or 7.1%, from €32.5 million for the six month period ended June 30, 2004, to €34.8 million for the six month period ended June 30, 2005. In addition, net turnover increased by €0.9 million, or 5.5%, from €16.5 million for the three months ended June 30, 2004 to €17.4 million for the three months ended June 30, 2005. Sales of prescription medicines in Finland grew by 8.4% during the first six

months of 2005. Sales of our generic portfolio in Finland are declining, as we do not have any new generic products. Sales of our OTC portfolio continued to develop well during the second quarter of 2005, which reflect among others, successful agreements with the pharmacy chains. The launch of both TachoSil and Angiox went well.

The CIS, had an increase in net turnover of €20.8 million, or 45.9%, from €45.3 million for the six months ended June 30, 2004 to €66.1 million for the six months ended June 30, 2005. In addition, net turnover increased by €11.1 million, or 48.9%, from €22.7 million for the three months ended June 2004 to €33.8 million for the three months ended June 30, 2005. The Asia/Caucasus countries had the biggest percentage net turnover growth which doubled versus the first six months of 2004. The Russian market grew the fastest in terms of volume, with a growth of 46% compared to the same period in 2004. The price increase of Actovegin was one of the key drivers behind this significant growth. Also Belarus and Ukraine grew rapidly in the first six months of 2005. All key products had double digit growth, with Actovegin, Concor (Merck Portfolio), Glucophage and Warfarin being the key contributors. The continued rapid growth of the business in this region puts a lot of pressure on the local organisation. For this reason we have decided to hire an additional 100 employees during the latter part of 2005 to be better able to capitalise on the continuing growth opportunities within the CIS.

International comprises our export operation and sales in China. Net turnover increased by €1.5 million, or 3.4%, from €44.5 million for the six months period ended June 30, 2004, to €46.0 million for the six months June 30, 2005. In addition the net turnover increased by €2.7 million, or 12.7% from €21.3 million for the three months ended June 2004 to €24.0 million for the three months ended June 30, 2005. Sales of TachoComb in Japan increased by €3.3 million during the first six months of 2005 due to a focused and dedicated performance by ZLB, our new partner in Japan. Sales of Calcium also increased in the UK, the U.S. and Canada compared to last year. These increases were partly offset by lower sales of Xefo and Actovegin in China, which were mainly due to phasing.

Contract Production. Net turnover decreased by €4.6 million, or 24.5%, from €18.8 million for the six months ended June 30, 2004, to €14.2 million for the six months ended June 30, 2005. In addition the net turnover decreased by €4.4 million, or 42.7% from €10.3 million for the three months ended June 2004 to €5.9 million for the three months ended June. The decrease is mainly due to lower sales of Celliprolol to Aventis, and that the agreement, concerning contract production with the new owners of Collett Pharma has expired.

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 June				Change 2004/2005
	2004		2005		
	(€ million)	(%)	(€ million)	(%)	(%)
Total direct costs	51.3	31.7	52.7	28.7	2.7
Amortization inventory step-up					
Indirect production costs	19.6	12.1	22.1	12.0	12.8
Total cost of sales	70.9	43.8	74.8	40.7	5.5

	Six months ended 30 June				Change 2004/2005
	2004		2005		
	(€ million)	(%)	(€ million)	(%)	(%)
Total direct costs	101.8	31.6	105.4	29.1	3.5
Amortization inventory step-up					
Indirect production costs	40.7	12.6	47.1	13.0	15.7
Total cost of sales	142.5	44.2	152.5	42.1	7.0

Total direct costs as a percentage of net turnover decreased from 31.7% and 31.6%, respectively during the three and six month periods ended June 30, 2004, to 28.7% and 29.1% respectively, for the three and six months ended June 30, 2005. This positive development was mainly a result of a combination of favourable product and geographical mix. Cost of goods was also affected by cost savings and increased yield in our production plants.

For the three and six month periods ended June 30, 2005, indirect production costs as a percentage of net turnover was 12.0% and 13.0%, respectively, compared to 12.1% and 12.6%, respectively in the same period 2004.

Gross Profit and Gross Profit Margin

Gross profit increased by €29.9 million, or 16.6% from €180.1 million in the six month period ended June 30, 2004, to €210.0 million for the six month period ended June 30, 2005.

Gross profit increased by €17.8 million, or 19.5%, from €91.1 million in the three months ended June 30, 2004, to €108.9 million for the three months ended June 30, 2005. This positive development was mainly due to increased sales in key markets and a favourable product mix, reduced production costs and higher yields in our production plants.

