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Second quarter 2009 report Lundbeck records 18% revenue growth. Double digit growth in all regions

H. Lundbeck A/S (Lundbeck) reports second quarter revenue of DKK 3,432 million growing 18% in constant exchange rates compared to second quarter 2008. Revenue in the US rising to DKK 1,025 million, with Lundbeck Inc. for the first time contributing a full quarter.

- Key products Cipralex[®], Ebixa[®] and Azilect[®] all experienced double digit growth in constant exchange rates and continues to gain market shares.
- Lundbeck Inc. reports second quarter revenue of DKK 400 million, with Xenazine^{®i} sales already contributing DKK 81 million.
- The performance of Xenazine[®] combined with the acquisition of LifeHealth Limited strengthens the US platform and supports further earnings from the second half of 2009 and onwards.
- Profit from operations (EBIT) was DKK 719 million, including adjustments for acquisition accounting lowering EBIT with DKK 98 million. The EBIT margin for the period was 21%. Operating profit before depreciation and amortisation (EBITDA) was DKK 872 million corresponding to an EBITDA margin of 25%.
- The tax rate for the full year is now expected to be 25-26%, as opposed to previously guided 28%.
- Lundbeck maintains the financial guidance for the full year.

Distribution of revenue	Q2 2009 DKKm	Q2 2008 DKKm	Growth	Growth at CER*
Cipralex [®]	1,345	1,234	9%	12%
Lexapro [®]	625	692	(10%)	(4%)
Ebixa [®]	539	467	15%	18%
Azilect [®]	88	63	40%	43%
Xenazine [®]	81	-	-	-
Europe	1,711	1,574	9%	10%
USA	1,025	692	48%	49%
International Markets	671	621	8%	13%
Total revenue	3,432	2,938	17%	18%

* Constant exchange rates

In connection with the interim report, Lundbeck's President and CEO Ulf Wiinberg said:
"We are very pleased with the overall performance in the second quarter. Our businesses in Europe and International Markets continue to show high growth. Lundbeck Inc. is delivering solid results on the back of the launch of Xenazine. With our achievements in the first half of the year we are now well under way to deliver on our financial expectations for 2009."

Management review

Financial highlights and key figures

	2009 Q2	2008 Q2	2009 H1	2008 H1	2008 FY
Financial highlights (DKKm)					
Revenue	3,432	2,938	6,657	5,820	11,282
Profit from operations before depreciation and amortisation (EBITDA)	872	976	1,951	2,041	3,417
Profit from operations (EBIT)	719	365	1,666	1,290	2,354
Net financials	(109)	2	(90)	16	(28)
Profit before tax	609	351	1,577	1,273	2,283
Tax	139	99	410	346	620
Profit for the period	470	252	1,167	927	1,663
Equity	8,101	6,874	8,101	6,874	7,511
Assets	16,984	12,261	16,984	12,261	12,526
Cash flows from operating and investing activities	852	168	(950)	1,235	2,193
Property, plant and equipment investments, gross	45	22	85	41	229
Key figures					
EBIT margin (%) ¹	21.0	12.4	25.0	22.2	20.9
Return on capital employed (%)	6.8	4.4	18.1	16.2	30.0
Research & Development costs as a percentage of revenue	24.1	35.6	23.2	26.9	26.5
Return on equity (%) ¹	5.8	3.6	14.9	13.3	22.8
Solvency ratio (%) ¹	47.7	56.1	47.7	56.1	60.0
Capital employed (DKKm)	10,772	8,774	10,772	8,774	9,438
Share data					
Number of shares for the calculation of EPS (million)	196.1	196.4	196.1	197.6	196.8
Number of shares for the calculation of DEPS (million)	196.1	196.4	196.1	197.6	196.8
Earnings per share (EPS) (DKK) ¹	2.40	1.29	5.95	4.69	8.45
Diluted earnings per share (DEPS) (DKK) ¹	2.40	1.29	5.95	4.69	8.45
Cash flow per share (DKK) ¹	4.60	4.23	7.61	8.57	14.12
Net asset value per share (DKK) ¹	41.31	35.05	41.31	35.05	38.30
Market capitalisation (DKKm)	19,761	22,388	19,761	22,388	21,657
Share price end of period (DKK)	100.37	108.01	100.37	108.01	110.00
Other					
Number of employees	5,750	5,131	5,750	5,131	5,318

1) Definitions according to the Danish Society of Financial Analysts' *Recommendations & Financial Ratios 2005*.



Lundbeck's development portfolio

Lundbeck is developing a number of new and promising pharmaceuticals in the existing fields of specialties; depression, anxiety and psychotic disorders - and in new areas such as epilepsy, stroke and alcohol dependence. At present Lundbeck's pipeline consists of:

- Two compounds under FDA regulatory review
- Five compounds in clinical phase III
- Five compounds in clinical phase II
- Two compounds in clinical phase I

Pipeline development is summarized as follows:

Regulatory review

In June Lundbeck received a Complete Response Letter (CRL) from the US Food and Drug Administration (FDA) for **Serdolect**[®] (sertindole) for the treatment of schizophrenia. The Agency's complete response included a request for additional data to best understand the appropriate patient population for which Serdolect[®] could be made available. Lundbeck will engage with the FDA to determine the best way forward.

