Annual report 2010

ALK

Contents

Financial highlights and key ratios for the ALK Group*

Amounts in DKK/EURm**	**DKK 2010**	DKK 2009	**EUR 2010**	EUR 2009
Income statement				
Revenue	**2,140**	1,935	**287**	260
Operating profit before depreciation (EBITDA)	**287**	260	**39**	35
Operating profit (EBIT)	**192**	175	**26**	23
Net financial items	**15**	15	**2**	2
Profit before tax (EBT)	**207**	190	**28**	26
Net profit	**128**	118	**17**	16
Average number of employees	**1,612**	1,513	**1,612**	1,513
Balance sheet				
Total assets	**2,830**	2,653	**380**	356
Invested capital	**1,723**	1,510	**231**	203
Equity	**2,018**	1,928	**271**	259
Cash flow and investments				
Depreciation, amortisation and impairment	**95**	85	**13**	11
Cash flow from operating activities	**274**	260	**37**	35
Cash flow from investing activities	**(345)**	(258)	**(46)**	(35)
– of which investment in tangible assets	**(138)**	(187)	**(19)**	(25)
– of which acquisitions of companies and operations	**(178)**	(23)	**(24)**	(3)
Free cash flow	**(71)**	2	**(10)**	-
Information on shares				
Proposed dividend	**51**	51	**7**	7
Share capital	**101**	101	**14**	14
Shares in thousands of DKK 10 each	**10,128**	10,128	**10,128**	10,128
Share price, at year end - DKK/EUR	**322**	409	**43**	55
Net asset value per share - DKK/EUR	**200**	191	**27**	26
Key figures				
Gross margin – %	**69**	70	**69**	70
EBITDA margin – %	**13**	13	**13**	13
ROAIC – %	**12**	12	**12**	12
Pay-out ratio – %	**40**	43	**40**	43
Earnings per share (EPS) - DKK/EUR	**12.91**	11.85	**1.73**	1.59
Diluted earnings per share (DEPS), diluted - DKK/EUR	**12.91**	11.85	**1.73**	1.59
Cash flow per share (CFPS) - DKK/EUR	**27.65**	26.11	**3.71**	3.50
Price earnings ratio (PE)	**25**	35	**25**	35
Share price/Net asset value	**1.6**	2.1	**1.6**	2.1
Revenue growth - %				
Organic growth	**4**	9	**4**	9
Exchange rate differences	**2**	(1)	**2**	(1)
Acquisitions	**5**	-	**5**	-
Total growth	**11**	8	**11**	8

*) Management's review comprises pages 1-27 as well as Financial highlights and key ratios for the ALK Group on flaps.

**) Financial highlights and key ratios stated in EUR constitute supplementary information to the annual report. The exchange rate used in translating from DKK to EUR is the exchange rate ruling at 31 December 2010 (EUR 100 = DKK 745).

Definitions: see page 76

Financial highlights and key ratios for the ALK Group*

Amounts in DKKm	**2010**	2009	2008	2007	2006 (12M) Unaudited	2006 (4M)
Income statement						
Revenue	**2,140**	1,935	1,784	1,652	1,519	563
Operating profit before depreciation (EBITDA)	**287**	260	205	298	25	2
Exceptional items	**-**	-	-	-	(40)	(40)
Operating profit/(loss) (EBIT)	**192**	175	119	218	(55)	(28)
Net financial items	**15**	15	38	14	27	10
Profit/(loss) before tax (EBT)	**207**	190	157	232	(28)	(18)
Net profit/(loss) continuing operations	**128**	118	95	140	(36)	(20)
Net profit/(loss)**	**128**	118	95	177	(36)	(20)
Average number of employees	**1,612**	1,513	1,454	1,392	1,263	1,314
Balance sheet						
Total assets	**2,830**	2,653	2,538	2,821	2,731	2,731
Invested capital	**1,723**	1,510	1,367	1,050	1,000	1,000
Equity	**2,018**	1,928	1,862	2,112	2,024	2,024
Cash flow and investments						
Depreciation, amortisation and impairment	**95**	85	86	80	80	30
Cash flow from operating activities	**274**	260	189	362	(2)	(39)
Cash flow from investing activities	**(345)**	(258)	(397)	(172)	(389)	(41)
– of which investment in tangible assets	**(138)**	(187)	(364)	(164)	(121)	(40)
– of which acquisitions of companies and operations	**(178)**	(23)	(18)	-	-	-
Free cash flow	**(71)**	2	(208)	190	(391)	(80)
Information on shares						
Proposed dividend	**51**	51	51	330	n/a	20
Share capital	**101**	101	101	101	101	101
Shares in thousands of DKK 10 each	**10,128**	10,128	10,128	10,128	10,128	10,128
Share price, at year end – DKK	**322**	409	520	600	1,410	1,410
Net asset value per share – DKK	**200**	191	184	209	200	200
Key figures						
Gross margin – %	**69**	70	70	70	67	69
EBITDA margin – %	**13**	13	11	18	2	0
ROAIC – %	**12**	12	10	21	(7)	(3)
Pay-out ratio – %	**40**	43	54	186	n/a	(100)
Earnings per share (EPS) – DKK	**12.91**	11.85	9.51	13.96	(3.59)	(1.99)
Earnings per share (DEPS), diluted – DKK	**12.91**	11.85	9.51	13.91	(3.59)	(1.99)
Cash flow per share (CFPS) – DKK	**27.65**	26.11	18.90	36.10	(0.20)	(3.88)
Price earnings ratio (PE)	**25**	35	55	43	(392)	(705)
Share price/Net asset value	**1.6**	2.1	2.8	2.9	7.0	7.0
Revenue growth – %						
Organic growth	**4**	9	10	10	n/a	6
Exchange rate differences	**2**	(1)	(2)	(1)	n/a	-
Acquisitions	**5**	-	-	-	n/a	-
Total growth	**11**	8	8	9	n/a	6

*) Management's review comprises pages 1-27 as well as Financial highlights and key ratios for the ALK Group on flaps.

**) Net profit for 2007 includes adjustment in connection with the sale of the ingredients business, Chr. Hansen.

Definitions: see page 76

To our shareholders

Continued growth in 2010 and ambitious goals for the future

2010 was a good year for ALK. For the first time in the company's history ALK's sales topped the DKK 2 billion mark in a year. ALK's sales of allergy vaccines increased by 10%, and we achieved a gain in operating profit (EBITDA) of 10% to DKK 287 million. This gain was achieved despite new restrictions on the sale of medicine and political austerity measures on medicine prices. We are therefore satisfied with the result for 2010.

In addition, ALK made important progress in 2010: ALK acquired new companies in the Netherlands and the USA, prepared production, documentation and quality systems for the supply of tablet based products (AIT) for the North American market, and achieved important progress in product development of future allergy vaccines.

In 2010, Management reviewed ALK's strategy plan. The objective is for the company to have a turnover of at least DKK 3 billion by 2015 at the latest and an operating profit (EBITDA) of at least 25% of sales.

The strategy plan consists of two focus areas: continued progress in sales and earnings in ALK's base business, and global development and commercialisation of ALK's products through partnerships.

Continued progress in sales and earnings in the base business must be achieved by focusing on well-documented and registered products by optimising the present product range of SCIT and SLIT allergy vaccines. In addition, ALK will complete and launch its portfolio of tablet based allergy vaccines (AIT) and launch ALK's new adrenaline pen, JEXT®. ALK will also continue to take part in the consolidation of the allergy vaccine industry by purchasing companies and thereby increase ALK's distribution platform and geographical presence. Finally, ALK will expand its business by acquiring products and companies that can exploit ALK's existing sales and distribution channels.

Global development and further commercialisation of ALK's products, the other focus area in the strategy plan, will be achieved by actively supporting existing partnerships and entering into new partnerships in new geographical areas for tablet based allergy vaccines and adrenaline.

At the beginning of 2011, ALK entered into a new, promising partnership with the Japanese company Torii Pharmaceutical Co., Ltd. Under the agreement, ALK received, among other things, an upfront payment of DKK 225 million on the signing of the agreement. In addition, the agreement gives ALK attractive long-term earnings potential in the form of milestone payments and royalties. The agreement illustrates two essential elements of ALK's strategy: to develop a portfolio of tablet based allergy vaccines and to secure global commercialisation of the company's products through partnerships.

ALK finds itself in a favourable position to take advantage of the great changes taking place in the allergy vaccine industry these years as a consequence of increased regulatory requirements. This is due to our long-standing scientific research and development work, including targeted commitment to the development of tablet based allergy vaccines, and due to the company's financial strength. Among other things, this position makes it possible to finance acquisitions and continue focusing on research and development of new innovative products.

By consolidating the earnings from our base business in the years ahead, supporting our partners in their endeavours to launch tablet based allergy vaccines outside Europe and exploiting new opportunities to acquire companies or products, we anticipate that ALK will strengthen its position as the world's leading supplier of vaccines for the treatment of allergy. Despite continued restrictions and imposed price cuts on medicine, we also expect to increase ALK's sales and earnings in 2011.

With a clear strategy we have set ourselves a number of ambitious goals which, we are convinced, will generate additional growth and progress for ALK, and long-term value for our shareholders. We therefore have high expectations to the development of ALK in the years to come.

Jørgen Worning
Chairman of the Board

Jens Bager
President and CEO

Highlights*

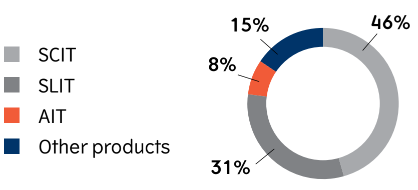
In 2010, ALK achieved satisfactory growth in sales and earnings and met the expectations announced.

- For 2010 as a whole, revenue was DKK 2,140 million (1,935), and sales of allergy vaccines increased by 10%.
- Operating profit before depreciation and amortisation (EBITDA) increased by 10% to DKK 287 million (260).
- Operating profit (EBIT) increased by 10% to DKK 192 million (175). EBIT includes other income from ALK's US partner of DKK 16 million (33).
- Net profit for the year was DKK 128 million (118).
- With effect from 1 August 2010, the German authorities adopted a number of new austerity measures on medicine prices. Overall, political austerity measures in Germany and the Netherlands reduced ALK's earnings by approximately DKK 50 million in 2010.
- ALK's new adrenaline pen, JEXT®, was approved by the European competent authorities for medicinal products in mid-October and will be launched in 2011.
- With effect from 1 July 2010, ALK has acquired the Dutch company Artu from Fornix Biosciences.
- In November 2010, ALK entered into a price agreement with the French authorities on GRAZAX® which was launched in France in January 2011.
- In 2010, ALK prepared documentation and production for the planned introduction of tablet based allergy vaccines (AIT) in North America.
- The partnership with Merck to develop, register and commercialise tablet based allergy vaccines in North America has made a number of advances. On the basis of positive clinical results with GRAZAX®, Merck initiated a dialogue with the US health authorities about the registration process. ALK expects Merck to have gained an overview of the anticipated registration process in 2011, and Merck is in the process of completing two clinical studies of a ragweed vaccine. In addition, Merck is in the process of planning the further clinical activities for MITIZAX®, the tablet vaccine against house dust mite allergy.
- After the end of the financial year, ALK entered into a partnership with Torii Pharmaceutical Co., Ltd. on the development, registration and commercialisation of selected ALK products in Japan.

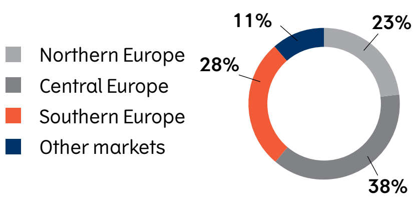
Outlook for the 2011 financial year
For the 2011 financial year, ALK expects a 5% gain in sales of allergy vaccines and an operating profit (EBITDA) of DKK 360 million, equivalent to an increase of 25%.

See page 12 for further details on the outlook for 2011.

Revenue by product line



Revenue by market



* Comparative financial figures for the same period last year are shown in brackets. Growth rates for revenue are stated as growth measured in local currencies.

ALK reaches the DKK 2 billion sales mark

In 2010, ALK achieved a considerable milestone in the company's history: DKK 2 billion in total sales.

- Sales have gone up for more than 20 years in a row.
- Sales increased by 11% on average annually from 2004/05 to 2010.
- Earnings (EBITDA) have increased from DKK 59 million in 2004/05 to DKK 287 million in 2010.
- ALK has created 506 new jobs, including 156 in Denmark, from 1 September 2005 to 31 December 2010.

Management's review*

Income statement

Q4 2009	%	**Q4 2010**	**%**	Amounts in DKKm	**2010**	**%**	2009	%
542	100	**587**	100	**Revenue**	**2.140**	100	1.935	100
159	29	**173**	29	Cost of sales	**653**	31	587	30
383	71	**414**	71	**Gross profit**	**1.487**	69	1.348	70
105	19	**95**	16	Research and development expenses	**366**	17	349	18
229	42	**262**	45	Sales, marketing and administrative expenses	**951**	44	860	44
9	2	**3**	1	Other operating income and expenses	**22**	1	36	2
58	11	**60**	10	**Operating profit (EBIT)**	**192**	9	175	9
(1)	-	**8**	1	Financial income	**21**	1	17	1
(1)	-	**3**	1	Financial expenses	**6**	-	2	-
58	11	**65**	11	**Profit before tax (EBT)**	**207**	10	190	10
22	4	**25**	4	Tax on profit	**79**	4	72	4
36	7	**40**	7	**Net profit**	**128**	6	118	6
84	15	**83**	14	**Operating profit before depreciation and amortisation (EBITDA)**	**287**	13	260	13

Financial review**

The development in sales and earnings was satisfactory in 2010, and ALK meets the company's financial expectations previously announced.

Revenue in 2010 increased by 9% to DKK 2,140 million (1,935) with growth in vaccine sales of 10%. Sales growth was broadly based, with sales of the tablet vaccine against grass pollen allergy, GRAZAX®, the injection based vaccines (SCIT) in Northern Europe, the USA and China, the sublingual drop based vaccines (SLIT) in France and the Netherlands, as well as other products in the USA contributing in particular to the growth.

In 2009 and 2010, respectively, the Dutch and the German authorities implemented a number of political austerity measures vis-à-vis drug reimbursement and prices, which had an adverse impact on ALK's sales. The austerity measures reduced sales in 2010 by approximately DKK 60 million. Acquisitions influenced revenue growth positively by approximately 5 percentage points. In addition, the impact from exchange rates was positive by approximately 1.5 percentage points.

Revenue – product lines
In 2010, sales of SCIT increased by 3% to DKK 975 million (928). This growth was driven by the Northern European Region as well as the USA and China. During the second half of 2010, sales of SCIT products were particularly adversely impacted by the political price interventions in Germany, just as the general market development was affected by a mild pollen season in Europe, which meant fewer patients starting vaccination treatments. Sales of SCIT make up 46% (48) of total turnover.

Sales of SLIT increased by 18% to DKK 674 million (573). The development has been positive in France, Germany and the Netherlands. In the Netherlands the market has generally developed negatively as a consequence of the authorities' tightening of the reimbursement rules for allergy vaccines in 2009. ALK's acquisition of a Dutch company, however, contributed to an overall increase in sales of SLIT in the country. SLIT products made up 31% (30) of the company's total sales.

Sales of AIT, tablet based products (GRAZAX®), increased by 20% to DKK 162 million (133). This growth was driven by the Northern and Central European markets, where GRAZAX® increased its market share in Germany in the second half. Sales of GRAZAX® accounted for 8%

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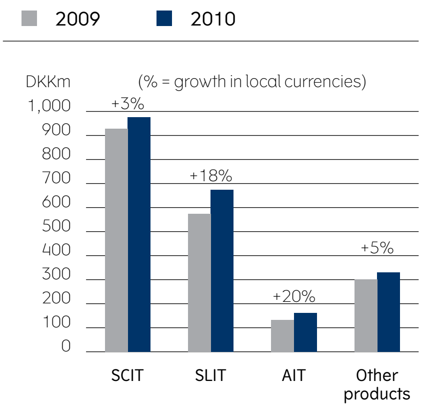
** Growth rates for revenue are stated as growth in local currencies, unless otherwise indicated.

Revenue by product line

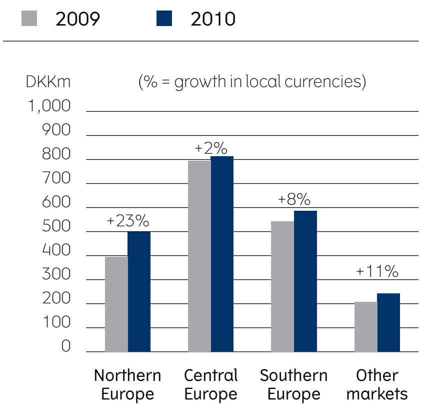


(7) of the company's total sales, and GRAZAX® is now ALK's biggest product for treating grass pollen allergy sufferers.

Sales of other products (adrenaline pens, diagnostics, etc.) increased by 5% to DKK 329 million (301). This growth was primarily due to the development in sales of the diagnostic product PRE-PEN® in the USA and the impact of acquisitions. Sales of inlicensed adrenaline products came to DKK 209 million, which is virtually unchanged as compared with last year. Sales of other products accounted for 15% (15) of total sales.

Revenue – markets
In the Northern European Region sales increased by 23% to DKK 498 million

Revenue by market



(394). Sales were positively affected by the acquisition of the Dutch company as well as the growth in sales of GRAZAX® and SCIT products.

In Central Europe sales increased by 2% to DKK 813 million (793) as a result of broad-based growth in vaccine sales, including continued growth in AIT sales. The new injection based product, AVANZ®, and acquisitions have also had a positive impact on the development of sales in the region. Disregarding the effect of the German healthcare reform, the sales gain in the region would have been approximately 8%.

In the Southern European Region sales increased by 8% to DKK 586 million

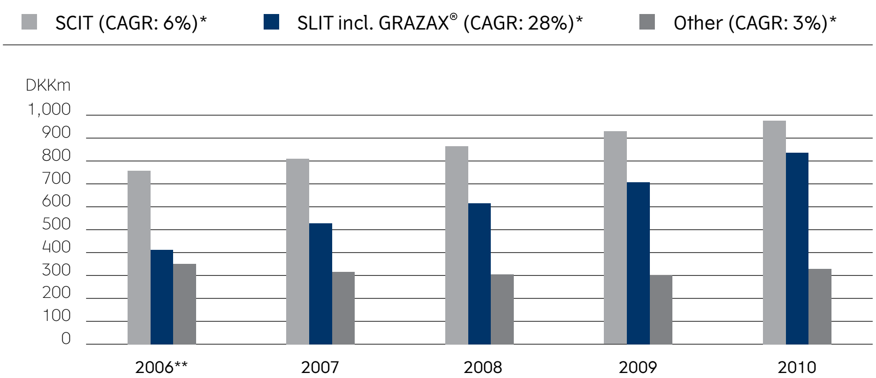
(542). A highly positive development in sales of SLIT in France was partly counteracted by declining sales in Italy and Spain as a result of continued difficult market conditions in the light of the general economic situation.