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 30 June				Change 2004/2005 (%)
	2004		2005		
	(€ million)	(%)	(€ million)	(%)	
Sales and marketing expenses in regions	35.9	22.2	46.8	25.5	30.4
Centralized selling expenses	5.2	3.2	4.5	2.5	(13.5)
Amortization of intangible assets	12.0	7.4	13.1	7.1	9.2
Total sales and marketing expenses	53.1	32.8	64.4	35.1	21.3
Amortization of intangible assets included in sales and marketing expenses in regional segments	0.3		0.7		

	Six months ended 30 June				Change 2004/2005 (%)
	2004		2005		
	(€ million)	(%)	(€ million)	(%)	
Sales and marketing expenses in regions	73.1	22.7	94.9	26.2	29.8
Centralized selling expenses	9.0	2.8	8.0	2.2	(11.1)
Amortization of intangible assets	24.0	7.4	26.1	7.2	8.8
Total sales and marketing expenses	106.1	32.9	129.0	35.6	21.6
Amortization of intangible assets included in sales and marketing expenses in regional segments	0.6		1.2		

Sales and marketing expenses in regional segments increased by €21.8 million, or 29.8%, from €73.1 million for the six months ended June 30, 2004, to €94.9 million for the six months ended June 30, 2005. In addition, sales and marketing expenses in regional segments increased by €10.9 million, or 30.4%, from €35.9 million for the three months ended June 30, 2004, to €46.8 million for the three months ended June 30, 2005. This increase reflected the expansion of our activities in the CIS and our new subsidiaries in United Kingdom, Italy and Poland. In addition, costs increased as expected due to the ongoing investment in launch and roll-out activities for TachoSil and Angiox.

Total amortization of intangible assets included in sales and marketing expenses increased by €2.1 million, or 8.8%, from €24.0 million for the six months ended June 30, 2004, to €26.1 million for the six months ended June 30, 2005. In addition, total amortization of intangible assets included in sales and marketing expenses increased by €1.1 million, or 9.2%, from €12.0 million for the three months ended June 30, 2004, to €13.1 million for the three months ended June 30, 2005.

Research and development expenses

Research and development expenses increased by €1.3 million, or 9.6%, from €13.6 million for the six months ended June 30, 2004, to €14.9 million for the six months ended June 30, 2005. In addition, research and development expenses increased by €1.4 million, or 21.9%, from €6.4 million for the three months ended June 30, 2004 to €7.8 million for the three months ended June 30, 2005. This increase is mainly a result of lower capitalised costs in the first six months of 2005 compared to the same period of 2004 due to the launch of Tachosil and Angiox.

Administration Expenses

Administration expenses increased by €0.4million, or 1.3%, from €30.0 million for the six months ended June 30, 2004, to €30.4 million for the six months ended June 30, 2005. In addition administration expenses increased by €0.8 million, or 5.3%, from €15.2 million for the three months ended June 30, 2004 to €16.0 million for the three months ended June 30, 2004.

Operating Income

Our operating income increased from €30.4 million for the six months ended June 30, 2004, to €35.7million for the six months ended June 30, 2005. In addition, our operating income increased from €16.4 million for the three months ended June 30, 2004 to €20.7 million for the three months ended June 30, 2005. The positive development is reflecting our strong development in sales, primarily in CIS and Scandinavia.

Net financial items

Interest and financial charges increased by €2.6 million, from €30.0 million for the six month period ended June 30, 2004 to €32.6 million for the six month period ended June 30, 2005. In addition, interest and financial charges increased by €2.0 million, from €16.0 million for the three month period ended June 30, 2004 to €18.0 million for the three month period ended June 30, 2005. The financial charges include a €2.4million amortization of financing costs for the six months ended June 30, 2005 compared to €1.5 million amortization of financing costs for the six months ended June 30, 2004.

Exchange rate gains increased by €4.4 million from a gain of €1.1 million for the six month period ended June 30, 2004, to a gain of €5.5 million for the six month period ended June 30, 2005. In addition, exchange rate gains increased by €0.1 million from a gain of €0.4 million for the three month period ended June 30, 2004 to a gain of €0.5 million for the three month period ended June 30, 2005.

