Nycomed
Annual Report 2010

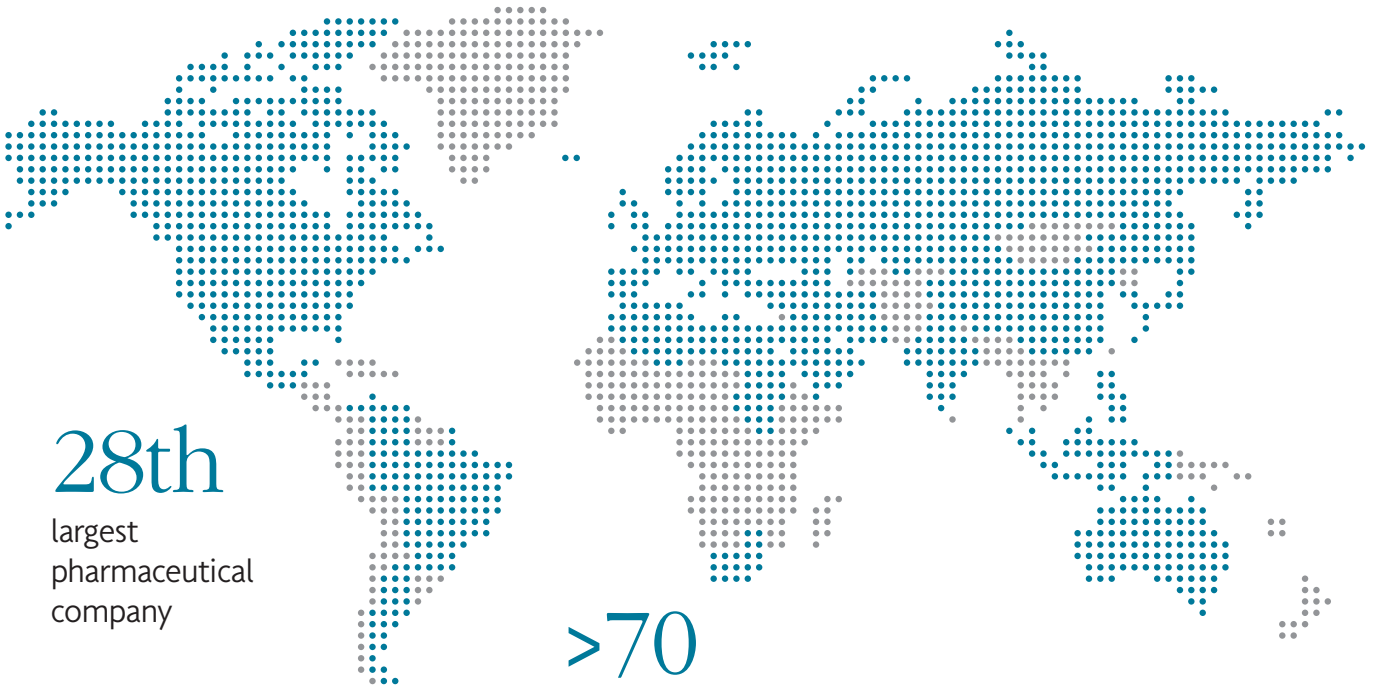
Nycomed S.C.A. SICAR

Nycomed is a privately owned, global, market-driven pharmaceutical company with a diversified portfolio of branded medicines in gastroenterology, respiratory and inflammatory diseases, pain, osteoporosis and tissue management. A range of OTC products completes the portfolio. Nycomed has strong platforms in Europe and in fast-growing markets such as Russia/CIS, Latin America, Asia and the Middle East. Expanding in emerging markets and in-licensing are cornerstones of the company's growth strategy. Nycomed actively seeks partnerships in its core areas as well as throughout the value chain.

NYCOMED'S GLOBAL REACH AT THE END OF 2010

12,500
associates worldwide

€ 3.2 bn
turnover in 2010



28th
largest pharmaceutical company

>70
markets where Nycomed subsidiaries are present

Financial highlights and key figures

€ million	2010	2009	2008	2007
Europe	1,381.2	1,568.0	1,714.6	1,801.0
Latin America	373.8	290.9	310.7	305.1
Russia / CIS	479.3	343.4	329.9	268.4
Asia Pacific, Africa, Middle East	249.8	212.2	174.3	152.6
North America	409.1	379.6	407.5	452.1
Out-licensing	193.3	353.2	337.2	436.1
Contract Manufacturing	84.1	80.8	73.7	82.1
Total net turnover	**3,170.6**	**3,228.0**	**3,348.0**	**3,497.4**
Cost of sales	–988.8	–895.2	–884.6	–959.6
Gross profit	2,181.7	2,332.7	2,463.4	2,537.8
Operating income (EBIT)	–44.2	288.0	352.0	353.8
Financial result	–202.3	–15.3	–475.7	–76.5
Net result / profit	–229.1	232.7	–77.9	235.4
EBITDA	774.9	999.1	1,142.8	997.1
Adjusted EBITDA	850.5	1,074.6	1,207.6	1,222.2
Balance sheet				
Total assets	7,477.3	7,885.7	7,972.3	8,390.7
Change in working capital	26.5	–95.7	–111.8	24.5
Capital expenditures	–206.4	–232.2	–175.8	–200.9
Total equity	1,490.9	1,538.8	1,321.3	1,380.6
Cash flow				
Operating activities	734.8	715.6	811.4	475.8
Sale / purchase of business activities	–170.2	–6.1	–238.0	–68.5
Other investment activities	–184.2	–228.0	–171.0	–135.7
Financing activities	–649.0	–237.2	–382.3	–460.3
Net cash flow	–268.6	244.3	20.0	–188.7
Ratios				
Gross profit margin	68.8%	72.3%	73.6%	74.1%
EBITDA margin	24.4%	31.0%	34.1%	28.5%
Adjusted EBITDA margin	26.8%	33.3%	36.1%	34.9%
Number of employees	12,506	12,043	11,657	11,683

KEY PRODUCTS (THERAPEUTIC AREAS AND REVENUES IN 2010)

Pantoprazole
Gastroenterology
€ 908 million

Actovegin®
Blood flow disturbances
€ 145 million

Calcium D_3
Osteoporosis
€ 128 million

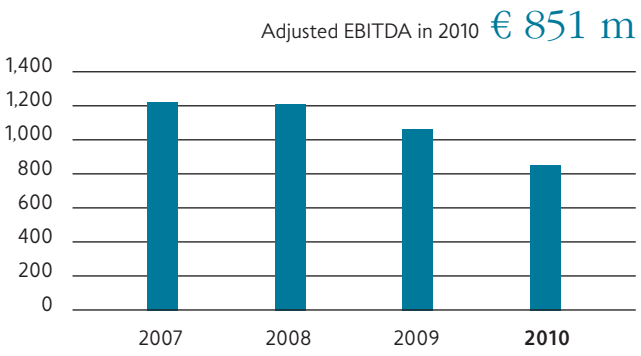
TachoSil®
General tissue sealing
€ 111 million

TOTAL NET TURNOVER

€ million

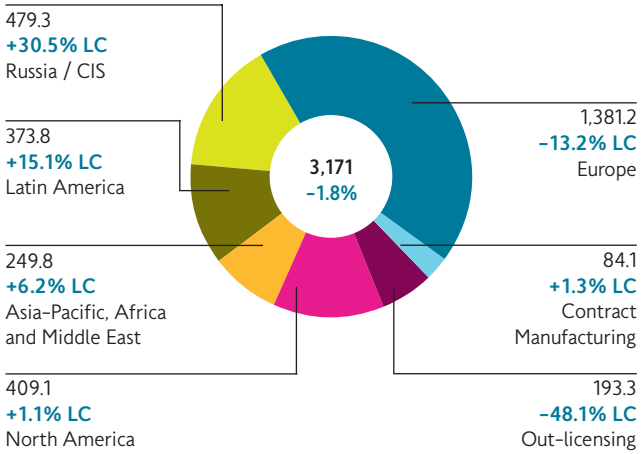
ADJUSTED EBITDA

€ million



NET TURNOVER BY REGION (2010)

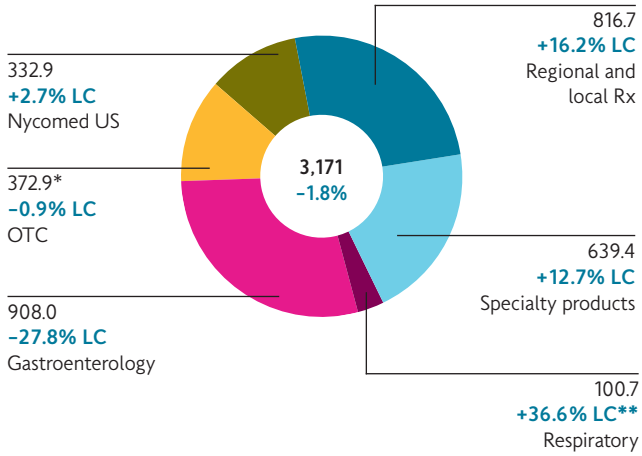
€ million



LC = local currency
Rx = prescription medicines

NET TURNOVER BY PRODUCT AREA (2010)

€ million



* Not including Calcium OTC (part of Specialty products) and Pantoprazole OTC (part of Gastroenterology)
** excluding one-time effects

PRODUCT AREAS

Gastroenterology	Portfolio built around Nycomed's biggest-selling product, pantoprazole (acid-related gastroenterology disorders)
Specialty products	Products primarily for specialist doctors, including Instanyl® (breakthrough cancer pain), Calcium D_3 (osteoporosis), TachoSil® (surgical patch) and Preotact® (osteoporosis)
Respiratory	Products for respiratory and related conditions, such as Alvesco® (asthma), Omnaris® (allergic rhinitis) and recently launched Daxas® (COPD)
OTC	Broad portfolio of over-the-counter products marketed in Europe and emerging markets
Regional and local Rx	Portfolios adapted to local needs, primarily composed of branded generics
Nycomed US	Dermatology products for the US market

Alvesco®
Asthma
€ 70 million

Preotact®
Osteoporosis
€ 53 million

Xefo®
Pain
€ 42 million

Matrifen®
Pain
€ 35 million

Omnaris®
Allergic rhinitis
€ 27 million

Daxas®
COPD
€ 4 million

- In September 2010, Nycomed acquired a 51.34% stake in **Guangdong Techpool Bio-Pharma**, increasing our presence in the fast-growing pharmaceutical market in China.
- With the establishment of a number of **new affiliates** in 2010, primarily in emerging markets, Nycomed is now represented in over 70 countries around the globe.
- **Daxas®**, our new therapy for chronic obstructive pulmonary disease, was approved in the EU and Canada in 2010, and launched in Germany, Denmark, the UK, Romania and Norway by year end.
- Nycomed entered into an agreement in 2010 with **Merck & Co.**, one of the largest pharmaceutical companies, to co-promote Daxas® in selected EU markets and Canada.
- Our successful surgical patch **TachoSil®** was approved by the FDA in April 2010 and launched in the United States by our US partner, **Baxter International**.
- Building on our strength in **Russia/CIS**, Nycomed formed a collaboration with GE Healthcare in 2010 to sell diagnostic contrast agents in this dynamic market.
- The joint venture **Zydus Nycomed** began production of active pharmaceutical ingredients in Mumbai, India in 2010, part of our efforts to create a global supply chain with a competitive edge.

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Nycomed has one of the highest proportions of sales from emerging markets among major pharmaceutical companies.

Håkan Björklund, Chief Executive Officer of Nycomed

Well positioned

Our performance in 2010 demonstrates that Nycomed is well positioned to gain from major trends in the pharmaceutical industry. We are already generating impressive sales and continuing to expand in emerging markets, which will be a powerful engine of growth for the future. Our portfolio of specialty and respiratory products is achieving double-digit growth, and we are optimistic about Daxas. European sales of our leading product, pantoprazole, have stabilised after patent expiration.

Turnover in 2010 in emerging markets rose 30% over the previous year. Russia/CIS is our largest market and Brazil has moved into second position. In 2010, we made a major acquisition in China and we recently launched a number of new affiliates in Asia, Latin America and the Middle East. In total, emerging markets accounted for 39% of our turnover in 2010. By 2015, we expect them to make up around 60% of our sales. Nycomed has one of the highest proportions of sales from emerging markets among major pharmaceutical companies.

Our specialty and respiratory products continue to fuel our performance. This portfolio of established and innovative medicines showed high growth, particularly from Actovegin, Calcichew, TachoSil and Instanyl.

Daxas received EU marketing authorisation in 2010, and we are introducing the product to the markets in September. This medicine has significant potential, because there is a huge unmet medical need in COPD across mature and emerging markets. The Global Initiative for Chronic Obstructive Lung Disease (GOLD) has included roflumilast (Daxas) as a new treatment option in its COPD management guidelines. In Europe, we are co-promoting Daxas with Merck & Co. In the United States, we are working together with our partner Forest Laboratories on the FDA approval. We have made progress in our strategy to expand our portfolio through partnerships, notably in Russia/CIS, where we launched a collaboration with GE Healthcare on imaging agents, and in-licensed Zenpep, a pancreatic enzyme, from Eurand. In Mumbai, Zydus Nycomed, our joint venture with Zydus Cadila, has started producing active pharmaceutical ingredients (API) at the newly expanded manufacturing facility, enabling us to get high-quality APIs in Nycomed's branded generic portfolio produced at competitive costs.

Our results for 2011 will be impacted by the continuous strong marketing and sales effort on launches of Daxas and further implementation and focus on our operations in the emerging markets. We experienced the loss of exclusivity on Protonix in the United States on 19 January 2011 and we expect price pressure to continue in the mature markets. This will be partly offset by strong growth in our Key Products portfolio as well as in emerging markets and especially with our new activities in China.

Håkan Björklund
Chief Executive Officer (CEO)

Our strategy has positioned us to enter a new phase of growth

- Expansion into emerging markets picks up the pace in 2010
- Partnering increases commercial potential of new products
- Specialty, respiratory and local products are important growth drivers

Nycomed has carved out a successful niche as a privately-owned, mid-sized pharmaceutical company with the critical mass to be a global player while maintaining the agility to react quickly to business opportunities.

Our approach is based on three strategic pillars:

- a unique geographic profile increasingly weighted towards emerging markets with rapid growth
- a tradition of partnering with other companies to complement our internal strengths
- a difersived portfolio of products that allows us to diversify risks and maximise benefits from fast-growing market segments.

Strong in Europe and emerging markets

The European market remains the backbone of our company, serving as an international reference for regulatory approvals and providing the financial means to expand into emerging markets. In 2010, we achieved several important milestones in Asia. By acquiring a 51.34% stake in Guangdong Techpool Bio-Pharma and relaunching our affiliate in China, we significantly increased our commercial presence in this booming pharmaceutical market. We also established a number of new affiliates in Asia. This complements our already strong presence in the emerging markets of Russia/CIS and Latin America, and builds on momentum to boost our marketing and sales operations in Turkey, the Middle East and Africa. With 39% of our sales coming from emerging markets in 2010, Nycomed is already at the forefront of major pharmaceutical companies in this important benchmark. By 2015, our objective is to boost turnover from emerging markets to around 60% of our total sales.

Partners complement our capabilities

Nycomed's flexible business model is built on the concept of partnering with other companies across the pharmaceutical value chain. In research and development, we expect most of our pipeline projects to originate outside the company, so we are constantly looking for partners at the cutting edge of science in our chosen therapeutic areas. Our supply chain is becoming more competitive by collaborating with a state-of-the-art manufacturer of active pharmaceutical ingredients in India. In marketing and sales, we rely on partners to commercialise our products in mature markets such as the United States and Japan. In Europe, partnering complements our established commercial organisation – for example, Merck & Co. is helping us to maximise the launch potential of our innovative COPD therapy Daxas® (roflumilast). In the United States, where roflumilast is still under review by the FDA, we are relying on our partner Forest Laboratories.

Diversified portfolio of products

Nycomed's portfolio comprises prescription medicines, over-the-counter drugs (OTC) and branded generics. This strategic mix allows us to adapt to the local needs of each market. Our key products consist of gastroenterology, respiratory and specialty treatments. Gastroenterology is still our most important therapeutic area in terms of sales, despite the patent expiration of our leading product, pantoprazole. Among our respiratory products, we expect Daxas® to be a key driver of future growth. Specialty prescription products such as Calcium, TachoSil® and Actovegin® are growing at double-digit rates, primarily due to strong sales in emerging markets. Regional and local prescription products acquired or in-licensed from other companies are helping us to boost market presence and sales. We have a broad range of OTC products tailored to local market demand, as well as globally successful OTC therapies from the Calcium family of products. Nycomed US is a market leader for generic and prescription products in dermatology and makes an important contribution to our business.

NYCOMED'S FLEXIBLE BUSINESS MODEL IS BASED ON THREE STRATEGIC PILLARS

DIVERSIFIED PRODUCT PORTFOLIO

Our diversified product portfolio allows us to adapt to local demands and patient needs in each market.

STRONG POSITION IN EMERGING MARKETS

We are continuing to expand our already strong presence in fast-growing emerging markets around the globe.

PARTNERSHIP APPROACH

Our expertise in forming strong partnerships helps us to make the best use of external resources and focus on what we do best.

Global R&D platform reaps benefits of internal and external innovation

- Lean R&D organisation built on internal expertise and partnering
- Promising pipeline and life-cycle management projects
- Developing medicines that matter

Nycomed's engine of innovation is a global Research and Development (R&D) organisation with some 1,000 scientists at sites in Europe and Asia. Together with our partners, we have built a robust pipeline with drug candidates in clinical development and life-cycle management as well as promising projects in the pre-clinical phases. Our local regulatory expertise gives us an edge in both mature and emerging markets.

Flexible R&D model

At Nycomed, our R&D is based on a flexible operating model balancing a blend of external partnering and internal resources. Our in-house capabilities range from early discovery, successive phases of clinical development all the way through registration and life-cycle management.

At the same time, we expect a large percentage of the compounds in our pipeline to come from in-licensing and co-development projects with our partners. In this way, Nycomed is in a better position to reap the benefits of exciting discoveries that are increasingly made by cutting-edge biotech firms.

Our approach to partnerships is fostered by a lean, project-driven organisation. Close alignment between commercial objectives and development options leads to quicker decisions on whether to discontinue projects or redesign clinical trials. This allows us to make the most productive use of the 7% of Nycomed's turnover invested in R&D every year.

Exploiting global synergies

A top R&D priority is to facilitate Nycomed's strategy of expanding in fast-growing emerging markets. Our regulatory expertise in Europe and the United States is an important advantage, because these markets are usually the first to introduce innovative medicines and they serve as reference markets for authorities in emerging markets. Our acquisition of a majority stake in Guangdong Techpool Bio-Pharma Co. Ltd. gives us access to innovative products and development capabilities in China.

PHASE I	PHASE II	PHASE III	Registration
PDE4 inhibitor Inflammation	**Saber™-bupivacaine (Optesia®)** Incisional pain Partner: Durect	**Teduglutide** Short bowel syndrome Partner: NPS	**Roflumilast (in US)** COPD Partner: Forest Laboratories
PDE4 inhibitor Respiratory	**Veltuzumab** Rheumatoid arthritis Partner: Immunomedics	**Ciclesonide HFA nasal** Allergic rhinitis, Partner: Sunovion (formerly Sepracor)	**Alendronate effervescent** Osteoporosis Partner: EffRx
MT203 Inflammation Partner: Micromet			

Our pipeline is built from our own research and through co-developments with partners.

Nycomed development — Nycomed development, local out-licensing — Co-development with partners

Maximising pipeline assets

Nycomed has a well-stocked R&D pipeline, consisting of small molecules as well as biologicals. As our Research and Development teams move those compounds forward, we are also improving products already on the market. Our life-cycle management includes improved devices for our treatment of breakthrough cancer pain Instanyl® and our osteoporosis therapy Calcium, as well as expanding the list of medical indications for our surgical patch TachoSil®. Our in-licensing and co-development efforts concentrate on near-market opportunities that will add to top- and bottom-line growth over the short term.

Leveraging expertise in PDE inhibitors

Nycomed's core expertise is in the therapeutic areas of inflammation, respiratory, gastroenterology and pain. New drug candidates in the R&D pipeline show continuity with this trend. In Phase I, PDE inhibitors leverage the in-house expertise in inflammatory and respiratory diseases generated by the development of roflumilast (Daxas®) for chronic obstructive pulmonary disease and two products based on ciclesonide, Alvesco® for asthma and Omnaris® for nasal rhinitis.

Innovative biologicals

Nycomed's R&D pipeline includes biologicals that are typically administered as injections. One of these is veltuzumab, developed in partnership with the company Immunomedics, for the treatment of rheumatoid arthritis. Veltuzumab is an anti-CD20 antibody that targets B-cells, which play an important role in autoimmune diseases. Veltuzumab is a humanised monoclonal antibody, subcutaneously applied, which could have advantages in tolerability and ease of use over current therapies. Another promising biological treatment for rheumatoid arthritis and other autoimmune diseases is MT203, developed in collaboration with the company Micromet. Currently in Phase I, MT203 is a human monoclonal antibody that acts as a GM-CSF (Granulocyte-Macrophage Colony-Stimulating Factor) antagonist, which targets a key part of the inflammation cascade involved in autoimmune diseases.

Nycomed's global approach to Research and Development includes a site in Mumbai, India.

Patient-friendly therapy in osteoporosis

Alendronate effervescent, an osteoporosis treatment in-licensed from the company EffRx, was submitted to European regulatory authorities for review in September 2010. The effervescent formulation is designed to increase patient convenience and compliance. This compound will strengthen Nycomed's existing portfolio in osteoporosis, which affects at least 200 million people and is expected to increase significantly as the global population ages.

Management Report

- Double-digit growth in turnover of Key Products and in emerging markets, especially Russia/CIS and Latin America.
- Emerging markets now account for 39% of Nycomed's net turnover.
- Pantoprazole decline in Europe decelerates, while price pressure continues.
- Daxas successfully launched in major European countries
- Acquired 51.34% stake in Guangdong Techpool Bio-Pharma to increase presence in China.

FINANCIAL HIGHLIGHTS

Nycomed's 2010 performance continued to show above industry average growth in emerging markets, as well as strong growth of Nycomed's Key Products (excl. pantoprazole) and Regional and Local Rx products. Despite this favourable development, Nycomed's net turnover decreased slightly by €57.4 million, or 1.8%, to €3,170.6 million in 2010, from €3,228.0 million in 2009. In local currency, total net turnover decreased by 6.2%. The decrease was primarily driven by declining sales of pantoprazole due to the loss of exclusivity in Australia and Switzerland in 2010 and full year impact of the expiry of the pantoprazole patent in other key European markets. Net turnover was also negatively impacted by a decline in sales of Protonix® in the United States. Expenses increased by 8.8% in 2010, primarily due to increased investments in new emerging market affiliates and the launch of Daxas. Adjusted EBITDA decreased by 20.9% to €850.5 million in 2010 (-15.3% excluding the one-time payment from Forest Laboratories in 2009).

BUSINESS REVIEW*

Regional performance

In 2010, sales in emerging markets grew by 29.7%, with Russia/CIS and Latin America as the largest contributors, growing by 30.5% and 15.1% respectively.

Sales in Europe decreased by 13.2%, driven by the European pantoprazole patent expiry in May 2009. This was only partly offset by increased sales of Key Products (including TachoSil®, Xefo® and Instanyl®). Lower sales of Protonix® in the United States were a key factor in the decline of out-licensing sales.

