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First half report 2011

The solid momentum continues – Expected full year results to be in the upper end of the guidance range

H. Lundbeck A/S (Lundbeck) reports second quarter revenue of DKK 4,100 million growing 9% compared to the same period last year. In constant exchange rates revenue for the quarter increased 13%. The growth was driven by increasing revenue from all key products and geographic regions. Profit from operations was DKK 1,102 million, increasing 18% and corresponding to an EBIT margin of 26.9%. Operating profit before depreciation and amortisation (EBITDA) was DKK 1,250 million, increasing 4% and corresponding to an EBITDA margin of 30.5%.

- Continued growth for the key products Ciprale[®], Ebixa[®] and Azilect[®], which grew 2%, 16% and 12% respectively.
- Revenue from Xenazine[®] was DKK 209 million and increased 42%.
- Revenue from Sabril[®] increased 113% to DKK 80 million.
- Net profit increased 21% to DKK 797 million, corresponding to earnings per share of DKK 4.06.
- As part of the ongoing optimization programme Lundbeck will reduce head count by 125-175 employees in R&D primarily in Denmark and the US. As a consequence of the optimization process there will be a write off mainly on buildings and IP of DKK 300-400 million.
- Lundbeck now anticipates revenue and EBITDA to be in the upper end of the guidance ranges of DKK 15.3-15.8 billion and 4.3-4.6 billion respectively. The EBIT and net profit guidance is maintained as the better performance reflected in the revenue and EBITDA guidance will be offset by write-offs.

Distribution of revenue

DKK million	Q2 2011	Q2 2010	Growth	Growth at CER*
Ciprale [®]	1,531	1,507	2%	6%
Lexapro [®]	715	630	13%	13%
Ebixa [®]	707	610	16%	19%
Azilect [®]	299	267	12%	14%
Xenazine [®]	209	147	42%	59%
Sabril [®]	80	37	113%	138%
Europe	2,091	1,982	6%	6%
USA	1,123	950	18%	24%
International Markets	824	780	6%	17%
Total revenue	4,100	3,767	9%	13%

* Constant exchange rates

In connection with the second quarter report, Lundbeck's President and CEO Ulf Wiinberg said:

"Again our key products deliver solid growth and during the quarter we received positive and encouraging data from the phase III trials with nalmefene. We continue to invest in product and geographical diversification in order to deliver on our growth opportunities. At the same time we maintain our optimization programme and as a consequence we plan to reduce staff in R&D particularly in Denmark and the US. This is something we very much regret, but it is necessary in order to strengthen our long term growth prospects."

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	2011 Q2	2010 Q2	2011 H1	2010 H1	2010 FY
Financial highlights (DKK million)					
Revenue	4,100	3,767	8,203	7,616	14,765
Operating profit before depreciation and amortisation (EBITDA)	1,250	1,206	2,790	2,684	4,393
Profit from operations (EBIT)	1,102	936	2,407	2,190	3,357
Net financials	(19)	(55)	(57)	(66)	(68)
Profit before tax	1,083	881	2,350	2,124	3,289
Tax	286	220	623	518	823
Profit for the period	797	661	1,727	1,606	2,466
Equity	11,723	10,559	11,723	10,559	11,122
Assets	18,820	18,314	18,820	18,314	18,005
Cash flows from operating and investing activities	1,245	1,174	1,362	2,038	2,462
Property, plant and equipment investments, gross	107	57	184	95	383
Key figures					
EBITDA margin (%) ¹	30.5	32.0	34.0	35.2	29.8
EBIT margin (%) ¹	26.9	24.8	29.3	28.8	22.7
Return on capital employed (%)	8.6	7.8	18.6	18.5	27.6
Research and development ratio (%)	16.9	18.8	16.2	17.5	20.6
Return on equity (%) ¹	7.0	6.4	15.1	16.6	24.8
Solvency ratio (%) ¹	62.3	57.7	62.3	57.7	61.8
Capital employed (DKK million)	13,641	12,522	13,641	12,522	13,039
Share data					
Number of shares for the calculation of EPS (million)	196.1	196.1	196.1	196.1	196.1
Number of shares for the calculation of DEPS (million)	196.1	196.1	196.1	196.1	196.1
Earnings per share (EPS) (DKK) ¹	4.06	3.37	8.81	8.19	12.57
Diluted earnings per share (DEPS) (DKK) ¹	4.06	3.37	8.81	8.19	12.57
Cash flow per share (DKK) ¹	6.41	6.35	10.54	11.02	16.65
Net asset value per share (DKK) ¹	59.77	53.84	59.77	53.84	56.71
Market capitalisation (DKK million)	26,537	16,444	26,537	16,444	20,788
Share price end of period (DKK)	135.30	83.85	135.30	83.85	106.00
Other					
Number of employees (FTE)	5,795	5,726	5,795	5,726	5,644

1) Definitions according to the Danish Society of Financial Analysts' *Recommendations & Financial Ratios 2010*.

Comparative figures involving number of shares have been restated using a factor of 0.9999 for the effect of employees' exercise of warrants.