Lundbeck is still in active dialogue with the FDA in order to obtain final approval on **Sabril**[®] (vigabatrin) for the treatment of refractory complex partial seizures and the treatment of infantile spasms. Label discussions are progressing and approval is expected within months.

Clinical phase III

The results from the first three clinical trials in the phase III development programme with **Lu AA21004** in major depressive disorder (MDD) showed that the low dosage (2.5 mg) did not reach significance compared to placebo across studies, whereas 5 and 10 mg showed promising results compared to placebo. In all of these trials, Lu AA21004 was well tolerated and confirmed the previously observed favourable safety profile. As a result, the most appropriate dose of Lu AA21004 needs to be established. It is anticipated that this work will postpone submission of the new drug application (NDA) in the US with approximately 18-24 months. Lundbeck and Takeda will continue to work with the US Food and Drug Administration (FDA) and other regulatory agencies on the clinical development program and submission plans.

It has recently been decided to stop all joint R&D activities for Solvay's compound **bifeprunox**, as interim results on the ongoing phase III trials showed that efficacy data did not support pursuing the existing development strategy of stabilisation of non-acute patients with schizophrenia. Lundbeck's financial investment in this clinical phase III programme has been modest.

Furthermore, Lundbeck has desmoteplase, nalmeferene, I.V. carbamazepine and clobazam in clinical phase III development. The clinical phase III studies for all the projects are enrolling patients and progressing as planned.



Clinical phase II

In July Lundbeck reported positive headline results from a dose finding clinical trial with the compound **Lu AA24530** for the treatment of major depressive disorder (MDD) demonstrating the potential value of the compound. Lu AA24530 consistently produced statistically significant improvements on the primary efficacy endpoint and on key secondary endpoints compared to placebo. The combination of efficacy and good tolerability for Lu AA24530 clearly supports further development of the compound as a future treatment option for physicians and patients.

Revenue

Lundbeck saw continued strong growth in key products and with Lundbeck Inc. for the first time contributing a full quarter, revenue for the second quarter reached DKK 3,432 million, growing 17% (18% in constant exchange rates) compared with the same quarter last year.

Total revenue	Q2 2009 DKKm	Q2 2008 DKKm	Growth	Growth at CER	Q1 2009 DKKm
Cipralex [®]	1,345	1,234	9%	12%	1,363
Lexapro [®]	625	692	(10%)	(4%)	626
Ebixa [®]	539	467	15%	18%	526
Azilect [®]	88	63	40%	43%	78
Xenazine [®]	81	-	-	-	12
Serdolect [®]	17	14	17%	25%	16
Other pharmaceuticals	713	416	71%	63%	450
Other revenue	24	51	(53%)	(56%)	155
Total revenue	3,432	2,938	17%	18%	3,226

Revenue from Cipralex[®] (escitalopram) for the treatment of depression and anxiety rose to DKK 1,345 million, an increase of 9%. Lexapro[®] revenue, escitalopram marketed in the US by Forest Laboratories, Inc. (Forest), was DKK 625 million for the quarter, down 10% compared with the same period last year.

Ebixa[®] (memantine) for the treatment of Alzheimer's disease generated second quarter revenue of DKK 539 million, an increase of 15% on the year-earlier period. Lundbeck has marketing rights to Ebixa[®] in most countries in the world apart from Japan and the US.

Revenue from Azilect[®] (rasagiline) for the treatment of Parkinson's disease rose 40% during the period to DKK 88 million. Lundbeck has commercial rights to Azilect in most European countries (in co-promotion with Teva in France, Germany and the UK) and a few countries outside Europe.

Xenazine[®]¹ (tetrabenazine) for the treatment of chorea associated with Huntington's disease, generated revenue of DKK 81 million in the second quarter. Xenazine[®] was launched in November 2008 in the US.

Other pharmaceuticals, which comprise Lundbeck's mature pharmaceuticals, Circadin[®], for the treatment of insomnia, and revenue from Lundbeck Inc. (excl. Xenazine[®]), rose to DKK 713 million. Excluding Lundbeck Inc., revenue from other pharmaceuticals fell to DKK 394 million during the period, decreasing 5% compared with the second quarter of 2008.

Other revenue was DKK 24 million. The large decrease compared to last quarter owes to an income of DKK 124 million from the divestment of interests in LifeCycle Pharma in the first quarter of 2009.

¹ Xenazine is a registered trademark of Cambridge Laboratories Limited (Ireland)

Europe

Revenue in Europe rose 10% at constant exchange rates to DKK 1,711 million. The increase continued to be driven by Cipralext[®], Ebixa[®] and Azilect[®] growing 9%, 18% and 41%, respectively, at constant exchange rates relative to the year-earlier period. Revenue from other pharmaceuticals declined 6% at constant exchange rates.

Revenue Europe	Q2 2009 DKKm	Q2 2008 DKKm	Growth	Growth at CER	Q1 2009 DKKm
Cipralext [®]	926	857	8%	9%	913
Ebixa [®]	448	387	16%	18%	431
Azilect [®]	80	58	39%	41%	70
Serdolect [®]	11	9	25%	31%	11
Other pharmaceuticals	246	264	(7%)	(6%)	250
Total revenue	1,711	1,574	9%	10%	1,675

Cipralext[®] generated second quarter revenue of DKK 926 million in Europe and continues to gain market shares across most major markets. Cipralext[®] is the most prescribed antidepressant in Europe measured in value, and at the end of May 2009 Cipralext[®] held a market share in value terms of 18.9%, as compared with a market share of 16.0% a year earlier. The growth in market share is driven by the growing understanding of Cipralext[®] as a leading antidepressant, as well as the patent expiry on venlafaxine, the latter also resulting in flat to negative growth in the antidepressant market as a whole measured in value.