* Unless otherwise noted, turnover in the "Business Review" section is stated in local currencies

KEY FIGURES

	Full Year 2010 € million	Full Year 2009 € million	Change
Net turnover	3,170.6	3,228.0	-1.8% -6.2%(1)
Gross profit	2,181.7	2,332.8	-6.5%
Margin	68.8%	72.3%	
Operating income (EBIT)	-44.2	288.0	
EBITDA	774.9	999.1	-22.5%
Margin	24.4%	31.0%	
Adjusted EBITDA	850.5	1,074.6	-20.9% -25.7%(1)
Margin	26.8%	33.3%	

For full results and an explanation of adjusted EBITDA, please see page 17.

(1) Change in local currency

Europe

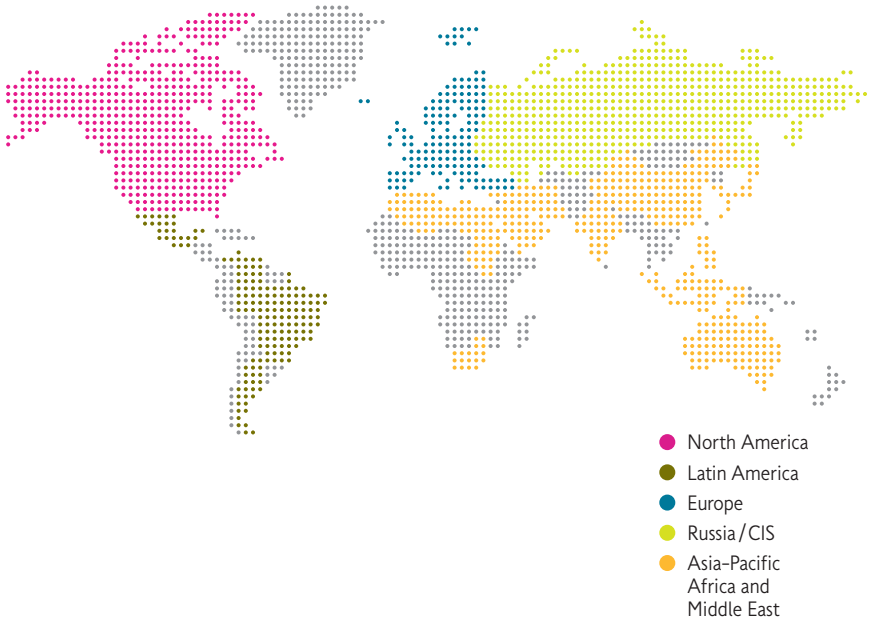
Nycomed's net turnover in Europe decreased by 13.2% to €1,381.2 million in 2010. The decrease was primarily due to the decline in sales of pantoprazole following the full-year impact of its substance patent expiry in certain key European markets, including Germany and France, in May 2009, and the expiry of patent protection in Switzerland in June 2010. Decreased sales of pantoprazole were most pronounced in Germany, France, Switzerland, Austria, Portugal and Ireland. Excluding net turnover from pantoprazole, net turnover increased by 3.6%, due primarily to sales in Central Eastern Europe, Italy, the Netherlands and the UK. Net turnover in Central Eastern Europe increased by 6.0% in 2010, with particularly strong growth in the Czech Republic and Slovakia. Sales in the Czech Republic benefited from Nycomed's acquisition of 20 branded generic prescription products from Sanofi-Aventis and Zentiva in 2009. Sales in Italy increased by 4.0% due to significant sales of pantoprazole and the in-licensing of additional products. Sales in the Netherlands, as well as France and Norway, were positively impacted by the launch of Instanyl®. The expansion of Nycomed's operations into Turkey also helped to offset the decrease in net turnover in Europe, as net turnover in Turkey increased by 40.5% in 2010.

Latin America

Nycomed's net turnover in Latin America increased by 15.1% to €373.8 million in 2010. The increase in net turnover was driven primarily by the organic growth of Nycomed's operations in Brazil, Argentina and Mexico, while the introduction of new product lines in Brazil and Venezuela also contributed to the growth in net turnover. In Brazil net turnover increased 15.0% due to increased sales of pantoprazole, OTC Products, including Neosaldina® and Eparema®, and certain Key Products, including TachoSil® and Omnaris®. Brazil's net turnover was also positively impacted by the successful launch of Siitrat, which compensated for the loss of another Regional and Local Rx Product, Dicetel®. Net turnover in Argentina grew 22.0% due to the evolution of the respiratory line, including the sales growth of Alvesco®, and growth of pantoprazole sales, which increased by 32.5% after being on the market for 15 years.

Sales in Mexico increased 26.3% due to the substantial growth of the Key Products Omnaris® and Alvesco® as well as stable sales of pantoprazole and the development of the OTC Product Riopan®. Sales in Mexico in 2009 were also negatively impacted by Nycomed's change in local business model and overstocking issues. Sales in Venezuela grew by more than 50% due to the launch of in-licensed products from Almirall and the development of the gastroenterological line.

NYCOMED'S GLOBAL REACH



REGIONAL PERFORMANCE

Region	Net Turnover Full Year 2010 € million	Net Turnover Full Year 2009 € million	Change	Change in local currencies
Europe	1,381.2	1,568.0	-11.9%	-13.2%
Latin America	373.8	290.9	28.5%	15.1%
Russia / CIS	479.3	343.4	39.6%	30.5%
Asia-Pacific, Africa, Middle East	249.8	212.2	17.7%	6.2%
North America	409.1	379.6	7.8%	1.1%
Out-licensing	193.3	353.2	-45.3%	-48.1%
Contract manufacturing	84.1	80.8	4.1%	1.3%
Total	**3,170.6**	**3,228.0**	**-1.8%**	**-6.2%**
Total excluding one-time effects[1]	3,170.6	3,157.3	0.4%	-4.0%

[1] One-time payments for US rights to roflumilast (Forest Laboratories, US $100.0 million / €70.7 million, 2009)

Russia/CIS

Nycomed's net turnover in Russia/CIS increased by 30.5% to €479.3 million in 2010. The increase was primarily due to continued strong sales of Nycomed's Key Products and Regional and Local Rx Product portfolio brands, including Actovegin®, Concor®, and Magnyl®. In addition, net turnover in Russia/CIS benefited from several new product launches in 2010, including Avonex®, Pedea® and Xymelin®. Sales increased in all the countries in the Russia/CIS region. In 2010, Russia accounted for approximately 72.8% of the net turnover generated in the region.

Asia-Pacific, Africa, Middle East

Nycomed's net turnover in Asia-Pacific, Africa and the Middle East increased 6.2% to €249.8 million in 2010. The increase was due to strong growth in the Middle East, which increased by 54.7% in 2010. Sales in the Middle East were driven by the growth in sales of pantoprazole, which increased 52.8% in 2010, and Nycomed's Regional and Local Rx Product portfolio.
The increase in net turnover in Asia- Pacific, Africa and the Middle East was partially offset by a 20.1%, or €12.4 million, decrease in sales of pantoprazole in Australia following its patent expiry in this market in 2010.
Net turnover in North Asia (China, Hong Kong, Taiwan, Korea and Japan) increased by 9.8% driven by the continued positive development of pantoprazole. The increase in net turnover in North Asia was partially offset by the implementation of a new business model for the region, which centralised many of Nycomed's activities into directly controlled local entities. In particular, this change in the business model negatively impacted sales of Actovegin® and Ebrantil® in China. Elsewhere in the region, sales grew from the repatriation of previously out-licensed products, including pantoprazole in Indonesia, Malaysia and the Philippines, as well as the increase in Nycomed's product portfolio through the in-licensing of new products and a strategic acquisition, and the expansion of Nycomed's operations into new markets, including Lebanon and Jordan.

North America

Nycomed's net turnover in North America increased by 1.1% to €409.1 million in 2010. The increase in net turnover was primarily due to the launch of the generic product Imiquimod Cream in February 2010 and Adapalene in September 2010. The increase was also due to a settlement Nycomed received from BTG plc for the repatriation of CroFab and DigiFab, following the termination of the licence permitting Nycomed US to sell these two products. The net turnover in 2010 was negatively impacted by high levels of discounts and allowances, product returns from wholesale distributors and chargebacks.

Out-Licensing

Nycomed's net turnover related to Out-Licensing decreased 48.1% to €193.3 million in 2010. The decrease was primarily due to the payment from Forest Laboratories in 2009 and lower sales of Protonix® through Pfizer Inc. following the "at risk" launches of generic versions of pantoprazole by Teva and Sun Pharmaceutical in 2007.

Contract Manufacturing

Nycomed's net turnover related to Contract Manufacturing increased by 1.3% to €84.1 million in 2010.

Product Performance

Gastroenterology

Nycomed's net turnover from pantoprazole decreased by 27.8% to €908.0 million in 2010. The decrease was primarily due to pantoprazole's loss of substance patent protection, including supplemental protection certificates, in certain key markets in 2010, such as Australia and Switzerland. The decline in sales was also driven by the full-year effect of pantoprazole's loss of substance patent protection in 2009 in most other key European markets, including Germany and France. The decrease in net turnover from pantoprazole was also a result of decreased sales of Protonix® in the United States due to "at risk" launches of generic versions of pantoprazole. For more information relating to Teva's and Sun Pharmaceutical's "at

risk" launches in 2007 of generic pantoprazole tablets in the United States, see Key Events on page 15. The decline in sales in Europe and North America was partially offset by strong sales in emerging markets, in particular the Middle East, South America and certain countries in Asia, including Malaysia and the Philippines.

Respiratory

Excluding the one-time payment from Forest Laboratories, Inc., in 2009, Nycomed's net turnover from respiratory products increased by 36.6% to €100.7 million in 2010. This was primarily due to strong sales of Alvesco® and Omnaris®, which was driven by sales growth of Alvesco® in Canada and Japan, and Omnaris® in Brazil, Canada and Mexico.
Nycomed's net turnover from Daxas® was €3.8 million in 2010. Daxas® was launched in Denmark, Germany and the United Kingdom in September 2010 and in several other EU countries in the fourth quarter of 2010. In 2009, Nycomed received the payment from Forest Laboratories of €70.7 million for the exclusive commercialisation rights for Daxas® in the United States. Including the one-time payment from Forest, respiratory net turnover decreased by 33.0%.

Specialty Products

Nycomed's net turnover from Specialty Products increased by 12.7% to €639.4 million in 2010. The increase was due to increased sales of the majority of the Products, including Actovegin®, which increased by 33.1%, and Calcichew®, which increased by 18.1%. Sales of TachoSil® increased due to market launches in Brazil and Saudi Arabia in 2010 and growth in established markets of Germany, Spain and Italy. Instanyl® also increased significantly year-on-year. The increase in net turnover from Key Products was partly offset by a 7.0% decrease in sales of Matrifen®.

Regional and Local Rx Products

Nycomed's net turnover from Regional and Local Rx Products increased by 16.2% to €816.7 million in 2010. Net turnover from sales of the ten largest Regional and Local Rx Products (by net turnover) increased by 34.9%, led by a significant increase in sales of Concor® and Magnyl®. The increase in net turnover was also driven by the acquisition of 20 branded generic prescription products from Sanofi-Aventis and Zentiva in 2009. Net turnover also benefited from the strong performance of Mesavancol®, a newly launched in-licensed product in Italy.

OTC Products

Net turnover from OTC Products decreased 0.9% to €372.9 million in 2010. Net turnover from sales of the ten largest OTC Products by net turnover increased by 6.6%, led by a strong increase in sales of Neosaldina® in Brazil. Net turnover from the remainder of the OTC Products decreased by 0.9%. The growth of OTC Products occurred mainly in the emerging markets, in particular Latin America and Russia. The increase in net turnover was offset by selective divestments, withdrawals and expirations of product licences.

PRODUCT PERFORMANCE

Area	Net Turnover Full Year 2010 € million	Net Turnover Full Year 2009 € million	Change	Change in local currencies
Gastroenterology	908.0	1,216.2	-25.3%	-27.8%
Specialty Products	639.4	553.9	15.4%	12.7%
Respiratory	100.7	140.2	-28.2%	-33.0%
Respiratory excl. one-time[2]	100.7	69.5	44.9%	36.6%
Subtotal Key Products	**1,648.1**	**1,910.3**	**-13.7%**	**-16.6%**
Key Products excl. pantoprazole & one-time	740.1	623.4	18.7%	15.5%
OTC[1]	372.9	343.2	8.7%	-0.9%
Regional and local Rx	816.7	664.5	22.9%	16.2%
Nycomed US	332.9	310.0	7.4%	2.7%
Total	**3,170.6**	**3,228.0**	**-1.8%**	**-6.2%**
Total excl. one-time Respiratory [2]	**3,170.6**	**3,157.3**	**0.4%**	**-4.0%**
Total OTC [1]	433.3	417.5	3.8%	2.1%

[1] "OTC" does not include calcium OTC and pantoprazole OTC, which are included in Specialty Products and Gastroenterology respectively. "Total OTC" includes calcium OTC and pantoprazole OTC

[2] One-time payments for US rights to roflumilast (Forest Laboratories, US $100.0 million/ €70.7 million in 2009)

KEY EVENTS

Roflumilast (Daxas®) successfully launched in Europe

On 5 July 2010, the European Commission granted marketing authorisation for Daxas® (roflumilast) in the European Union. Daxas® is indicated for maintenance treatment of severe COPD (FEV1 post-bronchodilator less than 50% predicted) associated with chronic bronchitis in adult patients with a history of frequent exacerbations as an add-on to bronchodilator treatment. Daxas®, an oral tablet taken once a day, is the first drug in a new class and has been launched in Germany, the UK and Denmark.

Nycomed's US partner Forest Laboratories responds to FDA complete response letter for Roflumilast (Daxas®)

On 13 September 2010, Nycomed announced that its US partner Forest Laboratories, Inc. had filed a response to the U.S. Food & Drug Administration (FDA) addressing topics raised in the complete response letter regarding the New Drug Application (NDA) for roflumilast (Daxas®). The FDA acknowledged receipt of the resubmission and considered it a complete, class 2 response to their 17 May 2010 complete response letter, which requested certain additional information and analyses of existing data. No additional patient trials were requested. Nycomed and Forest expect a response from the FDA in the first quarter of 2011.

Daxas® (Roflumilast) included as a new treatment option in latest international COPD guidelines

At the end of 2010, the Global Initiative for Chronic Obstructive Lung Disease (GOLD) included roflumilast (Daxas®) as a new treatment option in its COPD management guidelines. A section on the new class, phosphodiesterase 4 (PDE4) inhibitors, describes the efficacy of roflumilast in patients with COPD. "The Global Strategy for Diagnosis, Management and Prevention of COPD" provides evidence-based guidelines for COPD management and is updated annually by a committee of leading COPD experts.

Co-promotion agreement for Daxas with Merck & Co. in Europe and Canada

On 26 April 2010, Nycomed and Merck & Co., Inc. (based in Whitehouse Station, New Jersey and known as MSD outside the USA and Canada) announced that they had entered into a co-promotion agreement for Canada and certain European countries for the commercialisation of Daxas®. In addition, the two companies signed an exclusive distribution agreement for the commercialisation of Daxas® in the United Kingdom.

Nycomed accelerates expansion in China through acquisition of 51.34% stake in Guangdong Techpool Bio-Pharma

On 21 September 2010, Nycomed acquired a 51.34% ownership interest in Guangdong Techpool Bio-Pharma Co. Ltd. China ("Techpool") to expand its presence in China. Shanghai Pharmaceutical Group, a leading Chinese pharmaceutical conglomerate, holds 40.8% of the shares of Techpool.

The acquisition demonstrates the importance of China as a key element of Nycomed's emerging-markets strategy. With it, the company gains access to a leading, high-quality manufacturer of biologic and protein-based drugs with international potential. It also creates an enhanced commercialisation base for Nycomed products.

Nycomed believes there is significant potential for the continued strong growth of Techpool's key products through expanded hospital and reimbursement coverage in China. Nycomed China and Techpool will create value by various forms of alliances between the two entities. The two entities will continue to expand their footprint in China and will focus their efforts around five core brands: Ulinastatin, Kallikrein, Pantoloc®, Ebrantil® and Actovegin®.

Techpool is a fast-growing Chinese biopharmaceutical company based in Guangdong. The company, founded in 1993, specialises in the research, development, manufacturing and marketing of biologic drugs derived from natural sources. It has developed and launched a number of innovative protein drugs, including Ulinastatin, a broad-acting trypsin inhibitor, which is a leading compound in the treatment of sepsis and multiple organ dysfunctions. Kallikrein, a serine protease, is used as a neuroprotective agent in the treatment of stroke.

Nycomed's US patent for Protonix® (pantoprazole) confirmed to be valid

On 16 July 2010, Judge José L. Linares of the US District Court for the District of New Jersey confirmed the jury verdict in favour of Nycomed and Pfizer Inc. The decision upheld the jury verdict issued on 23 April 2010, confirming that Nycomed's US patent for Protonix® (pantoprazole) is valid and rejecting allegations by the defendants that the patent was invalid as obvious and invalid for double patenting.

All issues regarding validity and infringement of Nycomed's US patent for Protonix® (pantoprazole) have been decided by the District Court in Nycomed's and Pfizer's favour.

Nycomed and Pfizer will continue to vigorously pursue their damage claims in this case, resulting from the launch of generic versions of Protonix® "at risk" by Teva and Sun.

Against defendant KUDCo, which had not launched "at risk", final judgement was entered as a result of Judge José L. Linares' rulings. On 13 August 2010, the Court entered an order requiring the FDA to switch KUDCo's approval for generic pantoprazole tablets to "tentative" and to set the effective approval date for KUDCo's product to a date not earlier than 20 January 2011, which is the first day after expiry of the paediatric exclusivity period for Protonix®.

Nycomed's US partner Baxter launches TachoSil®

In September 2010, TachoSil® was successfully launched on the US market by Nycomed's partner Baxter International, Inc. FDA approved TachoSil® in April as an adjunct to haemostasis (control of bleeding) in cardiovascular surgery. TachoSil® is the key product in Nycomed's tissue-management portfolio and fulfils the market need for a ready-to-use surgical patch, developed to assist surgeons in achieving fast and reliable bleeding control.

Nycomed files effervescent alendronate for marketing approval

On 21 September 2010, Nycomed and partner EffRx Pharmaceuticals SA announced that the European filings for marketing approval of EX101, a once-a-week 70mg buffered effervescent alendronate, for the treatment of osteoporosis, had been submitted.

GE Healthcare and Nycomed to form collaboration to sell, market and distribute diagnostic imaging pharmaceuticals in Russia and CIS

On 27 April 2010, GE Healthcare, a unit of General Electric Company, and Nycomed announced the signing of an agreement to form a collaboration for the local sales, marketing and distribution of GE Healthcare's medical diagnostic contrast agents in Russia, the Commonwealth of Independent States (CIS), Georgia and Mongolia.

GE Healthcare's contrast media are currently marketed in Russia through a distribution agreement with Nycomed, and this agreement is intended to further strengthen the presence of these key products on the Russian and CIS markets. It is expected that the new company will have around 40 employees in its Moscow offices and across the region it serves.

Zydus Nycomed commissions newly expanded manufacturing facility at Navi Mumbai

On 29 September 2010, Zydus Nycomed, the joint venture company of Zydus Cadila and Nycomed, commissioned its newly expanded active pharmaceutical ingredient (API) manufacturing facility at Navi Mumbai. The company started commercial production in January 2011. To start with, the plant will be manufacturing pantoprazole, Urapidil and Lornoxicam. By the end of 2011, the company will produce eight additional APIs.

Groundbreaking for Yaroslavl manufacturing facility

The project to set up a manufacturing plant to meet the needs of the Russia/CIS market is progressing well. On 18 June 2010, Nycomed hosted the groundbreaking ceremony. On the same day, Russian Prime Minister Vladimir Putin visited the construction site.

KEY INCOME MEASURES

	01.01.10 –31.12.10 € million	01.01.09 –31.12.09 € million
Net sales	3,089.0	3,109.2
Royalties	22.1	17.4
Revenue	**3,111.1**	**3,126.6**
Other Income	59.5	101.4
Net turnover	**3,170.6**	**3,228.0**
Cost of sales	–988.8	–895.2
Gross profit	**2,181.7**	**2,332.7**
Sales and marketing expenses	–1,009.8	–931.5
Amortisation of fair value adjustments on patents and rights from acquisitions	–637.7	–579.7
Total sales and marketing expenses	**–1,647.5**	**–1,511.2**
Research and development expenses	–212.2	–198.6
Administrative expenses	–295.7	–260.0
Special expenses	–70.4	–75.0
Operating income	**–44.2**	**288.0**
Financial income	228.7	258.0
Financial expenses	–430.1	–273.3
Share of loss of associate	–0.9	–
Profit / (loss) before tax	**–246.4**	**272.7**
Income tax	17.3	–39.9
Net result for the year	**–229.1**	**232.7**
EBITDA / Adjusted EBITDA		
Net result for the year	**–229.1**	**232.7**
Adjustments		
Net financial items	202.3	15.3
Income tax	–17.3	39.9
Depreciation and amortisation	819.0	711.1
EBITDA*	**774.9**	**999.1**
Adjustments		
Special expenses (excluding depreciation already included in EBITDA)	69.9	70.4
Share of adjusted EBITDA from associate	2.4	–
Social security expenses related to Warrants	3.4	–
Warrants	–	5.1
Adjusted EBITDA*	**850.5**	**1,074.6**

*See definition of non-IFRS defined measures on page 110

FINANCIAL STATEMENT

Net Turnover

Nycomed´s net turnover was €3,170.6 million in the year ended 31 December 2010, representing a decrease of €57.4 million, or 1.8%, from €3,228.0 million in the year ended 31 December 2009. In local currency, total net turnover decreased by 6.2% (excluding one-time payment from Forest Laboratories in 2009, decrease was 4%). The decrease was primarily driven by declining sales of pantoprazole due to the loss of exclusivity in Australia and Switzerland in 2010 and full-year impact of the expiry of our pantoprazole patent in other key European markets. Net turnover was also negatively impacted by a decline in sales of Protonix® in the United States. This decrease in net turnover was partially offset by an increase, particularly in emerging markets, of Nycomed´s Key Products, Regional and Local Rx Products and OTC Products.

Total Cost of Sales

Total cost of sales increased by €93.6 million, or 10.5%, from €895.2 million in the year ended 31 December 2009 to €988.8 million in the year ended 31 December 2010. Cost of sales as a percentage of net sales increased from 28.8% in 2009 to 32.0% in 2010. Despite decreased net turnover in 2010, cost of sales increased primarily as a result of a shift in Nycomed's product mix from high-margin products such as pantoprazole to lower-margin products. As the net sales price of pantoprazole decreased due to price reductions, the resulting total cost of sales ratio increased. In addition, Nycomed experienced a shift in the product mix from sales of products with higher margins to products with lower margins, including certain Regional and Local Rx Products. Higher product volume related costs, such as customs duties in Russia/CIS and higher fixed production costs for Nycomed US, also increased the total cost of sales. Overall the costs within Nycomed's manufacturing and supply organisation remained flat from 2009 to 2010.

Gross Profit and Gross Profit Margin

Nycomed's gross profit decreased by €151.0 million, or 6.5%, from €2,332.7 million in the year ended 31 December 2009 to €2,181.7 million in the year ended 31 December 2010. The gross profit margin decreased from 72.3% in the year ended 31 December 2009 to 68.8% in the year ended 31 December 2010. The decrease in both gross profit and gross profit margin was largely due to the changes in the pricing of pantoprazole and the introduction of generic pantoprazole in the United States, partly offset by underlying growth in the Key Products in certain markets.