Income tax expense/benefit

Income tax expense increased by €5.2 million from a tax benefit of €1.8 million for the six months ended June 30, 2004, to a tax expense of €3.4 million for the six months ended June 30, 2005. In addition, income tax expense increased by €3.5 million from tax benefit of €0.7 million for the three months ended June 30, 2004, to a tax expense of €2.8 million for the three months ended June 30, 2005. The increase of tax expense for the six months ended June 30, 2005 was due to higher income before taxes between the two periods of €2.7 million, an increased tax expense related to non deductible financial expenses of €2.3 million a decrease of tax benefit of €3.4 million following a change of the tax rate applied to deferred tax on step up values from 31.5% to 30% in 2004, partly offset by an increased tax benefit of €1.3 million related to the effect of different tax rates, non deductible expenses and adjustments related to prior years.

Net income

Our net income decreased by €2.5 million from an income of €2.2 million at the June 30, 2004 to a loss of €0.3 million for six month period ended June 30, 2005. In addition to that our net income decreased by €1.3 million from an income of €1.2 million for the three months ended June 31, 2004, to a loss of €0.1 million for the three months period ended June 30, 2005 for the reasons described above.

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 June 30,		Six months ended June 30,	
	2004	2005	2004	2005
	<i>(€ in millions)</i>		<i>(€ in millions)</i>	
Net income (loss)	1.2	(0.1)	2.2	(0.3)
<i>Adjustments:</i>				
Net financial items	16.0	18.0	30.0	32.6
Income tax expense (benefit)	(0.7)	2.8	(1.8)	3.4
Minority interest				
Depreciation	5.2	5.6	10.3	11.2
Amortization	12.3	13.7	24.6	27.3
EBITDA	34.0	40.0	65.3	74.2
<i>Adjustments:</i>				
Project cost / restructuring exp.				
Adjusted EBITDA	34.0	40.0	65.3	74.2

Liquidity

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

	Three months ended June 30,	
	2004	2005
	<i>(€ in millions)</i>	
Net cash as of beginning of period	52.8	18.9
Foreign exchange differences	-	(0.2)
	<u>52.8</u>	<u>18.7</u>
Net cash flow from (used in) operating activities	9.9	27.0
Net cash flow from sale/purchase of business activities		
Net cash flow used in other investment activities	(7.9)	(8.3)
Net cash flow from (used in) financing activities	<u>2.1</u>	<u>1.4</u>
Net change in cash and cash equivalents	<u>4.1</u>	<u>20.1</u>
Net cash as of end of period	<u>56.9</u>	<u>38.8</u>

	Six months ended June 30	
	2004	2005
	<i>(€ in millions)</i>	
Net cash as of beginning of period	38.1	21.8
Translation differences		(0.1)
	<u>38.1</u>	<u>21.7</u>
Net cash flow from (used in) operating activities	5.9	14.0
Net cash flow from used in other investment activities	10.8	(13.3)
Net cash flow from (used in) financing activities	<u>2.1</u>	<u>16.4</u>
Net change in cash and cash equivalents	<u>18.8</u>	<u>17.1</u>
Net cash as of end of period	<u>56.9</u>	<u>38.8</u>

Cash Flow - Operating activities

Cash flow from operating activities showed an inflow of €27.0 million for the three months ended June 30, 2005 compared to an inflow of €9.9 million in the same period of 2004. This increase is reflecting the increased sales during the first month. In addition to that the cash flow from operating activities showed an inflow of €14.0 million for the six months ended June 30, 2005, compared to an inflow of €5.9 million for the six months ended June 30, 2004.

Working capital showed an outflow of €3.3 million for the three months ended June 30, 2005 and an outflow €31.8 million for the six months ended June 30, 2005. The negative deviations relate 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.

Cash Flow – Other investment Activities

Cash flow related to other investment activities showed an outflow of €8.3 million for the three months ended June 30, 2005 which is an increase of €0.4 million from €7.9 million for the three months ended June 30, 2004. The outflow consists of development costs, milestone payments for products and normal maintenance investments. For the six months period ended June 30, 2005 the cash flow from other investment activities showed an outflow of €13.3 million compared to an inflow of €10.8 million in the same period last year. Excluding the net proceeds from the sale of Collett Pharma in 2004 the outflow for the first six months of 2004 was €13.2 million.