Revenue from Ebixa[®] rose to DKK 448 million during the period, and at the end of May 2009 the product held 16.4% of the European Alzheimer's market. This compares to a market share of 15.8% at the same time in 2008. As a consequence of receiving public reimbursement in Italy at the end of the first quarter 2009, Ebixa revenue in Italy is experiencing very positive growth. Memantine, the active ingredient in Ebixa, is continuously the second-most prescribed pharmaceutical in Europe for the treatment of Alzheimer's disease.

Second quarter revenue from Azilect[®] amounted to DKK 80 million, holding a market share in value of 7.6% at the end of May 2009 of the total European Parkinson's market. This compares to a market share of 5.4% at the same time in 2008. There is an increasing interest among physicians for the ADAGIO study. The ADAGIO study shows that Azilect[®] may have an effect on disease progression.



USA

Lundbeck's second quarter revenue in the US rose to DKK 1,025 million, while revenue from Lundbeck Inc., for the first time constituting a full quarter, was DKK 400 million for the period.

Revenue USA	Q2 2009 DKKm	Q2 2008 DKKm	Growth	Growth at CER	Q1 2009 DKKm
Lexapro [®]	625	692	(10%)	(4%)	626
Xenazine [®]	81	-	-	-	12
Other pharmaceuticals	319	-	-	-	49
Total revenue	1,025	692	48%	49%	687

Revenue from Lexapro[®] fell to DKK 625 million, a decline of 10% or 4% at constant exchange rates. Lexapro[®] revenue is pressured by generic competition in the US market, a market which currently is experiencing limited growth. At the end of May 2009, Lexapro[®] held a market share in the US of 23.8% in value terms, as compared with a market share of 22.7% at the same time last year.

As the only branded antidepressant approved for the treatment of major depression in adolescents, Lexapro[®] recently achieved FDA approval for a medical condition that affects approximately 2 million adolescents in the US. The adolescents claim is being launched and will help to sustain the prescription level of Lexapro[®].

Prepayments from Forest, recorded in Lundbeck's balance sheet - the difference between the invoiced price and the minimum price of Forest's inventories - was DKK 563 million at 30 June 2009 compared with DKK 889 million at 30 June 2008. At the end of June 2009, inventories were on a level corresponding to approximately six months of commercial supply.

Sales from Lundbeck Inc. reached DKK 400 million in the second quarter corresponding to 82% growth compared to Ovation (now Lundbeck Inc.) revenue in the second quarter last year (56% in constant exchange rates). Revenue from Xenazine[®], which was launched in November last year, amounted to DKK 81 million for the quarter.

In July 2009 Lundbeck acquired additional rights to Xenazine[®] by acquiring LifeHealth Limited (LifeHealth) in the UK, and as a consequence reducing the royalty range paid to third party on Xenazine[®] sales to approximately 40-47% down from 65-72%.

International Markets

Revenue in International Markets, which comprises all Lundbeck's markets outside Europe and the US, rose to DKK 671 million. The increase was driven by the key products Cipralex[®] and Ebixa[®], revenue from both products rising 18% at constant exchange rates. Azilect[®] and Serdolect[®] are continuously only marketed by Lundbeck in a few markets in the region and consequently contribute with a relatively small share.

Revenue	Q2 2009	Q2 2008		Growth	Q1 2009
International Markets	DKKm	DKKm	Growth	at CER	DKKm
Cipralex [®]	419	377	11%	18%	450
Ebixa [®]	91	81	13%	18%	95
Azilect [®]	8	5	53%	70%	7
Serdolect [®]	6	5	5%	15%	5
Other pharmaceuticals	148	152	(3%)	(3%)	151
Total revenue	671	621	8%	13%	708

Cipralex[®] generated revenue of DKK 419 million in International Markets, and despite continued generic competition in most major markets, Cipralex[®] continues to show significant growth. The brand now holds a market share in terms of value of 11.8% of the aggregate market for antidepressants in International Markets (Q1 2009), compared to a market share of 10.9% in Q1 2008.

Cipralex[®] sales in Canada continue to show growth after receiving public reimbursement in the Ontario province. The brand now holds a market share in terms of value of 8.6% compared to 6.5% in the year-earlier period. Cipralex[®] in Canada now represents more than 20% of Cipralex[®] sales in International Markets.

Ebixa[®] generated second quarter revenue of DKK 91 million and held 10.9% of the total market in terms of value for pharmaceuticals for the treatment of Alzheimer's disease in International Markets (Q1 2009), as compared with a market share of 11.0% in Q1 2008. Ebixa[®] continues to hold a stable market share in International Markets - a market that continues to expand with significant growth rates.

Expenses

Total expenses for the period were DKK 2,713 million, up 5% compared to second quarter last year and up 23% excluding Research & Development (R&D) expenses. The increase in cost of sales and SG&A costs (Selling, General and Administrative Expenses) is mainly due to the inclusion of Lundbeck Inc. Costs in the remaining business continues to be under control and is seeing low single digit growth.