Total Sales and Marketing Expenses

Nycomed's total sales and marketing expenses increased by €136.3 million, or 9.0%, from €1,511.2 million in the year ended 31 December 2009 to €1,647.5 million in the year ended 31 December 2010. Amortisation of fair value adjustments on assets from acquisitions increased by €58.0 million, or 10.0%, from €579.7 million in the year ended 31 December 2009 to €637.7 million in the year ended 31 December 2010. The increase in amortisation of fair value adjustments on assets from acquisitions was primarily due to an impairment charge related to Nycomed US. Sales and marketing expenses after deducting amortisation and depreciation charges increased by €78.3 million, or 8.4%, from €931.5 million in the year ended 31 December 2009 to €1,009.8 million in the year ended 31 December 2010. This increase was primarily due to higher marketing and sales costs in emerging markets in connection with our expansion in these strategically important geographical areas. The activities driving these increased costs included the growth of our marketing and sales organisations, the establishment of various subsidiaries and the further expansion of Nycomed's marketing and promotional efforts in Russia/CIS, Brazil, Mexico, China, South Korea, certain Eastern European countries, Turkey and South Africa.

Increased sales and marketing expenses were also due to the preparation and launch of Daxas® in certain countries in the second half of 2010. The increase in marketing and sales costs was partially offset by a reduction in sales and marketing expenses relating to the sale of pantoprazole in various mature markets that were impacted by the pantoprazole loss of exclusivity in 2009 and 2010. This decrease was a result of commercial-effectiveness efforts and other cost-containment initiatives.

Research and Development Expenses

Nycomed's research and development expenses increased by €13.6 million, or 6.8%, from €198.6 million in the year ended 31 December 2009 to €212.2 million in the year ended 31 December 2010. The increase is a result of impairment charges on certain project and a decrease in capitalised development costs. Expenses associated with other drug projects remained stable. As a percentage of net turnover, Nycomed's research and development expenses increased from 6.2% in the year ended 31 December 2009 to 6.7% in the year ended 31 December 2010.

Administrative Expenses

Nycomed's administrative expenses increased by €35.7 million, or 13.7%, from €260.0 million in the year ended 31 December 2009 to €295.7 million in the year ended 31 December 2010. The increase was driven by Nycomed's expansion in emerging markets and higher project and reorganisation driven administrative expenses in Nycomed US. The increase was also due to the implementation and global roll-out of a new IT platform and the further roll-out of Nycomed's SAP-based ERP system.

Special Expenses

Special expenses decreased by €4.6 million, or 6.1%, from €75.0 million for the year ended 31 December 2009 to €70.4 million for the year ended 31 December 2010. The decrease is due to the completion of certain initiatives, such as the restructuring of production facilities and research and development reorganisation. These decreases were offset by costs for the General and Administrative Improvement Project at Nycomed (GAIN) and restructuring of the marketing and sales functions.

Net Financial Items

Total net financial items for the year ended 31 December 2010 amounted to an expense of €201.4 million, an increase of €186.1 million from an expense of €15.3 million for the year ended 31 December 2009. This increase was primarily due to a net foreign exchange loss of €58.0 million in the year ended 31 December 2010 against a gain of €166.2 million for the year ended 31 December 2009, which primarily related to the fluctuation of the US dollar and the Norwegian krone against the euro.

The net financial expenses for the year ended 31 December 2010 comprised interest income and other financial income for €10.6 million, compared to €13.5 million in the prior year, and interest expenses of €195.4 million, compared to €216.0 million in the year ended 31 December 2009, due to lower interest levels. The net financial items for the year ended 31 December 2010 also included a net gain from derivative financial instruments of €73.3 million, mainly derived from the closing of the cross-currency swap during the year 2010 compared to €11.5 million income in the prior year, amortised financing fees of €23.8 million compared to €17.0 million in the year ended 31 December 2009, and other financial expenses of €7.5 million, compared to €10.0 million in the previous year. Furthermore, net financial items for the year ended 31 December 2010 also include a net loss on debt bought back of €0.7 million mainly derived from the sale of part of Nycomed's own debt at a price below the notional amount, whereas Nycomed had a net gain on bought-back debt of €36.5 million in the year ended 31 December 2009.

Income Tax

Nycomed's income tax credit was €17.3 million in the year ended 31 December 2010, compared to an income tax expense of €39.9 million in the year ended 31 December 2009. The decrease in the income tax expense of €57.2 million was due primarily to Nycomed's reduced operating income.

CASH FLOW

Net Cash Flow from Operating Activities

Net cash flow from operating activities increased by €19.2 million in the year ended 31 December 2010, from €715.6 million in the year ended 31 December 2009 to €734.8 million in the year ended 31 December 2010. The increase in cash flow from operating activities was primarily related to movements in Nycomed's provisions, pensions and other liabilities and lower tax payments. Nycomed's working capital had a positive development of €122.2 million in the year ended 31 December 2010. This was driven by increases in accounts payables and increased provisions related to Nycomed US and employment redundancies. It was partly offset by increased receivables primarily generated in the emerging markets, particularly in Brazil, Mexico and Russia. Operating income decreased by €332.1 million in the year ended 31 December 2010 largely due to a decrease of gross margin of €151.0 million and increases in cost of sales caused by the establishment of new operations in new markets, which factored heavily in the increase of Nycomed's sales and marketing expenses and administrative expenses in 2010.

Net Cash Flow used in Investing Activities

Net cash flow used in investing activities increased by €120.3 million in the year ended 31 December 2010, from €234.1 million in the year ended 31 December 2009 to €354.4 million in the year ended 31 December 2010. The increase in net cash used in investing activities was primarily due to the acquisition of a 51.34% stake in Guangdong Techpool Bio-Pharma in the year ended 31 December 2010. This increase was partially offset by a €24.3 million decrease in purchases of intangible assets in 2010 and the inflow of €12.0 million relating to the adjustment in the purchase price consideration for Altana Pharma AG.

Net Cash Flow used in Financing Activities

Net cash flow used in financing activities increased by €411.7 million in the year ended 31 December 2010, from €237.2 million in the year ended 31 December 2009 to €649.0 million in the year ended 31 December 2010. The increase was mainly due to an extraordinary repayment of €200.0 million under the Senior Facility as part of the amendment agreed in July 2010 and an additional repayment of cash sweep of €46 million in March 2010. The increase in cash used in financing activities is also due to the drawdown of the restructuring facility in 2009, which provided €318.4 million in cash flow. The year-on-year increase in the cash flow from financing activities is also due to an outflow for financing fees paid in connection with the amendments to the senior facility of €40.5 million. The remaining variance is attributable to the acquisition of non-controlling interests for €21.5 million. The negative impact from the above-mentioned events is partially offset by the net effect from the sale and purchase of debt of €116.9 million and an inflow of €150.0 million from issuance of additional shares.

Capital Expenditures

Nycomed's capital expenditures on property, plant and equipment, which included an investment in the construction of Nycomed's new manufacturing plant in Russia, were €69.2 million for the year ended 31 December 2010.

Adjusted EBITDA

The adjusted EBITDA, which is an important measure of Nycomed's performance, totalled €850.5 million in 2010, which is 20.9% below 2009. Excluding the one-time payment from Forest, the decrease was only 15.3%. This reflects the development of pantoprazole especially in Europe and in the US.

Outlook 2011

Nycomed's results for 2011 will be impacted by the continuous strong marketing and sales effort on launches of Daxas® and further implementation and focus on operations in the emerging markets. Nycomed experienced the loss of exclusivity on Protonix® in the United States on 19 January 2011 and expects price pressure to continue in the mature markets. This will be partly offset by strong growth in Nycomed's Key Products portfolio as well as in emerging markets and especially with Nycomed's new activities in China.

All these statements are based on current plans, estimates and projections. By their nature, the above-mentioned forward-looking statements involve inherent risks and uncertainties, both general and specific. Nycomed states that different factors may cause actual results to significantly differ from those contained in the above-mentioned forward-looking statements.

Statement by the Board of Directors of the General Partner

The Board of Directors of the General Partner, Nycomed Luxco Société Anonyme has prepared the accompanying consolidated financial statements of Nycomed S.C.A. SICAR which comprise consolidated statements of financial position as of 31 December 2010, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, a description of accounting policies and other notes thereto. These consolidated financial statements do not constitute statutory annual reports of Nycomed S.C.A. SICAR.

The accompanying consolidated financial statements were discussed and approved on today's date.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

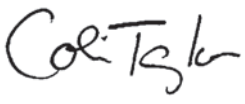
We consider the accounting policies used appropriate and the accounting estimates made reasonable. To the best of our belief, the consolidated financial statements include the information which is relevant for an assessment of Nycomed S.C.A. SICAR´s consolidated financial position. Against this background, it is our opinion that the consolidated financial statements give a true and fair view of the consolidated financial position and consolidated results of operations and cash flows for the years ended 31 December 2010.

23 February 2011

Approved by the Board of Directors of the General Partner, Nycomed Luxco S.A.

Toni Weitzberg

Thompson Dean



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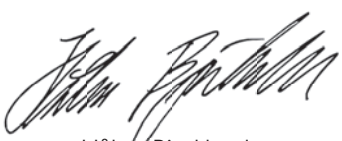
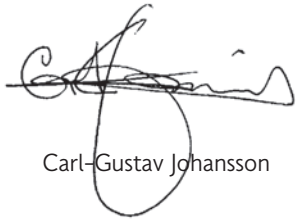
Kristoffer Melinder



Håkan Björklund

Newton Aguiar



Carl-Gustav Johansson

Independent Auditor's Report

TO THE SHAREHOLDERS OF NYCOMED S.C.A. SICAR SOCIÉTÉ EN COMMANDITE PAR ACTIONS SOUS LA FORME D'UNE SOCIÉTÉ D'INVESTISSEMENT EN CAPITAL À RISQUE LUXEMBOURG

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Nycomed S.C.A. SICAR, which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The General Partner's responsibility for the consolidated financial statements

The General Partner is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as the General Partner determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Partner, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

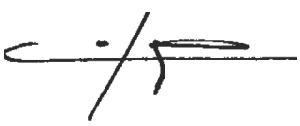
Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Nycomed S.C.A. SICAR as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the General Partner, is consistent with the consolidated financial statements.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé



Olivier Jordant
Luxembourg, 23 February 2011

Corporate Governance

As a privately owned company, we have obligations to our financial stakeholders. In accordance with our financial arrangements, we prepare financial reports that comply with set standards.

CORPORATE STRUCTURE

Nycomed S.C.A. SICAR was established on 30 November 2006 in Luxembourg. Nycomed Luxco S.A. is the general partner company and the sole manager of Nycomed S.C.A. SICAR and is, therefore, formally the management of the Nycomed Group. The Board of Directors of the general partner company consists of the individuals listed in the Board of Directors section. The Board is elected at the Annual General Meeting. The Board appoints and supervises the Executive Committee (ExCom), and oversees the Company's performance and results. Daily management is carried out by the Executive Committee. In addition to the Executive Management and the Audit Committee, there are four other committees:

- The Development Portfolio Committee decides which projects enter development. It also reviews development projects and makes decisions on development programmes and levels of investment.
- The Licensing Committee determines the in- and out-licensing strategy, approves licensing opportunities and reviews the performance of licensing partnerships.
- The Commercialisation and Lifecycle Management Committee reviews and decides on Lifecycle Management (LCM) plans, agrees on LCM projects and decides on global strategy and launch plans for key products.
- The Risk Management Committee (RMC) is by nature advisory and seeks to provide assurance regarding risk and its management. The RMC oversee the risk management process embedded to assess and manage uncertain future events with the objective of protecting Nycomed's assets, shareholder investment and ensure compliance with applicable law and regulatory requirements.

Nycomed has an independent internal audit function that reports directly to the Nycomed Audit Committee, which approves the functions charter, audit plan and budget. The internal audit function provides independent and objective assurance with regard to internal controls and governance. All subsidiaries and central functions are internally audited, with audit visits occurring on a regular basis. Nycomed uses a risk-based audit methodology and as a result, going forward, there will be an increased internal audit focus on emerging markets. The audit scope will also be expanded to cover commercial effectiveness.

The internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing. The internal audit function was assessed as complying with the highest 'Generally Conforms' classification in an external evaluation for compliance with the above standards. The evaluation was performed in 2009 by a Past Chairman of the International Internal Audit Standards Board.

SHAREHOLDERS

There are two classes of shares. There are no differences in voting rights and all shareholders are entitled to have matters considered at the Annual General Meeting.
For details of management incentive programmes, please refer to the Financial Statements section.

Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER

Note	ASSETS	31.12.10 € thousand	31.12.09 € thousand
	Non-current assets		
4	Patents and rights	2,403,280	2,589,553
4	Goodwill	2,223,860	2,175,180
4	Development projects in progress	131,412	441,506
	Total intangible assets	**4,758,552**	**5,206,239**
5	**Total property, plant and equipment**	**592,613**	**617,508**
6	Investment in associate	180,801	–
15	Other investments in shares and bonds	40,616	36,945
	Other receivables	11,629	6,778
12	Deferred tax assets	122,808	113,439
	TOTAL NON-CURRENT ASSETS	**5,707,019**	**5,980,909**
	Current assets		
7	Inventories	500,405	494,103
8	Trade receivables	668,678	560,022
17	Income tax receivable	12,742	14,293
	Receivable from associate	571	–
	Other receivables and prepayments	84,163	82,840
	Marketable securities	8,102	5,916
	Cash	495,604	747,643
	TOTAL CURRENT ASSETS	**1,770,265**	**1,904,817**
	TOTAL ASSETS	**7,477,284**	**7,885,726**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER

Note	EQUITY AND LIABILITIES	31.12.10 € thousand	31.12.09 € thousand
9	Share capital	17,223	16,646
10	Reserves	1,442,901	1,483,538
	Equity attributable to equity holders of the parent	**1,460,124**	**1,500,184**
	Non-controlling interests	30,764	38,627
	TOTAL EQUITY	**1,490,888**	**1,538,811**
	Non-current liabilities		
11	Post-employment benefits	357,212	309,661
12	Deferred tax	732,681	870,219
13	Provisions	78,909	87,557
	Other non-current liabilities	–	81,587
	Deferred income	44,542	8,364
14	Financial institutions	3,706,163	4,092,945
	TOTAL NON-CURRENT LIABILITIES	**4,919,507**	**5,450,333**
	Current liabilities		
14	Financial institutions	317,990	304,271
	Trade payables	263,152	229,017
17	Income tax payable	67,007	39,354
13	Provisions	267,195	181,922
	Other payables	105,719	102,159
	Deferred income	45,826	39,859
	TOTAL CURRENT LIABILITIES	**1,066,889**	**896,582**
	TOTAL LIABILITIES	**5,986,396**	**6,346,915**
	TOTAL EQUITY AND LIABILITIES	**7,477,284**	**7,885,726**

CONSOLIDATED INCOME STATEMENT 1 JANUARY – 31 DECEMBER

Note		01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
	Net sales	3,088,991	3,109,215
	Royalties	22,118	17,395
18	**Revenue**	**3,111,109**	**3,126,610**
19	Other income	59,457	101,361
18	**Net turnover**	**3,170,566**	**3,227,971**
20, 21	Cost of sales	-988,834	-895,244
	GROSS PROFIT	**2,181,732**	**2,332,727**
20, 21	Sales and marketing expenses	-1,647,526	-1,511,207
20, 21	Research and development expenses	-212,233	-198,642
20, 21	Administrative expenses	-295,725	-259,984
20, 22	Special expenses	-70,409	-74,942
	OPERATING INCOME	**-44,161**	**287,952**
23	Financial income	228,669	258,000
24	Financial expenses	-430,075	-273,283
6	Share of loss of associate	-854	-
	PROFIT / (LOSS) BEFORE TAX	**-246,421**	**272,669**
25	Income tax	17,309	-39,928
	NET RESULT FOR THE YEAR	**-229,112**	**232,741**
	Attributable to:		
	Equity holders of the parent	-224,594	226,970
	Non-controlling interests	-4,518	5,771
		-229,112	232,741
	Earnings per share		
		€	**€**
26	Basic earnings / (loss) per share	-16.62	17.04
26	Diluted earnings / (loss) per share	-16.62	16.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS) 1 JANUARY – 31 DECEMBER

Note		01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
	Net result for the year	**–229,112**	**232,741**
	Unrealised result on cash–flow hedging, interest–rate swaps	27,009	–2,303
	Unrealised gain / (loss) on investments available for sale	5,665	4,971
11	Change in actuarial gains and losses	–40,747	–15,241
25	Tax on other comprehensive income	–3,567	683
	Exchange differences on translation of foreign operations	79,682	–5,634
	Total other comprehensive income / (loss)	**68,042**	**–17,524**
	Total comprehensive income / (loss) for the year, net of tax	**–161,070**	**215,217**
	Attributable to:		
	Equity holders of the parent	–157,904	209,886
	Non–controlling interests	–3,166	5,331
		–161,070	**215,217**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 1 JANUARY – 31 DECEMBER

	Attributable to the equity holders of the parent										
	Share capital € thousand	Share premium € thousand	Retained earnings € thousand	Cash-flow hedge reserve € thousand	Available-for-sale reserve € thousand	Foreign currency translation reserve € thousand	Actuarial gains/ (losses) € thousand	Other reserves € thousand	Total € thousand	Non-controlling interests € thousand	Total equity € thousand
Equity as of 1 January 2009	**16,646**	**1,346,894**	**-12,077**	**-18,659**	**-6,671**	**-129,199**	**-17,573**	**107,058**	**1,286,419**	**34,883**	**1,321,302**
Share-based payments (Note 21)	–	–	–	–	–	–	–	5,013	**5,013**	129	**5,142**
Acquisition of shares from non-controlling interests	–	1,821	-16	-25	-9	-173	-23	-2,709	**-1,134**	-1,716	**-2,850**
	16,646	**1,348,715**	**-12,093**	**-18,684**	**-6,680**	**-129,372**	**-17,596**	**109,362**	**1,290,298**	**33,296**	**1,323,594**
Net result for the year	–	–	226,970	–	–	–	–	–	**226,970**	5,771	**232,741**
Other comprehensive income / (loss)	–	–	–	-2,245	4,846	-5,492	-14,858	665	**-17,084**	-440	**-17,524**
Total comprehensive income / (loss) for the year	**–**	**–**	**226,970**	**-2,245**	**4,846**	**-5,492**	**-14,858**	**665**	**209,886**	**5,331**	**215,217**
Equity as of 31 December 2009	**16,646**	**1,348,715**	**214,877**	**-20,929**	**-1,834**	**-134,864**	**-32,454**	**110,027**	**1,500,184**	**38,627**	**1,538,811**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 1 JANUARY – 31 DECEMBER

	Attributable to the equity holders of the parent										
	Share capital € thousand	Share premium € thousand	Retained earnings € thousand	Cash-flow hedge reserve € thousand	Available-for-sale reserve € thousand	Foreign currency translation reserve € thousand	Actuarial gains/ (losses) € thousand	Other reserves € thousand	Total € thousand	Non-controlling interests € thousand	Total equity € thousand
Equity as of 1 January 2010	**16,646**	**1,348,715**	**214,877**	**-20,929**	**-1,834**	**-134,864**	**-32,454**	**110,027**	**1,500,184**	**38,627**	**1,538,811**
Other direct equity changes	–	–	-11,851	–	–	–	–	–	**-11,851**	-246	**-12,097**
Equity as of 1 January 2010, adjusted	**16,646**	**1,348,715**	**203,026**	**-20,929**	**-1,834**	**-134,864**	**-32,454**	**110,027**	**1,488,333**	**38,381**	**1,526,714**
Capital increase	577	148,692	–	–	–	–	–	–	**149,269**	–	**149,269**
Acquisition of shares from non-controlling interests	–	3,612	973	-102	-9	-657	-158	-23,233	**-19,574**	-4,785	**-24,359**
Non-controlling interests arising on business combinations	–	–	–	–	–	–	–	–	–	334	**334**
	17,223	**1,501,019**	**203,999**	**-21,031**	**-1,843**	**-135,521**	**-32,612**	**86,794**	**1,618,028**	**33,930**	**1,651,958**
Net result for the year	–	–	-224,594	–	–	–	–	–	**-224,594**	-4,518	**-229,112**
Other comprehensive income / (loss)	–	–	–	26,459	5,550	78,095	-39,918	-3,469	**66,690**	1,352	**68,042**
Total comprehensive income / (loss) for the year	**–**	**–**	**-224,594**	**26,459**	**5,550**	**78,095**	**-39,918**	**-3,469**	**-157,904**	**-3,166**	**-161,070**
Equity as of 31 December 2010	**17,223**	**1,501,019**	**-20,595**	**5,428**	**3,707**	**-57,426**	**-72,530**	**83,298**	**1,460,124**	**30,764**	**1,490,888**

CONSOLIDATED STATEMENT OF CASH FLOWS 1 JANUARY – 31 DECEMBER

Note		01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
	Cash flow from operating activities		
	Operating income	–44,161	287,952
	Adjustments to reconcile operating profit to net cash flow		
5, 20	Depreciation and impairment of property, plant and equipment	99,036	86,835
4, 20	Amortisation and impairment of intangible assets	720,003	624,358
	Movements in provisions, pensions and other liabilities	45,863	–15,413
21	Share-based payments	–	5,142
	Other adjustments	–526	–6,384
	Change in working capital	26,496	–95,719
17	Income taxes received / (paid)	–111,917	–171,190
	Net cash flow from operating activities	**734,794**	**715,581**
	Cash flow from investing activities		
27	Acquisition of subsidiaries	–1,074	–6,104
6	Acquisition of associate	–169,097	–
4	Purchase of intangible assets	–137,260	–161,601
	Proceeds from sale of intangible assets	3,077	2,032
5	Purchase of property, plant and equipment	–69,167	–70,553
	Proceeds from sale of property, plant and equipment	6,546	4,672
	Purchase of other investments	562	–2,535
4	Adjustment of purchase price consideration – Altana Pharma AG	12,000	–
	Net cash flow used in investing activities	**–354,413**	**–234,089**

CONSOLIDATED STATEMENT OF CASH FLOWS 1 JANUARY – 31 DECEMBER

Note		01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
	Cash flow from financing activities		
	Repayment of senior credit facility	-567,629	-235,795
	Drawn restructuring facility	-	318,413
	Changes in other borrowings	-1,137	-7,667
	Financing fees paid	-40,526	-
	Proceeds from issue of capital	150,000	-
	Fees in connection with issue of capital	-731	-
	Increase in non-controlling interests	725	-
	Acquisition of non-controlling interests	-25,084	-2,850
	Sale of debt	202,977	173,691
	Debt buy-back	-174,489	-262,069
	Financial income received	13,489	13,777
	Financial expenses paid	-202,853	-217,875
	Other financial expenses paid	-7,434	-5,635
	Realised gains / losses on derivative financial instruments	-11,583	-
	Realised net foreign exchange gain on unwinding of cross-currency swaps	15,325	-11,216
	Net cash flow used in financing activities	**-648,950**	**-237,226**
	Net cash flow	**-268,569**	**244,266**
	Cash as of 1 January	747,643	496,704
	Currency translation adjustments	16,530	6,673
	Cash as of 31 December	**495,604**	**747,643**

Index Notes

1. General overview

Nycomed S.C.A. SICAR (hereafter "Nycomed" or "the Company") together with its subsidiaries ("the Group") is a global pharmaceutical company with a portfolio of branded medicines for hospitals, specialists and general practitioners. An extensive range of OTC products completes the portfolio. Its key areas of activity are gastroenterology, respiratory and inflammatory diseases, pain, osteoporosis and tissue management. In all these areas it aims to develop and market products with medical utility.