MANAGEMENT REVIEW

Financial forecast 2011

Financial guidance for the full year 2011 is maintained. Lundbeck continues to expect revenue of DKK 15.3-15.8 billion, EBITDA of DKK 4.3-4.6 billion and EBIT of DKK 3.3-3.6 billion. Net profit for 2011 is expected to reach DKK 2.3-2.6 billion. Following the solid momentum during the first half of the year, Lundbeck now anticipates revenue and EBITDA to be in the upper end of the guidance ranges.

Financial forecast 2011

DKK billion	2010 actual	2011 forecast
Revenue	14.8	15.3-15.8
EBITDA	4.4	4.3-4.6
EBIT	3.4	3.3-3.6
Net profit	2.5	2.3-2.6
<i>Effective tax rate</i>	25.0%	30-32%

As part of its strategy, Lundbeck has in the past few years identified and executed on a number of initiatives that have and will have positive impact on revenue and profits going forward - a process that continues. Multiple product launches is in progress and several late-stage development projects with great market potential are ongoing, and also further growth opportunities in International Markets and the US are being pursued. A fundamental part of Lundbeck's Research and Development strategy is to establish greater flexibility in the use of external and internal capabilities. This allows the company to secure short term deliverables and execution of the R&D strategy despite reducing internal capacity costs in Research and Development.

Lundbeck will now reduce its permanent R&D work force by around 125-175 positions, primarily at Lundbeck Research USA in Paramus, New Jersey, USA, and at Lundbeck headquarters in Denmark. As part of the process, Lundbeck will initiate a consultation process with the relevant Works Councils.

In connection with the optimization programme in R&D, write offs will be carried out during the second part of the year. As a consequence, the unchanged EBIT guidance is expected to include additional write offs to the amount of DKK 300-400 million on IP rights and buildings and equipment. The expected effective tax rate for the full year is changed from 26-28% to 30-32%. However, the expected tax cash payment will be unchanged.

Forward-looking statements

Forward-looking statements provide current expectations or forecasts for events, such as product launches, product approvals and financial performance. Forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. Actual results may differ from expected results. Factors that may affect future results include fluctuations in interest rates and exchange rates, a delay in 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 a competing

product, 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 their interpretation and unexpected growth in costs and expenses.

Lundbeck's development portfolio

Lundbeck is developing a number of new and promising pharmaceuticals for the treatment of brain disorders. The pipeline projects are targeting areas where Lundbeck currently has a market presence, such as depression, anxiety and other psychiatric disorders, as well as new areas such as stroke and alcohol dependence. Pipeline development is summarised as follows:

Regulatory review

The regulatory filing dossier for the investigational drug **Onfi™** (clobazam), which was submitted to the US Food and Drug Administration (FDA) in December 2010, is progressing according to plan. The filing was assigned a standard review and an action letter is anticipated in the fourth quarter 2011.

Clinical phase III

In June 2011, Lundbeck announced the completion of the final study (*ESENSE2*) in the phase III clinical programme for **nalmeffene** in patients with alcohol dependence. Across the clinical phase III programme consistency and robustness were observed and the studies support the overall positive clinical profile of nalmeffene. The reduction in heavy drinking days and total alcohol consumption was seen within the first month of treatment in all three studies and was maintained throughout the 12-month safety study. Submission of a European Marketing Authorization Application (MAA) for nalmeffene is expected by the end of 2011.

The additional clinical phase III studies with **Lu AA21004** in Major Depressive Disorder (MDD) continue to recruit patients according to plan. The studies are based on the clinical data obtained to date, which demonstrate positive results for the potential efficacy and the tolerability profile of Lu AA21004.

The clinical phase III studies with **desmoteplase** in ischaemic stroke, DIAS-3 and DIAS-4, have now seen improved patient recruitment following several initiatives to speed up recruitment. However, the programme has as previously reported not recruited at the expected pace and desmoteplase will therefore be unable to deliver a filing as anticipated in the second half of 2012, but more likely in first half of 2014.

The pivotal program with **zicronapine** is ongoing. The first study in the programme is focused on schizophrenia and is expected to enrol 160 patients. The pivotal program is planned to include additional phase III studies to further investigate the compound's benefit and risk profile.

Clinical phase II

Lu AA24493 is an interesting tissue protective cytokine with potential for addressing medical needs in a number of severe CNS diseases. In November 2009, Lundbeck initiated a phase IIa clinical study with this innovative compound in patients suffering from Friedreich's ataxia in order to explore efficacy parameters of the drug via biomarkers as well as to evaluate the safety and tolerability of Lu AA24493.

In the study, Lu AA24493 did not meet the key efficacy endpoints and the results do not support further development of the drug in Friedreich's ataxia.

In November 2009, Lundbeck initiated a multi-centre, placebo-controlled, fixed-dose study of **Lu AE58054** as an add-on to donepezil in patients with moderate Alzheimer's disease. The clinical phase II study plans to enrol approximately 270 patients. The purpose of this study is to investigate if Lu AE58054 treatment improves cognition and functional outcomes after 24 weeks in patients with moderate Alzheimer's disease already in treatment with donepezil. The patient enrolment develops in line with expectations and we expect to have the results in the first half of 2012.