Distribution of costs	Q2 2009	Q2 2008	Growth	Q1 2009
	DKKm	DKKm		DKKm
Cost of sales	623	468	33%	487
Distribution	799	632	26%	673
Administration	464	427	9%	401
Research & Development	826	1,046	(21%)	717
Total costs	2,713	2,573	5%	2,279

Total cost of sales rose 33% to DKK 623 million amounting to 18% of Lundbeck's total revenue, up from 16% in the year-earlier period. Costs of sales for the period was affected by higher costs of goods sold in Lundbeck Inc., as a result of purchase price accounting used in connection with the acquisition of Ovation, impacting costs by DKK 98 million.

Distribution costs were DKK 799 million corresponding to 23% of revenue and up 26% compared to the same quarter last year. The increase is mainly due to the inclusion of Lundbeck Inc. and a continued high spending on the promotion of Azilect[®] following the results of the ADAGIO study. Administrative expenses increased by 9% to DKK 464 million, accounting for 14% of total revenue compared with 15% for the second quarter of 2008. SG&A costs were DKK 1,263 million, compared with DKK 1,060 million in the year-earlier period, and corresponding to 37% of revenue (36% in Q2 2008).

R&D costs for the quarter were DKK 826 million, a decrease of 21% compared with the same period last year. Second quarter saw higher spending on a number of phase three studies, while R&D costs for the second quarter last year included the DKK 481 million write-down of the rights to Flurizan[®]. R&D costs for the period accounted for 24% of total revenue, compared with 36% in the year-earlier period.

Operating profit before depreciation and amortisation (EBITDA)

EBITDA was DKK 872 million compared with DKK 976 million for the second quarter of 2008. EBITDA margin for the period was 25%.

Depreciation, amortisation and impairment charges

Depreciation, amortisation and impairment charges, which are included in the individual expense categories, amounted to DKK 153 million, which is 75% lower than in the same period of 2008. Amortisation for the second quarter 2008 includes a DKK 481 million write-down of Flurizan®.

Depreciation, amortisation and impairment charges per expense category	Q2 2009 DKKm	Q2 2008 DKKm	Growth	Q1 2009 DKKm
Cost of sales	50	50	(1%)	48
Distribution	28	7	277%	9
Administration	18	16	11%	16
Research & Development	58	538	(89%)	58
Total depreciation, amortisation and impairment charges	153	611	(75%)	132

Depreciation and amortisation included in distribution costs grew 277% compared to the same period last year. The large increase is primarily explained by amortisation on product rights acquired in connection with the acquisition of Ovation.

Profit from operations (EBIT)

Including adjustments for acquisition accounting lowering EBIT with DKK 98 million, EBIT for the second quarter amounted to DKK 719 million, corresponding to an increase of 97% on the same period in 2008 (DKK 365 million). Second quarter 2008 was impacted by the write-down of Flurizan®, which explains the majority of the growth in EBIT.

The EBIT margin for the period was 21% compared with 12% in the year-earlier period.

Net financials

Lundbeck generated a net financial loss of DKK 109 million in the quarter, compared with a net income of DKK 2 million in 2008.

Net financials	Q2 2009 DKKm	Q2 2008 DKKm	Q1 2009 DKKm
Net items relating to trading	(19)	-	(4)
Accounting translation of currency items	(56)	10	6
Net currency items relating to financial items	(75)	10	2
Unrealised gains concerning other investments excl. exchange rate adjustments	1	4	-
Net interest income	(35)	(12)	18
Net financials	(109)	2	20

Net items relating to trading were a net loss of DKK 19 million, owing to reclassification of hedging contracts.

Accounting translation of currency items was DKK (56) million for the quarter, primarily due to an increase in GBP/DKK and a decrease in USD/DKK.

Net interest income, including realised and unrealised gains and losses on the bond portfolio, amounted to a net loss of DKK 35 million, as compared with net loss of DKK 12 million in the same period of 2008. Net financials were negatively affected by lower net interests compared to 2008 as a consequence of the acquisition of Ovation.

Change in accounting policies in respect of foreign currency translation for non-monetary assets and exchange differences arising from the translation of foreign subsidiaries, had a positive effect on net financials for the second quarter of 2008 of DKK 12 million. For further details on change in accounting policies, see page 13.

Tax

The income tax expense for the period was DKK 139 million as compared to DKK 99 million in the year-earlier period. The tax rate was 23%, down from 28% last year.

Profit for the period

Profit after tax for the second quarter of 2009 was DKK 470 million, up from DKK 252 million in the same period of last year. Profit for second quarter 2008 was negatively affected by the write-down of Flurizan[®].

Cash flows

Lundbeck had a cash inflow during the quarter of DKK 1,128 million, compared with an outflow of DKK 465 million in the year-earlier period.

Cash flows	Q2 2009 DKKm	Q2 2008 DKKm	Q1 2009 DKKm
Cash flows from operating activities	902	831	591
Cash flows from investing activities	(50)	(663)	(2,393)
Cash flows from operating and investing activities	852	168	(1,802)
Cash flows from financing activities	277	(633)	1
Change in cash	1,128	(465)	(1,802)
Cash at beginning of period	1,123	2,415	2,921
Unrealised gains	4	6	4
Cash at end of period	2,256	1,955	1,123

Operating activities generated second quarter cash inflow of DKK 902 million compared with DKK 831 million in the same period last year. Cash flows from investing activities represented an outflow of DKK 50 million, compared to an outflow of DKK 663 million in the same period of 2008, which was influenced by the purchase of the rights to Flurizan[®].