Nycomed has a strong presence in Europe and in the emerging markets in Russia/CIS, Asia and Latin America. In-licensing is a cornerstone of the Group's growth strategy and Nycomed actively seeks partnerships in its core areas as well as throughout the value chain.

Nycomed is privately owned and has its corporate headquarters in Zurich, Switzerland. Nycomed has seventeen manufacturing sites: five centres of competence in Europe for global products as well as twelve production sites for regional products in emerging markets such as Brazil and Mexico. A major investment is being made in a new pharmaceutical plant in Russia. Nycomed's Research and Development is conducted at three sites in Europe and one in India.

Nycomed S.C.A. SICAR (the "Company") was incorporated in Luxembourg on 30 November 2006 as a partnership limited by shares ("société en commandite par actions") under the form of an investment company in risk capital (SICAR) subject to Luxembourg law for an unlimited period of time. The registered address of the Company is 412F, Route d'Esch, L-1030 Luxembourg. The General Partner of the Company and the sole manager in Nycomed S.C.A. SICAR is Nycomed Luxco S.A. The shares of Nycomed S.C.A. SICAR are held by Nordic Capital (controlling party), Credit Suisse, Coller International Partners and Avista, as well as some other shareholders with less than 5% ownerships.

The consolidated financial statements were authorised for issue by the Board of Directors of the General Partner, Nycomed Luxco S.A., on 23 February 2011.

2. Significant management judgements and accounting estimates

The preparation of the Group's consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) as adopted by the EU requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period.

Management judgements made in applying accounting policies

The application of the Group's accounting policies may require management to make judgements, apart from those involving estimates, that can have a significant impact on the amounts reported in the consolidated financial statements. Management judgement is required when assessing the substance of transactions that have a complicated structure or legal form. These include the following:

Revenue recognition

In certain circumstances, the Group enters into long-term out-licensing contracts, including contracts with multiple elements that provide an upfront payment in lieu of future royalty payments. These agreements may also involve certain future obligations, which will give rise to additional milestone payments. Revenue is recognised when, in management´s judgement, the significant risks and rewards of ownership have been transferred and when the Group does not retain any continuing managerial involvement or effective control over the goods sold, or when services have been provided.

Non-refundable upfront payments that are not attributable to subsequent research and/or development activities or other performance obligations of the Group are recognised as other income when the contracts are signed. Up-front fees in connection with out-licensing agreements are recognised as income over the period to which they relate.

When accounting for contracts with multiple elements, management exercises judgement in separating the contracts into separate elements, which, based on the underlying substance of the elements, such as whether a delivered item has value to the customer on a stand-alone basis, are accounted for separately.

The Group enters into distribution contracts, in some of which it sells products to distributors and in others it acts as distributor for other parties. Management exercises judgement in determining whether the distributor is a principal or an agent, considering the following criteria, individually or in combination, to be indicative of a distributor being a principal:

- the distributor has the primary responsibility for providing the goods or services to the customer;
- the distributor has inventory risk before or after the customer order, during shipping or on return;
- the distributor has latitude in establishing prices, either directly or indirectly; and
- the distributor bears the customer's credit risk on the receivable due from the customer.

This judgement can affect the timing of revenue recognition, and in the case where the Group is itself a distributor, the amount of the revenue.

Business combinations

Where the Group acquires control of another business, the cost of the acquisition has to be allocated to the assets, liabilities and other contingent liabilities of the acquired business, with any residual value recorded as goodwill. This process involves management making an assessment of the fair value of these items as well as an assessment regarding whether control exists. Management judgement is particularly involved in the recognition and measurement of the following items at fair value:

- intellectual property: this may include patents, licences, trademarks and similar rights for currently marketed products, and also the

rights and scientific knowledge associated with projects that are currently in research or development phases, and requires the projection of estimated future cash inflows and outflows and relevant risks, the terminal value of these assets, discount rates and weighted average costs of capital,
- contingencies such as legal and environmental matters,
- contingent consideration arrangements, including earn-outs and options,
- the recoverability of any accumulated tax losses previously incurred by the acquired company,
- indemnification assets.

In all cases, management makes an assessment based on the underlying economic substance of the items concerned, and not only on the contractual terms, in order to fairly present these items. In making these assessments, management relies to a significant extent on the work of valuation experts. However, the assessments are highly subjective and sensitive to the assumptions used.

Key assumptions and estimates

Management bases its estimates on historical experience and various other assumptions, including expectations about the outcome of future events that are believed to be reasonable under the circumstances. These form the basis for making judgements about the reported carrying amounts of assets and liabilities and of revenues and expenses that may not be readily apparent from other sources. However, actual results could differ from these estimates, depending on the actual outcome of the relevant future events.

Estimates are used when accounting for sales discounts, rebates, returns and chargebacks, development expenditure, impairment testing of goodwill and other intangible assets, post-employment benefits and deferred taxes. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key assumptions and estimates that could result in a material adjustment to the carrying amounts of the assets or liabilities within the next twelve months are described below:

Sales discounts, rebates, returns and chargebacks

Provisions for discounts and rebates to customers, customer returns and chargebacks are estimated on the basis of historical statistical data and observable trends, and provided for in the period in which the related sales are recognised and reflected in net sales.

There are significant sales rebates in connection with sales in the US covered by Medicaid and Medicare, the US public healthcare insurance system. Provisions for these rebates are calculated on the basis of historical data and perceivable trends. However, the rebate regulations are complex and subject to interpretation.

Furthermore, the rebates are invoiced by Medicaid and Medicare with a time lag after the related sales are recorded, and may differ from the amounts accrued at the time of recognising the sales. Consequently the sales rebates and discounts reported for the current period may include adjustments in respect of rebates previously accrued.

The provision for future returns is based on historical statistical data and perceivable trends for product returns. Product returns are possible with significant time lags and the actual returns may differ significantly from the estimated returns. In the case of newly launched products, estimates of future returns are based on the specific circumstances and characteristics of the individual products and comparisons with long-established products with similar market characteristics.

As of 31 December 2010, the Group recognised €198.2 million (2009: €64.1 million) for sales discounts, rebates, returns and chargebacks mainly in the US. The increase compared to 2009 relates to the launch of new products in 2010 and the required contributions to the US Medical and Managed Care System. For the year 2010, the gross-to-net sales discounts and allowances amount to €556.9 million (2009: €397.8 million), thereof €404.8 million (2009: €218.0 million) are related to the US and €29.7 million (2009: €84.5 million) are related to Germany.

Research and development expenditure

Research and development expenditure comprises expenses that relate to the Group's research and development functions, including wages and salaries, amortisation, depreciation and other overheads. Any milestone payments to third parties in respect of research and development activities performed by those parties are recognised in the income statement, or are capitalised, as appropriate, in the period in which the milestones are reached.

Research expenses are charged to the income statement as incurred. Development expenses are capitalised if certain criteria are met and they are likely to generate future economic benefits. In making this assessment, management uses considerable judgement in assessing whether all the necessary regulatory approvals, public registration and marketing authorisations will be received, technological and economical feasibility is confirmed, the costs related to the development of the product are readily measurable, and future economic benefits are likely to be generated.

Regulatory approval, or the reasonable prospect of obtaining regulatory approval, is used as a critical measure of the Group's ability to use, sell or derive probable future economic benefits from an intangible asset. Unless there are strong indications that a development project will receive regulatory approval in the foreseeable future, all development costs are expensed. Given the inherent uncertainties in the regulatory approval process, it may not be possible to estimate the prospects of obtaining regulatory approval correctly. Each of the following is considered as providing indications that a product will receive regulatory approval in the foreseeable future:

- the product is a generic substitute of an approved product;
- the product is approved in other countries with similar approval requirements;
- the product is in Phase III clinical trials and additional persuasive factors support the previous clinical trial results and indicate a high probability of approval; or
- the product substance is closely based on a known product substance or existing product.

As at 31 December 2010, development projects in progress include € 63.7 million of accumulated capitalised internal development costs (2009: € 122.2 million, primarily related to Daxas®).

Impairment testing of goodwill and other intangible assets

The Group tests goodwill and development projects in progress for impairment at least on an annual basis, or more frequently if there is an indication that they may be impaired. Goodwill impairment testing is performed on an aggregated group of cash-generating units constituting the entity as a whole. Patents and rights are assessed for impairment whenever there is an indication that the asset may be impaired. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of an asset. Estimating the value in use requires the Group to make estimates of the expected future cash flows. Those cash flows do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. In the case of intangible assets, the period used is based on the economic life of the asset. Estimation

of the value in use of the overall business and other intangible assets also requires the use of a suitable discount rate in order to calculate the present value of those cash flows and the growth rate used for extrapolation purposes. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as closure of facilities, the presence or absence of competition or lower than anticipated sales of products with capitalised rights could result in shortened useful lives or impairment. Changes in the discount rates could also lead to impairments.

For the current year, the future cash flows are based on the budget for the coming year, the strategic plan for the next four years and projections for the following years. Important parameters are sales, EBIT (earnings before interest and taxes), working capital and growth assumptions subsequent to the budget and strategic plan period. Budget and strategic plans build on specific commercial assessments of the business entities and the relevant products, while projections that go beyond the fifth year of planning build on general parameters for perpetual growth rates. The growth rate used to extrapolate cash-flow projections beyond the period covered by the most recent budgets/forecasts is 1.5% (2009: 1.5%). For discounted cash-flow calculations, a discount rate of 7.8% before tax (2009: 9.7%) has been applied. The decrease in 2010 compared with 2009 is in line with the general reduction of interest rates. In 2010, Management updated its business plan and market projections for the US, which resulted in an impairment charge of € 81.1 million. Please see Note 4, Intangible assets for further details.

Post-employment benefits

In accordance with IAS 19, the costs of providing post-employment benefits to employees are charged to the income statement over the period in which the Group benefits from the employees' services. The costs and the related benefit obligations are calculated on the basis of assumptions selected by management. These assumptions include the discount rate, expected rate of return on plan assets and future salary and pension increases. These assumptions are further described in Note 11. The average discount rate for 2010 is lower than for 2009, which reflects the general reduction of interest rates.

As at 31 December 2010, post-employment benefit obligations of € 357.2 million (2009: € 309.7 million) were recognised. Future changes to the actuarial assumptions used could result in significant adjustments to this amount and to the future earnings of the Group.

Income taxes and uncertain tax positions

Management's judgement is required in determining the Group's provision for income taxes, deferred tax assets and liabilities, and the extent to which deferred tax assets can be recognised. The Group recognises deferred tax assets if it is probable that sufficient taxable income will be available in the future, against which the temporary differences and unused tax losses can be utilised. In assessing whether there will be sufficient taxable income in the relevant subsidiaries, management takes into account the budget for the following year and the strategic plan for the following four years. Actual taxable income could differ from the estimated future taxable income.

The Group makes provision for uncertain tax positions when it is more likely than not that a liability will arise. Management's assessment of the likelihood of a liability arising is based on all factors of which management is aware. Where open issues exist, the ultimate liability may differ from the amounts provided and may depend on the outcome of negotiations with the relevant tax authorities.

As of 31 December 2010, a provision of € 79,380 thousand was made in respect of deferred tax assets which are not expected to be reversible in the foreseeable future. Please see further details in Note 12 Deferred tax.

As of 31 December 2010, the carrying amount of deferred tax assets is € 122.8 million (2009: € 113.4 million) and deferred tax liabilities € 732.7 million (2009: € 870.2 million) respectively.

3. General accounting policies

The consolidated financial statements of Nycomed S.C.A. SICAR, (hereafter "the Company") registered in Luxembourg, as of 31 December 2010 and for the year then ended comprise the Company and its subsidiaries (collectively, "the Group").

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale financial assets, financial assets and liabilities (including derivative financial instruments) that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair-value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair value attributable to the risks that are being hedged in effective hedge relationships.

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€ thousand) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Nycomed S.C.A. SICAR (the parent company) and all the companies in which Nycomed S.C.A. SICAR directly or indirectly owns more than 50% of the voting rights, or in some other way has a controlling influence (subsidiaries).

Nycomed S.C.A. SICAR and these companies are referred to as "the Group".

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses and dividends resulting from intra-group transactions are eliminated in full.

The Group accounts for its investments in joint ventures (jointly controlled entities) using the proportionate consolidation method as permitted under IAS 31 "Interests in Joint Ventures". The Group includes its proportionate share of each of the assets, liabilities, income and expenses of the joint ventures in the appropriate lines in its consolidated financial statements. Adjustments are made to eliminate the Group's share of intragroup balances and income and expenses on transactions between the Group and its jointly controlled entities.

Changes in accounting policies or effect of new pronouncements

The accounting policies adopted are consistent with those of the previous financial year except for the application of the new IFRS standards and interpretations mentioned below.

Except where mentioned below, adoption of these revised IFRS standards and interpretations did not have any effect on the recognition and measurement in the consolidated financial statements of the Group. However, they did give rise to additional disclosures.

Changes in accounting policies that arise from the application of the new or revised IFRS standards and interpretations are applied retrospectively, unless otherwise specified in the transitional requirements of the particular standard or interpretation. Retrospective application requires that the results of the comparative period and the opening balances of that period are restated as if the new accounting policy had always been applied. In some cases the transitional requirements of the particular standard

or interpretation specify that the changes are to be applied prospectively. Prospective application requires that the new accounting policy only be applied to the result of the current period, and the comparative period is not restated. In addition, comparatives have been reclassified or extended from the previously reported results to take into account any presentational changes.

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2010:

- IAS 39 "Financial Instruments: recognition and measurement – eligible hedged items", effective 1 July 2009
- Improvements to IFRSs 2008 – various standards
- Improvements to IFRSs 2009 – various standards

The adoption of these standards and interpretations does not have a significant impact on the financial statements or performance of the Group.

Except as described above, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

Standards issued but not yet effective

The following new and amended standards and interpretations relevant for the Group have been published by the IASB:

- IFRS 9 "Financial Instruments: classification and measurement", effective 1 January 2013; this standard has not yet been adopted by the EU
- IFRIC 14 "Prepayments of a minimum funding requirement", effective 1 January 2011
- IAS 24 "Related Party Disclosures", effective 1 January 2011
- Improvements to IFRSs 2010 – various standards, effective 1 January 2011

The Group expects to implement the new and amended standards and interpretations when they become mandatory. The implementation of these standards and interpretations is not expected to have a material impact on the financial position or performance of the Group, but additional disclosures may be required.

Summary of significant accounting policies

Foreign currency translation, functional and presentation currency

The consolidated financial statements are presented in euros, which is Nycomed's functional and presentation currency. A functional currency is designated for each entity in the Group. The functional currency is the currency used in the primary economic environment in which the individual entity operates. Transactions denominated in currencies other than the functional currency are defined as transactions in foreign currency.

Translation of transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency using the currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges attributable to exchange differences on those borrowings are also recorded in other comprehensive income. Non-monetary items, which are measured in terms of historical cost in a foreign currency, are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of financial statements and Group companies

For consolidation purposes, the income statements and cash flow statements of foreign subsidiaries with functional currencies other than the euro are translated at transaction rates, and assets and liabilities are translated using the closing rate at the reporting date. Transaction rates are calculated as the average rates of the individual month to the extent that this does not provide a materially different picture. Exchange rate differences arising on the translation are recognised directly in other comprehensive income.

Hyperinflationary economies

The non-monetary assets and liabilities as well as items of income and expenditure of subsidiaries in hyperinflationary economies are indexed with the appropriate price index to result in values at equivalent local currency units at the reporting date. Assets and liabilities as well as income and expenditure, adjusted for indexation where appropriate, are translated into euros using the closing exchange rate at the reporting date.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date and the difference is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability, are recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, adjustments made within one year of the acquisition date to the provisional values of acquired assets, liabilities and contingent liabilities or to the cost of the acquisition, are reported as adjustments to the initial goodwill. The provisional values are adjusted retrospectively as if they had been recognised at the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Changes in the ownership interest of a subsidiary without loss of control are accounted for as transactions with owners in their capacity as owners. Therefore such transactions do not give rise to goodwill, nor to a gain or loss.

A list of all the subsidiaries is presented separately in Note 31.

Statement of financial position

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. Intangible assets with indefinite useful lives are tested for impairment annually. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.
Intangible assets are amortised except for goodwill, other intangibles with indefinite useful lives and development projects in progress. For further information see below.

Development costs

Development costs on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

If these criteria are not achieved, the development costs for the individual project are recognised as expenses when they are incurred. Further details as to how these criteria are assessed by management are shown in Note 2.

Development projects in process are evaluated for impairment annually, or more frequently if circumstances indicate that impairment is possible.

Completed development projects in process are transferred to "Patents and rights" and are then amortised over the life of the associated product. Amortisation begins when the product becomes marketable in the respective markets. For distribution rights to pharmaceutical products that are acquired from third parties, prior to receipt of regulatory approval to market the products, the price normally reflects the expectations about the probability that the expected future economic benefits embodied in the asset will flow to the entity. The conditions of recognition and measurability are considered to be always satisfied and the costs are capitalised consistently. These rights are amortised on a straight-line basis over their estimated useful life once the product has begun to be distributed in the respective markets. The declining balance method of amortisation is used where this is deemed to correspond more closely to the level of benefits received from the related assets over their useful lives.

Intangible assets are subject to an impairment test when events or circumstances indicate that impairment may exist.

The amortisation periods are generally as follows:

Completed development projects and patent and distribution rights: 2–20 years

Goodwill

Goodwill is initially measured at cost as described in the accounting policy for Business combinations.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or circumstances indicate that the carrying value may be impaired. Further information on management estimates used in the impairment testing for goodwill is contained in Note 2.

Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the asset purchase until the asset is available for use. Cost also includes borrowing costs allocable to qualifying assets (assets that necessarily take a substantial period of time to get ready for their intended use or sale).

Depreciation is generally calculated on a straight-line basis over the expected useful lives of the assets, as follows:

Buildings: 5–50 years
Machinery and equipment: 2–14 years
Other property, plant and equipment: up to 20 years
Land is not depreciated.

The depreciation base is determined taking into account the residual value of the asset. The residual value is determined at the time of acquisition and is reviewed annually. If the residual value exceeds the carrying value of the asset, depreciation ceases.

The carrying values of property, plant and equipment are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is recognised in profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year-end.

When expenditure extends the useful life of an asset, its cost is recognised in the carrying amount of property, plant and equipment if the recognition criteria are satisfied.

Impairment

If an asset does not generate cash flows that are largely independent of cash flows from other assets, the Group determines the recoverable amount of the cash-generating unit to which it belongs. A cash-generating unit is the smallest identifiable group of assets for which cash flows can be identified and measured.

Impairment of goodwill is determined by assessing the recoverable amount of the group of cash-generating units to which the goodwill relates and the level at which it is monitored for internal reporting purposes. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

An impairment test is conducted in respect of the carrying value of intangible, tangible and financial assets, and where write-downs are required, the book value is written down to the higher of the fair value less costs to sell and the value in use, which is the present value of future cash flows in connection with continued use. Consequently, intangible and tangible as-

sets are written down in the income statement in those cases where the book value exceeds the higher of the expected future cash flows from the undertaking or the assets to which the goodwill is related and the fair value less costs to sell.

The carrying value of financial assets carried at amortised cost is written down if, as a result of a change in the expected cash flows, the present value of such cash flows is lower than the carrying value. When computing the present value, the original effective rate of interest is applied. If, subsequently, the present value of written-down financial assets increases, the write-down is reversed. Such reversal of previous impairments does not result in financial assets being measured at a higher value than the amortised cost.

Investments and other financial assets

The Group´s investments in associates are accounted for using the equity method. An associate is an entity in which the Group has a significant influence, which is generally the case when the Group holds between 20% and 50% of the voting rights.

Under the equity method, the investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Group´s share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment.

The income statement reflects the Group's share of the results of operations of associates. Where there has been a change recognised directly in the equity of associates, the Group recognises its share of any change and discloses this, whenever applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and associates are eliminated to the extent of the interest in the associates.

Adjustments are made for significant differences in the accounting policies of associates compared with those of the Group.

The Group determines whether there is any objective evidence that the investment in associates is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value and recognises the amount in the income statement.

Financial assets in the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial assets held for trading are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the two preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses being recognised in other comprehensive income as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired. In this case, the cumulative gain or loss previously reported in other comprehensive income is recognised in profit or loss.

The fair value of financial assets that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For financial assets where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument (which is substantially the same), discounted cash-flow analysis, and option pricing models.

The Group assesses whether there is objective evidence that a financial asset is impaired, where objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss (less any impairment loss on that asset previously recognised in the income statement) is removed from other comprehensive income and recognised in the income statement. Impairment losses are not reversed through the income statement. Increases in fair value after impairment are recognised directly in other comprehensive income.

Inventories

Inventories are measured at the lower of cost, in accordance with the weighted average price method, and the net realisable value. Provisions for obsolescence, and remaining production and selling costs are deducted from the expected selling price when estimating the net realisable value of inventories.

The cost of manufactured, finished and semi-finished products includes raw materials, direct labour, other production materials and production overheads. Production overheads include indirect labour and materials, repairs, maintenance and depreciation costs related to property, plant and equipment used in the production process, and costs related to production administration and management.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The Group assesses individually whether objective evidence of impairment exists individually for receivables that are individually significant, or collectively for receivables that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The carrying amount of the receivables is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Assets classified as held for sale

When the carrying amount of a non-current asset or group of assets ("disposal group") is expected to be recovered principally through a sale transaction rather than through continuing use, the asset or disposal group is classified as held for sale and reported separately under current assets. Any related liabilities are similarly reported separately under current liabilities. Immediately before being classified as held for sale, the assets are valued in accordance with applicable IFRSs. Immediately after classifica-

tion as held for sale, the assets are valued at the lower of their carrying amount and fair value less costs to sell, with any reduction in value being reported as an impairment loss. Non-current assets classified as held for sale are no longer depreciated or amortised, but their carrying value is assessed for impairment until they are sold.

Cash and cash equivalents

Cash and short-term deposits comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

Income taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that are enacted or substantively enacted by the reporting date.

Uncertain tax positions

Provision is made for uncertain tax positions when it is more likely than not that a liability will arise. Further information on how management assesses uncertain tax positions is set out in Note 2.

Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included in receivables or payables in the statement of financial position.

Dividends

The proposed dividend for the year is shown as a separate item within equity.

Employee benefits and pensions

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Pension and other post-employment benefit provisions

The Group operates a number of defined benefit and defined contribution plans in its subsidiaries.

The costs for the year for defined benefit plans are determined using the projected unit credit method. This reflects services rendered by employees to the dates of valuation and is based on actuarial assumptions primarily regarding discount rates used in determining the present value of benefits, projected rates of remuneration growth, and long-term expected rates of return on plan assets.

The impact from differences between assumptions and actual events, and effects of changes in actuarial assumptions (actuarial gains/losses) are recognised in the period in which they occur and are charged or credited to other comprehensive income, net of deferred tax.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation, including recognition of all actuarial gains and losses, and the fair value of plan assets out of which the obligations are to be settled directly.

The Group's contributions to the defined contribution plans are charged to the income statement in the year to which they relate.

Share-based payments

Nycomed operates equity-settled, share-based compensation plans.

The cost of equity-settled transactions with employees is measured by reference to the fair value at grant date, measured using the Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which any performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). If there are no vesting conditions, the fair value is expensed in full at the grant date. No expense is recognised for awards that do not ultimately vest.

If an equity-settled award is bought back by the Group, the price at which it is bought back is deducted from equity.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancel-

lation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding equity-settled awards is included in the computation of diluted earnings per share (see Note 26).