The development programme for **Lu AA39959** in bipolar disorder has been suspended since May 2009 as additional pre-clinical work needed to be conducted. Further pre-clinical investigation of the concept continues in order to decide on the future clinical development programme. It has therefore been decided to omit the project from the company's pipeline.

Clinical phase I

The pharmacological profiles of both **Lu 02-750** and **Lu AE04621** have been investigated in phase I and the conclusions do not support further development of the candidates. Therefore the clinical programme for these projects has been closed down.

Revenue

Total revenue for the second quarter was DKK 4,100 million corresponding to an increase of 9%, or 13% in constant exchange rates compared to the same quarter last year.

Total revenue

DKK million	Q2 2011	Q2 2010	Growth	Growth at CER	Q1 2011
Ciprallex®	1,531	1,507	2%	6%	1,537
Lexapro®	715	630	13%	13%	741
Ebixa®	707	610	16%	19%	687
Azilect®	299	267	12%	14%	278
Xenazine®	209	147	42%	59%	208
Sabril®	80	37	113%	138%	75
Other pharmaceuticals	497	514	(3%)	2%	538
Other revenue	62	55	12%	18%	39
Total revenue	4,100	3,767	9%	13%	4,103

In April, **Sycrest®** (asenapine) for the treatment of manic episodes associated with bipolar I disorder was launched in Denmark and has subsequently been launched in Germany. The launch is in its initial stage and Lundbeck is following the sales development closely. Lundbeck expects to launch Sycrest® in approximately 15 countries in 2011. Outside the EU, Saphris® (asenapine's brand name outside the EU) is now approved for both manic episodes associated with bipolar I disorder and schizophrenia in Australia, Brazil, Malaysia and the Philippines. Lundbeck has the commercial rights to Sycrest®/Saphris®



in all markets outside the US, Japan and China. Sycrest[®]/Saphris[®] is currently reported as a part of Other pharmaceuticals.

Revenue from **Cipralex[®]** (escitalopram) for the treatment of mood disorders rose to DKK 1,531 million, an increase of 2%, or 6% at constant exchange rates. Revenue from **Lexapro[®]**, escitalopram marketed in the US by Forest Laboratories, Inc. (Forest), was DKK 715 million for the quarter. This was an increase of 13% compared to the same period last year. The increase was primarily due to higher prices and increased bulk deliveries during the period.

Ebixa[®] (memantine) for the symptomatic treatment of Alzheimer's disease generated second quarter revenue of DKK 707 million, an increase of 16% compared to the same period last year. The increase corresponds to 19% growth at constant exchange rates. Lundbeck has the marketing rights to Ebixa[®] in most of the world, except Japan and the US

Revenue from **Azilect[®]** (rasagiline) for the treatment of Parkinson's disease was DKK 299 million, an increase of 12%, or 14% in constant exchange rates compared to the second quarter last year. Lundbeck has commercial rights to Azilect[®] in Europe (in co-promotion with Teva Pharmaceutical Industries Inc. in France, Germany and the UK) and some markets outside Europe, including six Asian countries.

Xenazine[®]¹ (tetrabenazine) for the treatment of chorea associated with Huntington's disease generated revenue of DKK 209 million in the second quarter, an increase of 42%, or 59% at constant exchange rates compared to the same period last year. Lundbeck has the marketing rights for Xenazine[®] in the US.

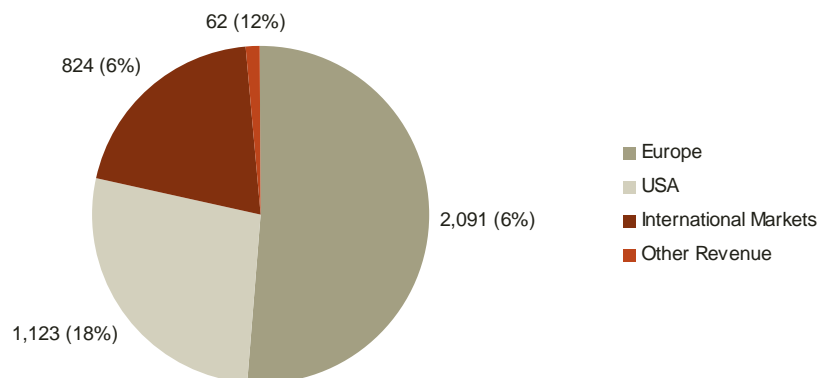
Sabril[®] (vigabatrin) for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS) generated second quarter revenue of DKK 80 million, increasing 113%, or 138% in constant exchange rates compared to second quarter 2010. Sabril[®] was launched in the US in September 2009.

Revenue from Other pharmaceuticals, which comprise the remainder of Lundbeck's products, was DKK 497 million, and decreased 3% compared to the same quarter last year. In constant exchange rates revenue from Other pharmaceuticals increased 2%.

Other revenue was DKK 62 million, compared to DKK 55 million for the same period last year.

¹ Xenazine[®] is a registered trademark of Biovail Laboratories International (Barbados) S.R.L.