Sales in other markets increased by 11% to DKK 243 million (206). This growth was primarily driven by sales in North America and China of injection based products and the diagnostic product PRE-PEN®. Acquisitions made a minor contribution to this growth.

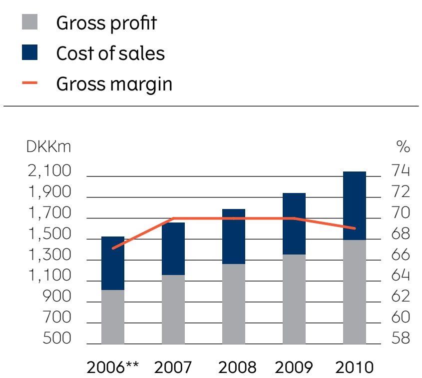
Costs and earnings
In 2010, the **cost of sales** amounted to DKK 653 million (587), and gross profit increased by 10% to DKK 1,487 million (1,348). The reported gross margin was 69% (70), which is marginally lower than last year. The gross margin was positively affected by acquisitions and a favourable development in exchange rates, but adversely affected by the price interventions in Germany as well as increasing costs related to production preparations prior to the planned launch of GRAZAX® and other AIT products in North America and JEXT® in Europe.

Total **capacity costs** increased by 9% to DKK 1,317 million (1,209). Disregarding acquisitions, the underlying growth in capacity costs was 4%.

Revenue



Gross profit



* CAGR: compound annual growth rate.
** In 2006, the company's financial year was changed to follow the calendar year. The figures for the 2006 calendar year are unaudited.

Research and development expenses for the year totalled DKK 366 million (349), equivalent to 17% (18) of revenue for the year, and pertained partly to the GAP study (*GRAZAX® Asthma Prevention*). In 2010, ALK made extensive investments in its partnership with Merck with a view to preparing production and documentation for inclusion in the registration application for GRAZAX® to the US health authorities. In addition, substantial expenditure has been incurred on meeting the new regulatory conditions in Europe, which impose increased requirements in terms of documenting the company's product portfolio. Sales, marketing and administrative expenses increased by 11% to DKK 951 million (860) and were particularly influenced by acquisitions. Disregarding acquisitions, the increase was 4%. Sales and marketing expenses were further affected by preparations for the launch of ALK's new adrenaline pen, JEXT®.

In 2010, progress was also made in **operating profits**. Operating profit before depreciation and amortisation (EBITDA) was DKK 287 million (260), and EBIT increased by 10% to DKK 192 million (175), corresponding to an EBIT margin of 9% (9). The result includes net operating income of DKK 16 million (33) from the company's US partner, Merck. This relates to the initiation of clinical studies with the ragweed tablet. Exchange rates exerted a positive effect on earnings.

The political austerity measures on medicine prices in Germany, implemented with effect from 1 August 2010, have led to a freeze on sales prices and a considerable increase in the mandatory sales rebates on drugs qualifying for reimbursement. These austerity measures are expected to remain in force until the end of 2013. Overall, the political austerity measures in Germany and the Netherlands reduced ALK's earnings by approximately DKK 50 million in 2010.

The acquisition of the Dutch company Artu had a marginal effect on earnings in 2010. Earnings were affected by transaction and integration costs as well as normal accounting adjustments in accordance with IFRS 3 concerning "business combinations". Inventories in the acquired company must, for example, be recognised on the acquisition balance sheet at fair value. Fair value is equal to the sales price less the sum of the cost of disposing of the products and a reasonable mark-up. As a result, when the acquired inventories are sold, ALK will have a considerably lower margin on the company's products until acquired inventories have been sold off. The accounting adjustments relating to inventories have no cash flow impact and affect only 2010.

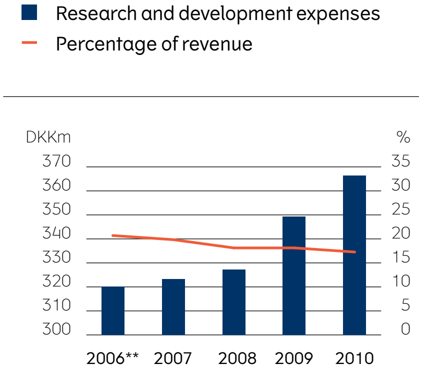
Net financials made an unchanged net contribution of DKK 15 million (15) and consisted of interest income, exchange gains and unrealised foreign currency translation adjustments on intercompany balances and holdings of foreign currency.

Income tax for the year amounted to DKK 79 million (72), corresponding to an effective tax rate of 38%. Net profit for the year thus increased by 8% to DKK 128 million (118).

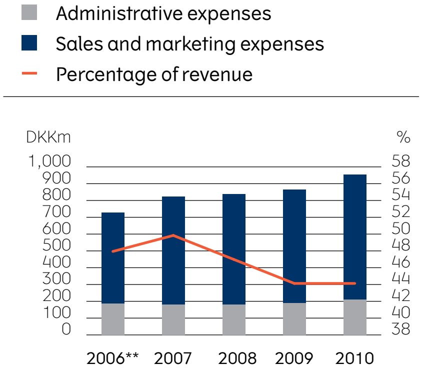
The **cash flow** from operating activities was an inflow of DKK 274 million (260) and was positively affected by changes in working capital as a consequence of a decline in receivables and inventories. Cashflow from investing activities was an outflow of DKK 345 million (258) and related to the purchase of the companies in the Netherlands and the USA as well as planned investments in production facilities and ongoing maintenance within production, research and development as well as IT. The free cash flow for the year was an outflow of DKK 71 million (an inflow of 2). The cash flow from financing activities was an outflow of DKK 72 million (61) and was primarily related to the distribution of ordinary dividends and purchase of treasury shares to cover the company's share option programme. At the end of the year, cash totalled DKK 250 million (389).

Equity stood at DKK 2,018 million (1,928) at the end of the year, making an equity ratio of 71% (73).

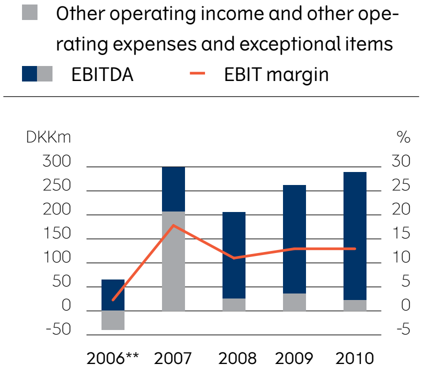
Research and development



Sales, marketing and administration



EBITDA



** In 2006, the company's financial year was changed to follow the calendar year. The figures for the 2006 calendar year are unaudited.

Operating review

In 2010, ALK successfully achieved a number of strategic objectives. The revenue basis of our base business was strengthened, the company's research and development showed positive new results, and the company's new adrenaline pen, JEXT®, was approved in Europe. The partnership with Merck was intensified, and with the conclusion of a new partnership in Japan after the end of the financial year ALK took key steps forward in launching AIT outside Europe.

Base business: strenghtened revenue basis

In 2010, ALK implemented a number of initiatives to strengthen the revenue basis in its base business, i.e. ALK's sales of diagnostics, allergy vaccines (SCIT, SLIT and AIT) and adrenaline on ALK's existing markets in Europe as well as sales of vaccine products etc. in North America and China.

Continued focus on acquisitions
With effect from 1 July 2010, ALK took over the Dutch company Artu from Fornix Biosciences. The activities have now been integrated into ALK's Dutch subsidiary. The acquisition gives ALK a stronger distribution platform and a greater critical mass to counteract changing conditions in the Dutch market. Market conditions have become considerably more difficult after the authorities implemented a tightening of the reimbursement rules for non-registered allergy vaccines in 2009. The final acquisition price was DKK 162 million and reflects the market terms prevalent in the country.

With effect from 1 August 2010, ALK took over the allergy vaccination activities from the American company Nelco Laboratories for DKK 16 million. These activities have subsequently been amalgamated and integrated into ALK's US subsidiary.

Consolidating the market position in SCIT, SLIT and AIT
In order to consolidate the product range and market position in SCIT (injection based allergy vaccines), which still accounts for the greater part of the base business, ALK has launched a new, improved injection vaccine, AVANZ®. The product has been developed on the basis of ALK's traditional vaccines and is more patient friendly, allowing faster updosing. AVANZ® has now been launched in Germany, Italy and Spain, and is initially being marketed as a named patient (NP) product. In a number of years, ALK expects the product to be registered in a number of countries in Europe on the basis of scheduled clinical activities.

In order to accommodate the increasing regulatory requirements regarding NP allergy vaccines in Germany, ALK submitted 19 registration applications to the authorities at the end of 2010 for the purpose of having these 19 products registered so that sales can be maintained for many years to come. At the end of 2008, the German authorities implemented a decree that going forward all significant allergen based products must be registered and receive marketing approval on a par with other pharmaceutical products. The products concerned are all vaccines sold as NP products. The ALK products affected are drop based SLIT products and the new AVANZ® product, containing allergens from grass and tree pollen or extracts from house dust mites. The products concerned make up approximately 7% of ALK's total sales.

At the end of 2010, and after almost four years of dialogue, ALK succeeded in concluding an agreement with the French authorities on the pricing of GRAZAX®, the tablet vaccine against grass pollen allergy (AIT). In January 2011, GRAZAX®

Facts: anaphylaxis and acute allergic reactions

Anaphylaxis is a severe allergic reaction that develops rapidly and may lead to death if not treated. Among other things, the allergic reaction can be triggered by foods or bee and wasp stings. The symptoms can be itching, rash, swelling of the lips, throat and tongue, wheezing, shortness of breath, coughing and hoarseness, nausea, vomiting, stomach ache, headache, fear of death or unconsciousness.

Treatment of anaphylaxis is by means of adrenaline (epinephrine) injections, possibly even hospitalisation and preventive measures. Patients at risk of developing anaphylaxis are recommended to carry a disposable injector containing adrenaline (adrenaline auto-injector), which must be used immediately when symptoms of anaphylaxis appear. It is estimated that up to 4 million people in Europe and the USA carry an adrenaline auto-injector.

Since anaphylaxis must be treated quickly and effectively, it is important that the adrenaline injectors are reliable, simple to use and work properly under all circumstances.

JEXT®
JEXT® is a new and improved adrenaline pen that has been developed by ALK to meet the requirements of reliability and functionality. Furthermore, JEXT® has a longer shelf-life than existing products. JEXT® has been approved in Europe for emergency treatment of severe acute allergic reactions (anaphylaxis). In the longer term, JEXT® is expected to be launched worldwide.

was then launched as a treatment, eligible for reimbursement, for French grass pollen allergy sufferers. France is the world's second largest market for allergy immunotherapy and a country with a longstanding tradition of treatment with drop based, sublingual allergy vaccines. GRAZAX® is the first registered disease-modifying allergy treatment to be launched in France, and the pricing agreement reflects the recognition by the authorities that GRAZAX® is an improvement compared to the current allergy immunotherapies. The launch in France means that GRAZAX® is now available and eligible for reimbursement in all major European countries.

New, improved adrenaline pen, JEXT®
The competent authorities for medicinal products in 17 European countries approved ALK's newly developed adrenaline pen, JEXT®, in mid-October. The new, improved adrenaline auto-injector has been developed by ALK. JEXT® has been approved for emergency treatment of severe acute allergic reactions (anaphylaxis) caused by, for example, foods or bee stings.

ALK expects to launch JEXT® on the first European markets in 2011 as a substitute for the company's inlicensed product. The former agreement on sales and distribution of an inlicensed adrenaline product in a number of European countries expired on 31 December 2010, but has been temporarily extented to ensure the supply to patients. The agreement is expected to be phased out during the first half of 2011, depending on the supply situation in the individual countries.

In 2010, ALK's sales of the inlicensed adrenaline product reached DKK 209 million, corresponding to 10% of total sales. Earnings from the present sales of adrenaline products make only a minor contribution to ALK's total operating profit. The introduction of JEXT® is expected to improve ALK's gross margin and substantially boost earnings from the business area within a few years as ALK holds global product rights.

Investment in severe food allergies
In December 2010, ALK entered into an agreement to invest an additional DKK 15 million (EUR 2 million) in the French biotech company DBV Technologies (DBV). In addition to ALK, a number of other international investors also took part in the share issue, including Lundbeckfond Invest A/S. ALK invested in DBV for the first time in 2009.

The investment gives ALK an opportunity to enter into a partnership on the development of a promising new vaccine against peanut allergy, which is one of the most severe food allergies. It is estimated that approximately 1% of the population or some 8 million people in Europe and North America suffer from peanut allergy. Today, patients' only therapeutic option is to rely on strict avoidance of peanuts and at the same time carry adrenaline auto-injectors for self-administration in the event of an acute allergic reaction.

Research and development: important progress on the AIT programmes

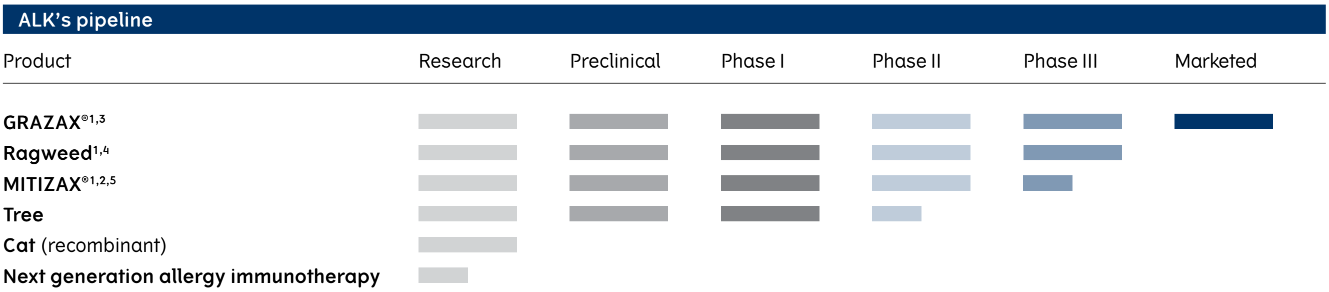
ALK's pipeline includes, among other things, a portfolio of tablet vaccines (AIT). In 2010, further scientific evidence was established of the tablets' clinical efficacy while at the same time investments were made to prepare the required product documentation prior to the launch on the important North American markets. ALK and its partner Merck thus made important achievements in 2010.

GRAZAX® against grass pollen allergy
In 2010, ALK concluded a five-year long-term study on GRAZAX®. The positive results from the study represent a milestone in ALK's history and demonstrate the disease-modifying effect of GRAZAX®. It has now been definitively confirmed that patients completing the three-year treatment regimen maintain the significant improvement in hay fever symptoms in the years that follow. The authorities in Europe have acknowledged the disease-modifying effect of GRAZAX®, which has now been included in the product authorisation. The disease-modifying effect of GRAZAX® is what makes it so different from traditional symptom-based allergy therapy.

In order to enhance the scientific documentation on the treatment with GRAZAX®, ALK has initiated the clinical study GRAZAX® Asthma Prevention, the GAP study, in 2010. The study, the largest ever of its kind, is designed to investigate the asthma-preventive effect of GRAZAX® in children and adolescents. Studies of allergic children have shown that they have up to seven times greater risk of developing asthma. The GAP study, which will run for five years, will be conducted in 11 European countries and will include some 800 children aged 5-12. In 2010, ALK has

Facts: GRAZAX®

ALK's tablet based vaccine for immunotherapy (AIT) against grass pollen allergy, GRAZAX®, was approved by the authorities in 27 European countries in 2006. The clinical development programme for GRAZAX® is the largest development programme ever conducted on an allergy vaccine. To date, the programme includes 15 randomised, double-blind, placebo-controlled clinical studies that have included a total of 3,744 patients and has demonstrated a clear, clinically relevant efficacy of the treatment. Today, GRAZAX® is being marketed and sold in 30 countries and is estimated to have been taken for 54,000 treatment years.



1 ALK's US partner, Merck, holds the product rights for the North American markets.
2 ALK's Japanese partner, Torii, holds the product rights for the Japanese market.
3 GRAZAX® is marketed in Europe and is in Phase III in North America.
4 Ragweed is only developed in North America.
5 MITIZAX® is in Phase III in Europe and in Phase II in North America. In Japan, the scheduling of the clinical development programme is expected in 2011.

successfully completed the recruitment of patients for the study.

In 2009-2010, ALK's North American partner, Merck, successfully completed two clinical Phase III studies of GRAZAX® in grass pollen allergic children and adults. Both studies met their primary endpoints and will form part of the planned registration application to the US health authorities, the FDA.

New AIT vaccine against ragweed allergy
ALK is developing a vaccine for immunotherapy against ragweed allergy. The clinical development activities, which are being carried out by ALK's North American partner, Merck, is in the late clinical development phase (Phase III).

Ragweed allergy is just as widespread as grass pollen allergy in the USA, but typically causes more – and more severe symptoms for patients.

ALK has previously conducted a tolerability study demonstrating that the product was suited for further clinical development. Against this backdrop, Merck initiated two clinical Phase III studies on the ragweed vaccine in 2009. The studies include 600 and 800 patients, respectively, and investigate the tablet's ability to improve patients' allergy symptoms and reduce their use of other allergy medicine. ALK is currently awaiting Merck's analysis and report on the clinical results.

The studies will potentially form the basis for a subsequent registration application to the US health authorities.

MITIZAX® against house dust mite allergy
ALK is developing a new AIT product, MITIZAX®, against house dust mite allergy. The clinical development programme is being conducted in Europe, North America and Japan. In North America and Japan, ALK is collaborating with Merck and Torii Pharmaceutical Co., Ltd. (Torii), respectively.

House dust mite allergy is the most common indoor allergy in the world, affecting some 90 million people in Europe, North America and Japan. House dust mite allergy is also an important cause of allergic asthma.

In Europe, the clinical programme is in the late development phase and has already shown promising results. A large clinical Phase II/III study (MT-02) successfully met the primary endpoints and demonstrated a significant reduction in the use of asthma medicine among the patients participating. Furthermore, the study showed that MITIZAX® is patient friendly, well-tolerated and has a good safety profile.

New analyses of the study show that the clinical effect of MITIZAX® was particularly high in those patients who to begin with had least control of their asthma. The new analyses and results are expected to be presented at a scientific conference in 2011.

ALK has planned its next clinical activities with MITIZAX®. A clinical Phase III study is expected to start in the second half of 2011. The study, which will investigate the product's ability to reduce patients' asthma symptoms, has been planned to include 800 patients in 11 European countries.

In the USA, Merck is planning the further clinical development programme with a view to having the product approved and registered with the US health authorities.

In Japan, Torii expects to conduct a separate development programme with a view to obtaining registration of the product by the Japanese authorities.

New AIT vaccines against tree pollen allergy, including Japanese cedar
ALK has previously conducted a Phase I study on a tablet based vaccine for the

treatment of allergy against tree pollen from birch and related trees. The study showed that the product was suitable for further clinical development. ALK expects to begin a larger clinical study of this allergy vaccine in 2012.