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event occurring before or at the reporting date, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions include obligations from product liabilities, legal disputes and restructuring costs (when a detailed plan has been approved and communicated and a reasonable estimate of the costs can be made) as well as other obligations. Where the existence of an obligation will only be confirmed by future events, where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured reliably, no provision is made but a contingent liability is disclosed.

Financial liabilities

Generally, financial liabilities, which also include trade payables, amounts owed to associated enterprises and other liabilities, are measured at amortised cost unless specifically mentioned otherwise. All loans and borrowings are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised (e.g. through debt buy-back), as well as through the amortisation process.

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts and interest-rate swaps, to hedge its risks associated with interest-rate and foreign currency fluctuations. Such derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

In general, Nycomed does not apply hedge accounting under the specific rules of IAS 39 to forward exchange contracts and other derivative financial instruments, except for interest-rate swaps applied to maintain a reasonable balance between fixed and floating interest-rate risk.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in profit or loss for the year. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest-rate swap contracts is determined by reference to market values for similar instruments.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument´s fair value in offsetting the exposure to changes in the hedged item´s fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value of cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Other payables
Other payables include liabilities in connection with employee costs, non-income-related taxes and other liabilities not included in other categories.

Income statement

Sales and revenue recognition
The Group derives revenue from two primary revenue streams, namely product sales and the licensing of product rights. Sales represent the fair value of the sale of goods excluding value added tax, and after deduction of provisions for trade discounts, rebates, allowances and returned products.

Revenue from the sale of goods is recognised when all the following specific conditions have been satisfied:
- Nycomed has transferred to the buyer the significant risks and rewards of ownership of goods;
- Nycomed retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefit associated with the transaction will flow to Nycomed; and
- the costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

These conditions are usually met by the time the products are delivered to the customer with regard to revenue from product sales.

Revenue arising from out-licensing of product rights and the use by others of the Group's assets, yielding interest, royalties and dividends are recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the income can be measured reliably.

Further details with regard to significant estimates and judgements related to revenue recognition of multi-element contracts, milestone payments and upfront payments are included in Note 2.

Other income
Other income includes income from the sale of intangible assets such as licences and distribution rights. Income is recognised when the significant risks and rewards of ownership have been transferred to the purchaser and the Group does not retain any continuing managerial involvement or effective control over the assets.

Cost of sales
Cost of sales consists of variable production costs, including raw materials, other production materials and direct labour costs. In addition, cost of sales includes fixed production overhead costs such as indirect labour and materials, repairs, maintenance and depreciation costs related to property, plant and equipment used in the production process and costs related to production administration and management.

Sales and marketing expenses
Sales and marketing expenses comprise all expenditures incurred in connection with selling and marketing the Group's products, including distribution costs and amortisation of intangible assets, as well as amortisation of fair value adjustments on patents and rights from acquisitions.

Administrative expenses
Administrative expenses comprise costs relating to the Group's management, administration, office premises and depreciation.

Special expenses
Special expenses represent mainly severance, consulting and other similar one-time expenses as a result of corporate restructuring, including write-downs related to restructuring, and one-time consultancy fees related to integration/restructuring and other significant one-time transaction expenses.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses from the derecognition of financial assets and liabilities (e.g. debt buy-back), amortisation of financing costs, realised and unrealised exchange gains and losses (including those on intercompany loans), and other financial expenses. Exchange gains and losses on intercompany loans are not eliminated if they are denominated in a currency other than the functional currency of either of the parties and not considered a part of the net investment of the foreign operation. They are reported in the income statement.

Income tax

Income tax is allocated to the relevant fiscal year and recognised in the income statement or statement of comprehensive income, as applicable. Income tax comprises both current and deferred tax.

Consolidated cash flow statement

The consolidated cash flow statement is prepared using the indirect method, and the cash flows are classified by operating, investing and financing activities.

Cash flow from operating activities

Cash flow from operating activities is calculated as the operating income or loss, adjusted for non-cash items, changes in working capital and taxes paid or refunded. Working capital consists of current assets (excluding income tax receivable, marketable securities and cash), less current liabilities (excluding financial institutions, provisions and income tax payable).

Cash flow from investing activities

Cash flow from investing activities comprises the purchases and sales of non-current assets including investments in enterprises, distribution rights and goodwill.

Cash flow from financing activities

Cash flow from financing activities comprises payments to and from shareholders, the raising and repayment of debt to financial institutions, and changes in other current and non-current liabilities of a financing nature.

Segment reporting

The determination of the Group's operating segments is based on the organisation units for which information is reported to the Group management. The chief operating decision maker (CODM) effectively managing the business is the Executive Committee (ExCom) consisting of the CEO and his Senior Executive Direct Reports.

4. Intangible assets

	Patents and rights € thousand	Goodwill € thousand	Development projects in progress € thousand	Total € thousand
Cost as of 1 January 2009	**4,261,398**	**2,158,971**	**584,564**	**7,004,933**
Currency translation effect	44,917	16,021	-1,014	59,924
Additions	100,435	-	61,166	161,601
Additions from acquisition of subsidiaries	11,519	333	-	11,852
Disposals and retirements	-9,494	-145	-32,978	-42,617
Transfers	94,006	-	-94,006	-
Cost as of 31 December 2009	**4,502,781**	**2,175,180**	**517,732**	**7,195,693**
Amortisation and impairments as of 1 January 2009	**1,305,495**	**-**	**97,286**	**1,402,781**
Currency translation effect	3,893	-	242	4,135
Amortisation	616,758	-	-	616,758
Impairment	-	-	7,600	7,600
Disposals and retirements	-8,930	-	-32,890	-41,820
Transfers	-3,988	-	3,988	-
Amortisation and impairments as of 31 December 2009	**1,913,228**	**-**	**76,226**	**1,989,454**
Carrying value as of 31 December 2009	**2,589,553**	**2,175,180**	**441,506**	**5,206,239**
Cost as of 1 January 2010	**4,502,781**	**2,175,180**	**517,732**	**7,195,693**
Currency translation effect	100,272	58,953	7,264	166,489
Additions	95,078	-	42,182	137,260
Additions from acquisition of subsidiaries	-	1,727	-	1,727
Disposals and retirements	-	-12,000	-3,587	-15,587
Transfers	332,759	-	-332,759	-
Cost as of 31 December 2010	**5,030,890**	**2,223,860**	**230,832**	**7,485,582**
Amortisation and impairments as of 1 January 2010	**1,913,228**	**-**	**76,226**	**1,989,454**
Currency translation effect	17,124	-	4,029	21,153
Amortisation	611,140	-	-	611,140
Impairment	83,333	-	25,530	108,863
Disposals and retirements	-	-	-3,580	-3,580
Transfers	2,785	-	-2,785	-
Amortisation and impairments as of 31 December 2010	**2,627,610**	**-**	**99,420**	**2,727,030**
Carrying value as of 31 December 2010	**2,403,280**	**2,223,860**	**131,412**	**4,758,552**

Goodwill additions from acquisition of subsidiaries relate to the acquisition of PT Apex Pharma Indonesia (2009: in connection with the acquisition of Nycomed Madaus (Pty) Ltd.). For additional details, please refer to Note 27 Business Combinations.

The disposal of goodwill in 2010 relates to an adjustment of the purchase price consideration for the acquisition of Altana Pharma AG as the result of a settlement payment received in 2010.

The transfers for 2010 are mainly due to a reclassification of Daxas® as it is now a currently marketed product (2009: mostly Instanyl®). The other disposals and retirements in 2009 relate to a number of projects that were stopped and impaired in previous years that have now been abandoned.

In 2010, additions to patents and rights mainly relate to the acquisition of distribution rights primarily in the gastroenterology therapeutic area and acquisitions across a number of other therapeutic areas and acquisition of software. In 2009, additions were made related to acquisition of distribution rights in the gastroenterology therapeutic area and acquisition of software. In 2010, additions to development projects are primarily the capitalisation of internal development projects and €11.1 million of milestone payments made to third parties to acquire in-process research and development. In 2009, additions to development projects are primarily the capitalisation of internal development projects and €4.6 million of milestone payments.

In 2010, Nycomed recorded impairment losses of €83.3 million on patents and rights, of which €81.1 million relates to products that are mainly marketed in the US. This followed the updating of the business plan for the company and changed market projections. The assets were written down to their recoverable amounts, based on value in use calculations using discount rates in the range of 10–12%. Furthermore, impairments of €25.5 million are recorded related to development projects that have been stopped and where no future economic benefit is expected. This is a result of recent clinical data and portfolio decisions relating to all projects. The assets concerned, which were not being amortised, were fully written down by these impairment charges. In 2009, Nycomed recorded an impairment loss of €7.6 million related to assets in development that are no longer being actively pursued. The total impairment charge does not comprise any individually significant impairment charges.

Impairment test

As a result of the impairment tests and the internal valuations of the business as whole, management did not identify an impairment on goodwill. Impairment tests are conducted at least annually and in connection with management´s strategy review. In the impairment testing on goodwill, the discounted values of future cash flows ("value in use") are compared with the carrying amounts. Future cash flows are based on the budget for 2011, strategic plans for the years 2012–2015 and projections for the following years. Important parameters are sales, EBIT, working capital and growth assumptions subsequent to the budget and strategic plan period. Budget and strategic plans build on specific commercial assessments of the business entities and the relevant products, while projections that go beyond 2015 are built on general parameters for perpetual growth rates. The growth rate used to extrapolate cash-flow projections beyond the period covered by the most recent budgets/forecasts is 1.5% (2009: 1.5%). For discounted cash-flow calculations a discount rate of 7.8% before tax (2009: 9.7%) has been applied.

With regard to the assessment of the value in use of the goodwill, management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the asset to materially exceed its recoverable amount.

The carrying value of goodwill is made up of balances arising on acquisition of the following companies:

	31.12.10 € thousand	31.12.09 € thousand
Nycomed A/S	642,237	642,237
Altana Pharma AG	1,466,167	1,427,388
Bradley Pharmaceuticals, Inc.	113,359	105,143
Other	2,097	412
Carrying values	**2,223,860**	**2,175,180**

Significant intangible assets	31.12.10 Carrying amount € million	Remaining amortisation period	31.12.09 Carrying amount € million	Remaining amortisation period
Products, marketing and distribution rights arising from the acquisition of Altana Pharma AG	1,504.1	1–21 years	1,893.4	1–22 years
Products, marketing and distribution rights arising from the acquisition of Nycomed A/S	542.0	2–7 years	653.6	3–8 years

5. Property, plant and equipment

	Land and buildings € thousand	Machinery and equipment € thousand	Other property, plant and equipment € thousand	Assets under construction and prepayments for assets € thousand	Total € thousand
Cost as of 1 January 2009	**346,734**	**243,054**	**141,696**	**27,190**	**758,674**
Currency translation effect	11,649	12,237	8,114	–51	31,949
Additions	6,010	14,116	15,540	34,887	70,553
Additions from acquisition of subsidiaries	–	–	113	–	113
Disposals	–2,321	–2,395	–5,863	–925	–11,504
Transfers	3,653	7,710	2,378	–13,741	–
Cost as of 31 December 2009	**365,725**	**274,722**	**161,978**	**47,360**	**849,785**
Depreciation and impairments as of 1 January 2009	**33,954**	**71,505**	**27,278**	**2,100**	**134,837**
Currency translation effect	4,107	7,768	6,120	–	17,995
Depreciation	15,142	37,019	32,028	–	84,189
Impairment	2,646	–	–	–	2,646
Additions from acquisition of subsidiaries	–	–	78	–	78
Disposals	–342	–1,723	–5,403	–	–7,468
Transfers	–	–238	238	–	–
Depreciation and impairments as of 31 December 2009	**55,507**	**114,331**	**60,339**	**2,100**	**232,277**
Carrying value as of 31 December 2009	**310,218**	**160,391**	**101,639**	**45,260**	**617,508**

	Land and buildings € thousand	Machinery and equipment € thousand	Other property, plant and equipment € thousand	Assets under construction and prepayments for assets € thousand	Total € thousand
Cost as of 1 January 2010	**365,725**	**274,722**	**161,978**	**47,360**	**849,785**
Currency translation effect	12,528	12,023	10,243	1,921	36,715
Additions	2,964	12,581	15,883	37,739	69,167
Additions from acquisition of subsidiaries	1,302	–	4	–	1,306
Disposals	–2,541	–4,452	–16,892	–4,459	–28,344
Transfers	16,535	12,921	13,393	–42,849	–
Cost as of 31 December 2010	**396,513**	**307,795**	**184,609**	**39,712**	**928,629**
Depreciation and impairments as of 1 January 2010	**55,507**	**114,331**	**60,339**	**2,100**	**232,277**
Currency translation effect	3,984	8,022	6,791	–	18,797
Depreciation	19,640	39,058	36,838	–	95,536
Impairment	3,500	–	–	–	3,500
Disposals	–1,296	–2,152	–10,646	–	–14,094
Transfers	1,511	–588	1,177	–2,100	–
Depreciation and impairments as of 31 December 2010	**82,846**	**158,671**	**94,499**	**–**	**336,016**
Carrying value as of 31 December 2010	**313,667**	**149,124**	**90,110**	**39,712**	**592,613**

Additions to property, plant and equipment in 2010 amount to €69.2 million (2009: €70.6 million).
Significant additions in 2010 include laboratory and production replacement and expansion at Nycomed GmbH, Germany, and Nycomed US Inc., as well as expansion projects in Russia and India (2009: special projects and central services data centre at Nycomed GmbH, Germany, and laboratory and production expansion, together with some system upgrades at Nycomed US Inc.).
There were no individually significant disposals in 2010 and 2009.
The impairments in 2010 and 2009 relate to the optimisation and restructuring of manufacturing facilities.
For assets pledged as security, please see Note 29.

6. Investment in associate

On 21 September 2010, Nycomed acquired a 51.34% ownership interest in Guangdong Techpool Bio-Pharma Co., Ltd., China ("Techpool"). As a result of certain contractual terms covering the period 21 September 2010 to 31 December 2010, the majority ownership interest of 51.34% only resulted in Nycomed obtaining a non-controlling interest in Techpool. Accordingly, at 31 December 2010 the investment in Techpool is accounted for as an associate. Also refer to Note 30, Subsequent events.

	31.12.10 € thousand	31.12.09 € thousand
Share of statement of financial position of associate:		
Non-current assets	178,873	–
Current assets	26,924	–
Non-current liabilities	19,944	–
Current liabilities	5,052	–
Equity	**180,801**	**–**
Carrying value as of 31 December	**180,801**	**–**

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Share of revenue and loss of associate:		
Revenue	9,508	–
Loss	-854	–

7. Inventories

	31.12.10 € thousand	31.12.09 € thousand
Raw materials and packaging	129,370	117,742
Semi-finished goods	123,775	116,551
Finished goods	245,838	244,969
Prepayment for goods	1,422	14,841
Total	**500,405**	**494,103**
The amount of write-down of inventories recognised in cost of sales during the period	43,113	22,886
Amount of reversal of write-down of inventories during the year	4,291	3,011

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Inventory scrap and inventory provision		
Inventory provision as of 1 January	**27,627**	**19,380**
Currency translation effect	2,017	640
Additions	43,113	22,886
Reversal	–4,291	–3,011
Utilisation	–28,363	–12,268
Inventory provision as of 31 December	**40,103**	**27,627**

Please also see Note 29 – Pledge over inventory in Norway

8. Trade receivables

	31.12.10 € thousand	31.12.09 € thousand
Trade receivables		
Trade accounts receivable – Sales to third parties	693,020	580,995
Trade accounts receivable – Royalties	180	312
Trade accounts receivable – Others	1,486	30
Gross total trade receivables	**694,686**	**581,337**
Provision for impairment of receivables	–26,008	–21,315
Net total trade receivables	**668,678**	**560,022**
Ageing analysis trade receivables		
Neither past due nor impaired	504,449	428,282
Past due but not impaired		
– Overdue 1 to 30 days	94,548	73,880
– Overdue 31 to 60 days	12,794	4,763
– Overdue 61 to 90 days	10,367	10,772
– Overdue 91 to 360 days	21,473	25,284
– Overdue 1 year to 2 years	14,238	8,859
– Overdue more than 2 years	10,809	8,182
Total trade receivables	**668,678**	**560,022**
Trade receivables by currency		
Euro	225,441	217,232
Swiss franc	5,487	7,499
US dollar	103,247	83,088
Japanese yen	4,748	5,988
Brazilian real	41,775	27,478
Swedish krona	9,210	4,139
Danish krone	12,877	13,760
Canadian dollar	11,582	5,546
Australian dollar	11,381	14,462
Mexican peso	26,513	17,492
Russian rouble	121,348	88,834
Other	95,069	74,504
Total trade receivables	**668,678**	**560,022**
Trade receivables by type of customer		
Hospitals	68,695	62,939
Distributors	519,338	420,920
Other	80,645	76,163
Total trade receivables	**668,678**	**560,022**

The movements in the provision for impairment of receivables are as follows:

	Individually impaired € thousand	Collectively impaired € thousand	Total € thousand
As of 1 January 2009	**–5,569**	**–6,579**	**–12,148**
Currency translation effect	59	116	175
Charge for the year	–11,871	–2,253	–14,124
Utilised	415	13	428
Unused amounts reversed	2,017	2,337	4,354
As of 31 December 2009	**–14,949**	**–6,366**	**–21,315**
As of 1 January 2010	**–14,949**	**–6,366**	**–21,315**
Currency translation effect	–418	–101	–519
Charge for the year	–10,757	–3,229	–13,986
Utilised	5,927	498	6,425
Unused amounts reversed	692	2,695	3,387
As of 31 December 2010	**–19,505**	**–6,503**	**–26,008**

9. Share capital

	01.01.10 –31.12.10	01.01.09 –31.12.09
Number of ordinary shares of par value €1.25 each		
Authorised	**400,016,000**	**400,016,000**
Issued and fully paid		
Number as of 1 January	**13,316,572**	**13,316,572**
Number issued	461,538	–
Number as of 31 December	**13,778,110**	**13,316,572**
Number of management shares of par value €1.25 each		
Issued as of 1 January and 31 December	**1**	**1**
	€ thousand	**€ thousand**
Share capital value		
Value as of 1 January	**16,646**	**16,646**
Value issued	577	–
Value as of 31 December	**17,223**	**16,646**

The issued share capital comprises 13,778,110 (2009: 13,316,572) ordinary shares of par value €1.25 each (2009: €1.25) and 1 (2009: 1) management share with a par value of €1.25 each. The management share does not carry any right to dividends.

10. Reserves

NATURE AND PURPOSE

Share premium
Share premium is the premium paid on subscription of shares over and above the par value of the shares.

Cash flow hedge reserve
The cash flow hedge reserve contains the effective portion of the cash flow hedges as of the reporting date.

Available-for-sale reserve
This reserve records fair value changes on available-for-sale financial assets.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Actuarial gains/(losses)
This reserve records the actuarial gains/(losses) on post-employment benefit obligations.

Other reserves
Other reserves include deferred taxes in connection with the individual reserves mentioned above and other reserves not disclosed separately.

OTHER COMMENT

During 2010 the company identified certain corrections in relation to prior period financial statements and financial reporting from one of its subsidiaries. As the corrections are primarily relating to 2008 and prior and not determined to be material for the 2009 financial statements, the corrections have been reported as a direct charge to equity during 2010.

11. Post-employment benefits

Many employees in Nycomed are covered by retirement plans, primarily defined contribution plans or alternatively defined benefit plans. Nycomed entities sponsor these plans either directly or by contributing to independently administered funds. The nature of such plans varies according to legal regulations, fiscal requirements and the economic conditions of the countries in which the employees are employed, and the benefits are generally based on the employees' remuneration and years of service. The most significant defined benefit plans are in the Nycomed subsidiaries in Germany, the US, Norway and Switzerland.

Where a plan is unfunded or where the plan assets of a funded plan are lower than the defined benefit obligation, a liability for the obligation is recognised in the statement of financial position.
Post-employment benefit plans are often funded by payments from Nycomed entities and by employees to funds independent of the Group. There are currently significant unfunded plans in Germany.
The following tables summarise the components of net benefit expense recognised in the consolidated income statement and the funded status and amounts recognised in the consolidated statement of financial position for the various plans.

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Current service cost	17,933	15,879
Interest cost on benefit obligation	21,927	20,854
Expected return on plan assets	-6,880	-5,613
Amount recognised on curtailment / settlement	-2,839	-1,157
Net benefit expense	**30,141**	**29,963**
Actual return on plan assets	6,575	10,985
Expected return on plan assets	6,880	5,613
Defined benefit obligation as of 31 December	492,285	421,800
Fair value of plan assets as of 31 December	135,073	112,139
Recognised as post-employment benefits in the statement of financial position	**357,212**	**309,661**

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation as of 1 January	**421,800**	**374,185**
Interest cost	21,927	20,854
Current service cost	17,933	15,879
Benefits paid	–18,265	–17,588
Actuarial (gains) / losses on obligation	40,442	20,613
Currency translation effect	10,486	5,074
Reclassifications	–	4,572
Contributions by employees	2,699	2,104
Curtailments in the year	–245	–
Settlements in the year	–4,492	–3,893
Defined benefit obligation as of 31 December	**492,285**	**421,800**
Thereof for:		
Wholly unfunded plans	298,370	273,993
Wholly or partially funded plans	193,915	147,807
Changes in the fair value of plan assets are as follows:		
Fair value of plan assets as of 1 January	**112,139**	**86,104**
Actuarial gain / (loss) in the year	–305	5,372
Expected return	6,880	5,613
Contributions by employer	10,712	9,663
Contributions by employees	2,699	2,104
Benefits paid	–3,475	–3,028
Currency translation effect	8,323	3,213
Reclassifications	–	5,834
Settlements in the year	–1,900	–2,736
Fair value of plan assets as of 31 December	**135,073**	**112,139**

	31.12.10 € thousand	31.12.09 € thousand
Major categories of plan assets		
Equities	33,262	34,208
Bonds	39,545	34,611
Cash	5,303	3,500
Property	8,857	6,990
Insurance contracts	45,599	27,439
Other	2,507	5,391
Total plan assets	**135,073**	**112,139**

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Expense related to post-employment benefits recognised in the income statement		
Cost of sales	10,260	8,627
Sales and marketing expenses	9,377	4,856
Research and development expenses	5,750	7,722
Administrative expenses	2,429	5,746
Special expenses	2,325	3,012
Total expense	**30,141**	**29,963**

The actuarial assumptions used in the actuarial computations and valuations vary from country to country due to local economic and social conditions. The weighted average assumptions used are as follows:

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Assumptions	**%**	**%**
Discount rate	4.8	5.2
Expected rate of return on assets	5.5	5.9
Future salary increases	2.9	2.9
Future pension increases	1.3	1.4

The weighted average assumptions for the discount rate decreased in 2010 compared with 2009 in line with the general decrease in interest rates. The expected return on plan assets is based on market assumptions and the mix of assets held by the various plans. It has also reduced in line with general market expectations. The other assumptions remained stable from 2009 to 2010.

Amounts for the current and previous four periods are as follows:

	31.12.10 € thousand	31.12.09 € thousand	31.12.08 € thousand	31.12.07 € thousand	31.12.06 € thousand
Defined benefit obligation	492,285	421,800	374,185	381,853	378,655
Plan assets	135,073	112,139	86,104	97,210	89,321
Net post-employment benefits	**357,212**	**309,661**	**288,081**	**284,643**	**289,334**

Actuarial gains and losses recognised in other comprehensive income:

	01.01.10 – 31.12.10 € thousad	01.01.09 – 31.12.09 € thousand
Cumulative amount as of 1 January	-33,291	-18,050
Recognised during the period	-40,747	-15,241
Cumulative amount as of 31 December	**-74,038**	**-33,291**
Experience adjustments:		
Defined benefit obligations - gains / (losses)	-19,581	-4,406
Plan assets - gains / (losses)	-305	5,372

Management's best estimate of contributions expected to be paid to the plans during 2011 is €12.1 million.
The expense for defined contribution plans for 2010 is €5,144 thousand (2009: €5,051 thousand).