Revenue per region Q2 2011 (growth in brackets) - DKKm



Europe

Second quarter revenue in Europe increased 6% compared to the same quarter last year. The increase was driven by the continued growth in Ebixa[®] and Azilect[®]. Revenue in Portugal, Greece and Ireland was impacted during the quarter by the current negative economic environment in these countries.

Revenue – Europe

DKK million	Q2 2011	Q2 2010	Growth	Growth at CER	Q1 2011
Cipralex [®]	1,001	1,001	0%	1%	991
Ebixa [®]	602	509	18%	19%	574
Azilect [®]	275	243	13%	13%	254
Other pharmaceuticals	213	229	(7%)	(7%)	237
Total revenue	2,091	1,982	6%	6%	2,056

Cipralex[®] generated second quarter revenue of DKK 1,001 million in Europe and continues to gain market shares and reinforce its leading position in most countries in Europe. However, revenue was unchanged compared to the second quarter last year due to the launch of generic escitalopram in Spain and Finland in 2010 as well as price decreases and health care reforms implemented in some countries during 2010. At the end of May 2011, Cipralex[®] held a market share in value of 20.0% of the European antidepressant market, compared with a market share of 20.5% at the same time in 2010.

In February 2011, the Federal Joint Committee in Germany (G-BA) recommended to group escitalopram (Cipralex[®]) together with citalopram in a reference price group, indicating a fixed price for reimbursement on escitalopram in Germany. The recommendation has now been approved by the German Ministry of Health. As a result, Lundbeck has withdrawn Cipralex[®] from the public market in Germany in July. Cipralex[®] will still be available in the private market in Germany constituting approximately 20% of current revenue.

Revenue from Ebixa[®] rose 18% to DKK 602 million during the quarter. At the end of May 2011 the product held 19.8% of the European Alzheimer's market measured in value, compared to a market share of 18.1% at the same time in 2010. Ebixa[®] continues to take market shares in several markets in

the EU, and revenue was also positively impacted by the re-launch of Ebixa[®] in the UK following support of the use of memantine from NICE (National Institute of Health and Clinical Excellence) in the UK.

Second quarter revenue from Azilect[®] amounted to DKK 275 million, an increase of 13% compared to the second quarter of 2010. At the end of May 2011 Azilect[®] held a market share in value of 16.0% of the total European Parkinson's market. This compares to a market share of 12.7% at the same time in 2010. Azilect[®] continues to gain market share in Europe, as it is increasingly recognised as an effective and easy-to-administer medication. The reimbursement of Azilect[®] in France last year continues to support sales. At the end of May, Azilect[®] had achieved a market share in France of 19.5%. The price reform in Spain had some negative impact on sales.

Revenue from Other pharmaceuticals was DKK 213 million, a decrease of 7% compared to last year. The decrease was primarily driven by decreasing revenue from Cipramil[®].

USA

Lundbeck's second quarter revenue in the US was DKK 1,123 million, an increase of 18%, or 24% at constant exchange rates, compared to the second quarter 2010. The growth was driven by Lexapro[®], Xenazine[®] and Sabril[®].

Revenue – USA

DKK million	Q2 2011	Q2 2010	Growth	Growth at CER	Q1 2011
Lexapro [®]	715	630	13%	13%	741
Xenazine [®]	209	139	50%	67%	184
Sabril [®]	80	37	113%	138%	75
Other pharmaceuticals	119	144	(17%)	(7%)	131
Total revenue	1,123	950	18%	24%	1,131

Revenue from Lexapro[®] was DKK 715 million for the quarter, an increase of 13% compared to the same quarter last year. The increase was primarily due to higher prices and increased bulk deliveries during the period. At the end of May, Lexapro[®] held a market share in value of 23.8% of the US aggregate market for antidepressants, compared to a market share of 23.4% in May 2010.

Prepayments from Forest, recorded in Lundbeck's balance sheet as the difference between the invoiced price and the minimum price of Forest's inventories, were DKK 519 million as of 30 June 2011. This compares to DKK 619 million as of the end of June 2010.

Revenue from Xenazine[®] was DKK 209 million for the quarter, an increase of 50% compared to the second quarter last year. The positive trend from the previous quarters continues as Xenazine[®] revenue is progressing well and is on track to meet our expectations.

Sabril[®] revenue for the quarter was DKK 80 million, growing 113% compared to the same quarter last year. The performance of Sabril[®] continues to be driven by increased compliance rates among existing patients as well as higher doses used.

Second quarter revenue from Other pharmaceuticals in the US was DKK 119 million, a decrease of 17% compared to same quarter last year. The decrease in revenue is mainly due to the temporary withdrawal of NeoProfen[®] from the market, as well as decreasing revenue from mature products.

International Markets

Revenue in International Markets, which comprise all of Lundbeck's markets outside Europe and the US, was DKK 824 million for the quarter. This is an increase of 6% compared to the second quarter 2010, or 17% at constant exchange rates. The growth was driven by all key products as well as Other pharmaceuticals.