Lundbeck's total net investments exclusive of financial investments amounted to DKK 111 million in the second quarter, against DKK 569 million in the year-earlier period. Financial investments were an inflow of DKK 61 million compared to an outflow of DKK 94 million in the year-earlier period.

Cash flow from financing activities was an inflow of DKK 277 million, which stems from a new loan of DKK 728 million and dividend pay out of DKK 451 million. Second quarter 2008 saw an outflow of DKK 633 million, which was due to our share buyback programme, terminated in May 2008, and payment of dividend amounting to DKK 504 million.

Cash at 30 June 2009 was DKK 2,256 million, against DKK 1,123 million at the end of March 2009 and DKK 2,921 million at the end of 2008. At the end of the period, Lundbeck had interest-bearing net debt of DKK 365 million compared with net debt of DKK 766 million at the end of March 2009 and net cash of DKK 1,949 at the end of December 2008.

Balance sheet

At 30 June 2009, Lundbeck had total assets of DKK 16,984 million, against DKK 16,000 million at the end of first quarter 2009 and DKK 12,526 at the end of 2008. The significant increase since December is due to the acquisition of Ovation.

At 30 June 2009, Lundbeck's equity amounted to DKK 8,101 million, corresponding to a solvency ratio of 47.7%, compared with 50.7% at the end of March 2009 and 60.0% at the end of 2008.

Hedging

Lundbeck hedges income from its products using currency hedging. As a result of Lundbeck's currency hedging policy, foreign exchange losses and gains on hedging transactions are allocated directly to the hedged transaction. Hedging had a negative effect on profit of DKK 9 million in Q2 2009 compared with a situation where the income is not hedged and included at the current rates of exchange during the period. The effect was a DKK 31 million gain in the year-earlier period. The currency with the most impact financially in Q2 2009 was the US dollar and of the total effect DKK (9) million stems from the hedging of the dollar.

Lundbeck hedges the cash flow in US dollar on a rolling basis around 12 months in advance. The average rate for 2009 for the existing US dollars hedging contracts is approximately USD/DKK 536. The corresponding rate for 2008 was approximately USD/DKK 531. For the next 12 months the average rate for the existing US dollar hedging contracts is approximately USD/DKK 572.

Financial guidance and forward looking statements

Lundbeck maintains financial guidance for the full year and estimates revenue of DKK 13.1-13.6 billion in 2009, EBITDA of DKK 3.5-3.7 billion and EBIT of DKK 2.8-3.0 billion. As communicated in July, in connection with the takeover of LifeHealth, Lundbeck anticipates EBITDA to be in the high end of the guidance range.

However, as a consequence of the acquisition of Ovation and a change in the geographical earnings split Lundbeck is now expecting a tax rate for the full year 2009 of 25-26% as opposed to the previous guidance of approximately 28%. Lundbeck also expects the group's tax rate to be 25-26% for 2010.

The guidance includes one-off expenses of approximately DKK 183 million owing to acquisition accounting related to the acquisition of Ovation and income of DKK 124 million from the divestment of interests in LifeCycle Pharma.

Lundbeck continues to forecast an R&D ratio of 23-24% of revenue for 2009.

Lundbeck's financial guidance	2008*	2009
	DKKm	guidance DKKbn
Revenue	11,282	13.1-13.6
EBITDA	3,417	3.5-3.7
EBIT	2,354	2.8-3.0
<i>Tax rate</i>	27.1%	25-26%
<i>R&D ratio</i>	26.5%	23-24%

* As reported in the annual accounts, but restated to reflect new accounting policies.

This announcement contains forward-looking statements that provide current expectations or forecasts of events such as new product launches, product approvals and financial performance.

Forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations. Factors that may affect future results include interest rates and exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, government-mandated or market-driven price decreases for Lundbeck's products, introduction of competing products, Lundbeck's ability to successfully market both new and existing products, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws and related interpretation thereof and unexpected growth in costs and expenses.

Change in accounting policies

The interim report has been presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

At 1 January 2009, the accounting policies were changed in respect of foreign currency translation for non-monetary assets and exchange differences arising from the translation of foreign subsidiaries. Non-monetary assets acquired in foreign currencies are translated at the exchange rates at the balance sheet date, whereas they were previously translated at the exchange rates at the time of acquisition. On recognition of foreign subsidiaries, non-monetary as well as monetary items are translated at the exchange rates at the balance sheet

date. Exchange differences arising from the translation of both the balance sheets and the income statements of the foreign subsidiaries are recognised in the Group directly in equity. These exchange differences were previously recognised under net financials in the income statement.

The change in accounting policies concerning foreign currency translation for non-monetary assets and exchange differences arising from the translation of foreign subsidiaries has resulted in an increase of the profit for 2008 of DKK 154 million, a decline in equity for 2008 of DKK 81 million, and a decline in total assets for 2008 of DKK 81 million. For the second quarter of 2008, the change in accounting policies caused a DKK 13 million profit increase, a reduction in equity of DKK 119 million and a reduction of total assets of DKK 120 million. The comparative figures have been restated accordingly.