12. Deferred tax

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Provision as of 1 January	**756,780**	**873,538**
Deferred tax in subsidiaries acquired	–	756
Currency translation effect	8,938	7,695
Adjustment prior years	–3,208	2,826
Deferred tax income relating to the origination and reversal of temporary differences	–227,936	–122,856
Recognition of previously unrecognised deferred tax assets	–1,159	–4,396
Value adjustment on deferred tax assets recognised in income statement	74,653	–
Deferred tax recognised in other comprehensive income	–5,773	–783
Value adjustment on deferred tax assets recognised in other comprehensive income	7,578	–
Provision as of 31 December	**609,873**	**756,780**

	31.12.10 € thousand	31.12.09 € thousand
Deferred tax relates to:		
Intangible assets	621,813	788,749
Property, plant and equipment	29,544	33,106
Other investment in shares and bonds	2,814	10,877
Current assets	–50,873	–43,276
Non-current liabilities	–35,773	–24,082
Current liabilities	–64,260	–52,610
Tax loss carry-forwards	–15,434	–25,162
Unamortised financing costs	4,007	7,776
Foreign exchange gains / losses	41,443	67,862
Deferred income for tax purposes	–2,788	–6,460
Value adjustment on deferred tax assets	79,380	–
Provision as of 31 December	**609,873**	**756,780**
Allocation of deferred tax:		
Deferred tax liabilities	732,681	870,219
Deferred tax assets	122,808	113,439
	609,873	**756,780**

Details of the movements in deferred taxes are set out below:

	1 January 2009 € thousand	Subsidiaries acquired € thousand	Currency translation effect € thousand	Recognised in income statement € thousand	Recognised in other comprehensive income € thousand	31 December 2009 € thousand
Intangible assets	937,944	756	11,484	-162,769	1,334	788,749
Property, plant and equipment	36,700	–	–	-3,594	–	33,106
Other investment in shares and bonds	8,423	–	–	2,454	–	10,877
Current assets	-42,032	–	–	-1,244	–	-43,276
Non-current liabilities	-28,663	–	–	4,581	–	-24,082
Current liabilities	-28,378	–	–	-20,579	-3,653	-52,610
Tax loss carry-forwards	-57,209	–	–	32,047	–	-25,162
Unamortised financing costs	10,055	–	–	-2,279	–	7,776
Foreign exchange gains / losses	30,459	–	-3,789	39,656	1,536	67,862
Deferred income for tax purposes	6,239	–	–	-12,699	–	-6,460
	873,538	**756**	**7,695**	**-124,426**	**-783**	**756,780**

	1 January 2010 € thousand	Subsidiaries acquired € thousand	Currency translation effect € thousand	Recognised in income statement € thousand	Recognised in other comprehensive income € thousand	31 December 2010 € thousand
Intangible assets	788,749	–	20,064	-187,000	–	621,813
Property, plant and equipment	33,106	–	–	-3,562	–	29,544
Other investment in shares and bonds	10,877	–	–	-8,063	–	2,814
Current assets	-43,276	–	–	-7,597	–	-50,873
Non-current liabilities	-24,082	–	–	-99	-11,592	-35,773
Current liabilities	-52,610	–	–	-17,469	5,819	-64,260
Tax loss carry-forwards	-25,162	–	–	9,728	–	-15,434
Unamortised financing costs	7,776	–	–	-3,769	–	4,007
Foreign exchange gains / losses	67,862	–	-8,275	-18,144	–	41,443
Deferred income for tax purposes	-6,460	–	–	3,672	–	-2,788
Value adjustment on deferred tax assets	–	–	-2,851	74,653	7,578	79,380
	756,780	**–**	**8,938**	**-157,650**	**1,805**	**609,873**

Deferred tax assets mainly relate to tax loss carry-forwards in Denmark and timing differences in Denmark, Germany and Norway.

Deferred tax assets of €15,434 thousand as of 31 December 2010 (2009: €25,162 thousand) have been recognised for all unused tax losses to the extent that future taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

As of 31 December 2010, a provision of €79,380 thousand was made in respect of deferred tax assets which are not expected to be reversible in the foreseeable future.

Nycomed has net operating loss carry-forwards in Denmark with unlimited expiration of €202,748 thousand in 2010 and €217,796 thousand in 2009 which have not been recognised as deferred tax assets.

As of 31 December 2010, a deferred tax liability of €1,893 thousand (2009: €4,058 thousand) was recognised for taxes that will be payable on the expected remittance of earnings of certain of the Group's subsidiaries.

As of 31 December 2010, unremitted earnings of €652 million (2009: €688 million) have been retained by subsidiary companies for reinvestment. No deferred tax liability has been recognised for the potential income tax consequences that would result upon the distribution of these earnings. If these earnings were remitted, an income tax charge could result based on the tax statutes currently in effect. It is not practicable to estimate the amount of the unrecognised deferred tax liabilities for these undistributed earnings.

There are no income tax consequences to Nycomed of paying dividends to its shareholders.

13. Provisions

	Employee benefits € thousand	Sales and marketing € thousand	Warranty € thousand	Other € thousand	Restructuring € thousand	Total € thousand
Provisions as of 1 January 2009	**116,299**	**51,732**	**5,243**	**69,451**	**26,871**	**269,596**
Currency translation effect	1,734	541	118	929	-385	2,937
Addition from acquisition of subsidiaries	204	887	–	48	–	1,139
Arising during the year	74,043	50,422	3,341	71,098	15,659	214,563
Utilised during the year	-71,381	-55,102	-1,696	-47,588	-17,628	-193,395
Unused amount reversed	-15,432	-5,224	-547	-330	-3,828	-25,361
Provisions as of 31 December 2009	**105,467**	**43,256**	**6,459**	**93,608**	**20,689**	**269,479**
Provisions as of 1 January 2010	**105,467**	**43,256**	**6,459**	**93,608**	**20,689**	**269,479**
Currency translation effect	5,559	1,560	502	3,423	770	11,814
Addition from acquisition of subsidiaries	34	–	–	54	–	88
Arising during the year	120,186	138,233	3,850	102,036	18,757	383,062
Utilised during the year	-97,427	-91,238	-3,815	-69,510	-17,357	-279,347
Unused amount reversed	-8,528	-62	-282	-29,027	-1,093	-38,992
Provisions as of 31 December 2010	**125,291**	**91,749**	**6,714**	**100,584**	**21,766**	**346,104**
Current 2009	63,726	37,755	2,762	58,453	19,226	181,922
Non-current 2009	41,741	5,501	3,697	35,155	1,463	87,557
Provisions as of 31 December 2009	**105,467**	**43,256**	**6,459**	**93,608**	**20,689**	**269,479**
Current 2010	87,370	86,249	4,570	68,500	20,506	267,195
Non-current 2010	37,921	5,500	2,144	32,084	1,260	78,909
Provisions as of 31 December 2010	**125,291**	**91,749**	**6,714**	**100,584**	**21,766**	**346,104**

The employee benefit provisions include accruals for bonuses, as well as anniversary and paid vacation. Provisions for sales and marketing pertain primarily to sales bonuses and commissions, returns, discounts, and allowances as described in Note 2, Significant management judgements and accounting estimates. Provisions for warranty cover commitments in connection with goods delivered and services rendered. The items included in other provisions are primarily related to pending litigation and legal costs, professional fees, clinical trials and research. Provisions for restructuring relate to integration and restructuring activities, please see Note 22 Special expenses.

PROVISION MATURITY TABLE:

31.12.09

	Due < 1 year € thousand	Due < 2 years € thousand	Due < 3 years € thousand	Due < 4 years € thousand	Due < 5 years € thousand	Due after 5 years € thousand	Total € thousand
Employee benefits	63,726	8,104	4,192	3,835	12,411	13,199	105,467
Sales and marketing	37,755	–	–	1,000	1,501	3,000	43,256
Warranty	2,762	453	444	527	446	1,827	6,459
Other	58,453	25,201	670	669	–	8,615	93,608
Restructuring	19,226	202	195	189	182	695	20,689
Total as of 31 December 2009	**181,922**	**33,960**	**5,501**	**6,220**	**14,540**	**27,336**	**269,479**

31.12.10

	Due < 1 year € thousand	Due < 2 years € thousand	Due < 3 years € thousand	Due < 4 years € thousand	Due < 5 years € thousand	Due after 5 years € thousand	Total € thousand
Employee benefits	87,370	6,085	3,523	3,176	3,048	22,089	125,291
Sales and marketing	86,249	–	1,000	1,500	3,000	–	91,749
Warranty	4,570	681	702	473	226	62	6,714
Other	68,500	21,989	2,174	380	1,218	6,323	100,584
Restructuring	20,506	202	195	188	181	494	21,766
Total as of 31 December 2010	**267,195**	**28,957**	**7,594**	**5,717**	**7,673**	**28,968**	**346,104**

14. Financial institutions

Interest-bearing loans

The senior debt facilities can be specified as stated below:

	Currency	Maturity	Effective interest rate	31.12.10 € thousand	31.12.09 € thousand
Non-current					
A-tranche	USD	2013	IBOR + 3.25%	631,451	872,036
B-tranche	USD & EUR	2014	IBOR + 4.00%	1,273,507	1,310,740
C-tranche	USD & EUR	2015	IBOR + 4.50%	1,273,500	1,310,740
Second Lien / D-tranche	EUR	2016	IBOR + 6.50%	425,000	425,000
In-licensing / Restructuring Facility	EUR	2014	IBOR + 3.25%	292,826	394,150
Local debt				223	230
Debt buy-back				-141,325	-179,637
				3,755,182	**4,133,259**
Current					
A-tranche	USD	2011 / 2010	IBOR + 3.25%	241,856	268,319
In-licensing / Restructuring Facility	EUR	2011 / 2010	IBOR + 3.25%	97,594	49,263
Local debt				66	59
				339,516	**317,641**
Total debt				**4,094,698**	**4,450,900**
Financing fees					
Financing fees non-current				-49,019	-40,314
Financing fees current				-21,526	-13,370
				-70,545	**-53,684**
Total debt to financial institutions including financing fees				**4,024,153**	**4,397,216**
Split between current and non-current					
Non-current				3,706,163	4,092,945
Current				317,990	304,271
Total				**4,024,153**	**4,397,216**

15. Financial risk and derivative financial instruments

MARKET RISK

The Group is exposed to market risk, primarily related to foreign exchange and interest rates. Management actively monitors these exposures. The Group has established strategies to hedge fluctuations in exchange rates and interest rates. The Group's objective is to reduce, where it is deemed appropriate to do so, fluctuations in earnings and cash flows associated with changes in market interest rates and foreign currency exchange rates. The Group does not engage in financial transactions or risk exposures that are not related to the hedging of underlying business-driven risks.

CURRENCY RISK

The Group is impacted by currency fluctuations which have an impact on profits. The Group uses derivative financial instruments with the aim of limiting losses from fluctuations in the exchange rate of the euro against other currencies, especially the US dollar, the Mexican peso, the Brazilian real, the Russian rouble, the Danish krone, the Norwegian krone, the Japanese yen or the Canadian dollar. Only forward exchange deals and currency swaps are used. These were transacted exclusively with banks that have defined credit ratings.

Currency risk can be classified in two categories: transaction risk and translation risk. The Group's transaction risk primarily relates to the potential change in value of future operations and cash flows resulting from changes in currency rates.
Translation risk is related to the translating of potential changes in the booked values of assets and liabilities in foreign currencies. Nycomed is mainly exposed with regard to the US dollar, the Canadian dollar, the Brazilian real, the Mexican peso, the Russian rouble, the Norwegian krone, the Danish krone and the Japanese yen.

The Group's main objective of currency risk management is to reduce, where it is deemed appropriate to do so, fluctuations in earnings and cash flows associated with the changes in market foreign currency rates. Risk management is intended to limit the short-term negative impact on earnings and cash flows from exchange-rate fluctuations.

Currency risk related to Senior Facility Agreement

A part of the outstanding debt in Nycomed is denominated in USD in order to mitigate the current cash flow risk and the USD value of Nycomed in a potential transaction. Within the purpose to preserve a part of the unrealised gain on this part of the debt, Nycomed entered into four cross-currency swaps during the first half-year of 2008. Since then, those swaps have been re-struck or closed. Cross-currency swaps were not accounted for as hedges under IAS 39.

Cross-currency swaps used to hedge USD denominated debt

Market value as of 31 December	Currency	Notional amount thousand	31.12.10 € thousand	31.12.09 € thousand
EUR / USD cross-currency swap	EUR	500,000	–	-51,013
EUR / USD cross-currency swap	EUR	250,000	–	-25,369
EUR / USD cross-currency swap	EUR	50,000	–	-5,204
			–	**-81,586**

Currency risk related to sales transactions

Foreign exchange forwards are used to protect against exposures to variability in future cash flows on highly probable forecast sales transactions. The maturity dates of the foreign exchange derivatives are all within one year.

When the criteria for hedge accounting are met, foreign exchange derivatives are treated as cash flow hedges until the hedged item is recorded in the income statement. Afterwards, they are treated as fair value hedges. Changes in value of the derivatives therefore are initially recognised in other comprehensive income and are transferred to the income statement when forecasted sales transactions affect the income statement.

As of 31 December 2010 and 2009, none of the outstanding foreign exchange derivatives were designated as either cash flow or fair value hedges.

All fair values of derivative financial instruments in the Group are provided by banks. The calculations from the banks are based on mark to market model.

Currency risk related to the statement of financial position

The Group enters into various contracts, which change in value as foreign exchange rates change, to preserve the value of Group assets, and mitigate currency-related increases in its commitments.

Forward contracts are entered into to hedge receivables and payables.

There were no foreign exchange derivatives designated for hedge accounting under IAS 39 at 31 December 2010 and 2009.

The Group enters into various contracts which change in value as foreign exchange rates change, to preserve the value of Group assets, mitigate currency-related increases in its commitments and to hedge highly probable sales.

The following schedule presents forward contracts not designated for hedge accounting under IAS 39.

Outstanding forward contracts by currency	31.12.10 € thousand Fair value	31.12.10 € thousand Nominal value	31.12.09 € thousand Fair value	31.12.09 € thousand Nominal value
Purchases of currency				
CAD	–	–	177	7,932
CZK	–	–	–38	4,533
DKK	–9,564	57,785	–4,347	58,129
SEK	107	5,075	–	–
Total purchases of currency	**–9,457**	**62,860**	**–4,208**	**70,594**
Sales of currency				
AUD	–276	12,637	–	–
CAD	–63	15,538	–	–
CHF	–2,233	60,541	–898	57,871
JPY	–	–	15	751
MXN	–	–	–79	7,927
NOK	–6,151	70,513	–2,106	38,554
PLN	–125	11,774	–116	13,400
RON	–186	23,041	–	–
RUB	–135	78,392	–	–
SAR	48	11,725	–	–
SEK	–	–	–102	14,709
USD	–	67,355	–	62,474
Total sales of currency	**–9,121**	**351,516**	**–3,286**	**195,686**

All forward contracts have a maturity which is below 12 months and therefore are presented as either current assets or current liabilities.

Sensitivity analysis

Nycomed has operations in many countries with exposures in many currencies. After performing a detailed currency risk analysis, Nycomed management believes that the major currency risk is based on fluctuations in EUR/USD, EUR/NOK and EUR/RUB. The following table demonstrates the sensitivity to a reasonably possible change in the USD, NOK and RUB exchange rates, with all other variables held constant, of the Group's profit before tax and equity due to changes in fair values of monetary assets and liabilities.

31.12.10

	Increase/ decrease in exchange rate	Effect on profit and loss before tax € thousand	Effect on equity € thousand
EUR /USD	10%	107,628	76,857
EUR / NOK	5%	-26,345	-18,813
EUR / RUB	10%	-3,288	-2,348
EUR / USD	-10%	-131,546	-93,937
EUR / NOK	-5%	29,119	20,794
EUR / RUB	-10%	4,018	2,869

31.12.09

	Increase/ decrease in exchange rate	Effect on profit and loss before tax € thousand	Effect on equity € thousand
EUR / USD	10%	56,116	40,072
EUR / NOK	10%	-57,577	-41,116
EUR / RUB	10%	-14,279	-10,197
EUR / USD	-10%	-68,587	-48,978
EUR / NOK	-10%	70,372	50,253
EUR / RUB	-10%	17,453	12,463

Currency risk related to forward covers

The following table demonstrates the sensitivity to a reasonably possible change in the currency fluctuations, with all other variables held constant, of the Group's profit before tax and equity due to changes in fair values of derivative financial instruments.

31.12.10

	Increase/ decrease in exchange rate	Effect on profit and loss before tax € thousand	Effect on equity € thousand
Forwards			
USD / DKK	10%	-6,743	-4,815
EUR / NOK	5%	3,354	2,395
EUR / CHF	10%	5,503	3,929
EUR / CAD	10%	1,412	1,008
EUR / PLN	10%	1,069	763
EUR / SAR	10%	1,062	759
EUR / RUB	10%	6,995	4,995
EUR / RON	5%	1,095	782
USD / DKK	-10%	6,743	4,815
EUR / NOK	-5%	-3,707	-2,647
EUR / CHF	-10%	-6,726	-4,803
EUR / CAD	-10%	-1,725	-1,232
EUR / PLN	-10%	-1,306	-933
EUR / SAR	-10%	-1,299	-927
EUR / RUB	-10%	-8,549	-6,105
EUR / RON	-5%	-1,211	-865

31.12.09

	Increase/ decrease in exchange rate	Effect on profit and loss before tax € thousand	Effect on equity € thousand
Forwards			
USD / DKK	10%	-6,247	-4,461
EUR / NOK	10%	3,503	2,501
EUR / CHF	5%	2,756	1,968
USD / DKK	-10%	6,247	4,461
EUR / NOK	-10%	-4,282	-3,058
EUR / CHF	-5%	-3,046	-2,175

Although the derivatives have not been designated in a hedge relationship, they act as a commercial hedge and will offset the underlying transactions when they occur.

INTEREST RATE RISK

Nycomed has a significant level of debt with a variable rate of interest. Changes in interest rates affect the income statement as well as statement of financial position because a part of the variable debt is hedged with derivative instruments (see below). The overall objective of interest rate risk management is to limit the negative impact on earnings and on the statement of financial position from interest rate fluctuations.

As of 31 December 2010, 17.7% of Nycomed's senior debt facility calculated in euros was hedged using interest rate swaps which all expire at the end of September 2013. As of 31 December 2009, 60.0% of Nycomed's debt calculated in euros was hedged using interest rate swaps which all expired at the end of September 2010.

Interest rate risk related to loans, interest rate swaps and cross-currency swaps

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit before tax and equity.

31.12.09

	Increase/ decrease in basis points	Effect on equity from interest rate swaps* € thousand	Effect on profit and loss from cross currency swaps before tax € thousand	Effect on equity from cross currency swaps € thousand	Effect on profit and loss from loan before tax € thousand	Effect on equity from loans € thousand	Total Effect on profit and loss before tax € thousand	Total Effect on equity € thousand
USD	50	4,347	-843	-602	-9,803	-7,000	-10,646	-3,255
EUR	50	5,082	929	663	-12,450	-8,891	-11,521	-3,146
USD	-50	-4,396	845	603	9,803	7,000	10,648	3,207
EUR	-50	-5,114	-931	-665	12,450	8,891	11,519	3,112

31.12.10

	Increase/ decrease in basis points	Effect on equity from interest rate swaps* € thousand	Effect on profit and loss from cross currency swaps before tax € thousand	Effect on equity from cross currency swaps € thousand	Effect on profit and loss from loan before tax € thousand	Effect on equity from loans € thousand	Total Effect on profit and loss before tax € thousand	Total Effect on equity € thousand
USD	25	4,895	-	-	-4,286	-3,061	-4,286	1,834
EUR	25	-	-	-	-5,950	-4,249	-5,950	-4,249
USD	-25	-4,943	-	-	4,286	3,061	4,286	-1,882
EUR	-25	-	-	-	5,950	4,249	5,950	4,249

*If Nycomed no longer qualifies for hedge accounting changes in value would be shown in the income statement.

The table below discloses the fair value of the financial instruments applied to swap the interest rate for the individual tranches of the debt.

Interest rate swaps used to hedge variable rate debt

Fair value as of 31 December	Currency	Notional amount thousand	31.12.10 € thousand	31.12.09 € thousand
A-Tranche, maturity 30.09.10	USD	1,012,469	–	-4,373
B-Tranche, C-Tranche, D-Tranche and Restructuring, maturity 30.09.10	EUR	1,000,000	–	-9,080
B-Tranche, C-Tranche, D-Tranche and Restructuring, maturity 30.09.10	EUR	1,000,000	–	-8,060
B-Tranche, maturity 30.09.13	USD	500,000	2,722	–
C-Tranche, maturity 30.09.13	USD	500,000	2,774	–
			5,496	**-21,513**

As of 31 December 2010 and 2009, all interest rate swaps were designated as cash flow hedges in accordance with IAS 39. Changes in value of those derivatives are therefore recognised in other comprehensive income. Before interest rate swaps were designated as cash flow hedges, changes in fair value were recognised in the income statement.

At 31 December 2010, the fair values of outstanding interest rate swap derivative financial instruments designated as cash flow hedges were €5,496 thousand (2009: €-21,513 thousand).

Amounts recognised in other comprehensive income during the period were €27,009 thousand (2009: €-2,303 thousand).
For 2010 and 2009, there were no amounts recognised in the income statement for hedge instruments.

CREDIT RISK

Nycomed continuously monitors and evaluates credit risk on outstanding payments. In general, Nycomed estimates the risk to be limited for countries in the EU. In Russia/CIS, the payment conditions are cash payment or 90-day payment terms. During 2010, Nycomed continued its strict control and close follow-up on outstanding payments. Nycomed has had very few defaulted payments in this region since the rouble crisis in 1998. Nycomed maintains that this region is subject to higher than average political and economic risk and continues to make every effort to secure payment from Nycomed's customers. Nycomed tries to cover outstanding payments through insurance companies. As of 31 December 2010, Nycomed had €140.6 million outstanding receivables from customers in Russia/CIS, of which 65.2% was covered by credit insurance (31 December 2009: €113.6 million, of which 45.5% was covered). Except for the insured amount, the maximum exposure to the credit risk of financial assets at the reporting date is reflected by the carrying values included in the Group's statement of financial position.

Working capital

Due to the current rate of growth in countries with higher than average outstanding balances such as Russia/CIS and Latin America, Nycomed is experiencing increased pressure on its working capital and longer cycles. During 2010 and 2009 Nycomed experienced some prolongation in the payment terms within the industry in Russia/CIS.

LIQUIDITY RISK

Cash management decisions are concerned with the effective utilisation of cash resources and deal with actions related to managing:

- Cash pools
- Intercompany invoicing and intercompany procedure
- Cash transfer

It is the Group's policy to centralise the liquidity within Group Treasury and minimise cash held at banks locally.

The subsidiaries are part of cash pools for various currencies. For currencies where there is no cash pool implemented, a manual transfer process takes place. Nycomed subsidiaries minimise local cash at banks and only maintain a cash position sufficient to run the daily business. It is the intention of the Group that all excess cash will be streamed up to the parent company.