Revenue – International Markets

DKK million	Q2 2011	Q2 2010	Growth	Growth at CER	Q1 2011
Cipralex [®]	530	506	5%	15%	546
Ebixa [®]	105	101	3%	20%	113
Azilect [®]	24	24	5%	21%	24
Other pharmaceuticals	165	149	11%	21%	194
Total revenue	824	780	6%	17%	877

Cipralex[®] generated second quarter revenue of DKK 530 million in International Markets, an increase of 5% compared to the second quarter last year and corresponding to an increase of 15% at constant exchange rates. Cipralex[®] sales in Canada continue to show strong growth, and grew 35% during the quarter. Cipralex[®] now holds a market share in terms of value of 16.7% in Canada (May 2011), compared to 11.4% at the same time last year. At the end of May 2011, Cipralex[®] held a market share in terms of value of 11.6% of the aggregate market for antidepressants in International Markets², compared to a market share of 11.0% in the same period last year.

In December 2010, Lundbeck revised the agreement regarding Lexapro[®] with its partner in China, Xian-Janssen Pharmaceuticals Ltd. (Xian-Janssen). The new agreement changed the terms from a traditional license agreement to a co-promotion agreement, which means that both parties will invest substantially in joint sales and more marketing efforts for Lexapro[®] in China. The new sales set-up is now in place and, together with Xian-Janssen, Lundbeck has now established a very competitive antidepressant sales force in China. Since the beginning of the year Lundbeck has doubled its sales force in China to approximately 100 sales representatives promoting Lexapro[®] and Ebixa[®].

In July 2011, Lundbeck entered into an agreement with SPIMACO (Saudi Pharmaceutical Industries & Medical Appliances Corporation), one of the largest pharmaceutical manufacturers in the Middle East. The partnership with SPIMACO starts in Saudi Arabia with the co-marketing of escitalopram and the co-promotion of citalopram, with an option to include other markets and also include SPIMACO's CNS products.

Ebixa[®] generated second quarter revenue of DKK 105 million, an increase of 3%, or 20% at constant exchange rates. The increase was due to continued growth in most important markets. In May 2011,

² Market shares for International Markets are based on IMS data from Australia, Brazil, Canada, China, Mexico, Saudi Arabia, South Africa, South Korea and Turkey.

Ebixa[®] held 8.8% of the total market in terms of value of pharmaceuticals for the treatment of Alzheimer's disease in International Markets. This compares to a market share of 8.4% in May 2010.

Other pharmaceuticals generated revenue of DKK 165 million during the quarter, an increase of 11%, or 21% at constant exchange rates, compared to the same quarter last year. The increase was due to a positive development in some of Lundbeck's mature products as well as quarterly fluctuations in revenue.

Expenses and income

Total costs for the quarter were DKK 2,998 million, an increase of 6% compared to the second quarter last year.

Distribution of costs

DKK million	Q2 2011	Q2 2010	Growth	Q1 2011
Cost of sales	726	706	3%	781
Distribution	1,040	914	14%	905
Administration	540	504	7%	479
Research & Development	692	707	(2%)	633
Total costs	2,998	2,831	6%	2,798

Total cost of sales increased 3% to DKK 726 million. This corresponds to 18% of Lundbeck's total revenue, compared with 19% in the second quarter of 2010. Cost of sales for the period was affected by the higher cost of goods sold due to increasing revenue from in-licensed products (i.e. Xenazine[®], Azilect[®] and Ebixa[®]). The sale of production facilities in the UK (Seal Sands) affected cost of sales positively in the quarter by DKK 95 million.

Distribution costs were DKK 1,040 million, corresponding to 25% of revenue and an increase of 14% compared to the second quarter last year. The increase in distribution costs was due to launch cost for Sycrest[®] and pre-launch costs for Onfi[™] and nalmefene. Administrative expenses were DKK 540 million and corresponded to 13% of the total revenue for the period, which was at the same level as second quarter last year. SG&A costs were DKK 1,580 million, compared to DKK 1,418 million in the same period last year. The SG&A margin for the period was 38% compared to 37% in the same period last year.

R&D costs for the quarter were DKK 692 million compared to DKK 707 million in the same period last year.

Operating profit before depreciation and amortisation (EBITDA)

EBITDA was DKK 1,250 million, compared to DKK 1,206 million for the second quarter of 2010. EBITDA margin for the period was 30.5%, compared to 32.0% in the same quarter last year.

Depreciation, amortisation and impairment charges

Depreciation, amortisation and impairment charges, which are included in the individual expense categories, amounted to DKK 148 million compared to DKK 270 million in second quarter last year.

Depreciation, amortisation and impairment charges

DKK million	Q2 2011	Q2 2010	Growth	Q1 2011
Cost of sales	(33)	53	(163%)	54
Distribution	98	129	(23%)	103
Administration	25	20	31%	18
Research & Development	58	68	(15%)	60
Total depreciation, amortisation and impairment charges	148	270	(45%)	235

Depreciation related to cost of sales was a net gain for the quarter due to profit from sale of the production facilities in the UK (Seal Sands). The lower depreciation in distribution is due to depreciation in 2010, which has not continued into 2011.

Profit from operations (EBIT)

EBIT for the second quarter of 2011 amounted to DKK 1,102 million, which corresponds to an increase of 18% compared to the same period in 2010 (DKK 936 million). The growth was driven by increasing revenue and was positively impacted by profit from the sale of Seal Sands in the UK.