Cash Flow – Financing Activities

Cash flow from financing activities showed an inflow of €1.4 million for the three months ended June 30, 2005, which represents a decrease of €0.7 million from an inflow of €2.1 million for the three months ended June 30, 2004. In addition cash flow from financing activities showed an inflow of €16.4 million for the six months period ended June 30, 2005 which was an increase of €14.3 million from the €2.1 million inflow for the same period last year. The company received a capital contribution of €53.2 million from Nyco Holdings ApS. The proceeds were used to repay the mezzanine loan in full on June 8, 2005

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 June 30, 2005, we had cash of €38.8 million compared to a cash position at end of 2004 of €56.9million. As of June 30, 2005 we had €15.0 million, drawn under our revolving facility compared to €0.0 million at the end of June 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 June 30, 2005, €54.8 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 June 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 June 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 June 30, 2005, we had €592.0 million of consolidated debt, €367.0 million of which is indebtedness under the senior credit facilities. Our book value of debt of €568.3 million on our balance sheet includes an offsetting accounting adjustment of €19.5 million of unamortized financing fees and an unrealised gain of €4.2 million. 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 June 30, 2005, we had hedged approximately 50.6% of the indebtedness under the senior credit facilities for 36 months starting in December 2002 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 June 30, 2005 of €181.1 million, if the variable interest rates for an annual period changed by a full percentage, the interest payable would be €1.8 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 appropriately 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 six month period ended June 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 six 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 half of 2004 Nycomed amortised goodwill amounting to €8.2 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.

See also the Nyco Holdings ApS Annual Report 2004, or Annual Report to Bondholders for Nyco Holdings 2 ApS, page 43 and 67.

Consolidated statements of profit and loss

Nyco Holdings 2 ApS

	Three months ended June 30,		Six months ended June 30,	
	2004	2005	2004	2005
	<i>(€thousands)</i>		<i>(€thousands)</i>	
Net turnover	161,986	183,684	322,606	362,475
Cost of sales	(70,879)	(74,819)	(142,511)	(152,459)
Gross Profit	91,107	108,865	180,095	210,016
Sales and marketing expenses	(53,076)	(64,420)	(106,107)	(129,016)
Research and development expenses	(6,442)	(7,840)	(13,595)	(14,863)
Administration expenses	(15,149)	(15,876)	(30,003)	(30,413)
Restructuring/project cost	-	-	-	-
Total operating expenses	(74,667)	(88,136)	(149,705)	(174,292)
Operating income (loss)	16,440	20,729	30,390	35,724
Financial expenses	(16,701)	(18,577)	(32,350)	(38,428)
Financial income	0,268	0,090	1,218	0,309
Gain/losses foreign exchange	0,423	0,529	1,141	5,481
Net financial items	(16,010)	(17,958)	(29,991)	(32,638)
Income (loss) before taxes	0,430	2,771	0,399	3,086
Income tax (expense) benefit	0,720	(2,782)	1,849	(3,414)
Minority share of result				
Net income (loss)	1,150	(0,011)	2,248	(0,328)

Consolidated balance sheet

Nyco Holdings 2 ApS

Assets	December 31, 2004	June 30, 2005
Completed development projects	76,548	72,723
Patents and distribution rights	372,513	352,922
Goodwill	434,406	401,581
Development projects in progress and prepaid intangibles	<u>117,142</u>	124,635
Total intangible fixed assets	1,000,609	951,861
Land and buildings	107,657	107,700
Plant and machinery	57,636	54,830
Fixture, fittings, equipment	13,057	12,581
Assets under construction	<u>5,311</u>	4,970
Total tangible fixed assets	183,661	180,081
Investments	21,649	12,373
Other receivables	<u>261</u>	243
Total financial fixed assets	21,910	12,616
Total fixed assets	1,206,180	1,144,558
Finished goods and goods for resale	74,706	79,165
Raw materials and semi finished goods	51,311	64,324
Prepayments for goods	<u>1,692</u>	1,692
Total inventory	127,709	145,181
Total trade debtors 3rd party	114,520	126,388
Affiliated companies	727	-
Income tax receivable	125	-
Deferred tax assets	708	-
Prepaid expenses and other current assets	8,741	9,149
Other	<u>5,858</u>	9,992
Total receivables	130,679	145,529
Cash	21,807	38,793
Total current assets	<u>280,195</u>	329,503
Total assets	1,486,375	1,474,061

Consolidated balance sheet

Nyco Holdings 2 ApS

Liabilities	December 31, 2004	June 30, 2005
Capital Stock	81	80
Other reserves	552,535	570,844
Total shareholders equity	552,616	570,924
Pension commitments	22,292	22,352
Deferred tax provision	182,631	172,437
Other provisions	3,774	2,547
Total provisions	208,697	197,336
Total loans > 1 year – 3 rd party	590,797	542,388
Total long term debt	590,797	542,388
Total loans < 1 year – 3 rd party	8,236	25,964
Trade payables	48,588	46,928
Affiliated company	-	338
Income taxes payable	8,605	17,836
Other payables	65,536	70,697
Deferred income	3,300	1,650
Total current liabilities	134,265	163,413
Total current debt	725,062	705,801
Total liabilities	933,759	903,137
Total shareholders equity and liabilities	1,486,375	1,474,061