Also in partnership with Torii, ALK will be looking into the possibility of manufacturing a tablet based vaccine for the treatment of allergy against tree pollen from Japanese cedar. This type of allergy is one of the most frequently occurring allergies in Japan.

Global commercialisation of ALK's products through partnerships

A significant part of ALK's strategy is to ensure the global commercialisation of allergy immunotherapy by means of partnerships with other pharmaceutical companies. At present, ALK has two strategic partnerships concerning the development, registration and commercialisation of AIT, covering the two largest markets in the world, the USA and Japan. ALK is continually investigating possibilities of ensuring greater global commercialisation of the company's products.

Ready to supply the whole world with tablet based allergy vaccines (AIT)
In 2010, ALK spent considerable resources on further developing the company's quality systems, internal processes and the scope of its pharmaceutical documentation with an eye to achieving compliance with the documentation requirements which the US authorities, among others, are expected to impose in terms of efficacy, safety and manufacturing of modern AIT vaccines for allergy immunotherapy.

North America: Merck
The partnership with Merck includes the development, registration and commercialisation of a combined portfolio of tablet based allergy vaccines (AIT) for grass, ragweed and house dust mite allergy in North America.

It is estimated that some 60 million people suffer from allergy in North America alone, an estimated 25 million of whom have been diagnosed as suffering from moderate to severe allergy. The majority of these patients suffer from an allergy to grass, ragweed or house dust mites, and in many cases the disease and allergy symptoms are not well-controlled. Thus there is a significant unmet need for better treatment.

At present, up to 3 million Americans are being treated with a special form of injection based vaccine preparations. The treating physicians prepare the named

Facts: allergy vaccination celebrates its 100th anniversary

In 2011, it has been a 100 years since the first scientific publication described a specific allergy vaccination. In 1911, this kind of treatment was described for the first time in an article in the scientific journal The Lancet by the English physician, Leonard Noon. He was the first to believe that hay fever patients can be cured by means of immunotherapy. In the article he describes preliminary experiments with doses and dosage frequencies. Leonard Noon observed that the patient tolerates ever more allergen as the treatment progresses.

Throughout the year, the event will be celebrated with scientific events and functions: The European Academy for Allergy and Clinical Immunology (EAACI) is celebrating the centenary with lectures and symposia in connection with its annual convention, which in 2011 will be held in Istanbul in Turkey. In January 2011, the American Scientific Society's Journal of Allergy and Clinical Immunology published a special supplement with 15 scientific and academic articles on allergy vaccination to mark the 100th anniversary. For the first time, in this special supplement, the positive results from the two American Phase III clinical studies with GRAZAX®, including children and adults, conducted by Merck in 2009-2010 have been published.

ALK, founded in 1923, has played an important role in the development of modern allergy immunotherapy. The foundation for standardised and uniform treatment was laid in 1976 with the 1976 Danish Allergen Standardization programme, DAS76, a collaborative venture between ALK and Danish allergy specialists. The project was the first of its kind in the world and established techniques for quality-assuring allergy vaccines.

In the 1980s, ALK started a series of clinical studies, which to this very day still form the backbone of the documentation for classic allergy vaccination as evidence-based medicine. The studies demonstrated the unique property of vaccination treatments, i.e. the course of the disease is changed and the therapeutic effect lasts for several years after completion of treatment.

Since 2000, ALK has shown the way towards an altogether new standard for evidence-based documentation for specific allergy treatment. By means of a comprehensive clinical development programme, ALK became the first company in the world to develop and document immunotherapy in a patient friendly and safe tablet form. In the years ahead, ALK will develop the tablet programme further to include the most widespread forms of allergy.

patient products after having received the active allergen ingredients from, for instance, ALK. No registered products for allergy immunotherapy are currently available in North America.

On the basis of the GRAZAX® development programme, which in Europe and the USA has comprised 15 randomised double-blind placebo-controlled clinical studies involving 3,744 patients, Merck has started to prepare a registration application to the US health authorities, the FDA. This is the first time ever that the FDA is to consider a registration application for a product in the field of allergy immunotherapy. Merck is engaged in an ongoing dialogue with the FDA on the registration process, among other things, and the specific requirements for analyses and product documentation. It is ALK's view that in 2011 Merck will have gained an overview of the anticipated registration process.

Merck's ongoing clinical Phase III studies on the ragweed vaccine are expected to be completed in the first half of 2011 (see page 8).

Japan: Torii Pharmaceutical Co., Ltd.
After the end of the financial year, ALK and Torii entered into an exclusive licence

ALK's strategy and long-term objectives

In recent years, ALK has carried out a number of important strategic initiatives making the company well-prepared for the future.

- A product portfolio has been established with comprehensive scientific documentation for tablet based allergy vaccines (AIT), a new and improved injection based vaccine (AVANZ®) and a new and improved adrenaline pen (JEXT®).
- ALK's distribution platform and global presence have been reinforced by the acquisition and integration of a number of companies.
- Close, intensive collaboration has been set up with partners in the world's two largest pharmaceutical markets with a view to introducing the AIT products in North America and Japan, respectively.

Strategy focused on two main areas

ALK's basic vision is to extend the use of allergy immunotherapy, especially by introducing effective, new and patient friendly allergy vaccines that are well-documented and registered by the authorities.

As planned, the management of ALK considered and approved a revised strategy plan for the company in 2010. The strategy plan is based on the considerable changes that have taken place in ALK's surroundings as a consequence of political austerity measures on medicine prices and reimbursement as well as increased requirements in terms of product documentation and registration.

The strategy focuses on developing the company's two focus areas:

1. The base business: progress in sales and earnings
The first main area of the strategy focuses on generating continued growth in sales and earnings in ALK's base business. It consists of sales of diagnostics, allergy vaccines (SCIT, SLIT and AIT) and adrenaline on ALK's existing markets in Europe as well as sales of vaccine products etc. in North America, China and the rest of the world, and constitutes the foundation of ALK's current sales.

For the past many years, ALK has experienced double-digit annual growth in sales of allergy vaccines in Europe. As a consequence of political austerity measures on medicine prices and reimbursement as well as increased product documentation and registration requirements, the European allergy vaccine market is expected to display modest growth rates in the medium term.

Despite these intensified market conditions, ALK's aim is to continue creating sales growth and enhance its earnings capacity in the base business. In Europe this will be done by focusing on sales and marketing activities relating to GRAZAX®, by introducing AVANZ® into new markets and by completing and launching a portfolio of tablet based vaccines (AIT), which includes the most common types of allergy.

The base business is also expected to be strengthened by ALK pursuing its efforts to consolidate the allergy vaccine industry by acquisitions, aimed at strengthening its distribution platform and extending its geographical presence. In addition, ALK will agreement in January 2011 to develop, register and commercialise a number of ALK's products in Japan, which is the world's second largest market for allergy medicine after the USA. The agreement gives Torii exclusive license rights for the development, marketing and distribution of MITIZAX®. In addition, the agreement also covers ALK's existing injection based vaccine and diagnostic products against house dust mite allergy. Moreover, the agreement includes a research and development collaboration targeting a tablet based immunotherapy product (AIT) against Japanese cedar allergy.

In Japan, allergy to house dust mites and pollen from cedars are the most frequently occurring allergies. It is estimated that between 25 and 35 million people suffer from allergy and asthma caused by house dust mites or cedars. Many of these patients are estimated to have been diagnosed. As in the USA, there is also a large unmet need for better allergy treatment in Japan.

In connection with the signing of the agreement, ALK received payment of EUR 30 million (approximately DKK 225 million) from Torii. ALK will furthermore receive up to EUR 30 million (DKK 225 million) in a series of milestone payments

gradually expand its activities in China and the USA as well as build up a profitable adrenaline business with the introduction of the new adrenaline pen, JEXT®. ALK's costs will be continually optimised, among other things by consolidating the number of allergy vaccines, giving ALK fewer, but well-documented and registered products.

Furthermore, ALK will seek to expand its business area with a view to supplementing the present base business. This will be done by acquiring new products and companies, which can increase earnings by exploiting ALK's existing distribution channels.

2. Partnerships: global development and commercialisation of immunotherapy
The second main area of the strategy is global development and commercialisation of ALK's products through partnerships, e.g. tablet based allergy vaccines (AIT) or the adrenaline pen, JEXT®.

ALK's role in the existing partnerships with Merck and Torii is to support local clinical development and fulfil the anticipated requirements in terms of product registration in the relevant countries. When the products are introduced into the markets, the agreements involve ALK manufacturing and supplying the allergy tablets, including meeting the local authorities' production and quality requirements.

ALK has invested considerable resources in developing and preparing the registration of tablet based vaccines (AIT) in North America. In future years, the total milestone payments relating to the development and registration of AIT in North America and Japan are expected to meet ALK's current costs in connection with the partnerships.

Overall, milestone payments relating to product development from the two existing partnerships are expected to contribute with up to DKK 500 million during the period up to 2015 and therefore form an essential component of ALK's financial development. In the long term, it is expected that sales and licence payments will contribute considerably to ALK's growth in earnings and this income will be an essential driving force in achieving ALK's long-term ambitions for growth.

Apart from the existing partnerships, ALK will make a targeted effort to achieve greater global commercialisation of the AIT products and adrenaline etc. by setting up partnerships also in other areas than those covered by existing agreements.

Long-term objectives

With the implementation of this strategy, ALK expects to create considerable long-term value for the company's shareholders.

The aim is for ALK to achieve an annual revenue exceeding DKK 3 billion by 2015 at the latest, and an operating profit (EBITDA) of at least 25% of revenue. If ALK is successful with the global commercialisation of allergy immunotherapy, the company's growth in earnings is expected to accelerate considerably in the years after 2015, with the sales potential of the AIT portfolio expected not to peak in Europe, North America and Japan until after 2015.

relating to clinical development and market registration. In addition, ALK will receive milestone and royalty payments from sales in Japan. Torii will be incurring costs in connection with clinical development, registration, marketing and sales of the products, while ALK will be responsible for the production and delivery of the tablets to the Japanese market.

Financial outlook for 2011

During the 2011 financial year, ALK anticipates continued progress in sales of allergy vaccines and earnings.

ALK expects a 5% growth in its sales of allergy vaccines in 2011, measured in local currencies. The growth will thus continue in 2011, albeit at a lower level than previously, primarily as a result of the reduction and freezing of medicine prices in Germany. As a result of the phasing-out of the inlicensed adrenaline pen and the subsequent gradual launch of the newly developed adrenaline pen, JEXT®, ALK expects lower sales of adrenaline products in 2011. ALK therefore anticipates that the company's revenue in 2011 will remain virtually unchanged compared with the year before.

The gross margin is expected to improve slightly, mainly as a consequence of changes in product mix. Overall capacity costs are expected to increase moderately. Research and development expenses will be affected partly by a high level of activity linked to the further development of AIT in Europe, partly by preparations for the production and supply of tablets to our partners with a view to sales in North America and Japan, and partly by measures to comply with the increasing regulatory requirements for the company's non-registered products in Europe. Sales and marketing expenses will be affected by corporate acquisitions undertaken and product launches, including the launch of GRAZAX® in France and JEXT® in Europe.

Operating profit (EBITDA) is expected to amount to DKK 360 million, equivalent to an increase of 25%. In 2011, ALK expects to recognise approximately DKK 150 million of the DKK 225 million payment which ALK received on entering into the partnership with Torii in Japan.

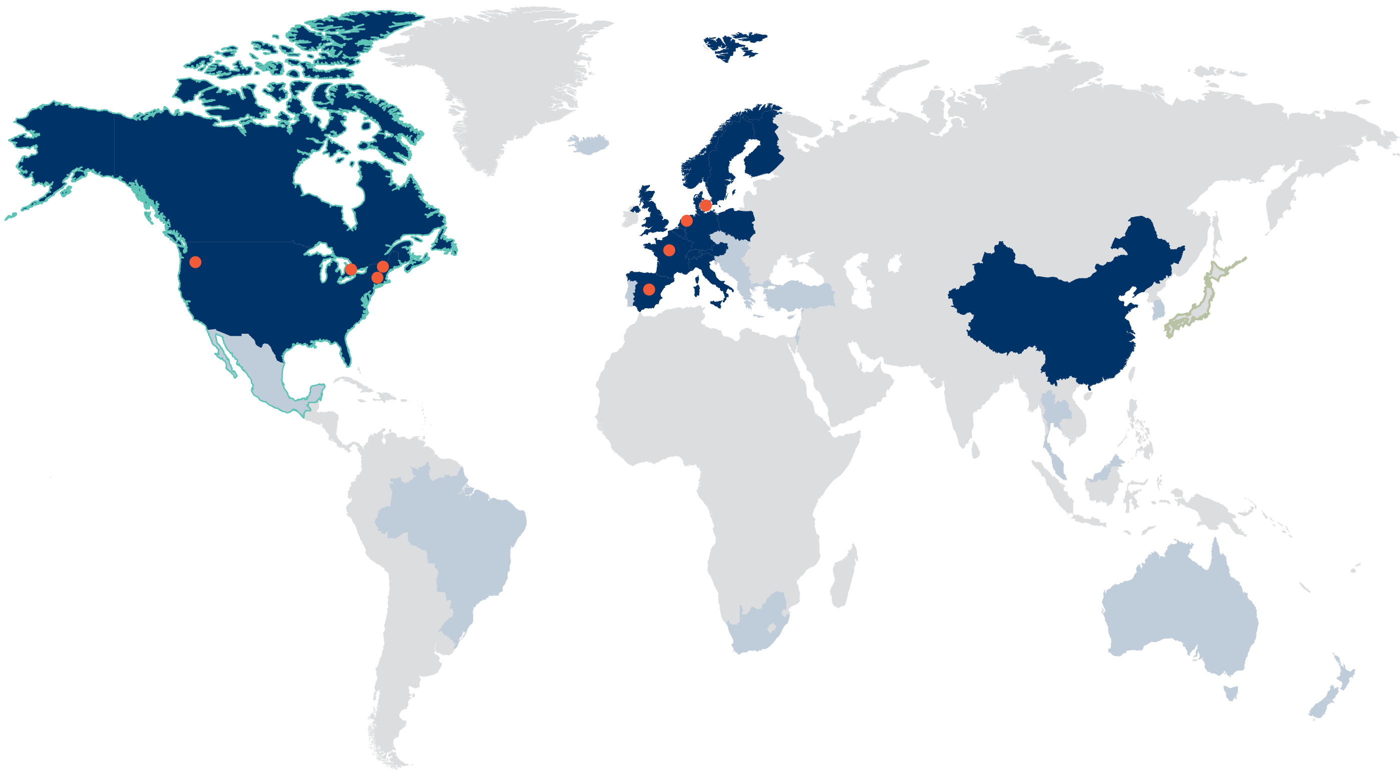
Increased earnings will be achieved despite the fact that ALK's sales and earnings in 2011 will be cut by approximately DKK 130 million (full-year effect) as a result of the temporary reduction and freezing of medicine prices in Germany. A negative impact on earnings has also been recognised of approximately DKK 50 million as a consequence of the phasing-out of the inlicensed adrenaline pen and the launch of the new product JEXT®. The solid earnings growth will be driven by earnings in other areas and adaptive business measures during 2011.

The expectations are based on present exchange rates. The company's sales and earnings are only exposed to exchange rate changes to a minor degree. See note 35 for further details on sensitivity to exchange rates.

This annual report contains forward-looking statements, including forecasts of future revenue and operating profit as well as expected business-related events. Such statements are subject to risks and uncertainties as various factors, some of which are beyond the control of the ALK Group, may cause actual results and performance to differ materially from the forecasts made in this annual report. Without being exhaustive, such factors include, e.g. general economic and business conditions, including legal issues, uncertainty relating to pricing, reimbursement rules, fluctuations in currencies and demand, changes in competitive factors and reliance on suppliers, but also factors such as side effects from the use of the company's existing and future products since allergy vaccination may be associated with allergic reactions of differing extent, duration and severity.

This annual report has been translated from Danish into English. However, the Danish text is the governing text for all purposes, and if there is any discrepancy, the Danish wording is applicable.

Global presence



- Production
- Distributors
- Subsidiaries in Austria, Canada, Denmark (Nordic), France, Germany, Italy, the Netherlands, Poland, Spain, Sweden, Switzerland, the UK and the USA. Sales offices in China, Finland and Norway
- Partnership with Merck in Canada, Mexico and the USA
- Partnership with Torii in Japan

About ALK

ALK is a research-driven global pharmaceutical company focusing on allergy prevention, diagnosis and treatment. Our mission is to improve the quality of life of people suffering from allergy by developing pharmaceutical products targeted at the cause of allergy. ALK is the world leader in allergy vaccination (immunotherapy) – a unique treatment of the underlying cause of allergy. The treatment induces a protective immune response which provides sustained symptom relief and reduces the risk of developing asthma. ALK offers allergy vaccination administered as injections, sublingual drops or tablets, the most recent, best documented and most convenient treatment for patients. The product portfolio also includes JEXT® – an adrenaline pen for the treatment of severe allergic reactions (anaphylaxis). Every year ALK invests up to 20% of its revenue in research and development aimed at developing new, evidence-based allergy vaccination. Our R&D pipeline comprises tablet based allergy vaccines against ragweed, house dust mite, tree pollen and cat allergy. ALK has entered into partnership agreements with Merck and Torii Pharmaceutical Co., Ltd. to develop, register and commercialise tablets in North America and Japan, respectively. ALK has revenue of more than DKK 2.1 billion and has approximately 1,700 employees with subsidiaries, production facilities and distributors worldwide. The company is headquartered in Hørsholm, Denmark, and listed on the NASDAQ OMX Copenhagen A/S (OMX: ALK B). Find more information at www.alk-abello.com.

Risk management

Doing business in the pharmaceutical industry is subject to risk. ALK's Board of Management is responsible for the on-going management of risk, including risk mapping, assessment of probabilities and potential consequences and launch of risk-reducing measures. Reporting to the Board of Directors' audit committee is done on an annual basis.

The following risks are of particular significance to ALK.

Commercial risks

Risks related to the development of new drugs
The future success of ALK depends on the company's ability to successfully identify, develop and market new, innovative drugs, which involves significant risks. A pharmaceutical drug must be subjected to very extensive and lengthy clinical trials to document aspects such as safety and efficacy before it can be approved for marketing. In the course of the development process, the outcome of these trials is subject to significant risks. Even though substantial resources are invested in the development process, the trials may produce negative results. Delays in obtaining regulatory approvals – or failure to obtain such approvals – may also have a major impact on the ability of ALK to achieve its long-term goals. ALK and its collaborative partners perform thorough risk assessments of the research and development programmes throughout the development and registration processes to optimise the probability of the products reaching the market.