The EBIT margin for the period was 26.9% compared to 24.8% in the same period the year before.

Net financials

Lundbeck generated net financial expenses of DKK 19 million in the second quarter, compared with net expenses of DKK 55 million in the second quarter of 2010.

Net financials

DKK million	Q2 2011	Q2 2010	Q1 2011
Interest on financial assets and liabilities measured at amortised cost	(16)	(19)	(13)
Net gains on financial instruments measured at fair value	3	-	-
Net interest income, incl. net gains on the bond portfolio	(13)	(19)	(13)
Net gains regarding the trading portfolio	1	-	-
Net exchange gains	3	(35)	(23)
Net currency items relating to financial items	4	(35)	(23)
Net gains on available-for-sale financial assets, incl. dividends	-	4	1
Other financial income, net	(10)	(5)	(3)
Net financials	(19)	(55)	(38)

Net interest income, including realised and unrealised gains and losses on the bond portfolio, amounted to a net expense of DKK 13 million, as compared to a net expense of DKK 19 million in the same period in 2010. The difference was primarily due to a higher cash position and bond portfolio in 2011.

Net exchange gains amounted to DKK 3 million, as compared to a net expense of DKK 35 million in the second quarter last year. The increase was due to favourable fluctuations in exchange rates.

Profit for the period

Profit after tax for the second quarter of 2011 was DKK 797 million, compared to DKK 661 million in the same period last year. This corresponds to an EPS of DKK 4.06 per share.

Hedging

Lundbeck hedges income from its products through 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 positive effect on profit of DKK 60 million in the second quarter of 2011, compared with a situation where the income is not hedged and included at the current exchange rates during the period. The effect was a DKK 18 million gain in the second quarter of 2010. The currency with the most financial impact in the second quarter of 2011 was the US dollar and of the total effect, hedging of the US dollar had a net gain of DKK 54 million. This compares to a gain of DKK 42 million in the second quarter of 2010.

Lundbeck hedges cash flow in US dollars on a rolling basis, approximately 12 months in advance. The average rate for the US dollar hedging contracts for 2011 is approximately USD/DKK 567. The corresponding rate for 2010 was approximately USD/DKK 541. For the next 12 months, the average rate for the existing US dollar hedging contracts is approximately USD/DKK 558.

Cash flow

Lundbeck had a positive cash flow during the quarter of DKK 508 million, compared to DKK 564 million in the same period last year.

Cash flow

DKK million	Q2 2011	Q2 2010	Q1 2011
Cash flows from operating activities	1,257	1,245	809
Cash flows from investing activities	(12)	(71)	(692)
Cash flows from operating and investing activities	1,245	1,174	117
Cash flows from financing activities	(737)	(610)	(9)
Change in cash	508	564	108
Cash at beginning of period	2,389	1,330	2,294
Unrealised exchange adjustments for the period	(2)	26	(13)
Cash at end of period	2,895	1,920	2,389
Securities	655	56	653
Interest-bearing debt	(1,918)	(1,963)	(1,917)
Interest-bearing net cash and cash equivalents, end of period	1,632	13	1,125

Operating activities generated a second quarter cash inflow of DKK 1,257 million, compared to an inflow of DKK 1,245 million in the same period last year.

Cash flows from investing activities represented an outflow of DKK 12 million.

Cash flows from financing activities equalled an outflow of DKK 737 million mainly due to dividend payment.

Balance sheet

As of 30 June 2011, Lundbeck had total assets of DKK 18,820 million, compared to DKK 18,314 million at the end of the second quarter of 2010.

As of 30 June 2011, Lundbeck's equity amounted to DKK 11,723 million, corresponding to a solvency ratio of 62.3% compared to 57.7% at the end of the second quarter 2010.

Cash as of 30 June 2011 was DKK 2,895 million. This compares to DKK 1,920 million by 30 June 2010 and DKK 2,294 million by 31 December 2010. At the end of June 2011, Lundbeck had a net cash position of DKK 1,632 million, compared to a net cash position of DKK 13 million at the end of June 2010.

As a consequence of the exercise of employee warrants, the share capital was increased during the quarter by DKK 96,420 (or 19,284 shares of nominally DKK 5). The increase was affected without any preemption rights for the existing shareholders of the company or others. The shares were subscribed in cash at DKK 115 per share. Proceeds to the company were approximately DKK 2.2 million. The increase corresponds to approx. 0.01% of the company's share capital. After the increase Lundbeck's share capital amounts to DKK 980,679,590.

Lundbeck paid out dividend of DKK 739 million during the quarter, corresponding to DKK 3.77 per share.

Other

Accounting policies

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.

Accounting policies are unchanged compared to the annual report 2010, which contains a more detailed description of the Group's accounting policies.



Incentive plan in the Lundbeck Group

Members of Lundbeck's Executive Management and 113 key employees appointed by Lundbeck's Executive Management Group who are employed by Lundbeck or Lundbeck's subsidiaries were granted participation in Lundbeck's Long Term Incentive program on 1 April 2011. The above-mentioned subsidiaries comprise Danish and foreign enterprises in which Lundbeck directly or indirectly holds at least 50% of the shares. The members of the company's Supervisory Board are not comprised by the scheme.