Short-term borrowing needs of subsidiaries are covered by internal current account overdraft facilities in the In-House Bank or by intercompany loans. Alternatively an external borrowing can be established in countries where internal loans are not permitted due to currency and other regulations.

Contractual maturities of financial liabilities

The following table presents a maturity analysis for financial liabilities. It shows the remaining contractual maturities on an undiscounted basis:

FINANCIAL LIABILITIES
31.12.09

	Up to 1 year € thousand	From 1 to 3 years € thousand	Over 3 years € thousand	Total € thousand
Non-current liabilities				
Loans under Senior Facility Agreement	–	1,002,774	3,632,927	4,635,701
Cross-currency swaps	–	86,662	–	86,662
Bank borrowings (overdraft facility)	–	232	–	232
Current liabilities				
Loans under Senior Facility Agreement	445,034	–	–	445,034
Interest rate swaps	25,282	–	–	25,282
Bank borrowings (overdraft facility)	59	–	–	59
Trade payables	229,017	–	–	229,017
	699,392	**1,089,668**	**3,632,927**	**5,421,987**

FINANCIAL LIABILITIES
31.12.10

	Up to 1 year € thousand	From 1 to 3 years € thousand	Over 3 years € thousand	Total € thousand
Non-current liabilities				
Loans under Senior Facility Agreement	–	1,163,365	3,166,812	4,330,177
Interest rate swaps	–	7,752	–	7,752
Bank borrowings (overdraft facility)	–	223	–	223
Current liabilities				
Loans under Senior Facility Agreement	528,735	–	–	528,735
Interest rate swaps	4,430	–	–	4,430
Bank borrowings (overdraft facility)	66	–	–	66
Trade payables	263,152	–	–	263,152
	796,383	**1,171,340**	**3,166,812**	**5,134,535**

CAPITAL RESOURCES

Nycomed expects to generate significant operating cash flow to support the strategy and servicing of debt in 2011.

As of the end of December 2010, Nycomed had a cash position of €495.6 million compared with a cash position of €747.6 million at the end of 2009.

As of the end of December 2010, Nycomed had a total senior debt of €4,094.4 million (excluding the local debt of €0.3 million and the effect of the outstanding financing fees of €–70.5 million), compared with €4,450.6 million at the end of 2009 (excluding the local debt of €0.3 million and the effect of the outstanding financing fees of €–53.7 million).

Nycomed has committed facilities of €443.4 million under the In-licensing/Restructuring Facility, which are fully drawn as at 31 December 2010. In addition, Nycomed has a revolving facility of €250.0 million, which remains undrawn. Thereof €6.6 million are allocated to an ancillary facility. As of 31 December 2009, Nycomed had committed facilities of €443.4 million under the In-licensing/Restructuring Facility, which were fully drawn. In addition, Nycomed had a revolving facility of €250.0 million, which remained undrawn. Thereof €6.6 million were allocated to an ancillary facility.

Classification of financial instruments

The following table shows a comparison by category of carrying amount and fair values of the financial instruments of the Group:

31.12.09

	Cash	Available-for-sale	FVtPL [1] – designated	FVtPL [1] – held for trading	Fair value – designated for hedge accounting	Loans and receivables	Other financial liabilities	Total	Fair value
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
FINANCIAL ASSETS									
Non-current assets									
Other investments in shares and bonds	–	32,011	4,934	–	–	–	–	36,945	36,945
Other receivables	–	–	–	–	–	6,778	–	6,778	6,778
Current assets									
Trade receivables	–	–	–	–	–	560,022	–	560,022	560,022
Other receivables and prepayments	–	–	–	193	–	20,743	–	20,936	20,936
– thereof foreign exchange derivatives	–	–	–	193	–	–	–	193	193
Marketable securities	–	4,196	1,720	–	–	–	–	5,916	5,916
Cash	747,643	–	–	–	–	–	–	747,643	747,643
FINANCIAL LIABILITIES									
Non-current liabilities									
Deferred income and other non-current liabilities	–	–	–	81,586	–	–	–	81,586	81,586
– thereof foreign exchange derivatives	–	–	–	81,586	–	–	–	81,586	81,586
Financial institutions	–	–	–	–	–	–	4,092,945	4,092,945	3,844,923 [2]
Current liabilities									
Financial institutions	–	–	–	–	–	–	304,271	304,271	285,489 [2]
Trade payables	–	–	–	–	–	–	229,017	229,017	229,017
Other payables	–	–	–	7,668	21,513	–	24,500	53,681	53,681
– thereof foreign exchange derivatives	–	–	–	7,668	–	–	–	7,668	7,668
– thereof interest rate derivatives	–	–	–	–	21,513	–	–	21,513	21,513

[1] Fair value through profit or loss

[2] The fair value of the financial institutions is derived from bank valuations. The total debt from Senior Facility Agreement has been extrapolated with the average of the recently traded portions.

Cross-currency swaps are reported as foreign exchange derivatives.

31.12.10

	Cash	Available-for-sale	FVtPL [1] – designated	FVtPL [1] – held for trading	Fair value – designated for hedge accounting	Loans and receivables	Other financial liabilities	Total	Fair value
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
FINANCIAL ASSETS									
Non-current assets									
Other investments in shares and bonds	–	34,910	4,969	–	–	737	–	40,616	40,616
Other receivables	–	–	–	–	3,682	7,947	–	11,629	11,629
– thereof interest rate derivatives	–	–	–	–	3,682	–	–	3,682	3,682
Current assets									
Trade receivables	–	–	–	–	–	668,678	–	668,678	668,678
Other receivables and prepayments	–	–	–	1,276	1,814	31,782	–	34,872	34,872
– thereof foreign exchange derivatives	–	–	–	1,276	–	–	–	1,276	1,276
– thereof interest rate derivatives	–	–	–	–	1,814	–	–	1,814	1,814
Marketable securities	–	8,102	–	–	–	–	–	8,102	8,102
Cash	495,604	–	–	–	–	–	–	495,604	495,604
FINANCIAL LIABILITIES									
Non-current liabilities									
Financial institutions	–	–	–	–	–	–	3,706,163	3,706,163	3,603,957[2]
Current liabilities									
Financial institutions	–	–	–	–	–	–	317,990	317,990	312,258[2]
Trade payables	–	–	–	–	–	–	263,152	263,152	263,152
Other payables	–	–	–	19,823	–	–	14,120	33,943	33,943
– thereof foreign exchange derivatives	–	–	–	19,823	–	–	–	19,823	19,823

[1] Fair value through profit or loss

[2] The fair value of the financial institutions is derived from bank valuations. The total debt from Senior Facility Agreement has been extrapolated with the average of the recently traded portions.

Valuation methods of financial instruments

The following table shows the fair value of financial instruments recorded at fair value at 31 December analysed by methodology of fair value estimation.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques that use inputs having a significant effect on the recorded fair value that are not based on observable market data.

31.12.09

	Prices actively quoted (Level 1) € thousand	Prices sourced from observable date or market corroboration (Level 2) € thousand	Prices based on models and other valuation methods (Level 3) € thousand	Total € thousand
FINANCIAL ASSETS				
Non-current assets				
Other investments in shares and bonds	29,883	–	7,062	36,945
Current assets				
Other receivables and prepayments	–	193	–	193
– thereof foreign exchange derivatives	–	193	–	193
Marketable securities	4,032	164	1,720	5,916
FINANCIAL LIABILITIES				
Non-current liabilities				
Deferred income and other non-current liabilities	–	81,586	–	81,586
– thereof foreign exchange derivatives	–	81,586	–	81,586
Current liabilities				
Other payables	–	29,181	–	29,181
– thereof foreign exchange derivatives	–	7,668	–	7,668
– thereof interest rate derivatives	–	21,513	–	21,513

31.12.10

	Prices actively quoted (Level 1) € thousand	Prices sourced from observable date or market corroboration (Level 2) € thousand	Prices based on models and other valuation methods (Level 3) € thousand	Total € thousand
FINANCIAL ASSETS				
Non-current assets				
Other investments in shares and bonds	31,242	–	8,637	39,879
Other receivables	–	3,682	–	3,682
– thereof foreign exchange derivatives	–	3,682	–	3,682
Current assets				
Other receivables and prepayments	–	3,090	–	3,090
– thereof foreign exchange derivatives	–	1,276	–	1,276
– thereof interest rate derivatives	–	1,814	–	1,814
Marketable securities	8,102	–	–	8,102
FINANCIAL LIABILITIES				
Current liabilities				
Other payables	–	19,823	–	19,823
– thereof foreign exchange derivatives	–	19,823	–	19,823

16. Capital management

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Interest-bearing debt, Senior credit facilities excl. financing fees	4,094,409	4,450,610
Cash and short-term deposits	-495,604	-747,643
Net debt	3,598,805	3,702,967
Equity	1,490,888	1,538,811
Total capital	1,490,888	1,538,811
Capital and net debt	5,089,693	5,241,778
Net turnover	3,170,566	3,227,971
EBITDA	774,878	999,146

* EBITDA is a non-IFRS defined measure calculated as Earnings before interest, taxes, depreciation and amortisation

The primary objective of Nycomed Group´s capital management is to ensure that the Group is able to fulfil all its obligations as set out in the Senior Facility Agreement. Financial covenants are calculated and reported to the syndicate of banks with a compliance certificate on a quarterly basis. The following covenants are tested on a quarterly basis:
Leverage – Total Net Debt/Adjusted EBITDA (total debt included in the covenants calculation is adjusted as shown above. Adjusted EBITDA is defined in the Senior Facility Agreement and is a management measure for capital management which adds back the Special expenses (excl. depreciation), the Inventory step-up and the Warrants to EBITDA).
Fixed Charge Coverage – Cash flow/Total Funding Costs.
Interest Cover – Adjusted EBITDA/Total Net Interest.

In addition a maximum amount related to the yearly spending on capital expenditure is imposed on the Group.
The covenants are all met up to 31 December 2010.

As part of the Amendment Process of the Senior Facility Agreement in July 2010, Nycomed increased its flexibility for future acquisitions. In addition the leverage covenant was changed to new ratios.

Nycomed is rated by Standard & Poor's and Moody´s. As of 31 December 2010, Nycomed's ratings were +B/stable and B2 (2009: +B/stable and B2 respectively).

In accordance with the Group's Capital Management policies Nycomed has not proposed or paid any dividend in any of the periods presented.

17. Income tax receivable/payable

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Provision as of 1 January	**25,061**	**31,769**
Transfer from other assets / liabilities as of 1 January	–38	212
Current tax in subsidiaries acquired	–	391
Currency translation effect	–944	–575
Income taxes paid during the year	–111,917	–171,190
Adjustment prior years	–1,371	–5,163
Current tax expense for the year	141,712	169,517
Current tax recognised in other comprehensive income	1,762	100
Provision as of 31 December	**54,265**	**25,061**
Allocation of income tax		
Income tax payable	67,007	39,354
Income tax receivable	12,742	14,293
	54,265	**25,061**

18. Segment reporting

Nycomed consists of one operating segment under IFRS 8 "Operating Segments" as this is how the Nycomed Chief Operating Decision Maker (CODM) effectively manages the business. CODM means the Nycomed Executive Committee (ExCom) consisting of the CEO and his Senior Executive Direct Reports.

Nycomed's pharmaceutical business is one operating segment because it is managed as a fully-integrated business whereby manufacturing and research are important upstream activities. Without those there would be no marketing and sales.

Risk is managed on an integrated global basis.

The numbers presented in the table below represent revenues from external customers.

REVENUE BY REGION

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Europe	**1,431,076**	**1,620,573**
Latin America	**378,390**	**295,471**
Russia / CIS	**479,295**	**343,374**
Asia-Pacific, Africa, Middle East	**243,759**	**212,137**
US	503,777	587,922
Other North America	74,812	67,133
Total North America	**578,589**	**655,055**
Total revenue	**3,111,109**	**3,126,610**
Other income	59,457	101,361
Net turnover	**3,170,566**	**3,227,971**

The revenue in Luxembourg, the Company's country of domicile, is minimal.

The revenue from external customers above is based on the location of the customer. In 2010 and 2009 no individual customer and no individual country except the US accounted for more than 10% of the Group's revenues.

NON-CURRENT ASSETS

	31.12.10 € thousand	31.12.09 € thousand
Europe		
Germany	2,462,555	2,803,295
Denmark	1,257,985	1,381,102
Other Europe	205,284	192,037
Total Europe	**3,925,824**	**4,376,434**
Latin America	**683,183**	**635,240**
Russia / CIS	**22,809**	**7,105**
Asia-Pacific, Africa, Middle East	**34,348**	**26,638**
North America		
US	682,839	775,921
Other North America	2,162	2,409
Total North America	**685,001**	**778,330**
Total	**5,351,165**	**5,823,747**

Non-current assets consist of total property, plant and equipment and total intangible assets held by the Group in the countries in which Nycomed runs its business. If assets in an individual foreign country are considered material, those assets are disclosed separately.

19. Other income

In 2010, other income of €59.5 million relates primarily to a compensation payment received in settlement of a discontinued distribution agreement (€11.6 million) and milestone payments for divestment of products and granting distribution rights in specific regions (€19.6 million). The remaining amount is related to income from contract manufacturing, premium income from the re-insurance activity and other smaller amounts.

In 2009, other income of €101.4 million relates primarily to a payment received from Forest Laboratories for the US rights for development, manufacturing and commercialisation of roflumilast (€70.7 million). The remaining amount relates to income from contract manufacturing, research and development services, know-how transfer payments to Astra Zeneca and premium income from the re-insurance activity and other smaller amounts.

20. Amortisation/depreciation of intangible assets and property, plant and equipment

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Amortisation / depreciation and write-down of non-current assets are included in the income statement as follows:		
Cost of sales	-51,769	-41,531
Sales and marketing expenses	-698,681	-630,885
– thereof amortisation of fair value adjustments on patents and rights from acquisitions	-637,662	-579,666
Research and development expenses	-42,751	-14,282
Administrative expenses	-25,304	-19,913
Special expenses	-534	-4,582
Total	**-819,039**	**-711,193**

Nycomed reports all impairments under sales and marketing expenses or research and development expenses

21. Employee costs

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Salaries and wages, etc. are included in the Group's total expenses at the following amounts:		
Wages and salaries for the employees	-658,319	-580,720
Pension	-48,100	-38,349
Other social security costs	-117,086	-98,315
Warrants	-	-5,142
Total	**-823,505**	**-722,526**
Salaries and wages etc. are included in the income statement as follows:		
Cost of sales	-198,190	-176,530
Sales and marketing expenses	-360,157	-318,395
Research and development expenses	-115,116	-109,472
Administrative expenses	-123,673	-99,560
Special expenses	-26,369	-18,569
Total	**-823,505**	**-722,526**
Average number of employees for the year	**12,391**	**11,975**
Total number of employees as of 31 December	**12,506**	**12,043**

KEY MANAGEMENT PERSONNEL COMPENSATION

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Short-term employee benefits	-9,018	-8,759
Post-employment pension benefits	-130	-193
Share-based payments	-	-3,353
	-9,148	**-12,305**

Key management personnel include the directors and members of the Executive Committee of Nycomed S.C.A. SICAR as further described in Note 28.

During 2010 Nycomed bought back 60,777 shares and 24,893 warrants from members of the management group. The management group is comprised of the members of the Executive Committee of the Group and other employees in leading positions within the worldwide Nycomed Group. The buy-back is partly due to members of the management group leaving the company during the year and partly due to a repurchase programme initiated during the year allowing the members of the management group to sell back the warrants to the company. The price level applied for the buy-back of shares and warrants was based on the 2010 capital increase. In 2010 Nycomed did not issue any new warrants.

During 2009 Nycomed bought back 17,544 shares and 16,885 warrants from members of the management group that left the company during the year. The share price level for the shares in Nycomed applied in connection with the 2006 acquisition was the basis for the buy-back of the shares and warrants. In April 2009 Nycomed granted the executive management team and a group of other employees warrants corresponding to 1.2% of the current share capital at the time of granting the warrants, in total 174,500 warrants. Each warrant corresponds to one share. The exercise price is based on the share price level for the shares in Nycomed applied in connection with the 2006 acquisition plus €20 per share. The warrants can be utilised in the period from the time of granting the warrants and the following 7.2 years. €5,142 thousand was expensed in the income statement in 2009 for this programme. The market value for the warrants was calculated using the Black Scholes option pricing model. The main assumptions were as follows:

- The expected volatility of 38.6% was calculated based on historical data for comparable companies.
- The risk-free interest rate is 1.70% and the share price used is the price for the Nycomed shares in connection with the 2006 acquisition.
- The expected life of the warrants was set to 3 years and no expected dividend was included in the calculation.

The executive committee has a total of 117,363 shares and 417,349 warrants as of 31 December 2010. The Group's CEO has 45,776 shares and 175,100 warrants. The CEO's contract is subject to a six-month termination clause. If the Board of Directors terminates the contract, he will receive severance pay for 18 months in addition to salary during the notice period.

	Management Group	Nycomed S.C.A. SICAR	Total
Warrants as of 1 January 2009	**684,302**	**68,552**	**752,854**
Issued in 2009	174,500	–	174,500
Re-acquired in 2009	-16,885	16,885	–
Warrants as of 31 December 2009	**841,917**	**85,437**	**927,354**
Exercised in 2010	-5,000	–	-5,000
Re-acquired in 2010	-24,893	24,893	–
Warrants as of 31 December 2010	**812,024**	**110,330**	**922,354**

22. Special expenses

Special expenses include costs related to integration, restructuring activities and transactions. For further details, refer to the definition in Note 3, General accounting policies.

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Integration cost related to acquisitions	65	-4,564
Restructuring cost relating to markets / areas	-18,647	-10,084
Cost related to restructuring of production facilities	-3,522	-17,004
General and Administration Improvement at Nycomed (GAIN) project	-29,331	-
Other	-18,974	-43,290
TOTAL	**-70,409**	**-74,942**

The amounts reported in special expenses for 2010 and 2009 relate to several items:

- The costs for the integration of operations from the Bradley, Altana and Apex acquisitions.
- The restructuring cost related to the reorganisation of the marketing and sales functions in several countries.
- The restructuring cost for production facilities includes the cost for the closure of factories in Finland and reorganisation of Denmark, Germany and Austria as well as efficiency programmes for other production facilities.
- The costs for the General and Administration Improvement project at Nycomed (GAIN) relates to a restructuring of the core administrative processes across Europe.
- Other costs in 2010 include € 9.1 million related to research and development reorganisation and € 5.8 million related to one-time transaction costs. In 2009 € 27.9 million related as well to one-time transaction costs.

23. Financial income

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Interest income from bank deposits	6,498	13,399
Realised gains on financial assets or financial liabilities at fair value through profit or loss	2,878	219
Unrealised gains on financial assets or financial liabilities at fair value through profit or loss	70,503	11,354
Unrealised gain from debt buy-back	–	40,921
Realised gain from debt buy-back	6,860	–
Unrealised currency exchange gains	–	78,942
Unrealised currency exchange gains on intercompany loans	69,325	89,947
Realised currency exchange gains on intercompany transactions	54,622	–
Realised currency exchange gains	13,904	23,112
Gain on net monetary position (hyperinflation)	1,861	–
Other financial income	2,218	106
Total	**228,669**	**258,000**

24. Financial expenses

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Interest expenses on financial liabilities classified at amortised cost	-195,404	-215,973
Realised currency exchange losses	-13,352	-25,809
Unrealised currency exchange losses	-182,443	-3
Amortised financing fees	-23,795	-17,025
Other financial expenses	-7,520	-10,006
Unrealised loss on debt buy-back	-7,561	-4,467
Total	**-430,075**	**-273,283**

25. Income tax

	01.01.10 – 31.12.10 € thousand	01.01.09 – 31.12.09 € thousand
Current tax expense for the year	-141,712	-169,517
Deferred tax income relating to the origination and reversal of temporary differences	227,936	122,856
Value adjustment on deferred tax assets	-74,653	-
Recognition of previously unrecognised deferred tax assets	1,159	4,396
Adjustment prior years (current tax)	1,371	5,163
Adjustment prior years (deferred tax)	3,208	-2,826
Total	**17,309**	**-39,928**
Income tax related to comprehensive income		
Actuarial gains and losses	11,592	3,653
Unrealised result on cash flow hedging, interest rate swaps	-7,581	-1,636
Adjustment of value of intangibles	-	-1,334
Value adjustment on deferred tax assets	-7,578	-
	-3,567	**683**
Analysis of income tax:		
Income / (loss) before tax	-246,421	272,669
Tax calculated at applicable tax rate (28.6%)	70,452	-77,956
Non-deductible interest expenses and non-taxable interest income	6,051	11,761
Non-deductible expenses related to warrant programme	-	-1,354
Other non-deductible expenses	-6,011	-7,078
Withholding tax, tax on dividends and non-deductible loss on sale of shares	-1,551	-5,451
Impact of changes in tax rates	-2,117	50
Tax credits	167	1,781
Adjustments for uncertain tax positions	-5,000	17,984
Recognition of previously unrecognised deferred tax assets	1,159	4,396
Value adjustment on deferred tax assets	-74,653	-
Other	1,980	545
Higher / (lower) tax rates in foreign subsidiaries	22,253	13,057
Adjustment of tax concerning prior years	4,579	2,337
Total – effective income tax rate 7.0% (2009: 14.6%)	**17,309**	**-39,928**

The analysis of Nycomed's tax rate has been presented using Luxembourg tax rate of 28.6% as the applicable tax rate.

Nycomed considers this more meaningful than using a weighted average tax rate.

26. Earnings/(loss) per share

Basic earnings/(loss) per share amounts are calculated by dividing the net result for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.
Diluted earnings/(loss) per share amounts are calculated by dividing the net result attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.
Potential dilutive effects arise from the exercise of outstanding warrants if the consolidated net result is positive.

	01.01.10 –31.12.10	01.01.09 –31.12.09
Basic earnings / (loss) per share		
Net result attributable to ordinary equity holders of the parent (in thousand euros)	–224,594	226,970
Weighted average number of shares	13,515,097	13,316,572
Basic earnings / (loss) per share (in euros)	–16.62	17.04
Diluted earnings / (loss) per share		
Net result attributable to ordinary equity holders of the parent (in thousand euros)	–224,594	226,970
Weighted average number of shares	13,515,097	13,316,572
Dilutive effect of warrants	–	842,417
Diluted weighted average number of shares	13,515,097	14,158,989
Diluted earnings / (loss) per share (in euros)	–16.62	16.03

In 2010 there is no dilutive effect of warrants due to the consolidated net loss.

27. Business combinations

Acquisitions in 2010

On 6 July 2010, Nycomed acquired 75% of PT Apex Pharma Indonesia ("Apex"), a privately owned manufacturer of OTC pharmaceutical products with a sales and distribution network around Indonesia. A total purchase consideration of €1.4 million was transferred.

The Group has elected to measure the non-controlling interest in the acquiree at fair value.

From the date of acquisition, the subsidiary acquired during 2010 contributed €6.5 million to the Group revenue and €0.5 million to the Group's net result for the year.

Acquisition in 2009

Acquisition of 50% of Nycomed Madaus (Pty) Ltd.

On 6 March 2009, Nycomed acquired the remaining 50% of the shares in Nycomed Madaus (Pty) Ltd., South Africa that it did not already hold. Prior to that date, Nycomed was a 50% venturer in the company and consolidated its 50% using the proportionate consolidation method. Nycomed Madaus (Pty) Ltd. is engaged in the commercialisation of pharmaceutical products in the territories of South Africa, Swaziland, Lesotho, Namibia, Botswana, Indian Ocean islands and other countries.