Risks related to regulation and price control
ALK's products are subject to a large number of statutory and regulatory requirements with respect to issues such as safety, efficacy and production. In most of the countries in which ALK operates, prescription drugs are subject to reimbursement from and price control by national authorities. This often results in major price differences in the individual markets. Regulatory requirements and intervention, as well as price control, may therefore have a significant impact on the company's earnings capacity.

Risks related to commercialisation
If ALK and its partners succeed in developing new products and obtaining regulatory approval for them, the ability to generate revenue depends on the products being accepted by physicians and patients. The degree of market acceptance of a new product or drug candidate depends on a number of factors, including demonstration of clinical efficacy and safety, cost-effectiveness, convenience and ease of administration, potential advantage over alternative treatment methods, competition and marketing and distribution support.
If ALK's new products fail to achieve market acceptance, this could have a significant influence on the company's ability to generate revenue. ALK regularly conducts extensive surveys of market conditions and similar factors and expends significant resources on providing information on its products to physicians and patients. Commercialisation is a crucial part of the company's strategic basis and strategic activities.

ALK's products may be associated with allergic reactions of varying extent, duration and severity. If such events occur in unexpected situations, they may have an impact on the company's earnings and sales. Due to the potentially serious consequences, it is crucial for ALK to keep an eye on product quality and safety, both in clinical development and in sales and marketing activities. If, despite the high level of quality and safety, a situation should occur in which it is necessary to recall a product, ALK has set up procedures to ensure that this can be done swiftly and efficiently.

Risks related to dependence on third parties
ALK has partnership agreements with third parties with a view to commercialising the company's products on a number of markets and with parties supplying important input for key production processes. Although there are financial incentives for all of ALK's partners to fulfil their contractual obligations, there can be no assurance that they will actually do so. The factors that motivate ALK's partners to develop and commercialise products may be affected by conditions and decisions beyond ALK's control. The agreements with Merck and Torii Pharmaceutical Co., Ltd. entitle ALK to receive certain milestone payments. These payments will depend on continuing favourable results in the development of the pharmaceutical products to which ALK's partners hold the license rights. Moreover, reliance on suppliers and third-party manufacturers entails risks which ALK would not be subject to if the company possessed the necessary in-house manufacturing capabilities. Such risks include but are not limited to:

- reliance on a third party for regulatory compliance and quality assurance.
- possible breach of a manufacturing agreement by a third party due to factors beyond ALK's control and influence.
- reliance on the ability of a third party to deliver and scale up the volume of production.

ALK manages these risks through contractual relations, thorough planning and monitoring and through joint steering committees that work together with these external parties.

Risks related to competition
ALK operates in markets characterised by intense competition. If, for instance, a competitor launches a new and more

effective treatment of allergy, it may have a material impact on ALK's sales. A competitive market may also lead to market-driven price reductions just as the regulatory authorities may dictate price reductions. Both competition and price are risks that may have a material impact on ALK's ability to achieve its long-term goals. ALK therefore monitors economic developments, the competitive situation and initiatives on all important markets.

Risks related to patents and intellectual property rights
Patents and other intellectual property rights are important for developing and retaining ALK's competitive strength. The risk that ALK infringes patents or trademark rights held by other companies, as well as the risk that other companies may attempt to infringe the patents and trademark rights of ALK are monitored and, if necessary, suitable measures are taken.

Risks related to production and quality
ALK has concentrated most of its production capacity at plants in Denmark, France, Spain and the USA. Although the plants are located in areas that have not historically been hit by natural disasters, this geographical diversification calls for risk planning in order to avoid emergency situations, such as lack of or poor access to raw materials, for instance pollen. This planning includes the prevention of unwanted events and preventive inventory management; an example is the build-up of contingency inventories in order to ensure an unbroken chain of production.

Production and manufacturing processes are also subjected to periodic and routine inspections by the regulatory authorities as a regular part of their monitoring process in order to ensure that all manufacturers observe the prescribed requirements and standards. Meeting these quality standards is a prerequisite for the company's competitive strength. ALK's production processes and quality standards have been developed and optimised over many years.

Risks related to key employees
ALK is dependent on being able to attract and retain employees in key positions. A loss of key employees may have a material impact on the company's market and research efforts. ALK manages this risk, among other things, by continuously offering its staff professional development opportunities and competitive compensation.

Risks related to financial reporting

ALK has designed a number of internal control and risk management systems to ensure that its financial statements provide a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and with a number of other disclosure requirements to the annual reports of listed companies. The systems also support appropriate accounting policies and accounting estimates.

ALK's risk management and internal controls in connection with the financial reporting process, including IT and tax, are designed with a view to managing rather than eliminating the risk of errors and omissions in the Group's financial reporting.

Control environment
The primary responsibility for the Group's risk management and internal controls in relation to the financial reporting process rests with the Board of Directors and the Board of Management. These two boards are responsible for establishing and approving general policies, procedures and controls in key areas connected with the financial reporting process.

The Board of Management is responsible for the day-to-day maintenance of an efficient control environment and risk management systems in connection with the financial reporting process. Managers at various levels are responsible within their respective areas.

The policies, procedures and manuals that have been adopted are available on the Group's intranet, and the importance of compliance with these precepts is regularly emphasised. Guidelines for persons authorised to sign for the company are provided through a formalised and documented distribution of responsibilities. The risk of fraud is mitigated through organisational segregation of incompatible functions and the use of preventive and detective internal controls. The controls are both IT-based and manual.

ALK's control environment consists of its organisational structure and internal guidelines, which are based on legislation and applicable recommendations.

Risk assessment
There is a relatively greater risk of error in items in the financial statements that are based on estimates or that are generated through complex processes. ALK performs continual risk assessments to identify such items and to assess the scope of the related risks.

Note 2 to the financial statements ('Significant accounting estimates and judgements') contains a description of the estimates and assessments that are considered material to financial reporting.

Control activities
The purpose of the control activities is to prevent, detect and correct possible errors or irregularities. These activities are integrated in the company's accounting and reporting procedures and include procedures such as certification,

authorisation, approval, reconciliation, results analysis, segregation of incompatible functions as well as controls relating to IT applications and general IT controls. The Group Finance function also conducts control activities aimed at ALK's subsidiaries and selected key processes.

Information and communication
The company maintains information and communications systems to ensure that its financial reporting is correct and complete. Guidelines for reporting and end-of-month procedures are updated regularly and reviewed at least once a year. These guidelines are available to the relevant staff on ALK's intranet. Amendments to accounting procedures are announced and explained in instructions from the Group Finance function.

Monitoring
ALK uses a comprehensive, standardised financial management system, which contributes to the monitoring of the ALK Group's results. The system facilitates early detection and correction of possible errors and irregularities in the Group's financial reporting.

All companies report detailed monthly accounting data that are analysed and monitored at Group and regional level.

ALK applies a uniform accounting practice in accordance with IFRS, which is described in the corporate accounting manual. The accounting manual contains accounting and assessment principles and reporting instructions which must be strictly observed by all companies of the Group. The manual is updated and reviewed continually, and compliance with the manual is monitored at Group level.

The Board of Management informs the Board of Directors on the degree of compliance with the principles and instructions in the manual.

Financial risks

Due to the nature of its operations, investments and financing, ALK is exposed to fluctuations in exchange rates and interest rates. The ALK Group's financial risks are managed from headquarters, based on policies approved by the Board of Directors. The objective of ALK's financial risk management is to reduce the sensitivity of earnings to fluctuations in exchange rates, interest rates, liquidity and changes in credit rating. Group policy is to refrain from active financial speculation. See note 35 of this annual report for a specification of the Group's hedging of currency, interest rate and credit risks and the use of derivative financial instruments.

Foreign exchange risk
The general objective of ALK's foreign exchange risk management is to limit and delay any adverse impact of exchange rate fluctuations on earnings and cash flows and thus increase the predictability of the financial results.

The most significant financial risk in ALK relates to exchange rate fluctuations. The greatest exposure is to USD and GBP. In 2010, 9% of ALK's revenue was denominated in USD, 7% in GBP and 74% in EUR. ALK's sales are not deemed to be exposed to EUR due to Denmark's participation in the European exchange rate cooperation.

Sensitivities in the event of a 10% increase in exchange rates

DKKm	Revenue	EBITDA
USD	approx. +20	approx. 0
GBP	approx. +5	approx. 0

The sensitivities are estimated on the basis of the current exchange rates.

The table above shows the estimated effect of a 10% increase in the USD and GBP exchange rates on revenue and EBITDA levels, respectively.

A 10% increase in the exchange rate of USD would increase revenue by approximately DKK 20 million. A similar increase in GBP would increase revenue by approximately DKK 5 million. All things being equal, a 10% increase in the exchange rate of USD or GBP is not estimated to influence EBITDA. A drop in the exchange rates would have the opposite effect. Exchange rate risks relating to operations are primarily hedged by matching receipts and payments in the same currencies and by forward exchange contracts and options.

Moreover, ALK is exposed to exchange rate risks when intercompany balances and net assets of foreign subsidiaries are translated into DKK. In accordance with the accounting policies, such currency translation adjustments are recognised in the income statement and in equity, respectively.

Foreign exchange exposure relating to future transactions and assets and liabilities is evaluated and hedged by instruments such as forward exchange contracts. This serves to limit the impact on the financial results of any exchange rate fluctuations. The exchange rate exposure relating to net investments in foreign subsidiaries is not hedged by forward exchange contracts.

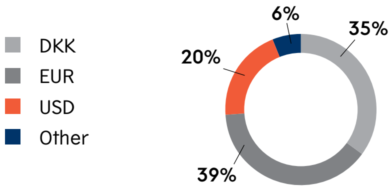
Interest rate and liquidity exposure
At the end of the financial year, net interest-bearing assets stood at approximately DKK 250 million. A change in the interest rate level by 1 percentage point would, consequently, correspond to a change in interest income of approximately DKK 3 million. It is not expected that the interest rate exposure will be hedged as this is not considered financially viable.

Cash is invested in credit-worthy, liquid, interest-bearing instruments with relatively short duration. The liquidity risk is considered to be minimal due to the company's current capital structure.

Credit exposure
The credit exposure in connection with financial instruments is managed by contracting only with institutions with satisfactory credit-worthiness, in Denmark as well as abroad. In accordance with ALK's credit-risk policy, such institutions must have an acknowledged credit rating.

Trade receivables are monitored closely at the local level and are distributed on a number of markets and customers. The credit risk is therefore considered to be low.

Net assets by currency as at 31 December 2010



Net assets are defined as assets less liabilities.

ALK's Corporate Social Responsibility (CSR)

ALK is committed to furthering professionalism, honesty and integrity in all aspects of the company and in our relationships with customers, employees, shareholders, society, suppliers and partners. Therefore, the Code of Conduct, a set of guidelines describing ALK's policy in the field of CSR, was established in 2009. The Code of Conduct describes the requirements we have established for our own actions and behaviours and is based on the UN Global Compact's 10 principles in the areas of human rights, labour, environment and anti-corruption.

Since it was launched, the Code of Conduct has been translated into several local languages and presented to all employees. A copy is handed out to all new employees as part of their introduction to ALK.

ALK's strategy plan includes specific action points for the further development of ALK's CSR activities based on the Code of Conduct.

Employees and society
In ALK, we have a long tradition of working systematically to improve working environment and environmental conditions, supported by the local SHE organisations (Safety, Health, Environment), which are located at all production sites. ALK in Denmark has been health and safety certified (OHSAS 18001) and environmentally certified (ISO 14001) in Denmark since 2007.

The production sites in Spain, France, the USA and Canada comply with the SHE standards and all production sites cooperate closely to be able to provide safe and healthy working conditions and minimise the environmental impact from our business, irrespective of the location of the site. The production site in the Netherlands was acquired in 2010 and will be integrated in the Group's SHE activities.

Being focused and setting goals is important to ALK. In 2009, Management therefore adopted global and long-term goals for the SHE-related activities focusing on well-being at work and reduction of energy consumption, including CO_2 emissions.

ALK's Code of Conduct

Customers
We deliver value to our customers by fulfilling their needs and requirements with high quality products and services.

The safety of patients is a priority concern and we aim to ensure all relevant information to patients and physicians.

We strive to earn trust and will always act as a competent and reliable partner.

Employees
We provide safe and healthy working conditions.

We make continuous improvements to ensure a dynamic and attractive environment for professional and personal development.

We ensure that competencies are consistent with developments in technology and legislation.

We believe in freedom of association for employees.

We believe in the strength of diversity – and will treat all employees equally, regardless of their ethnic or national origin, gender, age, sexual orientation, religion or political conviction.

We accept no form of child labour, discrimination, abuse or harassment.

We work proactively to ensure a healthy work-life balance.

Shareholders
We aim to achieve a fair and effective valuation of the share on the stock exchange, a reduced cost of capital and an increased awareness of ALK in the financial community.

ALK seeks to maintain an active dialogue on company performance with its current and potential investors.

We provide timely, accurate and relevant information on strategy, operations, performance, expectations, research and development activities and risk factors.

Society
We encourage an open interaction with society.

We will act in compliance with current legal requirements.

We seek solutions that are compatible with a sustainable business.

We work against corruption and bribery.

We minimise harmful environmental impacts from our business.

Suppliers and partners
We encourage our suppliers and business partners to adhere to our own standards in the areas of human and labour rights, the environment and anti-corruption.

We seek to evaluate our suppliers and business partners in these areas.

Goals for 2014:

- absolute energy consumption to remain unchanged compared with the consumption in 2008[1] and CO_2 emissions to decrease by at least 15%.
- number of absence days per employee due to incidents at work to be reduced.

The general trend is for energy consumption to increase. Among other things this is due to increases in production. If the above goals are to be attained in 2014, it is therefore necessary to take special measures to save energy. In 2010, a number of specific energy-saving projects were implemented within lighting, insulation, ventilation and control of equipment.

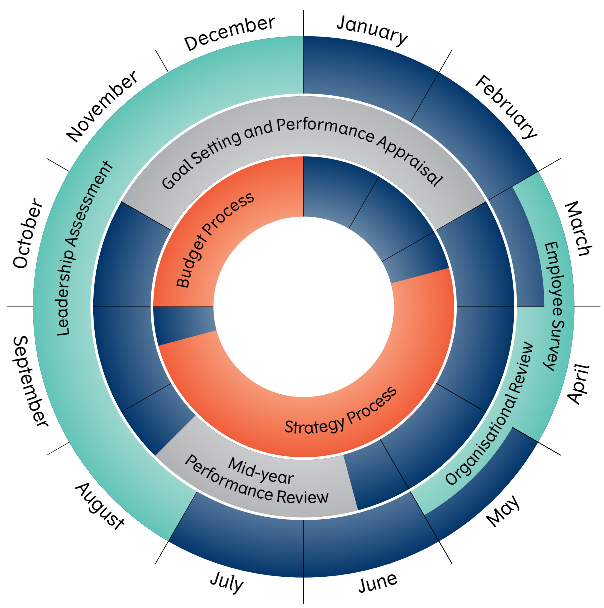
ALK will continue to be a safe and healthy workplace, and fortunately it is rare for employees to be physically injured at work. The number of accidents and absence days are low. See table 'CSR – key figures'. To keep this level low, accidents not leading to absence and near accidents will continue to be analysed.

In recognition of a growing pressure at work and the importance of the psychosocial work environment, attention is focused on these matters. As competent, well-functioning and committed employees constitute ALK's most important resource, ALK makes a targeted effort to ensure a dynamic and attractive environment for our employees, which will also enhance professional and personal development.

Breakdown of employees by employee group

	2007	2008	2009	2010
Production	497	520	539	569
Research and development	281	275	290	330
Sales, marketing and administration	654	694	725	795
Total	**1,432**	**1,489**	**1,554**	**1,694**
Revenue per employee in DKK '000	1,154	1,198	1,245	1,263

Overview of ALK's organisational development processes



Organisational reviews are carried out every year. The leadership assessments, the overall employee survey and the strategy process are conducted every two years.

Organisational, leadership and employee development

Every two years, ALK performs a global leadership assessment of all managers followed by a verbal feedback procedure. The outcome is a personal development plan for each manager. On the individual level, the purpose of the leadership assessment is to help managers define their strengths and development areas and lay the foundations of individual development plans. For the company as a whole, the leadership assessment is used to direct overall leadership development initiatives. The most recent leadership assessment was carried out in the second half of 2010.

Organisational reviews are performed every year to determine whether our strategic goals are aligned with the resources available to the various departments of the company. Based on these reviews, various initiatives are taken, such as development and safeguarding of business critical competencies, talent development and career planning.

In 2010, ALK decided to focus on a further strengthening of its performance culture to set a clear direction and create focus throughout the organisation. The first step is to reconcile the goals horizontally. The goals are subsequently cascaded down to individual target agreements. Finally, a strengthened performance culture is ensured by developing and motivating employees through formal and informal feedback based on the strategic goals. All managers in ALK have participated in workshops to enhance this performance process.

[1] Consumption and emissions in 2008 will be adjusted in terms of establishment of new production sites, closure of old production sites, acquisitions etc. in accordance with the principles of the global Greenhouse Gas Protocol.

This process is continued in 2011 through focus on the delegation of responsibility throughout the organisation for decision-making processes to be as decentralised and qualified as possible. This implies a further strengthening and implementation of the management model and a clarification of what is expected at each management level in connection with the management processes.

The employees' general welfare and views on the company's performance are measured every two years in a global employee survey, which will be conducted again in 2011 focusing particularly on development in the results relating to professional and personal development as well as cross-organisational collaboration. Considered against the results from 2009, ALK wishes to remain a workplace where employees experience focus on their development and career, and we want to strengthen collaboration across departments and national borders.

Safety, health and environmental issues have traditionally been dealt with in the SHE organisation, while employee and leadership development as well as employee satisfaction surveys have been a matter for Human Resources. In order to strengthen collaboration and in recognition of the many overlaps, CSR/SHE became an organisational part of Human Resources in 2010.

Customers
ALK's mission is to improve quality of life by developing pharmaceuticals that treat the actual cause of allergy instead of just relieving symptoms. This is considered a responsible way of managing allergic diseases from patient and society perspectives – not least because allergy vaccination potentially prevents the development of additional allergies and has been demonstrated to prevent the development of asthma.

Suppliers and partners
Reliable suppliers and partners are indispensable for ALK, and ALK encourages its suppliers and partners to adhere to the standards for doing business that are described in our Code of Conduct.

The SHE issues are routinely evaluated in connection with all large investments, and suppliers complete a questionnaire about their performance in working environment and environmental conditions. This review forms part of the decision-making when choosing suppliers.

Outlook for the future
It is not a matter of course that the many good intentions of the Code of Conduct are anchored with and acted out by ALK's employees without an active effort. Focus will thus continue to be on the launch of initiatives to ensure the anchoring of the principles in the organisation.