For key employees in the US subsidiaries Stock Appreciation Rights and Restricted Cash Units with conditions and award criteria similar to the grant made to key employees of the parent company and its non-US subsidiaries was issued.

The Long Term Incentive program vest over a three year period and in the financial statements, the cost will be recognised in the income statement at fair value over the vesting period. The grant to the Executive Management Group is subject to achieving specific goals.

The incentive programmed granted in 2008 is fully vested. To fund the programme Lundbeck has purchased treasury shares with a value of DKK 9 million corresponding to 71,025 shares.

Protection of patents and other intellectual property rights

Intellectual property rights are a prerequisite for Lundbeck's continued investments in innovative pharmaceuticals. It is Lundbeck's policy to enforce its granted intellectual property rights wherever they may be violated. Lundbeck is involved in a number of trials around the world related to defending our intellectual property rights. With regards to escitalopram Lundbeck is presently involved in pending court trials in Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hungary, Latvia, Lebanon, Lithuania, the Netherlands, Norway, Portugal, Saudi Arabia, Spain, Taiwan, Turkey, UK and the US.

Risk factors

Lundbeck's overall risk exposure is unchanged and reflects the risk factors described in the annual report 2010.

Conference call

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

MANAGEMENT STATEMENT

The Supervisory Board and the Executive Management have discussed and adopted the interim report of H. Lundbeck A/S for the period 1 January – 30 June 2011. 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 as of 30 June 2011 and of the results of the Group's operations and cash flows for the first half of 2011, which ended on 30 June 2011.

In our opinion, the Management's report gives a true and fair view of activity developments, the Group's general financial position and the results for the period. It also gives a fair account of the significant risks and uncertainty factors that may affect the Group.

The interim report has not been subject to audit or review.

Valby, 10 August 2011

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

Supervisory Board

Mats Petterson
Chairman

Thorleif Krarup
Deputy Chairman

Håkan Björklund

Kim Rosenville Christensen

Christian Dyvig

Mona Elisabeth Elster

Peter Kürstein

Jørn Mayntzhusen

Jes Østergaard

FINANCIAL STATEMENTS

Income statement

DKK million	2011 Q2	2010 Q2	2011 H1	2010 H1	2010 FY
Revenue	4,100	3,767	8,203	7,616	14,765
Cost of sales	726	706	1,507	1,404	2,958
Gross profit	3,374	3,061	6,696	6,212	11,807
Distribution costs	1,040	914	1,945	1,734	3,496
Administrative expenses	540	504	1,019	952	1,909
Profit before research and development costs	1,794	1,643	3,732	3,526	6,402
Research and development costs	692	707	1,325	1,336	3,045
Profit from operations	1,102	936	2,407	2,190	3,357
Net financials	(19)	(55)	(57)	(66)	(68)
Profit before tax	1,083	881	2,350	2,124	3,289
Tax on profit for the period	286	220	623	518	823
Profit for the period	797	661	1,727	1,606	2,466
Earnings per share (EPS) (DKK)	4.06	3.37	8.81	8.19	12.57
Diluted earnings per share (DEPS) (DKK)	4.06	3.37	8.81	8.19	12.57

Statement of comprehensive income

DKK million	2011 Q2	2010 Q2	2011 H1	2010 H1	2010 FY
Profit for the period	797	661	1,727	1,606	2,466
Currency translation, foreign subsidiaries	(46)	330	(209)	543	295
Currency translation concerning additions to net investments in foreign subsidiaries	(68)	337	(300)	527	240
Realised currency translation concerning additions to net investments in foreign subsidiaries (transferred to the income statement)	7	-	7	-	-
Adjustment, deferred exchange gains/losses, hedging	38	(150)	168	(282)	(213)
Exchange gains/losses, hedging (transferred to the hedged items)	(74)	65	(108)	33	163
Exchange gains/losses, trading (transferred from hedging)	-	-	-	-	1
Accumulated exchange loss on divestment of associate	-	-	-	-	2
Fair value adjustment of available-for-sale financial assets	(4)	-	(5)	3	(4)
Tax on other comprehensive income	24	(63)	56	(79)	(47)
Other comprehensive income	(123)	519	(391)	745	437
Comprehensive income	674	1,180	1,336	2,351	2,903

Balance sheet

DKK million	30.06.2011	30.06.2010	31.12.2010
Assets			
Intangible assets	7,287	8,423	8,012
Property, plant and equipment	2,992	3,004	3,046
Financial assets	261	260	191
Non-current assets	10,540	11,687	11,249
Inventories	1,261	1,707	1,491
Receivables	3,469	2,944	2,917
Securities	655	56	54
Cash	2,895	1,920	2,294
Current assets	8,280	6,627	6,756
Assets	18,820	18,314	18,005
Equity and liabilities			
Share capital	980	980	980
Share premium	226	224	224
Currency translation reserve	(712)	172	(281)
Retained earnings	11,229	9,183	10,199
Equity	11,723	10,559	11,122
Provisions	1,022	1,071	930
Debt	1,905	1,915	1,918
Non-current liabilities	2,927	2,986	2,848
Provisions	193	199	216
Debt	13	48	-
Trade payables	1,276	850	1,237
Other payables	2,169	3,053	2,065
Prepayments from Forest	519	619	517
Current liabilities	4,170	4,769	4,035
Liabilities	7,097	7,755	6,883
Equity and liabilities	18,820	18,314	18,005