Other than as set out above, the accounting policies are unchanged from those applied in the annual report for 2008, which contains a more detailed description of the Group's accounting policies.

See appendix for a breakdown of the financial effects of the changes.

The interim report is unaudited.

Protection of patents and other intellectual property rights

A prerequisite for Lundbeck's continued substantial investments in innovative pharmaceuticals is that intellectual property rights are respected. Lundbeck believes that the Group's intellectual property rights are valid and enforceable, and it is Lundbeck's policy to enforce its intellectual property rights energetically, wherever they may be violated. Lundbeck is involved in pending patent trials in Australia, Austria, Belgium, Canada, Denmark, France, Germany, Hungary, The Netherlands, Norway, Portugal, UK, and the US in respect of the Group's intellectual property rights concerning escitalopram.

Decisions in key patent cases

During the period the Full Court in Australia (second instance) upheld the escitalopram product patent. The court also maintained the first instance decision to deny a five year extension of the patent on escitalopram in Australia. Lundbeck is in disagreement with the latter part of the decision and will seek to appeal the decision to the court of third instance (the highest court in Australia). Lundbeck will, if winning the appeal, claim damages of any company taking advantage of the decision. At present at least two generic copies of Cipralex[®] has been launched in Australia.

In July 2009 Lundbeck and Forest entered into a settlement agreement with Caraco Pharmaceuticals Laboratories, Ltd. (Caraco) and Sun Pharmaceuticals Industries, Ltd. (Sun Pharmaceuticals) in a pending patent infringement regarding the patent on escitalopram (Lexapro[®]) in the US. Under the agreement Caraco will be able to enter the US market as of the date that any third party generic, other than the first filer or a generic authorised by Lundbeck or Forest, enters the market. As part of the agreement, Lundbeck will gain license



to a family of patents and patent applications, owned by Sun Pharmaceuticals, relating to a process for the production of citalopram and escitalopram. Forest and Lundbeck will reimburse certain of Caraco's legal costs in connection with these patent litigations.

Risk factors

Lundbeck's overall risk exposure is unchanged and reflects the risk factors described in the annual report for 2008.

Conference call

Today at 2.00 pm (CET), Lundbeck will be hosting a conference call for the financial community. You can listen to the conference on the Group's website www.lundbeck.com under the section "Investors – Presentations".

Income statement

	2009 Q2 DKKm	2008 Q2 DKKm	2009 H1 DKKm	2008 H1 DKKm	2008 FY DKKm
Revenue	3,432	2,938	6,657	5,820	11,282
Cost of sales	623	468	1,110	944	1,837
Distribution costs	799	632	1,473	1,199	2,459
Administrative expenses	464	427	865	820	1,642
Profit before Research & Development costs	1,545	1,410	3,210	2,858	5,344
Research & Development costs	826	1,046	1,543	1,568	2,990
Profit from operations (EBIT)	719	365	1,666	1,290	2,354
Income from investments in associates	(1)	(16)	-	(33)	(43)
Net financials	(109)	2	(90)	16	(28)
Profit before tax	609	351	1,577	1,273	2,283
Tax on profit for the period	139	99	410	346	620
Profit for the period	470	252	1,167	927	1,663
Earnings per share (EPS) (DKK)	2.40	1.29	5.95	4.69	8.45
Diluted earnings per share (DEPS) (DKK)	2.40	1.29	5.95	4.69	8.45

Statement of recognised income and expenses

	2009 Q2 DKKm	2008 Q2 DKKm	2009 H1 DKKm	2008 H1 DKKm	2008 FY DKKm
Profit for the period	470	252	1,167	927	1,663
Exchange differences regarding foreign subsidiaries	(190)	15	(299)	(84)	(138)
Adjustment, deferred gains/losses, hedging	96	(19)	7	148	43
Realised gains/losses, hedging	56	(77)	113	(112)	(104)
Realised gains/losses, trading (transferred from hedging)	-	-	-	(12)	(16)
Other equity entries concerning associates	-	(9)	-	(3)	1
Fair value adjustment of available-for-sale financial assets	1	(23)	2	(31)	(7)
Tax on income and expenses recognised in equity	3	24	48	(6)	19
Income and expenses recognised directly in equity	(35)	(89)	(130)	(100)	(202)
Recognised income and expenses for the period	435	164	1,037	827	1,462

Balance sheet

	30.06.2009 DKKm	30.06.2008 DKKm	31.12.2008 DKKm
Assets			
Intangible assets	7,219	1,965	2,016
Property, plant and equipment	3,064	3,111	3,123
Financial assets	219	544	247
Non-current assets	10,502	5,621	5,386
Inventories	1,342	931	837
Receivables	2,834	2,612	2,223
Securities	50	1,142	955
Cash	2,256	1,955	2,921
Assets held for sale	-	-	205
Current assets	6,482	6,640	7,140
Assets	16,984	12,261	12,526
Equity and liabilities			
Share capital	984	1,036	984
Share premium	224	224	224
Other reserves	(736)	(382)	(437)
Retained earnings	7,629	5,996	6,740
Equity	8,101	6,874	7,511
Provisions	1,323	577	689
Debt	1,920	1,892	1,904
Non-current liabilities	3,242	2,469	2,594
Provisions	20	6	18
Bank and mortgage debt	751	7	23
Trade payables	840	658	867
Other payables	3,467	1,356	916
Prepayments from Forest	563	889	597
Current liabilities	5,640	2,918	2,421
Liabilities	8,882	5,387	5,015
Equity and liabilities	16,984	12,261	12,526