CSR - key figures

Non-financial key figures[2]	2007	2008	2009	2010
Working environment				
Accidents with absence (number)	11	10	3	4
Accidents with absence (days/fulltime employees)	N/A	0.157	0.074	0.094
Resource consumption				
Energy (MWh)[3]	23,933	25,603	30,272	34,986
Water (m^3)	66,713	62,320	90,369	102,048
Emissions				
CO_2 (tonnes)[3]	7,536	7,606	8,829	9,945
Waste water (m^3)	51,277	53,737	56,956	65,535
Waste disposal				
Waste (tonnes)	410	342	324	467
For recycling (%)	39	38	34	34
Production sites				
Area (m^2)	45,165	46,060	56,443	58,457

As in previous years, there were no complaints, and ALK complied with all legislative requirements in 2010, including environmental requirements. No unintended spills occurred during the year.

[2] Data from production sites in Hørsholm – Denmark, Madrid – Spain, Port Washington, Round Rock, Post Falls, Spring Mills – the USA, Mississauga – Canada, Vandeuil and Varennes – France.

[3] Base-year (2008) has not yet been adjusted in terms of establishment of new production sites, closure of old production sites and acquisitions.

Shareholder information

The aim is that the share price should give a fair presentation of and reflect ALK's actual and expected ability to create shareholder value. ALK therefore continuously seeks to provide timely, accurate and relevant information on its strategy, operations, performance, expectations, the progress of its clinical research and development programmes and other matters of importance to the assessment of the share.

ALK seeks to maintain at all times an active and open dialogue on company performance with its current and potential investors and to give all interested parties easy access to information via the corporate website, www.alk-abello.com/investor, which is updated regularly to include the latest investor presentations and other relevant material.

In collaboration with Investor Relations, Management also performs extensive work to present ALK to both Danish and foreign investors, analysts and the media with a view to increasing awareness of the company. These activities will continue in 2011, when focus will particularly be on communication of ALK's long-term development opportunities and on increasing the transparency of ALK's business.

Ownership
As at 31 December 2010, two shareholders had notified the company pursuant to section 55(1) and (2) of the Danish Companies Act that they hold 5% or more of the company's shares.

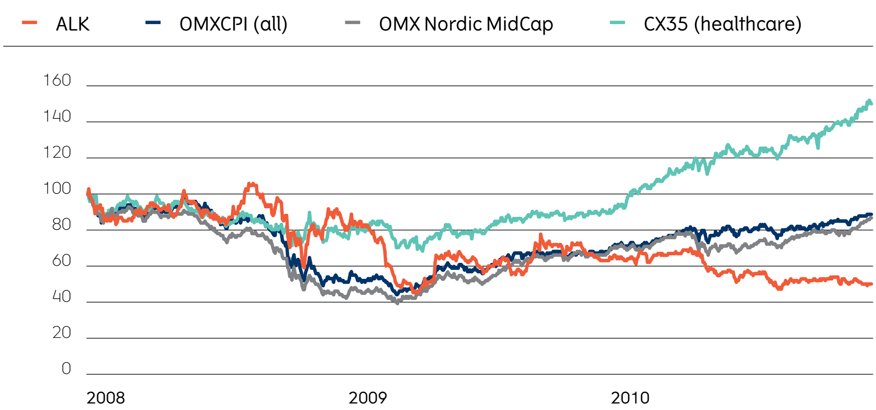
As at 31 December 2010, ALK had 14,561 registered shareholders compared to 14,849 at the end of 2009. The registered shareholders represent approximately 81% of the share capital, and a good 8% of these shareholders are foreign share-

Shareholders holding 5% or more of the company's shares

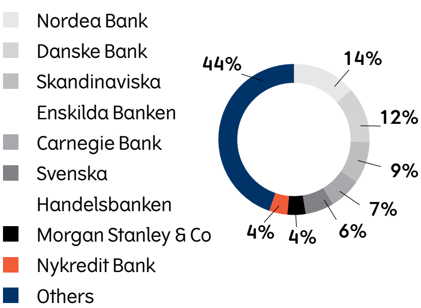
	Registered office	A shares, number	B shares, number	Interest	Votes
Lundbeckfond Invest A/S	Hellerup, Denmark	919,620	2,906,139	37.8%	65.7%
ATP*	Hillerød, Denmark	-	610,971	6.0%	3.3%
Total				**43.8%**	**69.0%**

* The Danish Labour Market Supplementary Pension.

Relative share price development

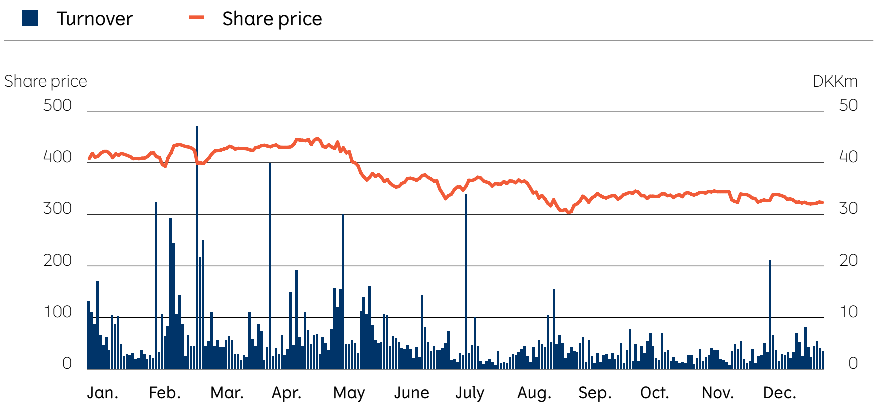


The most active stockbrokers in the ALK share in 2010



Percentages show market shares of trades in ALK shares.

Share price and turnover



holders, holding approximately 10% of the share capital.

Share price performance
As at 31 December 2010, the price of ALK's shares was DKK 321.50 (409 in 2009), representing a 21% year-on-year decline.

The volume of B shares traded during 2010 was 4 million (2009: 4 million). In 2010, the average turnover per trading day was DKK 6 million (2009: DKK 7 million).

The trading volume of the share is relatively low and has been particularly affected by the repercussions of the financial crisis in the capital markets which have especially resulted in a decline in the trading volume of the shares of small and medium-sized companies, e.g. ALK.

Dividend policy and proposed dividend
ALK pays dividends taking into account actual earnings, risk management, strategy and investment plans. At the annual general meeting to be held on 1 April 2011, the Board of Directors intends to propose a dividend of DKK 5 per share of DKK 10 in respect of the 2010 financial year.

Payment of dividend in respect of 2010 is scheduled for 7 April 2011.

Capital structure
With its current capital structure, ALK is well consolidated, with strong liquidity, insignificant debt obligations, growing profits from operations and an increasing cash flow. The Board of Directors of ALK considers the capital structure to be appropriate for the time being relative to the company's long-term strategic plans and the potential of prospective acquisitions.

Treasury share policy
The shareholders have authorised the Board of Directors of ALK to let the company acquire own B shares with a nominal value of up to 10% of the share capital at the market price on the date of acquisition, subject to a deviation of up to 10%. The authorisation is valid for the period until the next annual general meeting.

As at 31 December 2010, ALK held 226,975 treasury shares, equivalent to 2.2% of the share capital. The treasury shares are solely used to cover future liabilities in connection with the company's share option and employee share plans. See note 6 to the financial statements for additional details.

Investor relations activities
ALK continuously works to further develop the dialogue with shareholders, analysts, potential investors and other stakeholders via open, honest and accessible information to improve the framework for increased trading in the share and to ensure fair and effective pricing.

Therefore, members of the Board of Management and Investor Relations hold a number of meetings and conferences with professional as well as private investors and analysts.

After each publication of interim financial statements, telephone conferences are held with analysts, investors and the media. These conferences can be accessed real-time by all interested parties via the corporate website.

In 2011, ALK's information channels will be further strengthened by upgrading the

ALK-Abelló A/S core data	
Share capital	DKK 101,283,600
Nominal value per share	DKK 10
Classes of shares	2
Number of shares	10,128,360
A shares	920,760
B shares	9,207,600
Number of votes per A share	10
Number of votes per B share	1
Stock exchange	NASDAQ OMX Copenhagen A/S
Ticker symbol	ALK B
ISIN	DK0060027142
NASDAQ OMX Copenhagen A/S	CX35 (healthcare), MidCap and OMXCPI (all)
Bloomberg code	ALKB.DC
Reuters code	ALKB_CO

Financial calendar 2011	
Annual general meeting	1 April 2011
Payment of dividend	7 April 2011
Three-month interim report (Q1) 2011	12 May 2011
Six-month interim report (Q2) 2011	15 August 2011
Nine-month interim report (Q3) 2011	9 November 2011

corporate website www.alk-abello.com/investor, by publishing an e-newsletter which will provide an overview of the development of ALK, and by a transition to electronic communication with shareholders. For instance, general meetings will in future be convened by e-mail only. In addition to being a fast and effective communication channel, the transition to electronic communication will enable ALK to cut down on printing and postage costs and will also reduce the company's environmental impact.

The Board of Management is responsible for the company's investor relations.

Responsibility for day-to-day investor relations tasks

Per Plotnikof
Investor Relations Director
Tel: +45 45 74 75 27
Fax: +45 45 74 86 07
E-mail: investor@alk-abello.com

Website

At www.alk-abello.com/investor, relevant investor presentations, telephone conferences, the company's investor relations policy, company releases, financial statements and other relevant information can be found.

ALK invites all interested parties to register for its e-mail news service in order to receive company releases, interim financial statements and other information upon publication.

Registration can be made via the corporate website.

Registration of shareholders and InvestorPortal

ALK wants to give its shareholders opportunities to exercise their rights. Management therefore recommends all shareholders to have their shares registered in the company's register of shareholders, which is held by VP Investor Services. To have their shares registered, shareholders must contact the bank in which their shares are held in a custody account and ask the bank to register their shares.

Registered shareholders will get access to ALK's InvestorPortal, which is a direct and fully electronic communication channel between ALK and its shareholders with a high degree of technical and legal security for the users. Access to the InvestorPortal will be via www.alk-abello.com/investor. In the portal you can see your own holding of registered ALK shares, register for the general meeting, cast votes in advance of the general meeting and indicate whether you would like to receive material.

Annual general meeting

The annual general meeting will be held on 1 April 2011 at 4.00 p.m. at the company's address:

Bøge Allé 1
2970 Hørsholm, Denmark

Analyst coverage

ALK is followed by Danish and international analysts from a number of investment banks and companies. Analysts regularly make recommendations on the share based on ALK's financial and business performance. At present, ALK is followed by 10 analysts.

Analysts

Stockbrokers	Analysts	Websites
ABG Sundal Collier	Peter Hugreffe	Abgsc.com
Alm. Brand Bank	Brian Rathje	Markets.almbrand.dk
Carnegie Danmark	Carsten Lønborg Madsen	Carnegie.dk
Danske Equities	Martin Parkhøi	Danskeequities.com
Handelsbanken	Peter Sehested	Handelsbanken.com
Jyske Bank	Frank Hørning Andersen	Jyskemarkets.com
MainFirst Bank AG	Dr. Marcus Wieprecht	Mainfirst.com
Nordea	Michael Novod	Nordea.com
SEB Enskilda	Henrik Simonsen	Enskilda.com
Sydbank	Søren Løntoft Hansen	Sydbank.dk

Company releases in 2010

Company releases constitute ALK's main and compulsory method of communication with the stock markets. As a listed company ALK is required to publish as soon as possible via company releases information on decisions and other matters and facts that may be relevant to the share price and which must be assumed to significantly affect the pricing of the ALK share. In 2010, ALK published 28 company releases:

Company releases in 2010		
1	Disease-modifying effect of GRAZAX® verified	8 February 2010
2	Release date of annual report 2009 for ALK and analyst meeting	15 February 2010
3	GRAZAX® paediatric trial in the US meets primary endpoint	15 February 2010
4	Updated financial calendar for the 2010 financial year of ALK-Abelló A/S	22 February 2010
5	ALK announces annual report for 2009	23 February 2010
6	Report on transactions with ALK-Abelló A/S B-shares by managerial staff and their related parties	26 February 2010
7	Report on transactions with ALK-Abelló A/S B-shares by managerial staff and their related parties	2 March 2010
8	Annual General Meeting in ALK-Abelló A/S on March 26, 2010	3 March 2010
9	Report on the Annual General Meeting of ALK-Abelló A/S held on March 26, 2010	26 March 2010
10	ALK proposes to acquire the largest allergy vaccine company in the Netherlands	26 April 2010
11	Release date of three-month interim report (Q1) 2010 for ALK	28 April 2010
12	Three-month interim report (Q1) 2010	6 May 2010
13	Management change at ALK	31 May 2010
14	ALK's acquisition of the largest allergy vaccine company in the Netherlands approved	29 June 2010
15	Release date of six-month interim report (Q2) 2010 for ALK	16 August 2010
16	Six-month interim report (Q2) 2010	23 August 2010
17	Report on transactions with ALK-Abelló A/S B-shares by managerial staff and their related parties	23 August 2010
18	Report on transactions with ALK-Abelló A/S B-shares by managerial staff and their related parties	2 September 2010
19	Report on transactions with ALK-Abelló A/S B-shares by managerial staff and their related parties	3 September 2010
20	ALK introduces new, improved adrenaline pen, JEXT®	7 October 2010
21	ALK's new and improved adrenaline pen, JEXT®, approved in Europe	13 October 2010
22	Release date of nine-month interim report (Q3) 2010 for ALK	11 November 2010
23	Nine-month interim report (Q3) 2010	16 November 2010
24	Grant of share options to members of the Board of Management and senior managers	16 November 2010
25	Report on transactions with ALK-Abelló A/S B shares and associated securities by managerial staff and their related parties	16 November 2010
26	New improved allergy treatment in France	19 November 2010
27	ALK – Financial calendar for the 2011 financial year	16 December 2010
28	ALK to invest further in the world's first vaccine against peanut allergy	17 December 2010

After the end of the financial year

1	ALK and Torii enter into an exclusive license agreement for allergy immunotherapy products in Japan	28 January 2011
2	Release date of annual report 2010 for ALK and analyst meeting	14 February 2011

Corporate governance

The Board of Directors is elected by the shareholders in general meeting and by the company's employees, respectively, and is ALK's supreme management body. The Board of Directors defines the objectives, goals and strategies of the company and makes decisions on matters of major significance or of an unusual nature. On behalf of the shareholders, the Board of Directors furthermore supervises the organisation and ensures that the company is managed appropriately and in accordance with legislation and the articles of association. The Board of Directors does not participate in the day-to-day management of the company.

In addition to undertaking the overall management of the company, it is the primary responsibility of the Board of Directors to define the strategic framework for the activities and action plans of the company and to maintain a constructive dialogue with the Board of Management regarding the implementation of the strategies. In addition, the Board of Directors appoints the Board of Management, sets out its terms and tasks and supervises its work and the company's procedures and responsibilities.

The Board of Directors consists of six members elected by the company's shareholders at the annual general meeting and three members elected by the company's employees. According to article 8.3 of the articles of association, members appointed by the company's shareholders who have attained the age of 70 at the time of the general meeting are not eligible for election to the Board of Directors.

The Board of Directors is composed in such a way that its directors are able to act independently of special interests. Two of the members elected by the company's shareholders are also members of boards of directors of the Lundbeck Foundation and Lundbeckfond Invest A/S. The majority of the members elected by the shareholders are independent and have no interest in ALK other than the interests they may have as shareholders.

The Board of Directors also functions as the audit committee. The audit committee monitors the financial reporting process, the efficiency of the company's internal control system and risk management systems, the statutory audit, and monitors and verifies the independence of the auditors.

Recommendations
In 2005, the NASDAQ OMX Copenhagen A/S adopted a set of recommendations on corporate governance. The recommendations were most recently updated in 2010 in the light of the Danish Companies Act of 2009, amended provisions of the Danish Financial Statements Act and the Danish Act on Approved Auditors and Audit Firms as well as recommendations from the European Commission, including on the remuneration of the members of the management of listed companies. The recommendations are considered to be in compliance with the OECD's current principles of corporate governance. According to section 107 b of the Danish Financial Statements Act and the stock exchange rules, ALK is required in connection with the presentation of the annual report to disclose the extent to which the company complies with the recommendations, based on the 'comply or explain' principle.

The general principles for the recommendations have been applied in the Board of Directors' regular work for a number of years. ALK complies with the recommendations but has chosen different practices in a few areas:

- It is recommended that the remuneration paid to Management be disclosed in detail. ALK believes that focus should be on the total remuneration and any increase or decrease in it. The remuneration paid to the Board of Directors and the Board of Management is disclosed in the annual report.

- It is recommended that the Board of Directors establish audit, nomination and remuneration committees. The Board of Directors performs these functions.

- It is recommended that the Board of Directors lay down procedures for its nomination and self-evaluation activities. The work of ALK's Board of Directors has been laid down in its rules of procedure, from which it appears that the Chairman of the Board is responsible for planning the work. ALK believes that no further procedures are required.

- It is recommended that a whistleblowing scheme should be established. ALK has laid down a Code of Conduct and is considering the establishment of a whistleblowing scheme.

A complete account of ALK's compliance with the 78 corporate governance recommendations is available at the corporate website: www.alk-abello.com/investor/governance/guidelines.

General guidelines for the company's remuneration of members of the Board of Directors and the Board of Management
In accordance with Danish company law, the annual general meeting of ALK must adopt general guidelines for incentive pay to members of the Board of Directors and the Board of Management. Below is a description of the general principles for the combined remuneration to the Board of Directors and the Board of Management adopted at the annual general meeting of ALK in April 2008. See the corporate website for additional information.

Board of Directors
The members of the Board of Directors receive a fixed fee and are not offered any share options, warrants or other incentive plans.

Board of Management
General principles

The Board of Directors believes that a combination of fixed and performance-based compensation to the Board of Management helps ensure that ALK can attract and retain key persons. At the same time, the Board of Management is given an incentive to create shareholder value. The guidelines on remuneration to the Board of Management contain a fixed framework for the variable pay component, thereby safeguarding ALK's short-term and long-term objectives whilst ensuring that the remuneration structure does not lead to carelessness, unreasonable conduct or acceptance of unnecessary risk.

Remuneration components

The terms of employment and the remuneration of the members of the Board of Management are agreed specifically between each member of the Board of Management and the Board of Directors, and the remuneration will normally include the following components:

a) fixed salary ('gross salary'), including pension.
b) usual non-pay benefits, such as car, phone, newspaper, etc.
c) cash bonus, see below.
d) share options, see below.

Cash bonus

Individual members of the Board of Management may receive an annual bonus not to exceed 30% of their gross salaries for the year. The aim of the cash bonus is to ensure fulfilment of ALK's short-term objectives. Bonus grants and the amount thereof therefore depend on the fulfilment of objectives agreed upon for one year at a time. The objectives primarily relate to the fulfilment of ALK's budgeted results or the achievement of financial key figures or other measurable individual performance indicators, whether of a financial or non-financial nature.