Statement of changes in equity at 30 June 2011

DKK million	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity
2011					
Equity at 01.01.2011	980	224	(281)	10,199	11,122
Profit for the period	-	-	-	1,727	1,727
Other comprehensive income	-	-	(431)	40	(391)
Comprehensive income	-	-	(431)	1,767	1,336
Distributed dividends	-	-	-	(739)	(739)
Capital increase through exercise of warrants	-	2	-	-	2
Buyback of treasury shares	-	-	-	(9)	(9)
Incentive programmes	-	-	-	11	11
Other transactions	-	2	-	(737)	(735)
Equity at 30.06.2011	980	226	(712)	11,229	11,723
2010					
Equity at 01.01.2010	980	224	(757)	8,356	8,803
Profit for the period	-	-	-	1,606	1,606
Other comprehensive income	-	-	929	(184)	745
Comprehensive income	-	-	929	1,422	2,351
Distributed dividends	-	-	-	(602)	(602)
Incentive programmes	-	-	-	7	7
Other transactions	-	-	-	(595)	(595)
Equity at 30.06.2010	980	224	172	9,183	10,559

Cash flow statement

DKK million	2011 Q2	2010 Q2	2011 H1	2010 H1	2010 FY
Profit from operations	1,102	936	2,407	2,190	3,357
Adjustments	132	225	394	477	1,080
Working capital changes	101	141	(457)	(326)	88
Cash flows from operations before financial receipts and payments	1,335	1,302	2,344	2,341	4,525
Financial receipts and payments	(22)	(9)	(46)	(30)	(78)
Cash flows from ordinary activities	1,313	1,293	2,298	2,311	4,447
Income tax paid	(56)	(48)	(232)	(151)	(1,182)
Cash flows from operating activities	1,257	1,245	2,066	2,160	3,265
Investments in and sale of bonds and other financial assets	(4)	4	(605)	13	21
Investments in and sale of intangible assets and property, plant and equipment	(8)	(75)	(99)	(135)	(824)
Cash flows from investing activities	(12)	(71)	(704)	(122)	(803)
Cash flows from operating and investing activities	1,245	1,174	1,362	2,038	2,462
Dividends paid in the financial year	(739)	(602)	(739)	(602)	(602)
Capital contribution	2	-	2	-	-
Other financing activities	-	(8)	(9)	(1,519)	(1,560)
Cash flows from financing activities	(737)	(610)	(746)	(2,121)	(2,162)
Change in cash	508	564	616	(83)	300
Cash at beginning of period	2,389	1,330	2,294	1,960	1,960
Unrealised exchange adjustments for the period	(2)	26	(15)	43	34
Change for the period	508	564	616	(83)	300
Cash at end of period	2,895	1,920	2,895	1,920	2,294
Interest-bearing net cash and cash equivalents is composed as follows:					
Cash	2,895	1,920	2,895	1,920	2,294
Securities	655	56	655	56	54
Interest-bearing debt	(1,918)	(1,963)	(1,918)	(1,963)	(1,918)
Interest-bearing net cash and cash equivalents, end of period	1,632	13	1,632	13	430



FINANCIAL CALENDAR 2011

9 November Interim report for third quarter 2011

CORPORATE RELEASES SINCE APRIL 2011

15 June Nalmefene completes clinical phase III programme - submission of the European Marketing Authorization Application (MAA) is expected by the end of 2011

10 June Lundbeck announces that Stig Løkke Pedersen, Executive Vice President, Commercial Operations, resigns

6 June Announcement of transactions with shares and linked securities in H. Lundbeck A/S made by executives and their closely associated persons and legal entities

31 May Update on Lundbeck's total number of voting rights and total share capital

16 May Capital increase in Lundbeck as a result of employee warrant programme and buy-back of shares to fund Long-Term Incentive scheme

16 May Data from four clinical phase III studies of Lu AA21004 presented for the first time at the 2011 Annual Meeting of the American Psychiatric Association (APA)

13 May Start up of clinical phase III study with Lu AA21004 in Japan

4 May First quarter report 2011 - Lundbeck is off to a good start in 2011 as key products maintain momentum

22 April Lundbeck's partner Mochida receives approval of Lexapro® in Japan

4 April Sycrest® roll-out starts with the launch of the product in the important European region

For more information, please visit www.lundbeck.com



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ABOUT LUNDBECK

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

Lundbeck was founded in 1915 by Hans Lundbeck in Copenhagen, Denmark. Today Lundbeck employs approximately 5,900 people worldwide. Lundbeck is one of the world's leading pharmaceutical companies working with CNS disorders. In 2010, the company's revenue was DKK 14.8 billion (approximately EUR 2.0 billion or USD 2.6 billion). For more information, please visit www.lundbeck.com.