Statement of changes in equity at 30 June 2009

	Share capital DKKkm	Share premium DKKkm	Other reserves DKKkm	Retained earnings DKKkm	Equity DKKkm
2009					
Equity at 31.12.2008	984	224	-	6,384	7,592
Change in accounting policies:					
Exchange differences regarding foreign subsidiaries	-	-	(437)	356	(81)
Equity at 01.01.2009	984	224	(437)	6,740	7,511
Recognised income and expenses for the period	-	-	(299)	1,336	1,037
Distribution of dividend, gross	-	-	-	(453)	(453)
Distribution of dividend, treasury shares	-	-	-	2	2
Incentive programmes	-	-	-	4	4
Other transactions	-	-	-	(447)	(447)
Equity at 30.06.2009	984	224	(736)	7,629	8,101
2008					
Equity at 31.12.2007	1,036	224	-	5,925	7,185
Change in accounting policies:					
Exchange differences regarding foreign subsidiaries	-	-	(298)	202	(96)
Equity at 01.01.2008	1,036	224	(298)	6,127	7,089
Recognised income and expenses for the period	-	-	(84)	911	827
Distribution of dividend, gross	-	-	-	(531)	(531)
Distribution of dividend, treasury shares	-	-	-	27	27
Buyback of treasury shares	-	-	-	(538)	(538)
Incentive programmes	-	-	-	1	1
Other transactions	-	-	-	(1,042)	(1,042)
Equity at 30.06.2008	1,036	224	(382)	5,996	6,874

Cash flow statement

	2009 Q2 DKKm	2008 Q2 DKKm	2009 H1 DKKm	2008 H1 DKKm	2008 FY DKKm
Profit from operations (EBIT)	719	365	1,666	1,290	2,354
Adjustments	134	614	115	699	1,031
Working capital changes	189	(66)	(100)	(155)	(88)
Cash flows from operations before financial receipts and payments	1,043	913	1,682	1,834	3,296
Financial receipts and payments	(84)	(11)	(14)	27	11
Cash flows from ordinary activities	958	902	1,667	1,862	3,307
Income tax paid	(57)	(71)	(175)	(168)	(527)
Cash flows from operating activities	902	831	1,492	1,693	2,780
Acquisition of company	-	-	(3,535)	-	-
Investments in and sale of bonds	3	23	944	394	612
Investments in and sale of intangible assets, property, plant and equipment and other financial assets	(53)	(686)	148	(852)	(1,199)
Cash flows from investing activities	(50)	(663)	(2,443)	(458)	(587)
Cash flows from operating and investing activities	852	168	(950)	1,235	2,193
Cash flows from financing activities	277	(633)	277	(1,045)	(1,016)
Change in cash	1,128	(465)	(673)	190	1,177
Cash at beginning of period	1,123	2,415	2,921	1,772	1,772
Unrealised exchange differences for the period	4	6	8	(7)	(28)
Change for the period	1,128	(465)	(673)	190	1,177
Cash at end of period	2,256	1,955	2,256	1,955	2,921
Interest-bearing net cash and cash equivalents is composed as follows					
Cash	2,256	1,955	2,256	1,955	2,921
Securities	50	1,142	50	1,142	955
Interest-bearing debt	(2,670)	(1,900)	(2,670)	(1,900)	(1,927)
Interest-bearing net cash and cash equivalents, end of period	(365)	1,198	(365)	1,198	1,949

Management statement

The Supervisory Board and the Executive Management have discussed and adopted the interim report for the period 1 January – 30 June 2009 of H. Lundbeck A/S. The interim report is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

We consider the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group’s assets, liabilities and financial position at 30 June 2009 and of the results of the Group’s operations and cash flows for the six months ended 30 June 2009.

In our opinion, the management’s report gives a true and fair view of developments in the activities and financial position of the Group, the results for the period and of the Group’s financial position in general and describes fairly significant risk and uncertainty factors that may affect the Group.

The interim report is unaudited.

Valby, 13 August 2009

Executive Management

Ulf Wiinberg
President and CEO

Peter Høngaard Andersen
Executive Vice President

Lars Bang
Executive Vice President

Anders Götzsche
Executive Vice President, CFO

Anders Gersel Pedersen
Executive Vice President

Stig Løkke Pedersen
Executive Vice President

Supervisory Board

Per Wold-Olsen
Chairman

Thorleif Krarup
Deputy Chairman

Egil Bodd

Kim Rosenville Christensen

Peter Kürstein

Jørn Mayntzhusen

Mats Pettersson

Birgit Bundgaard Rosenmeier

Jes Østergaard



Financial calendar 2009

3 November Interim report for 3rd quarter 2009

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About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUKY) is an international pharmaceutical company highly committed to improve the quality of life for people suffering from central nervous system (CNS) disorders. For this purpose Lundbeck is engaged in the research and development, production, marketing and sale of pharmaceuticals across the world, targeted at disorders like depression and anxiety, schizophrenia, insomnia, Huntington's, Alzheimer's and Parkinson's diseases.

Lundbeck was founded in 1915 by Hans Lundbeck in Copenhagen, Denmark, and employs today over 5,500 people worldwide. Lundbeck is one of the world's leading pharmaceutical companies working with CNS disorders. In 2008, the company's revenue was DKK 11.3 billion (approximately EUR 1.5 billion or USD 2.2 billion). For more information, please visit www.lundbeck.com.