Consolidated statement of Cash Flows

Nyco Holdings 2 ApS

	Three months ended June 30,		Six months ended June 30,	
	2004	2005	2004	2005
	<i>(€ thousands)</i>		<i>(€ thousands)</i>	
Income before net financials and tax	16,440	20,729	30,390	35,724
Depreciation of property, plant and equipment	5,230	5,580	10,293	11,193
Amortization of intangibles	12,305	13,718	24,605	27,288
Amortization of inventory step-up				
Change in provisions	(198)	(704)	(1,653)	(1,316)
Foreign exchange differences	(658)	(1,959)	(2,323)	(3,632)
Total	33,119	37,364	61,312	69,257
Change in inventories and receivables	3,508	(7,856)	(990)	(33,883)
Change in payables and other liabilities	(3,178)	4,580	(9,186)	2,045
Change in intercompany balance	(12,879)	1,065	(13,143)	1,065
Financial income (expense)	(5,654)	(3,362)	(25,942)	(19,863)
Income taxes paid	(4,773)	(4,830)	(6,175)	(4,618)
Cash flow from operating activities	10,143	26,961	5,876	14,003
Proceeds from sale of business activities			24,021	
Acquisition of Nycomed Holding				
Acquisition of subsidiaries				
Acquisition fees paid				
Addition of intangibles	(1,863)	(4,723)	(3,445)	(11,361)
Addition of property, plant and equipment	(6,038)	(3,618)	(9,785)	(5,967)
Addition of investments and bonds		(4)		4,074
Cash flow from investing activities	(7,901)	(8,345)	10,791	(13,254)
Proceeds from issuance of capital stock	12,812		12,812	
Acquisition of own shares	(264)			
Change in long term debt in successor period				
Change in long term debt	(10,700)	(51,781)	(10,700)	(36,781)
Exchange effect on USD loan				
Capital contribution		53,159		53,159
Change in other long term liabilities				
Acquisition and financing fees paid				
Cash flow from financing activities	1,848	1,378	2,112	16,378
Net cash flow	4,090	19,994	18,779	17,127
Net cash at the beginning of the period	52,740	18,962	38,085	21,807
Foreign exchange differences	40	(163)	6	(141)
Net cash at the end of the period	56,870	38,793	56,870	38,793

Operating income/loss by segment

Segment	Three months ended	
	June 30, 2004	June 30, 2005
Scandinavia including Baltics	19,630	24,143
Western Europe	9,464	9,158
Central Europe	8,724	8,333
Finland and Poland	5,202	6,080
CIS	8,197	12,913
International	15,107	16,674
Contract Production	3,953	2,335
Other *)	-53,840	-58,907
Total operating income	16,440	20,729

Operating income/loss by segment

Segment	Six months ended	
	June 30, 2004	June 30, 2005
Scandinavia including Baltics	38,968	45,249
Western Europe	18,897	18,256
Central Europe	16,767	15,249
Finland and Poland	9,324	10,359
CIS	14,111	22,649
International	30,985	31,363
Contract Production	7,798	6,128
Other *)	-106,793	-113,529
Total operating income	30,390	35,724

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

Statement of changes in Stockholder's Equity

	June 30, 2005		
	Capital stock	Other reserves	Total
Stockholders' equity January 1, 2004 in accordance with IFRS	80	550,034	550,114
Capital increase	1	12,797	12,798
Net income to the period		(10,580)	(10,580)
Unrealised loss on cashflow hedging		520	520
Tax on equity postings		(159)	(159)
Exchange rate adjustments, subsidiaries		(77)	(77)
Stockholders' equity December 31, 2004	81	552,535	552,616
Capital increase		53,159	53,159
Net income to the period		(328)	(328)
Unrealised loss on cash flow hedging, interest rate swaps		1,271	1,271
Tax on equity postings		(603)	(603)
Exchange rate adjustments, subsidiaries		(2,366)	(2,366)
Stockholders' equity June 30, 2005	81	603,668	603,749

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

Contact information

Nycomed
Langebjerg 1
PO Box 88
DK-4000 Roskilde
Denmark

Håkan Björklund, CEO
Phone: (+45) 46 77 11 11

Runar Björklund, CFO
Phone: (+45) 46 77 11 11