The fair values of identifiable assets, liabilities and contingent liabilities at the acquisition date were:

	Total € thousand
Patents and rights	11,519
Furniture and equipment	70
Deferred tax asset	159
Inventories	2,136
Receivables	2,127
Prepaid taxes	329
Cash	3,700
Total assets	**20,040**
Deferred tax liability	3,225
Other provisions	1,013
Trade payables	460
Other liabilities	100
Total liabilities	**4,798**
Total identifiable net assets at fair value	**15,242**
Fair value of previously held equity interest	–7,621
Goodwill arising on acquisition	333
Purchase consideration transferred	**7,954**
The net cash flow from the acquisition is as follows:	
Purchase consideration transferred	–7,954
Cash acquired in subsidiary (50%)	1,850
Net cash flow on acquisition	**–6,104**

100% of the fair value adjustments were taken into account at the date when the Group acquired control of the company. As a result of the remeasurement to fair value of the previously held equity interest, a gain of € 5,760 thousand was recorded in sales and marketing expenses.

If the acquisition had occurred on 1 January 2009, the revenue for the Group for the year ended 31 December 2009 would have been € 1.1 million higher and the net result would have been unchanged. The additional 50% acquired contributed € 7.0 million to the Group revenue in the period from 6 March 2009 to 31 December 2009 and no net profit or loss.

28. Related party transactions

Related parties with a significant interest comprise group enterprises including all parent companies and associated enterprises, including such enterprises' supervisory boards, executive boards and executive officers and members of their families. Furthermore, related parties include enterprises and companies in which the aforementioned persons have significant interests. In the period disclosed, there were no related party transactions with members of the supervisory or executive boards, executive officers, significant shareholders other than those stated in Note 21.

BOARD OF DIRECTORS

Name	Nationality	Born	Remuneration as board member	Nycomed shares held	Other board membership	Chairman of
Toni Weitzberg Chairman of the Board	Swedish	1950	–	–	Synphora AB Permobile AB Atos Medical AB Convatec S.a.r.l.	Atos Medical AB Convatec S.a.r.l.
Håkan Björklund CEO	Swedish	1956	–	Shares: 45,776 Warrants: 175,100	Atos Medical AB Coloplast A/S Danisco A/S	–
Thompson Dean	American	1958	–	–	IWCO Holding WWR Inc. Convatec S.a.r.l.	–
Carl-Gustaf Johansson	Swedish	1937	USD 50,000	Warrants: 2,775	–	Avaris AB Imed AB NeuroNova AB
Kristoffer Melinder	Swedish	1971	–	–	Convatec S.a.r.l.	–
Colin Taylor	Canadian	1962	–	–	Glacier Luxembourg Two S.a.r.l. Supervisory Board of Grohe AG and Grohe Beteiligungs GmbH and Director of Glacier G.P. Queens University (Canada) EATG S.a.r.l. EATG Cayman Limited EATG (Debtco) Limited EATG (Bidco) Limited Guala Closures SpA Mubadala Infrastructure Partners	–
Newton Aguiar	American	1964	–	–	Guala Closures SpA	–

EXECUTIVE COMMITTEE OF THE NYCOMED S.C.A. SICAR GROUP

Name	Nationality	Born	Number of years in industry	Academic degrees
Håkan Björklund Chief Executive Officer	Swedish	1956	26	PhD in Neuroscience from Karolinska Institute, Sweden
Runar Bjørklund Chief Financial Officer	Norwegian	1956	19	MSc in Business from Lund University, Sweden
Charles Depasse Executive Vice President Human Resources	Belgian	1958	25	Electromechanical Engineering degree from the University of Brussels, Belgium and an MBA from New York University, US
Anders Ullman Executive Vice President Research and Development	Swedish	1956	20	Physician and clinical pharmacologist with an MD and PhD from the University of Gothenburg, Sweden
Kerstin Valinder Executive Vice President Business Development	Swedish	1960	26	University Certificate in Journalism from the University of Gothenburg, Sweden
Michael Kuner Executive Vice President General Counsel	German	1958	21	Law graduate from University of Freiburg, Germany Admitted to the German Bar
Barthold Piening Executive Vice President Operations	German	1958	22	PhD in Pharmaceutical Chemistry from Kiel University, Germany, and an MBA from WHU Koblenz, Germany, and Northwestern University, Chicago, Ill., US
Guido Oelkers Executive Vice President Commercial Operations	German	1965	25	PhD in Strategic Management from University of South Australia, Adelaide, MA in Economics, Southbank University, London, and German University Degree in Business Administration (Dipl. – Betriebswirt), Mainz, Germany

The management group (as defined in Note 21) is entitled to acquire shares in one of the parent companies of the Group on the basis of an incentive programme. Shares can be paid out by Nycomed and can be bought back when the aforementioned leave the company. During 2010 Nycomed bought back from management 60,777 shares with a value of €19.7 million (2009: 17,544 shares with a value of €2.2 million). In 2010 a member of the management group exercised 5,000 warrants swapping them to 5,000 shares for a value of €0.7 million (2009: nil).

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Sales to related parties € thousand	Purchases from related parties € thousand	Amounts owed by related parties € thousand	Amounts owed to related parties € thousand
Entities with controlling interest over the Group					
Nordic Capital					
	2010	–	77	–	3
	2009	–	225	–	8
Joint venture in which the Group is a venturer:					
Nycomed Madaus (Pty) Ltd (South Africa) – 50% (until 6 March 2009)					
	2010	–	–	–	–
	2009	72	–	–	299
Zydus Nycomed Healthcare Private Ltd (India) – 50%					
	2010	–	10,782	705	162
	2009	12,805	390	387	386

		Loans from related parties € thousand	Loans to related parties € thousand	Interest/Dividends received from related parties € thousand	Interest/Dividends paid to related parties € thousand
Joint venture in which the Group is a venturer:					
Zydus Nycomed Healthcare Private Ltd (India) – 50%					
	2010	–	–	–	–
	2009	–	–	4,382	–

Terms and conditions of transactions with related parties, the sales to and purchases from related parties are made at normal market prices. Outstanding balances at the end year-end are unsecured, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended 31 December 2010 and 2009, Nycomed S.C.A. SICAR has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

As of 31 December 2010, the following shareholders held more than 5% of the collective shareholding of Nycomed S.C.A. SICAR Luxembourg.

SHAREHOLDERS

	Share ownership	Share ownership (fully diluted)[2]
Nordic Capital[1]	**41.2%**	**37.6%**
Nordic Capital V, L.P.	23.2%	21.1%
Nordic Capital VI, Alpha L.P.	8.0%	7.3%
Nordic Capital VI, Beta L.P.	9.4%	8.6%
Other co-investors – below 5%	0.6%	0.6%
Credit Suisse (DLJMB)	**25.6%**	**23.3%**
DLJMB Overseas Partners III, C.V.	17.4%	15.8%
Other co-investors – below 5%	8.2%	7.5%
Coller International Partners	**9.7%**	**8.8%**
Coller International Partners IV Limited as nominee for Coller International Partners IV-D, L.P., Coller International Partners IV-E, L.P. and Coller German Investors GmbH & Co. KG	5.3%	4.8%
Other co-investors – below 5%	4.4%	4.0%
Avista	**8.9%**	**8.1%**
ACP Nycom Holdings, LLC	6.4%	5.8%
Other co-investors – below 5%	2.5%	2.3%
Others (less than 5% ownership)	**14.6%**	**22.2%**
	100.0%	**100.0%**

[1] Controlling interest through shareholders´ agreement.

[2] Share ownership (fully diluted) is calculated as each shareholder's ownership of shares and warrants divided by the total number of shares and warrants.

29. Contingent liabilities, guarantee commitments, etc.

Contractual obligations

The Group rents and leases property, company cars and equipment used in its operations. These leases are classified as operating leases. The lease contracts expire on various dates in the future.
Future minimum lease payments for non-cancellable operating leases were:

OPERATING LEASES

	31.12.10 € thousand	31.12.09 € thousand
Lease and rent commitments expiring within the following periods from the reporting date:		
Within one year	43,228	33,763
Between one and two years	33,407	27,573
Between two and three years	23,432	18,030
Between three and four years	11,126	9,527
Between four and five years	7,491	5,261
After five years	8,257	4,323
	126,941	**98,477**

Approximately 40% of the operating lease obligations represent rent or leasing of buildings in Switzerland, Russia and the US.

COMMITMENTS AND GUARANTEES

	31.12.10 € thousand	31.12.09 € thousand
Commitments for capital expenditure and other purchase obligations	9,082	12,642
Total	**9,082**	**12,642**

The Group has certain other contingent liabilities resulting from claims, performance guarantees and other commitments incident to the ordinary course of business. Management believes that the probable resolution of any other contingencies will not materially impact the financial position or results of operations.

CONTINGENT LIABILITIES, GUARANTEE COMMITMENTS, etc., CONTINUED

The following legal entities are borrowers or guarantors under the Senior Facility Agreement and therefore liable under that agreement for the full or part of the amount.

Nyco Holdings 3 ApS, Denmark
Nycomed Danmark ApS, Denmark
Nycomed Germany Holding GmbH, Germany
Nycomed AB, Sweden
Nycomed Holding GmbH, Austria
Nycomed Christiaens B.V., Netherlands
Nycomed Christiaens SCA / CVA, Belgium
Nycomed Holding ApS, Denmark
Nyco Holdings 2 ApS, Denmark
Nyco Holdings Belgium SPRL, Belgium
Nycomed Pharma AS, Norway
Nycomed Finland Holding Oy, Finland
Nycomed Pharma Ltda., Brazil
Nycomed Belgium SCA / CVA, Belgium
Nycomed Canada Inc., Canada
Nycomed Asset Management GmbH, Germany
Nycomed GmbH, Germany
Unipharma GmbH, Germany
Nycomed S.A. de C.V., Mexico
Nycomed B.V., Netherlands
Nycomed Pharma S.A., Spain
Nycomed US, Inc., US
Nycomed Norway Holding AS, Norway
Nycomed Sweden Holding AB, Sweden
Nycomed Deutschland GmbH, Germany
Nycomed France S.A.S., France
Selskab No 26 81 23 05 ApS, Denmark
Purchase Vehicle of November 10, 2008 ApS, Denmark

Except for Nyco Holdings 2 ApS the shares of these entities have been pledged in favour of the banks.

The shares of the following additional legal entities are pledged to the banks: Oy Leiras Finland AB, Nycomed Austria GmbH, Nycomed Pharma GmbH (Austria). Nycomed Danmark ApS, Nycomed Pharma AS (Norway) and Nycomed Christiaens SCA / CVA (Belgium) have also granted security over receivables, registered bonds, floating charges over business equipment and inventory and real property. The Danish entities have also registered negative pledges in the personal register.

The total debt covered by such guarantees as of 31 December 2010 is € 4,094,409 thousand (2009: € 4,450,609 thousand).

The assets covered by these guarantees as of 31 December are set out below

ASSET SECURITIES

	31.12.10 € thousand	31.12.09 € thousand
Mortgage of property, plant and equipment		
Property mortgage over property in Norway (Nycomed Pharma AS)	22,613	23,011
Property mortgage over property in Roskilde (Nycomed Danmark ApS)	19,105	20,280
Pledge over plant and equipment in Norway (Nycomed Pharma AS)	14,385	15,493
Property mortgage over property in Brazil (Nycomed Pharma Ltda.)	26,979	26,135
Property mortgage over property in Konstanz (Nycomed GmbH)	121,346	115,470
Pledge over plant and equipment in Mexico (Nycomed S.A. de C.V.)	6,702	6,157
Total	**211,130**	**206,546**
Securities over other current assets		
Pledge over inventory in Norway (Nycomed Pharma AS)	19,753	19,264
Receivables in Belgium (Nycomed Christiaens SCA / CVA)	13,532	79,056
Receivables in Norway (Nycomed Pharma AS)	16,377	14,128
Deposits on specific bank accounts in Norway (Nycomed Pharma AS)	4,641	12,484
Receivables in Austria under intra group agreement (Nyco Holdings 3 ApS)	225,419	240,708
Pledge over registered bonds in Belgium	–	59,290
Total	**279,722**	**424,930**

The above securities are in some instances limited to certain amounts. However the limitation generally exceeds the value of the assets so that the limitation does not actually limit or reduce the security granted to the banks.

Mortgages on the property of St. Hede Roskilde Jorder 54, totalling € 33,541 thousand have been registered to the mortgagor and are held by Nordea AB as security for bank debt.

Contingencies

From time to time the Group may be party to legal proceedings in the ordinary course of business. The Group decides from case to case whether it will settle the matter or whether it will defend itself in the court of law or not act on the matter at all, based on an assessment of the general or strategic importance of the case to the Group. The Group maintains liability insurance in an effort to reduce the impact of negative judgments in legal matters. In the opinion of the management, the ultimate resolution of any threatened or pending litigation will not have a material adverse effect on the Group´s financial position or results of operations.

Protonix® sales in recent years were adversely affected by the "at risk" launches (meaning launch of a generic product against an existing patent covering the compound in question) of generic pantoprazole by Teva and Sun. Having successfully defended the validity of the existing patent in the court of law, Nycomed will vigorously pursue the litigation seeking damages for infringement of Nycomed´s patent rights, against Teva, Sun and others to recover lost profits and other damages.

The Group has entered into long-term contracts for the purchase of raw materials for certain strategic products in order to secure supplies. Furthermore, certain of the Group's in-licensing agreements require purchase of minimum quantities.

The Group has certain other contingent liabilities resulting from claims, performance guarantees and other commitments incidental to the ordinary course of business. Management believes that the probable resolution of any other contingencies will not materially impact the financial position or results of operations. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements and restructuring, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded. The Group will establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Currently management believes that it is not probable that the unresolved tax disputes with taxing authorities in various jurisdictions would lead to any material additional tax liabilities.

Based on a tax assessment towards Nycomed´s Indian joint venture Zydus Nycomed Pharma Healthcare Pvt. Ltd. stating an amount of €5.35 million a contingent liability exists. An objection was raised against this tax assessment. Management considers the legal enforceability of this claim as improbable. Nycomed owns 50% of the shares in this company.

In December 2010, Nycomed A/S received a reassessment of taxes from the Danish tax authorities. The Danish tax authorities claim that Nycomed A/S should have withheld withholding tax of €53 million on interest expenses on loans from Nycomed Sweden Holding 2 AB in the period 2007-2009. Interest for late payment of the withholding tax shall be added. The company submitted an appeal to the Danish National Tax Tribunal in January 2011 as management considers the legal enforceability of this claim as improbable. Accordingly, no provision has been made for the claim.

30. Subsequent events

Nycomed acquires a 51.34% stake in Guangdong Techpool Bio-Pharma.

On 1 January 2011, Nycomed obtained control of Guangdong Techpool Bio-Pharma Co. Ltd., China ("Techpool") as certain contractual terms, which had previously disabled Nycomed from exercising control over Techpool from the time of the acquisition, expired. These terms had, in 2010, prevented Nycomed from exercising control even though it has the 51.34% ownership interest. No payments were made in 2011 in order to obtain control.

As Nycomed obtained control over Techpool on 1 January 2011, due to the timing of this event, it is impracticable to provide further disclosures regarding the business combination as work related to the purchase price allocation is currently ongoing.

Nycomed to acquire Colombian company Farmacol

On 4 February 2011, Nycomed signed an agreement for the acquisition of Laboratorios Farmacol S.A. (Farmacol), located in Colombia to further grow its presence in the Latin American region. Farmacol's main treatment areas are gastroenterology, respiratory and gynaecology. The transaction is subject to regulatory approval and is expected to close in the second quarter of 2011.

Due to the timing of this event, it is not possible to provide further disclosures regarding the business combination as the transaction is not yet completed.

31. List of subsidiaries

The table below contains information on the subsidiaries included in the consolidated financial statements as of 31 December 2010

Company	Country	Nominal share capital (in thousands)		Equity interest
Nycomed S.A.	Argentina	ARS	17,751	100%
Nycomed Pty. Ltd.	Australia	AUD	451	100%
Nycomed Holding GmbH	Austria	EUR	64	100%
Nycomed Austria GmbH	Austria	EUR	10,602	100%
Nycomed Osteuropa Marketing Service GmbH	Austria	EUR	37	100%
Chemisch Pharmazeutische Forschungs GmbH	Austria	EUR	37	100%
B.N.S. Pharma Vertriebsges.m.b.H.	Austria	EUR	37	100%
Nycomed Pharma GmbH	Austria	EUR	600	100%
Nycomed Christiaens SCA / CVA	Belgium	EUR	5,578	100%
Nyco Holdings Belgium SPRL	Belgium	EUR	19	100%
Nycomed Belgium SCA / CVA	Belgium	EUR	436	100%
Nycomed Pharma Ltda.	Brazil	BRL	23,826	100%
Jade Prosper Holdings Limited	British Virgin Islands	USD	15,650	100%
Nycomed Canada Inc.	Canada	CAD	6,000	100%
Nycomed Pharmaceutical Consultancy (Shanghai) Company Limited	China	CNY	8,584	100%
Guangdong Techpool Bio-Pharma Co. Ltd.	China	CNY	100,000	51%[1]
Nycomed d.o.o.	Croatia	HRK	20	100%
Nycomed s.r.o.	Czech Republic	CZK	1,000	100%
Selskab No 26 81 23 05 ApS	Denmark	DKK	4,470	100%
Nyco Holdings 2 ApS	Denmark	DKK	745	100%
Nyco Holdings 3 ApS	Denmark	DKK	745	100%
Nycomed Holding ApS	Denmark	DKK	10,200	100%
ApS KBIL 38 NR 2505	Denmark	DKK	125	100%
Nycomed Danmark ApS	Denmark	DKK	800,000	100%
Nettopharma ApS	Denmark	DKK	125	100%
Purchase Vehicle of November 10, 2008 ApS	Denmark	EUR	20	100%
Nyco Holdings ApS	Denmark	DKK	1,118	100%
Nycomed A/S	Denmark	EUR	99	100%
Nycomed SEFA AS	Estonia	EEK	2,200	100%
Oy Leiras Finland AB	Finland	EUR	1,322	100%
Nycomed Finland Holding Oy	Finland	EUR	44,000	100%
Nycomed France S.A.S.	France	EUR	920	100%
Nycomed Germany Holding GmbH	Germany	EUR	10,000	100%
Nycomed GmbH	Germany	EUR	70,000	100%
Nycomed Asset Management GmbH	Germany	EUR	5,625	100%
Nycomed Deutschland GmbH	Germany	EUR	2,000	100%
Byk Tosse Arzneimittel GmbH	Germany	EUR	30	100%
Unipharma GmbH	Germany	EUR	30	100%
Nycomed Hellas, Pharmaceutical, Commercial & Industrial S.A.	Greece	EUR	2,700	100%
Nycomed (Hong Kong) Limited	Hong Kong	HKD	5,057	100%
Nycomed Pharma KFT	Hungary	HUF	3,000	100%
Zydus Nycomed Healthcare Private Limited	India	INR	200,000	50%[2]
Nycomed Pharma Private Limited	India	INR	333,916	100%
PT Apex Pharma	Indonesia	IDR	75,664,164	75%

[1] Associate [2] Joint venture

Company	Country	Nominal share capital (in thousands)		Equity interest
Nycomed Products Ltd.	Ireland	EUR	100	100%
Nycomed Italia S.r.l.	Italy	EUR	110	100%
Nycomed S.p.A.	Italy	EUR	1,500	100%
Nycomed Japan K.K.	Japan	JPY	20,000	100%
Nycomed Korea Co., Ltd.	Republic of Korea	KRW	500,000	100%
Nycomed Latvia SIA	Latvia	LVL	4	100%
Nycomed UAB	Lithuania	LTL	10	100%
Nycomed Malaysia SDN. BHD	Malaysia	MYR	–	100%
The Aphin Group	Mauritius	USD	–	100%
Nycomed Administración S.A. de C.V.	Mexico	MXN	1,000	100%
Nycomed Operaciones S.A. de C.V.	Mexico	MXN	1,000	100%
Nycomed Pharma S.A. de C.V.	Mexico	MXN	50	100%
Nycomed S.A. de C.V.	Mexico	MXN	1,741	100%
Byk Gulden S.A. de C.V.	Mexico	MXN	1,000	100%
Nycomed Christiaens B.V.	Netherlands	EUR	445	100%
Nycomed B.V.	Netherlands	EUR	10,000	100%
Nycomed Pharma AS	Norway	NOK	79,200	100%
Nycomed Norway Holding AS	Norway	NOK	120	100%
OPTI-ME AS	Norway	NOK	100	100%
Nycomed Holdings (Asia Pacific) Pte Ltd	Philippines	PHP	9,247	100%
Nycomed Pharma Sp.z.o.o.	Poland	PLN	191,333	100%
Nycomed Sp.z.o.o.	Poland	PLN	81	100%
Nycomed SCE Sp.z.o.o.	Poland	PLN	50	100%
Nycomed Portugal Lda. – Produtos Químicos e Farmacêuticos	Portugal	EUR	249	100%
Nycomed Pharma S.R.L.	Romania	RON	4	100%
SC Ruby de Tacos S.R.L.	Romania	RON	3	100%
Nycomed Closed Joint Stock Company	Russia	RUB	540	100%
Nycomed Distribution Center Limited Liability Company	Russia	RUB	10	100%
Nycomed Siberia Limited Liability Company	Russia	RUB	291	100%
Nycomed Production Company Limited Liability Company	Russia	RUB	75,000	100%
Nycomed Holdings (Asia Pacific) Pte. Ltd.	Singapore	SGD	1,000	100%
Nycomed s.r.o.	Slovakia	EUR	8	100%
Nycomed Pharmaceuticals (Pty) Ltd	South Africa	ZAR	1,400	100%
Nycomed Spain S.L.	Spain	EUR	503	100%
Nycomed Pharma S.A.	Spain	EUR	1,214	100%
Nycomed AB	Sweden	SEK	2,000	100%
Nycomed Sweden Holding AB	Sweden	EUR	1,000	100%
Nycomed Sweden Holding 1 AB	Sweden	EUR	99,964	100%
Nycomed Sweden Holding 2 AB	Sweden	EUR	141	98%
Nycomed Pharma AG	Switzerland	CHF	500	100%
Nycomed International Management GmbH	Switzerland	CHF	1,500	100%
Nycomed Re Insurance AG	Switzerland	CHF	15,500	100%
Nycomed Chromo Beteiligungs AG	Switzerland	CHF	100	100%
Nycomed Ðlaç Sanayi ve Tic. Limited Ðirketi	Turkey	TRY	15	100%
Nycomed UK Limited	UK	GBP	300	100%
Altana Pharma Limited	UK	GBP	500	100%
Nycomed Ukraine LLC	Ukraine	UAH	52	100%
Nycomed US Inc.	US	USD	4,000	100%
Nycomed Venezuela S.R.L.	Venezuela	VEF	2	100%

Starting points for building partnerships with Nycomed

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DEFINITIONS OF KEY FIGURES AND FINANCIAL RATIOS

EBITDA	=	Earnings before interest, tax, depreciation and amortisation
Adjusted EBITDA	=	EBITDA adjusted for inventory step-up values as a result of purchase accounting, restructuring, integration and transaction costs and the effect from the warrants programme
Gross profit margin	=	Gross profit x 100/Total net turnover
EBITDA margin	=	EBITDA x 100/Total net turnover
Adjusted EBITDA margin	=	Adjusted EBITDA x 100/Total net turnover

Our vision is to strive for excellence in all we do to improve the quality of life for patients around the world.

Our mission is to bring medicines that matter to patients and healthcare providers.

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