Recent Corporate Releases from H. Lundbeck A/S

- 31 July Total number of voting rights and size of share capital as of 31 July 2009 after reduction of the share capital of H. Lundbeck A/S
- 30 July Pipeline update - following an interim analysis the studies with bifeprunox for the treatment of schizophrenia is discontinued
- 7 July Lundbeck increases its share of Xenazine[®] and strengthens the US profitability - transaction immediately accretive
- 2 July Lu AA24530 shows positive results in major depressive disorder phase II study
- 25 June Lundbeck receives FDA Complete Response Letter on Serdolect[®] for the treatment of schizophrenia
- 11 June Update on Lundbeck Inc. (US)
- 8 June Update on Lu AA21004 clinical development programme in major depressive disorder (MDD)
- 18 May Lundbeck provides update on NDA for Serdolect[®] for the treatment of schizophrenia

Please visit www.lundbeck.com for further information on the releases.

Appendix – Changes in accounting policies

Change in accounting policies - effect on income statement	Before adj. DKKm	Effect of change in accounting policies - DKKm	Reclassification of other operating Items ¹ - DKKm	After adj. DKKm
Q2 2008				
Revenue	2,938			2,938
Cost of sales	469	(1)		468
Distribution costs	632			632
Administrative expenses	427		-	427
Research & Development costs	1,047	(1)		1,046
Profit before other operating items	363	2	-	365
Other operating items	-		-	-
Profit from operations (EBIT)	363	2	-	365
Income from investments in associates	(16)			(16)
Net financials	(9)	12		2
Profit before tax	338	14	-	351
Tax on profit for the period	98	1		99
Profit for the period	240	13	-	252
Earnings per share (EPS) (DKK)	1.22			1.29
Diluted earnings per share (DEPS) (DKK)	1.22			1.29
H1 2008				
Revenue	5,820			5,820
Cost of sales	945	(1)		944
Distribution costs	1,199			1,199
Administrative expenses	826		(7)	820
Research & Development costs	1,570	(2)		1,568
Profit before other operating items	1,280	3	7	1,290
Other operating items	7		(7)	-
Profit from operations (EBIT)	1,287	3	-	1,290
Income from investments in associates	(33)			(33)
Net financials	(33)	49		16
Profit before tax	1,221	53	-	1,273
Tax on profit for the period	354	(8)		346
Profit for the period	867	61	-	927
Earnings per share (EPS) (DKK)	4.39			4.69
Diluted earnings per share (DEPS) (DKK)	4.39			4.69

1) The line item "Other operating items" has been removed from the income statement as it is considered immaterial for the Group. The income and expenses previously included in this line have been reclassified to administrative expenses in the comparative figures.

Change in accounting policies - effect on income statement	Before adj. DKKm	Effect of change in accounting policies - DKKm	Reclassification of other operating Items ¹ - DKKm	After adj. DKKm
FY 2008				
Revenue	11,282			11,282
Cost of sales	1,837			1,837
Distribution costs	2,459			2,459
Administrative expenses	1,651		(9)	1,642
Research & Development costs	2,992	(2)		2,990
Profit before other operating items	2,342	2	9	2,354
Other operating items	9		(9)	-
Profit from operations (EBIT)	2,352	2	-	2,354
Income from investments in associates	(43)			(43)
Net financials	(185)	158		(28)
Profit before tax	2,123	160	-	2,283
Tax on profit for the period	613	6		620
Profit for the period	1,510	154	-	1,663
Earnings per share (EPS) (DKK)	7.67			8.45
Diluted earnings per share (DEPS) (DKK)	7.67			8.45

1) The line item "Other operating items" has been removed from the income statement as it is considered immaterial for the Group. The income and expenses previously included in this line have been reclassified to administrative expenses in the comparative figures.

Change in accounting policies - effect on balance sheet – 30.06.2008	Before adj. DKKm	Effect of change in accounting policies - DKKm	After adj. DKKm
Assets			
Intangible assets	2,048	(83)	1,965
Property, plant and equipment	3,173	(61)	3,111
Financial assets	520	24	544
Non-current assets	5,741	(120)	5,621
Current assets	6,640		6,640
Assets	12,381	(120)	12,261
Equity and liabilities			
Share capital	1,036		1,036
Share premium	224		224
Other reserves	-	(382)	(382)
Retained earnings	5,733	263	5,996
Equity	6,993	(119)	6,874
Liabilities	5,388	-	5,387
Equity and liabilities	12,381	(120)	12,261

Change in accounting policies - effect on balance sheet – 31.12.2008	Before adj. DKKm	Effect of change in accounting Policies	After adj. DKKm
Assets			
Intangible assets	2,079	(63)	2,016
Property, plant and equipment	3,154	(30)	3,123
Financial assets	234	13	247
Non-current assets	5,467	(81)	5,386
Current assets	7,140		7,140
Assets	12,607	(81)	12,526
Equity and liabilities			
Share capital	984		984
Share premium	224		224
Other reserves	-	(437)	(437)
Retained earnings	6,384	356	6,740
Equity	7,592	(81)	7,511
Liabilities	5,015		5,015
Equity and liabilities	12,607	(81)	12,526