Holdings of shares and options in ALK

	Shareholding at 31 Dec. 2010	Change compared with the previous year	Share options held*)
Board of Directors			
Jørgen Worning	5,845	+3,106	
Thorleif Krarup	700	-	
Nils Axelsen	0	-	
Lars Holmqvist	1,500	+1,500	
Jesper Fromberg Nielsen	9	-	
Anders Gersel Pedersen	0	-	
Brian Petersen	0	-	
Lars Simonsen	118	+30	
Peter Adler Würtzen	148	-	
	8,320		
Board of Management			
Jens Bager	7,713	+2,000	45,100
Jørgen Damsbo Andersen	408	-	27,575
Henrik Jacobi	8	-	31,325
Flemming Steen Jensen	127	-	31,325
Flemming Pedersen	1,116	+1,116	13,500
	9,372		**148,825**

*) The members of the Board of Directors do not receive share options. See note 6 for additional details on ALK's share option programme.

Share options

Members of the Board of Management are eligible for option grants. The aim of option grants is to ensure value creation and fulfilment of ALK's long-term objectives. The option plan is based on shares, and grants may be made annually, usually in connection with the presentation of the Q3 financial statements. The present value at the date of grant of options granted in any one year may not exceed 30% of the employee's gross salary. Normally, options are exercisable no earlier than three years after grant, and the exercise price of the options may not be lower than the market price of ALK's shares at, or immediately before, the date of grant. At 31 December 2010, the five members of the Board of Management held a total of 148,825 outstanding options exercisable in the period from 1 January 2009 to 1 November 2017. See note 6 to the financial statements for additional details.

No agreement has been made with the members of the company's Board of Management for severance pay exceeding usual severance terms.

Facts on the company's corporate governance, including information on annual general meetings, management, articles of association, reporting, remuneration and dealings in treasury shares, are available at the company's website: www.alk-abello.com/investor.

Board of Directors and Board of Management

Board of Directors

Jørgen Worning, 70
Chairman
First elected in 2005

Competences
Experience in managing large international companies. Financial and economic expertise. Extensive Board experience from listed companies.

Directorships
FLSmidth & Co. A/S, Chairman

Thorleif Krarup, 58
Vice Chairman
First elected in 2005

Competences
Experience in managing large international companies. Financial and economic expertise. Extensive Board experience from listed companies.

Directorships
Exiqon A/S, Chairman
H. Lundbeck A/S, Vice Chairman
Lundbeckfond Invest A/S, Vice Chairman
The Lundbeck Foundation
Sport One Danmark A/S, Chairman

Nils Axelsen, 69
First elected in 2005

Competences
Extensive professional experience in research, innovation and development of biologics. Extensive Board experience.

Directorships
Lundbeckfond Invest A/S
The Lundbeck Foundation
Grete Lundbeck European Brain Research Prize, Chairman

Lars Holmqvist, 51
First elected in 2010
Dako A/S, President and CEO

Competences
Experience in management, finance, sales and marketing in the international pharmaceutical industry.

Jesper Fromberg Nielsen, 42
First elected in 2003
Senior Project Manager, ALK-Abelló A/S
Employee-elected

Anders Gersel Pedersen, 59
First elected in 2005
H. Lundbeck A/S,
Executive Vice President

Competences
Experience in management, innovation and research and development in the international pharmaceutical industry.

Directorships
Bavarian Nordic A/S
Genmab A/S, Vice Chairman
TopoTarget A/S

Brian Petersen, 49
First elected in 2009

Competences
Experience in managing large international companies. Board experience from listed companies.

Directorships
Coloplast A/S
VisitDenmark, Chairman

Lars Simonsen, 33
First elected in 2007
IT System Administrator, ALK-Abelló A/S
Employee-elected

Peter Adler Würtzen, 42
First elected in 2003
Senior Research Scientist, ALK-Abelló A/S
Employee-elected

Directorships
Lundbeckfond Invest A/S,
employee-elected
The Lundbeck Foundation,
employee-elected
Pharmadanmark – The Association of Professionals in Pharmaceutical Sciences

Board of Management

Jens Bager, 51
President and CEO

Directorships
Ambu a/s
DBV Technologies S.A.
Odin Equity Partners

Jørgen Damsbo Andersen, 51
Executive Vice President
Business Operations &
International Marketing

Henrik Jacobi, 45
Executive Vice President
Research & Development

Flemming Steen Jensen, 49
Executive Vice President
Global Product Supply

Directorships
QAtor A/S, Chairman

Flemming Pedersen, 45
CFO, Executive Vice President
Finance & IT

Directorships
Origio A/S, Chairman
MBIT A/S

Statement by Management

The Board of Directors and the Board of Management today considered and adopted the annual report for the financial year 1 January to 31 December 2010. The annual report is presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies.

We consider the accounting policies to be adequate to the effect that the annual report gives a true and fair view of the Group's and the Parent Company's assets, equity and liabilities, financial position, results of operations and cash flows. Furthermore, the Management's review gives a true and fair view of developments in the activities and financial position of the Group and describes the significant risks and uncertainties pertaining to the Group.

We recommend that the annual report be adopted by the shareholders at the annual general meeting.

Hørsholm, 23 February 2011

Board of Management

Jens Bager
President and CEO

Jørgen Damsbo Andersen
Executive Vice President
Business Operations &
International Marketing

Henrik Jacobi
Executive Vice President
Research & Development

Flemming Steen Jensen
Executive Vice President
Global Product Supply

Flemming Pedersen
CFO, Executive Vice President
Finance & IT

Board of Directors

Jørgen Worning
Chairman

Thorleif Krarup
Vice Chairman

Nils Axelsen

Lars Holmqvist

Jesper Fromberg Nielsen

Anders Gersel Pedersen

Brian Petersen

Lars Simonsen

Peter Adler Würtzen

Independent auditor's report

To the shareholders of ALK-Abelló A/S

Report on the consolidated financial statements and parent financial statements
We have audited the consolidated financial statements and parent financial statements of ALK-Abelló A/S for the financial year 1 January to 31 December 2010, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group and the Parent, respectively. The consolidated financial statements and parent financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and parent financial statements
Management is responsible for the preparation and fair presentation of consolidated financial statements and parent financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion
Our responsibility is to express an opinion on these consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and parent 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 and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements and parent 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 Management, as well as evaluating the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2010, and of their financial performance and their cash flows for the financial year 1 January to 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the management commentary
Management is responsible for preparing a management commentary that contains a fair review in accordance with the Danish disclosure requirements for listed companies.

Our audit did not include the management commentary, but we have read it pursuant to the Danish Financial Statements Act. We did not perform any procedures other than those performed during the audit of the consolidated financial statements and parent financial statements.

Based on this, we believe that the disclosures in the management commentary are consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 23 February 2011

Deloitte
Statsautoriseret Revisionsaktieselskab

Anders O. Gjelstrup	**Jens Rudkjær**
State Authorised	State Authorised
Public Accountant	Public Accountant

Income statement

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
626	**673**	3	**Revenue**	**2,140**	1,935
342	**342**	4-8	Cost of sales	**653**	587
284	**331**		**Gross profit**	**1,487**	1,348
313	**326**	4-8	Research and development expenses	**366**	349
90	**86**	4-8	Sales and marketing expenses	**743**	672
72	**84**	4-8	Administrative expenses	**208**	188
37	**19**	9	Other operating income	**23**	37
1	**1**	9	Other operating expenses	**1**	1
(155)	**(147)**		**Operating profit/(loss) (EBIT)**	**192**	175
203	**249**	10	Financial income	**21**	17
6	**3**	11	Financial expenses	**6**	2
42	**99**		**Profit before tax (EBT)**	**207**	190
(45)	**(26)**	12	Tax on profit	**79**	72
87	**125**		**Net profit**	**128**	118
			Earnings per share (EPS)		
		13	Earnings per share (EPS) – DKK	**12.91**	11.85
		13	Earnings per share (DEPS), diluted – DKK	**12.91**	11.85

Statement of comprehensive income

ALK-Abelló A/S			ALK Group	
2009	**2010**	Amounts in DKKm	**2010**	2009
87	**125**	**Net profit**	**128**	118
		Other comprehensive income		
-	**-**	Foreign currency translation adjustment of foreign affiliates	**33**	(11)
1	**(1)**	Adjustment of derivative financial instruments for hedging	**(1)**	1
-	**-**	Tax related to other comprehensive income	**(4)**	-
1	**(1)**	**Other comprehensive income**	**28**	(10)
88	**124**	**Total comprehensive income**	**156**	108

Cash flow statement

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
87	**125**		**Net profit**	**128**	118
			Adjustments:		
(45)	**(26)**	12	Tax on profit	**79**	72
(197)	**(246)**		Financial income and expenses	**(15)**	(15)
6	**5**	6	Share-based payments	**8**	8
44	**46**	8	Depreciation, amortisation and impairment	**95**	85
-	**(1)**		Change in provisions	**9**	13
9	**3**		Net financial items, paid	**2**	9
-	**-**		Income taxes, paid	**(118)**	(3)
(96)	**(94)**		**Cash flow before change in working capital**	**188**	287
11	**5**		Change in inventories	**31**	(8)
6	**(143)**		Change in receivables	**46**	(60)
(22)	**68**		Change in short-term payables	**9**	41
(101)	**(164)**		**Cash flow from operating activities**	**274**	260
-	**-**	5	Acquisitions of companies and operations	**(178)**	(23)
(14)	**(1)**		Capital contribution in subsidiaries	**-**	-
(13)	**(9)**	15	Additions, intangible assets	**(24)**	(30)
(108)	**(22)**	16-19	Additions, tangible assets	**(138)**	(187)
191	**213**	10	Dividend from subsidiaries	**-**	-
(18)	**(6)**		Change in other financial assets	**(5)**	(18)
38	**175**		**Cash flow from investing activities**	**(345)**	(258)
(63)	**11**		**Free cash flow**	**(71)**	2
(50)	**(50)**		Dividend paid to shareholders of the parent	**(50)**	(50)
-	**(24)**		Purchase of treasury shares	**(24)**	-
(4)	**5**		Change in financial liabilities	**2**	(11)
(54)	**(69)**		**Cash flow from financing activities**	**(72)**	(61)
(117)	**(58)**		**Net cash flow**	**(143)**	(59)
347	**230**		Cash and cash equivalents beginning of year	**389**	449
-	**-**		Unrealised gain/(loss) on foreign currency carried as cash and cash equivalents	**4**	(1)
(117)	**(58)**		Net cash flow	**(143)**	(59)
230	**172**	26	**Cash and cash equivalents year end**	**250**	389

The cash flow statement has been adjusted to the effect that exchange rate adjustments in foreign subsidiaries are not included in the statement. As a result, the individual figures in the cash flow statement cannot be reconciled directly to the income statement and balance sheet.

Balance sheet

ALK-Abelló A/S		Assets		ALK Group	
31 Dec. 2009	**31 Dec. 2010**	Note	Amounts in DKKm	**31 Dec. 2010**	31 Dec. 2009
			Non-current assets		
			Intangible assets		
-	**-**	14	Goodwill	**408**	369
19	**21**	15	Other intangible assets	**199**	80
19	**21**			**607**	449
			Tangible assets		
331	**321**	16	Land and buildings	**572**	530
104	**99**	17	Plant and machinery	**169**	153
6	**15**	18	Other fixtures and equipment	**72**	62
284	**273**	19	Property, plant and equipment in progress	**382**	349
725	**708**			**1,195**	1,094
			Other non-currents assets		
774	**775**	20	Investment in affiliates	**-**	-
264	**469**	21	Receivables from affiliates	**-**	-
20	**26**	22	Securities and receivables	**28**	22
23	**20**	23	Deferred tax assets	**65**	53
1,081	**1,290**			**93**	75
1,825	**2,019**		**Total non-current assets**	**1,895**	1,618
			Current assets		
119	**114**	24	Inventories	**310**	300
5	**18**	25	Trade receivables	**261**	228
98	**87**	21	Receivables from affiliates	**27**	51
-	**-**		Income tax receivables	**34**	17
9	**2**	25	Other receivables	**19**	21
7	**11**	25	Prepayments	**34**	29
230	**172**	26	Cash and cash equivalents	**250**	389
468	**404**		**Total currents assets**	**935**	1,035
2,293	**2,423**		**Total assets**	**2,830**	2,653

ALK-Abelló A/S		Equity and liabilities		ALK Group	
31 Dec. 2009	**31 Dec. 2010**	Note	Amounts in DKKm	**31 Dec. 2010**	31 Dec. 2009
			Equity		
101	**101**	27	Share capital	**101**	101
1,723	**1,781**		Other reserves	**1,917**	1,827
1,824	**1,882**		**Total equity**	**2,018**	1,928
			Liabilities		
			Non-current liabilities		
28	**27**	28	Mortgage debt	**27**	28
-	**-**	28	Bank loans and financial loans	**10**	13
1	**-**	7	Pensions and similar liabilities	**84**	77
140	**140**	29	Other provisions	**150**	148
-	**-**	24	Deferred tax liabilities	**25**	1
169	**167**			**296**	267
			Current liabilities		
1	**1**	28	Mortgage debt	**1**	1
-	**6**	28	Bank loans and financial loans	**10**	4
54	**58**	30	Trade payables	**140**	134
117	**193**		Payables to affiliates	**-**	-
-	**-**		Income taxes	**62**	35
128	**116**	30	Other payables	**303**	284
300	**374**			**516**	458
469	**541**		**Total liabilities**	**812**	725
2,293	**2,423**		**Total equity and liabilities**	**2,830**	2,653

Equity

ALK Group

Amounts in DKKm	Share capital	Other reserves: Hedges of future transactions	Other reserves: Currency translation adjustment	Other reserves: Retained earnings	Other reserves: Total other reserves	Total equity
Equity at 1 January 2010	**101**	**1**	**(39)**	**1,865**	**1,827**	**1,928**
Total comprehensive income	**-**	**(1)**	**29**	**128**	**156**	**156**
	-	**-**	**-**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**-**	**8**	**8**	**8**
Purchase of treasury shares	**-**	**-**	**-**	**(24)**	**(24)**	**(24)**
Dividend paid	**-**	**-**	**-**	**(50)**	**(50)**	**(50)**
Other transactions	**-**	**-**	**-**	**(66)**	**(66)**	**(66)**
Equity at 31 December 2010	**101**	**-**	**(10)**	**1,927**	**1,917**	**2,018**
Equity at 1 January 2009	101	-	(28)	1,789	1,761	1,862
Total comprehensive income	-	1	(11)	118	108	108
Share-based payments	-	-	-	8	8	8
Dividend paid	-	-	-	(50)	(50)	(50)
Other transactions	-	-	-	(42)	(42)	(42)
Equity at 31 December 2009	101	1	(39)	1,865	1,827	1,928

ALK-Abelló A/S

Amounts in DKKm	Share capital	Other reserves: Hedges of future transactions	Other reserves: Retained earnings	Other reserves: Total other reserves	Total equity
Equity at 1 January 2010	**101**	**1**	**1,722**	**1,723**	**1,824**
Total comprehensive income	**-**	**(1)**	**125**	**124**	**124**
Share-based payments	**-**	**-**	**8**	**8**	**8**
Purchase of treasury shares	**-**	**-**	**(24)**	**(24)**	**(24)**
Dividend paid	**-**	**-**	**(50)**	**(50)**	**(50)**
Other transactions	**-**	**-**	**(66)**	**(66)**	**(66)**
Equity at 31 December 2010	**101**	**-**	**1,781**	**1,781**	**1,882**
Equity at 1 January 2009	101	-	1,677	1,677	1,778
Total comprehensive income	-	1	87	88	88
Share-based payments	-	-	8	8	8
Dividend paid	-	-	(50)	(50)	(50)
Other transactions	-	-	(42)	(42)	(42)
Equity at 31 December 2009	101	1	1,722	1,723	1,824

List of notes to the financial statements

Notes to the financial statements

1 Accounting policies

General

The annual report of the ALK Group and ALK-Abelló A/S for the period 1 January – 31 December 2010, has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. Additional Danish disclosure requirements for the annual reports are imposed by the Statutory Order on Adoption of IFRS issued under the Danish Financial Statements Act.

The annual report also complies with the International Financial Reporting Standards issued by the IASB.

The annual report is presented in Danish kroner (DKK), which is considered the primary currency of the Group's activities and the functional currency of the parent company.

The annual report is presented on a historical cost basis, apart from certain financial instruments which are measured at fair value. Otherwise, the accounting policies are as described below.

The accounting policies are unchanged from last year except below stated changes, which only have effect from 2010 and therefore do not affect the comparative figures.

Effect of new financial reporting standards
In 2010, the following standards and interpretations came into force and have thus been implemented:

- Amendment of IAS 27: *Consolidated and Separate Financial Statements*
- Amendment of IFRS 3: *Business combinations*
- Improvements to IFRS 2009
- IFRIC 17 and 18

The amendments of IAS 27 and IFRS 3 have resulted in a change in accounting policies in relation to business combinations completed in 2010, to the effect that acquisition costs and changes in contingent purchase consideration are recognised directly in the income statement. Apart from IFRS 3 the new standards and interpretations have not affected recognition and measurement in 2010. Otherwise, the accounting policies are unchanged from the accounting policies applied in the Annual Report 2009.

The following new or amended standards and interpretations relevant to the ALK Group had not yet become effective at 31 December 2010, and are therefore not included in this annual report:

- IFRS 9: *Financial instruments*
- Improvements to IFRS 2010

Implementation of IFRS 9 and improvement to IFRS 2010 will result in additional disclosures in the notes to the financial statements, but will not result in substantial changes in recognition and measurement.

The consolidated financial statements
The consolidated financial statements comprise the financial statements of ALK-Abelló A/S (the parent company) and companies (subsidiaries) controlled by the parent company. The parent company is considered to control a subsidiary when it holds, directly and indirectly, more than 50% of the voting rights or is otherwise able to exercise or actually exercises a controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of ALK-Abelló A/S and its subsidiaries. The consolidated financial statements are prepared as a consolidation of items of a uniform nature. The financial statements used for consolidation are prepared in accordance with the Group's accounting policies.

On consolidation, intra-group income and expenses, intra-group balances and dividends, and gains and losses arising on intra-group transactions are eliminated.

The items of the financial statements of subsidiaries are fully consolidated in the Group financial statements. The proportionate share of the results of minority interests is recognised in the consolidated income statement and as a separate item under Group equity.

Business combinations
Newly acquired or newly established companies are recognised in the consolidated financial statements from the date of acquisition or establishment. The date of acquisition is the date when control of the company actually passes to the Group. Companies sold or discontinued are recognised in the consolidated income statement up to the date of disposal. The date of disposal is the date when control of the company actually passes to a third party.

Acquisitions are accounted for using the purchase method, according to which the identifiable assets, liabilities and contingent liabilities of companies acquired are measured at fair value at the date of acquisition. Non-current assets held for sale are, however, measured at fair value less expected costs to sell.

Restructuring costs are only recognised in the take-over balance sheet if they represent a liability to the acquired company. The tax effect of revaluations is taken into account.

The cost of a company is the fair value of the consideration paid. If the final

Notes to the financial statements

determination of the consideration is conditional on one or more future events, these adjustments are only recognised in cost if the event in question is likely to occur and its effect on cost can be reliably measured.

If the fair value of the acquired assets or liabilities subsequently proves different from the values calculated at the acquisition date, cost is adjusted for up to 12 months after the date of acquisition.

Any excess of the cost of an acquired company over the fair value of the acquired assets, liabilities and contingent liabilities (goodwill) is recognised as an asset under intangible assets and tested for impairment at least once a year. If the carrying amount of an asset exceeds its recoverable amount, the asset is written down to the lower recoverable amount.

In connection with the transition to IFRS in 2005/06 the ALK Group chose to apply the optional exemption in IFRS 1, under which business combinations effected before 1 September 2004 are not adjusted in accordance with the provisions of IFRS, except that identifiable intangible assets acquired in business combinations are separated from the calculated goodwill and recognised as separate items under intangible assets.

Gains or losses on disposal of subsidiaries
Gains or losses on disposal of subsidiaries are stated as the difference between the disposal amount and the carrying amount of net assets including goodwill at the date of disposal, accumulated foreign exchange adjustments taken directly to equity and anticipated disposal costs. The disposal amount is measured as the fair value of the consideration received.

Foreign currency translation
On initial recognition, transactions denominated in currencies other than the Group's functional currency are translated at average exchange rates, which are an approximation of the exchange rates at the transaction date. Receivables and debt and other monetary items not settled at the balance sheet date are translated at the closing rate.

Exchange rate differences between the exchange rate at the date of the transaction and the exchange rate at the date of payment or the balance sheet date, respectively, are recognised in the income statement under financial items. Tangible assets and intangible assets, inventories and other non-monetary assets acquired in foreign currency and measured based on historical cost are translated at the exchange rates at the transaction date. Non-monetary items revalued at fair value are translated at the exchange rates at the revaluation date.

On recognition in the consolidated financial statements of subsidiaries whose financial statements are presented in a functional currency other than DKK, the income statements are translated at average exchange rates for the respective months, unless these deviate materially from the actual exchange rates at the transaction dates. In that case, the actual exchange rates are used. Balance sheet items are translated at the exchange rates at the balance sheet date. Goodwill is considered to belong to the acquired company in question and is translated at the exchange rate at the balance sheet date.

Exchange rate differences arising on the translation of foreign subsidiaries' opening balance sheet items to the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates to exchange rates at the balance sheet date are taken directly to equity. Similarly, exchange rate differences arising as a result of changes made directly in the equity of the foreign subsidiary are also taken directly to equity.

Foreign exchange rate adjustment of receivables or debt to subsidiaries which are considered part of the parent company's overall investment in the subsidiary in question are also taken directly to equity in the consolidated financial statements.

Derivative financial instruments
Derivative financial instruments are measured at fair value on initial recognition. Subsequently, they are measured at fair value at the balance sheet date.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the value of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as effective hedges of future transactions are recognised directly in equity. When the hedged transactions are realised, cumulative changes are recognised as part of the cost of the transactions in question.

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries are recognised directly in equity to the extent that the hedge is effective. On disposal of the foreign subsidiary in question, the cumulative changes are transferred to the income statement.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised as financial items in the income statement as they occur.

Share-based incentive plans
Share-based incentive plans (equity-settled share-based payments) which comprise share option plans and

employee share plans are measured at the grant date at fair value and recognised in the income statement under the respective functions over the vesting period. The balancing item is recognised in equity.

The fair value of share options is determined using the Black & Scholes-model with the parameters stated in note 6.

Share-based incentive plans (cash-settled share-based payments) which comprise employee share-like plans in specific countries are measured at fair value at the grant date and at each subsequent balance sheet date and recognised in the income statement under the respective functions over the vesting period. The balancing item is recognised as liabilities.

Tax
Tax on the profit for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expenses relating to items recognised directly in equity is recognised in equity. Exchange rate adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognised in the balance sheet as the expected tax on the taxable income for the year, adjusted for tax paid on account.

The current tax charge for the year is calculated based on the tax rates and rules enacted at the balance sheet date.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to the initial recognition of goodwill or the initial recognition of a transaction, apart from business combinations, and where the temporary difference existing at the date of initial recognition affects neither profit/loss for the year nor taxable income.

Deferred tax is calculated based on the planned use of each asset and settlement of each liability, respectively.

Deferred tax is measured using the tax rates and tax rules that, based on legislation enacted or in reality enacted at the balance sheet date, are expected to apply in the respective countries when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates or rules are recognised in the income statement or in equity, depending on where the deferred tax was originally recognised.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, either through a set-off against deferred tax liabilities or as net assets to be offset against future positive taxable income. At each balance sheet date, it is reassessed whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised.

The parent company is taxed jointly with the company's principal shareholder, Lundbeckfond Invest A/S and its Danish subsidiaries. The tax charge for the year is allocated among the jointly taxed companies in proportion to the taxable incomes of individual companies, taking into account taxes paid.

Discontinued operations
Discontinued operations are major business areas or geographical areas which have been sold or which are held for sale according to an overall plan.

The results of discontinued operations are presented as a separate item in the income statement, consisting of the activity's operating profit/loss after tax and any gains or losses on fair value adjustments or sale of the related assets.

Income statement

Revenue
Revenue from the sale of goods for resale and manufactured goods is recognised in the income statement if delivery and the transfer of risk to the purchaser have taken place.

Revenue is measured as the fair value of the consideration received or receivable.

Revenue is measured exclusive of VAT, taxes etc. charged on behalf of third parties and less any commissions and discounts in connection with sales.

Cost of sales
The item comprises cost of sales and production costs incurred in generating the revenue for the year. Costs for raw materials, consumables, goods for resale, production staff and a proportion of production overheads, including maintenance and depreciation, amortisation and impairment of tangible assets and intangible assets used in production as well as operation, administration and management of factories are recognised in cost of sales and production costs. In addition, the costs and write-down to net realisable value of obsolete and slow-moving goods are recognised.

Research and development expenses
The item comprises research and development expenses, including expenses incurred for wages and salaries, amortisation and other overheads as well as costs relating to research partnerships.

Research expenses are recognised in the income statement when incurred.

Due to the long development periods and significant uncertainties in relation to the development of new products, including

Notes to the financial statements

risk regarding clinical trials and regulatory approvals, it is the assessment that most of the ALK Group's development expenses do not meet the capitalisation criteria in IAS 38, Intangible Assets. Consequently, development expenses are generally recognised in the income statement when incurred. Development expenses relating to individual minor development projects running for short-term periods and subject to limited risk are capitalised under other intangible assets.

Sales and marketing expenses
The item comprises selling and marketing expenses, including salaries and expenses relating to sales staff, advertising and exhibitions, depreciation, amortisation and impairment losses on the tangible assets and intangible assets used in the sales and marketing process as well as other indirect costs.

Administrative expenses
The item comprises expenses incurred for management and administration, including expenses for administrative staff and management, office expenses and depreciation, amortisation and impairment losses on the tangible assets and intangible assets used in administration.

Other operating income and other operating expenses
Other operating income and other operating expenses comprise income and expenses of a secondary nature relative to the principal activities of the ALK Group.

Other operating income include up-front payments, milestone payments and other revenue in connection with research and development partnerships and the sale of intellectual property rights. These revenues are recognised when it is probable that future economic benefits will flow to the ALK Group and these benefits can be measured reliably. Non-refundable payments that are not attributable to subsequent research and development activities are recognised when the related right is obtained, whereas payments attributable to subsequent research and development activities are recognised over the term of the activities. When combined contracts are entered into, the elements of the contracts are identified and assessed separately for accounting purposes.

Financial items
Financial items comprise interest receivable and interest payable, the interest element of finance lease payments, realised and unrealised gains and losses on securities, cash and cash equivalents, liabilities and foreign currency transactions, mortgage amortisation premium/ allowance etc. and supplements/allowances under the on-account tax scheme.

Interest income and -expenses are accrued based on the principal and the effective rate of interest. The effective rate of interest is the discount rate to be used on discounting expected future payments in relation to the financial asset or the financial liability so that their present value corresponds to the carrying amount of the asset or liability, respectively.

Dividends from investments in subsidiaries are recognised in the parent company financial statements when the right to the dividend finally vests, typically at the date of the company's approval in general meeting of the dividend of the company in question.

Balance sheet

Goodwill
On initial recognition, goodwill is measured and recognised as the excess of the cost of the acquired company over the fair value of the acquired assets, liabilities and contingent liabilities, as described under Business Combinations. In addition, goodwill on acquisition of investments in subsidiaries from minority interests is recognised.

On recognition of goodwill, the goodwill amount is allocated to those of the ALK Group's activities that generate separate cash flows (cash-generating units). The determination of cash-generating units is based on the ALK Group's management structure and internal financial management and reporting.

Goodwill is not amortised, but is tested for impairment at least once a year, as described below.

Intangible assets
Acquired intellectual property rights in the form of patents, brands, licenses, software, customer base and similar rights are measured at cost less accumulated amortisation and impairment.

Interest expenses on loans to finance the manufacture of intangible assets is included in cost if they relate to the production period. Other borrowing costs are taken to the income statement.

The cost of software includes costs of planning work, including direct salaries.

Such acquired intellectual property rights are amortised on a straight-line basis over the contract period, not exceeding 10 years. If the actual useful life is shorter than either the remaining life or the contract period, the asset is amortised over this shorter useful life.

Acquired intellectual property rights are written down to their recoverable amount where this is lower than the carrying amount, as described below.

Individual minor development projects running for short-term periods and subject to limited risk are capitalised under other intangible assets as described under "Research and development expenses" and are measured at cost less accumulated amortisation and impairment.

Intangible assets with indeterminable useful lives are not amortised, but are tested for impairment at least once a year. To the extent that the carrying amount of the assets exceeds the recoverable amount, the assets are written down to this lower amount, as described below.

Tangible assets
Land and buildings, plant and machinery and other fixtures and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition and any preparation costs incurred until the date when the asset is available for use.

The cost of assets held under finance leases is determined as the lower of the fair value of the assets and the present value of future minimum lease payments.

Interest expenses on loans to finance the manufacture of tangible assets are included in cost if they relate to the production period. Other borrowing costs are taken to the income statement.

The depreciation base is cost less the estimated residual value at the end of the useful life. The residual value, estimated at the acquisition date and reassessed annually, is determined as the amount the company expects to obtain for the asset less costs of disposal.

The cost of an asset is divided into smaller components that are depreciated separately if such components have different useful lives.

Assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	25-50 years
Plant and machinery	5-10 years
Other fixtures and equipment	5-10 years

Depreciation methods, useful lives and residual values are reassessed once a year.

Tangible assets are written down to the recoverable amount, if lower, cf. below.

Impairment of tangible assets and intangible assets
The carrying amounts of tangible assets and intangible assets with determinable useful lives are reviewed at the balance sheet date to determine whether there are any indications of impairment. If such indications are found, the recoverable amount of the asset is calculated to determine any need for an impairment write-down and, if so, the amount of the write-down. For intangible assets with indeterminable useful lives and goodwill, the recoverable amount is calculated annually, regardless of whether any indications of impairment have been found.

If the asset does not generate any cash flows independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit that includes the asset.

The recoverable amount is calculated as the higher of the fair value less costs to sell and the value in use of the asset or the cash-generating unit, respectively. In determining the value in use, the estimated future cash flows are discounted to their present value, using a discount rate reflecting current market assessments of the time value of money as well as risks that are specific to the asset or the cash-generating unit and which have not been taken into account in the estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit is lower than the carrying amount, the carrying amount is written down to the recoverable amount. For cash-generating units, the write-down is allocated in such a way that goodwill amounts are written down first, and any remaining need for write-down is allocated to other assets in the unit, although no individual assets are written down to a value lower than their fair value less costs to sell.

Impairment write-downs are recognised in the income statement. If write-downs are subsequently reversed as a result of changes in the assumptions on which the calculation of the recoverable amount is based, the carrying amount of the asset or the cash-generating unit is increased to the adjusted recoverable amount, not, however, exceeding the carrying amount that the asset or cash-generating unit would have had, had the write-down not been made. Impairment of goodwill is not reversed.

Investments in subsidiaries in the financial statements of the parent company
Investments in subsidiaries are measured at cost.

Where the recoverable amount of the investments is lower than cost, the investments are written down to this lower value.

Dividend from subsidiaries is recognised in the income statement. In the event of indications of impairment, an impairment test is performed of investments in subsidiaries.

Other long-term financial assets
Other securities and receivables that are accounted for as long-term financial assets are measured at fair value. Adjustments are recognised directly in equity.

Inventories
Inventories are measured at cost determined under the FIFO method or net realisable value where this is lower.

Cost comprises raw materials, goods for resale, consumables and direct payroll costs as well as fixed and variable production overheads. Variable production overheads comprise indirect materials and payroll costs and are allocated

Notes to the financial statements

based on predetermined costs of the goods actually produced. Fixed production overheads comprise maintenance of and depreciation on the machines, factory buildings and equipment used in the manufacturing process as well as the cost of factory management and administration. Fixed production overheads are allocated based on the normal capacity of the production plant.

The net realisable value of inventories is calculated as the expected selling price less completion costs and costs incurred in making the sale.

Receivables
On initial recognition, receivables are measured at fair value, and subsequently they are measured at amortised cost. Receivables are written down for anticipated losses.

Prepayments
Prepayments are recognised as an asset and comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Dividend
Dividend is recognised as a liability when adopted by the shareholders at the annual general meeting.

Treasury shares
Acquisition and sales sums arising on the purchase and sale of treasury shares and dividends on treasury shares are recognised directly in retained earnings under equity.

Pension liabilities etc.
The ALK Group has entered into pension agreements and similar agreements with some of the Group's employees.

In respect of defined contribution plans, the Group pays in fixed contributions to independent pension funds etc. The contributions are recognised in the income statement during the period in which the employee renders the related service. Payments due are recognised as a liability in the balance sheet.

In respect of defined benefit plans, the Group is required to pay an agreed benefit in connection with the retirement of the employees covered by the plan, e.g. in the form of a fixed amount or a percentage of the salary at retirement.

For defined benefit plans, an annual actuarial assessment is made of the net present value of future benefits to which the employees have earned the right through their past service for the Group and which will have to be paid under the plan. The Projected Unit Credit Method is applied to determine value in use.

The net present value is calculated based on assumptions of the future developments of salary, interest, inflation, mortality and disability rates.

The net present value of pension liabilities is recognised in the balance sheet, after deduction of the fair value of any assets attached to the plan, as either plan assets or pension liabilities, depending on whether the net amount is an asset or a liability, as described below.

If the assumptions made with respect to discount factor, inflation, mortality and disability are changed, or if there is a discrepancy between the expected and realised return on plan assets, actuarial gains or losses occur. These gains and losses are only recognised if the accumulated gains and losses at the beginning of a financial year exceed the higher numerical value of 10% of the pension liabilities or 10% of the fair value of plan assets (the corridor method). If this is the case, the excess amount is recognised in the income statement, distributed on the expected remaining average working life of the employees covered by the plan.

If the pension plan represents a net asset, the asset is only recognised to the extent that it does not exceed the sum of unrecognised actuarial losses, unrecognised past service costs and the present value of any refunds from the plan or reductions in future contributions to the plan.

If the benefits relating to the employees' service in prior periods change, this results in a change to the actuarial net present value which is considered a past service cost. If the employees covered by the plan have already earned the right to the changed benefits, the change is made in the income statement immediately. Otherwise, the change is recognised in the income statement over the period during which the employees earn the right to the benefits.

In connection with the transition to IFRS in 2005/06 the ALK Group chose to apply the optional exemption in IFRS 1, under which actuarial gains and losses according to the corridor method are stated as a net loss at 1 September 2004, which is reduced to nil by increasing the pension provision and adjusting equity accordingly in the opening balance sheet.

Provisions
Provisions are recognised when, as a consequence of a past event during the financial year or previous years, the Group has a legal or constructive obligation, and it is likely that settlement of the obligation will require an outflow of the company's financial resources.

Provisions are measured as the best estimate of the costs required to settle the obligations at the balance sheet date. Provisions with an expected term of more than a year after the balance sheet date are measured at present value.

In connection with a planned restructuring of the Group, provision is made only for liabilities relating to restructurings that at the balance sheet date have been set out in a specific plan and where those affected have been informed of the overall plan.

Mortgage debt
Mortgage debt is recognised on the raising of a loan at cost, equalling fair value of the proceeds received, net of transaction costs incurred. Subsequently, mortgage debt is measured at amortised cost.

Lease liabilities
Lease liabilities regarding assets held under finance leases are recognised in the balance sheet as liabilities and measured at the inception of the lease at the lower of the fair value of the leased asset and the present value of future lease payments.

On subsequent recognition, lease liabilities are measured at amortised cost. The difference between the present value and the nominal value of lease payments is recognised in the income statement over the term of the lease as a finance charge.

Lease payments regarding operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Other financial liabilities
Other financial liabilities, including bank and financial loans and trade payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost.

Deferred income
Deferred income comprises income received relating to subsequent financial years. Deferred income is measured at cost.

Other accounting information

Cash flow statement
The cash flow statement of the Group and the parent company is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

The cash effect of acquisitions and divestments is shown separately under cash flows from investing activities. In the cash flow statement, cash flows concerning acquired companies are recognised from the date of acquisition, while cash flows concerning divested companies are recognised until the date of divestment.

Cash flows from operating activities are stated as operating profit, adjusted for non-cash operating items and changes in working capital, less the income tax paid during the year attributable to operating activities.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of companies and financial assets as well as purchase, development, improvement and sale of intangible assets and tangible assets. Also recognised are cash flows from assets held under finance lease in the form of lease payments made.

Cash flows from financing activities comprise changes to the parent company's share capital and related costs as well as the raising and repayment of loans, instalments on interest-bearing debt, purchase of treasury shares and payment of dividends.

Cash flows in currencies other than the functional currency are recognised in the cash flow statement using average exchange rates for the individual months if these are a reasonable approximation of the actual exchange rates at the transaction dates. If this is not the case, the actual exchange rates for the specific days in questions are used.

Cash and cash equivalents comprise cash and short-term securities subject to an insignificant risk of changes in value less any overdraft facilities that are an integral part of the Group's cash management.

Segment reporting
Based on the internal reporting used by the Board of Management to assess the results of operations and allocation of resources, the company has identified one operating segment "Allergy treatment", which is in accordance with the way the activities are organised and managed.

In addition, the disclosures in the financial statements include a breakdown of revenue by product line and a geographical breakdown of revenue and non-current assets.

Definitions and ratios
The key ratios have been calculated in accordance with "Recommendations and Financial Ratios 2010" issued by the Danish Association of Financial Analysts.

Key ratios and definitions are shown on the covers of the annual report and page 76, respectively.

Notes to the financial statements

2 Significant accounting estimates and judgements

In the preparation of the financial statements according to generally accepted accounting principles, Management is required to make certain estimates as many financial statement items cannot be reliably measured, but must be estimated. Such estimates comprise judgements made on the basis of the most recent information available at the reporting date. It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to supplementary information, additional experience or subsequent events.

Similarly, the value of assets and liabilities often depends on future events that are somewhat uncertain. In that connection, it is necessary to set out, e.g., a course of events that reflects Management's assessment of the most probable course of events.

In the financial statements for 2010, Management considers the following estimates and related judgements material to the assets and liabilities recognised in the financial statements.

Recoverable amount of goodwill
The assessment of whether goodwill is impaired requires a determination of the value in use of the cash-generating units to which the goodwill amounts have been allocated. The determination of the value in use requires estimates of the expected future cash flows of each cash-generating unit and a reasonable discount rate. At 31 December 2010, the carrying amount of goodwill was DKK 408 million (DKK 369 million at 31 December 2009).

Indirect production overheads
Indirect production overheads (IPO) are measured on the basis of the standard cost method. The basis of standard costs is reassessed regularly to ensure that standard costs are adjusted for changes in the utilisation of production capacity, production times and other relevant factors. Changes in the method of determining standard costs may significantly affect gross margin and the valuation of inventories. At 31 December 2010, the value of IPO is DKK 48 million (DKK 44 million at 31 December, 2009) on the inventories.

Tax
Management is required to make an estimate in the recognition of deferred tax assets and liabilities. The ALK Group recognises deferred tax assets if it is probable that they can be set off against future taxable income. At 31 December 2010, the value of deferred tax assets and liabilities was DKK 40 million (DKK 52 million at 31 December 2009).

Provisions and contingent assets and liabilities
In connection with the sale of the ingredients business during the financial year 2004/05, ALK-Abelló A/S assumed the usual representations and guarantees related to the sale. The representations and guaranties expire successively over the coming years. DKK 140 million (2009: DKK 140 million) have been provided for specific risks. The provision has been reassessed during the financial year 2010 and, based on Management's assessment of the specific risks, the provision remains unchanged.

3 Segment information for the ALK Group

Based on the internal reporting which Management uses to assess profit and allocation of resources, the company has identified one business area "Allergy treatment" which is in compliance with the organisation and management of the activities. Even though revenue within the business area "Allergy treatment" can be divided by product lines and markets, the main part of the activities within production, research and development, sales and marketing and administration are shared by the ALK Group as a whole.

ALK Group

Amounts in DKKm	**2010**	2009
Revenue by product line		
SCIT	**975**	928
SLIT	**674**	573
AIT	**162**	133
Vaccines	**1,811**	1,634
Other products	**329**	301
Total	**2,140**	1,935
Revenue by market		
Northern Europe [1]	**498**	394
Central Europe	**813**	793
Southern Europe	**586**	542
Other markets	**243**	206
Total	**2,140**	1,935

[1] Northern Europe includes revenue in Denmark of DKK 39 million (2009: DKK 39 million)

Revenue by market is split based on customer location.

Non-current assets by market

The ALK Group's non-current assets except non-current financial assets are distrbuted among the following geographical markets:

	31 Dec. 2010	31 Dec. 2009
Northern Europe [1]	**871**	746
Central Europe	**373**	346
Southern Europe	**230**	193
Other markets	**328**	258
Total	**1,802**	1,543

[1] Northern Europe includes non-current assets in Denmark of DKK 526 million (2009: DKK 545 million).
The geographical information on assets is based on asset location.

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		4	Staff costs		
3	**3**		Remuneration to the Board of Directors	**3**	3
304	**334**		Wages and salaries	**760**	681
27	**29**		Pensions, cf. note 7	**65**	55
11	**12**		Other social security costs, etc.	**96**	83
6	**5**		Share-based payments, cf. note 6	**8**	8
351	**383**		**Total**	**932**	830
			Staff costs are allocated as follows:		
106	**112**		Cost of sales	**226**	217
143	**164**		Research and development expenses	**195**	172
38	**36**		Sales and marketing expenses	**372**	318
64	**71**		Administrative expenses	**139**	123
351	**383**		**Total**	**932**	830
			Remuneration to Board of Management:		
15	**19**		Board of Management remuneration, exclusive of share-based payments	**19**	15
4	**3**		Calculated costs regarding share-based payments to Board of Management	**3**	4
			Employees		
537	**580**		Average number	**1,612**	1,513
547	**617**		Number year end	**1,694**	1,554

5 Acquisitions of companies and operations

2010

ALK took over the share capital of the Dutch companies Artu Biologicals (Artu Biologicals Europe B.V. and Artu Biologicals Onroerend Goed B.V.) from Fornix Biosciences with a view to strengthening ALK's global presence and increasing the market consolidation. The acquisition was implemented in ALK's Dutch subsidiary with effect from 1 July 2010, and the two companies are being integrated on an ongoing basis.

In addition, ALK took over the allergy vaccine activities from the US company Nelco Laboratories with a view to enhancing ALK's global presence. The acquisition was implemented in ALK's US subsidiary with effect from 1 August 2010. Nelco Laboratories manufactures and markets injection based allergy vaccines in the USA.

The transactions were accounted for using the purchase method.

2009

ALK took over the activities of its former distributor in Germany, ThemoCARE GmbH, with a view to strengthening ALK's position and presence in the German market. The acquisition was implemented with effect from 1 October 2009 through a newly established German subsidiary, which took over the name ThemoCARE GmbH.

The transaction was accounted for using the purchase method.

5 Acquisitions of companies and operations (continued)

Statement of acquired net assets and cash purchase price:

ALK Group

Amounts in DKKm **2010**	Fair value on acqusition
Artu Biologicals	
Land and buildings	**13**
Plant and machinery	**3**
Other fixtures and equipment	**2**
Other intangible assets	**92**
Inventories	**33**
Receivables	**24**
Current liabilities	**(40)**
Acquired net assets	**127**
Goodwill	**35**
Cash purchase price	**162**
Nelco Laboratories	
Other intangible assets	**16**
Acquired net assets	**16**
Goodwill	**-**
Cash purchase price	**16**

Amounts in DKKm **2009**	Fair value on acqusition
ThemoCARE GmbH	
Other fixtures and equipment	1
Other intangible assets	18
Acquired net assets	19
Goodwill	4
Cash purchase price	23

After recognition of identifiable assets and liabilities at fair value, goodwill related to the acquisitions in 2010 amounts to DKK 35 million (2009: DKK 4 million). The balance represents the value of the assets that could not be measured reliably at fair value, future growth potential and the value of acquired employees.

Out of the ALK Group's revenue and profit for 2010 of DKK 2,140 million (2009: DKK 1,935 million) and DKK 128 million (2009: DKK 118 million) respectively, a revenue of DKK 86 million (2009: DKK 9 million) and a profit of DKK 2 million (2009: DKK 3 million) respectively was generated by the acquired operations after the acqusition date.

The ALK Group's revenue and profit made up pro forma as if Artu Biologicals and Nelco Laboratories were acquired on 1 January 2010 amount to DKK 2,239 million and DKK 166 million, respectively.

Notes to the financial statements

6 Share-based payments

Share option plans
The ALK Group has established share option plans for the Board of Management and a number of key personnel as a part of a retention program introduced in 2006.

Each share option entitles the holder to acquire one existing B share of DKK 10 nominal value in the company. The right to exercise the option is subject to the holder of the option not having resigned at the time of exercise. No other vesting conditions apply. The option can be exercised only during a period of four weeks after the publication of annual reports or interim financial statements. Share options are considered sufficiently covered by treasury shares.

	2010 plan	2009 plan	2008 plan	2007 plan	2006 plan	2005/06 plan
Share options granted total, no.	**174,000**	58,300	47,600	29,000	33,375	68,000
Share options granted to Board of Management, no.	**73,200**	23,600	19,100	11,500	13,350	30,000
Vested as per	**1 Nov. 2013**	1 Nov. 2012	1 Nov. 2011	1 Nov. 2010	1 Nov. 2009	1 Jan. 2009
Exercise periode starts	**1 Nov. 2013**	1 Nov. 2012	1 Nov. 2011	1 Nov. 2010	1 Nov. 2009	1 Jan. 2009
Exercise periode ends	**1 Nov. 2017**	1 Nov. 2016	1 Nov. 2015	1 Nov. 2014	1 Nov. 2013	1 Jan. 2012
Exercise price [1]	**345**	465	504	727	896	742
Outstanding share options 31 December 2010	**174,000**	54,125	43,950	26,600	29,225	54,250

[1] The exercise price is equivalent to the average market price of the company's share for the five trading days immediately preceding the date of grant and is increased by 2.5% p.a. and reduced by dividends paid. For the 2005/06 plan the exercise price is equivalant to the average market price of the company's share for the ten trading days immediately preceding the date of grant and is increased by 6% p.a. and reduced by dividends paid.

Specification of outstanding options:

	Board of Management Units	Other key personnel Units	Total Units	Average exercise price DKK
Outstanding options at 1 January 2010	**93,450**	**132,525**	**225,975**	**714**
Additions	**73,200**	**100,800**	**174,000**	**381**
Cancellations	**(17,825)**	**-**	**(17,825)**	**730**
Outstanding options at 31 December 2010	**148,825**	**233,325**	**382,150**	**576**
Outstanding options at 1 January 2009	69,850	98,975	168,825	789
Additions	23,600	34,700	58,300	513
Cancellations	-	(1,150)	(1,150)	805
Outstanding options at 31 December 2009	93,450	132,525	225,975	714

In 2010 no share options were excercised.

6 Share-based payments (continued)

	2010	2009
Average remaining life of outstanding share options at year end (years)	**1.6**	1.2
Exercise prices for outstanding share options at year end (DKK)	**372-1,015**	501-1,020

The calculated market price on allotment is based on the Black & Scholes model for valuation of options.

The assumptions for the calculation of the market price of share options at the grant date are as follows:

	2010 plan	2009 plan
Average share price (DKK)	**345**	465
Average exercise price (DKK)	**381**	513
Expected volatility rate	**25% p.a.**	45% p.a.
Expected option life	**5.0 years**	5.0 years
Expected dividend per share	**5**	5
Risk-free interest rate	**2.21% p.a.**	3.58% p.a.
Calculated market price of granted share options (DKK)	**63**	173

The expected volatility rate is based on the historical volatility (measured over 12 months).

Employee shares
In August 2006 it was decided to offer employee shares (free shares) to the ALK Group's employees. In certain countries, the plan was structured as a share-like plan, but with cash payments calculated based on the price performance of the company's share. For this part of the plan, the cost is recognised over the vesting period of three years as from 31 August 2006. The cost is calculated on the basis of the number of employees expected to meet the criteria and the officially quoted price of the company's shares. The cost in 2010 was DKK 0 (2009: less than DKK 1 million).

Total share-based payment

ALK-Abelló A/S			ALK Group	
2009	**2010**	Amounts in DKKm	**2010**	2009
6	**5**	Cost of share options	**8**	8
6	**5**	**Total**	**8**	8
		Cost for the year regarding share-based payments are recognised as follows:		
1	**1**	Production costs	**2**	1
2	**2**	Research and development expenses	**2**	2
1	**1**	Sales and marketing expenses	**3**	3
2	**1**	Administrative expenses	**1**	2
6	**5**	**Total**	**8**	8

Notes to the financial statements

7 Pensions and similar liabilities

The ALK Group has entered into defined contribution plans as well as defined benefit plans.

In defined contribution plans, the employer is obliged to pay a certain contribution to a pension fund or the like but bears no risks regarding the future development in interest, inflation, mortality, disability rates etc. regarding the amount to be paid to the employee.

In defined benefit plans, the employer is obliged to pay a certain payment when a pre-agreed event occurs. The employer bears the risks regarding the future development in interest, inflation, mortality, disability rates etc. regarding the amount to be paid to the employee.

ALK-Abelló A/S			ALK Group	
2009	2010	Amounts in DKKm	**2010**	2009
1	**-**	Pensions	**67**	62
-	**-**	Similar liabilities	**17**	15
1	**-**	**Total**	**84**	77
27	**30**	**Costs related to defined contribution plans**	**60**	50
		Defined benefit plans		
-	**-**	Pensions costs in the current financial year	**2**	2
-	**-**	Calculated interest on the obligations	**4**	3
-	**(1)**	Recognised actuarial (profit)/loss	**(1)**	-
-	**(1)**	**Costs releted to defined benefit plans**	**5**	5
1	**1**	Provisions for defined benefit plans beginning of year	**62**	57
-	**(1)**	Recognised in the current financial year	**5**	5
1	**-**	**Obligations, defined benefit plan year end**	**67**	62
		The pension obligations are specified as follows:		
1	**-**	Present value of unfunded pension obligations	**77**	68
-	**-**	Unrecognised actuarial profit/(loss)	**(10)**	(6)
1	**-**	**Total**	**67**	62

The latest actuarial calculation of the pension obligations related to the defined benefit plans was made at 31 December 2010.

The actuarial calculations at the balance sheet date are based on the following factors:

	2010	2009
Average discount rate used	**5.0%**	5.3%
Expected future rate of salary increase	**3.0%**	3.0%

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		8	Depreciation, amortisation and impairment		
			Depreciation and amortisation are allocated as follows:		
11	**13**		Cost of sales	**35**	32
12	**11**		Research and development expenses	**15**	16
2	**2**		Sales and marketing expenses	**13**	6
19	**20**		Administrative expenses	**32**	31
44	**46**		**Total**	**95**	85

9 Other operating income and other operating expenses

Other operating income and other operating expenses relate to income and expenses of secondary nature in relation to ALK's main activities. The items include income and expenses amounting to net DKK 16 million (2009: DKK 33 million) in relation to an agreement with Merck on a strategic alliance to develop and commercialise ALK's tablet based allergy vaccines for the North American markets.

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		10	Financial income		
3	**4**		Interest on receivables from affiliates	**-**	-
9	**2**		Other interest income	**3**	11
-	**30**		Currency gains, net	**18**	6
191	**213**		Dividend from affiliates	**-**	-
203	**249**		**Total**	**21**	17
		11	Financial expenses		
1	**-**		Interest on payables to affiliates	**-**	-
2	**3**		Other interest expenses	**6**	2
3	**-**		Currency loss, net	**-**	-
6	**3**		**Total**	**6**	2
		12	Tax on profit for the year		
(51)	**(27)**		Current income tax	**84**	43
8	**3**		Adjustment of deferred tax	**(5)**	31
(2)	**(2)**		Prior year adjustments	**-**	(2)
(45)	**(26)**		**Total**	**79**	72
42	**99**		Profit before tax	**207**	190
11	**25**		Income tax, tax rate of 25%	**51**	47
-	**-**		Effect of deviation of foreign subsidiaries' tax rate relative to Danish tax rate	**25**	20
(48)	**(53)**		Non-taxable income	**-**	-
3	**3**		Non-deductible expenses	**3**	6
(2)	**(2)**		Prior year adjustments	**-**	(2)
(9)	**1**		Other taxes and adjustments	**-**	1
(45)	**(26)**		**Tax on profit/(loss) for the year**	**79**	72

ALK Group

	2010	2009
13 Earnings per share		
Amounts in DKKm		
The calculation of earnings per share is based on the following:		
Net profit	**128**	118
Number in units		
Average number of issued shares	**10,128,360**	10,128,360
Average number of treasury shares	**217,308**	168,975
Average number of shares used for calculation of earnings per share	**9,911,052**	9,959,385
Average dilutive effect of outstanding share options	-	233
Average number of shares used for calculation of diluted earnings per share	**9,911,052**	9,959,618
Amounts in DKK		
Earnings per share (EPS)	**12.91**	11.85
Earnings per share (DEPS), diluted	**12.91**	11.85
14 Goodwill		
Amounts in DKKm		
Cost beginning of year	**388**	384
Currency adjustments	**4**	-
Acquisitions of operations, cf. note 5	**35**	4
Cost year end	**427**	388
Amortisation and impairment beginning of year	**19**	20
Currency adjustments	**-**	(1)
Amortisation and impairment year end	**19**	19
Carrying amount year end	**408**	369

Goodwill has been subjected to an impairment test, which revealed no need for an impairment write-down. In the calculation of the value in use of cash-generating units, the cash flows in the latest, Management-approved budget for the coming financial year have been used. For financial years after the budget period, the cash flows in the most recent budget period have been extrapolated adjusted for a growth factor of 2% during the terminal period. The growth rate applied does not exceed the average expected long-term growth rate for the markets in question.

The estimated growth rates are based on industry forecasts.

Estimated changes in sales prices and production costs are based on historical data and expectations of future changes in the market.

The discount rate used is 9% after tax.

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		15	Other intangible assets		
			Software		
119	**127**		Cost beginning of year	**183**	174
3	**1**		Additions	**2**	4
(4)	**-**		Disposals	**(2)**	(5)
9	**2**		Transfer to/from other groups	**3**	10
127	**130**		**Cost year end**	**186**	183
103	**110**		Amortisation and impairment beginning of year	**160**	148
10	**7**		Amortisation and impairment for the year	**11**	15
(3)	**-**		Amortisation and impairment on disposals	**(2)**	(3)
110	**117**		**Amortisation and impairment year end**	**169**	160
17	**13**		**Carrying amount year end**	**17**	23
			Patents, trademarks and rights		
26	**27**		Cost beginning of year	**58**	36
-	**-**		Currency adjustments	**2**	1
1	**-**		Additions	**-**	3
-	**-**		Acquisitions of operations, cf. note 5	**108**	18
-	**-**		Disposals	**(10)**	-
27	**27**		**Cost year end**	**158**	58
24	**25**		Amortisation and impairment beginning of year	**27**	25
1	**-**		Amortisation and impairment for the year	**9**	2
-	**-**		Amortisation and impairment of disposals	**(10)**	-
25	**25**		**Amortisation and impairment year end**	**26**	27
2	**2**		**Carrying amount year end**	**132**	31
			Other		
-	**-**		Cost beginning of year	**26**	13
-	**-**		Currency adjustments	**5**	-
-	**5**		Additions	**18**	13
-	**1**		Transfer to/from other groups	**1**	-
-	**6**		**Cost year end**	**50**	26
-	**6**		**Carrying amount year end**	**50**	26
19	**21**		**Other intangible assets year end**	**199**	80
			Other includes minor development projects in progress.		

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		16	Land and buildings		
289	**440**		Cost beginning of year	**697**	446
-	**-**		Currency adjustments	**13**	(1)
45	**2**		Additions	**31**	49
-	**-**		Acquisitions of companies and operations	**13**	-
-	**(1)**		Disposals	**(1)**	(2)
106	**7**		Transfer to/from other groups	**17**	205
440	**448**		**Cost year end**	**770**	697
96	**109**		Depreciation and impairment beginning of year	**167**	146
-	**-**		Currency adjustments	**2**	-
13	**18**		Depreciation and impairment for the year	**30**	22
-	**-**		Depreciation and impairment of disposals	**(1)**	(1)
109	**127**		**Depreciation and impairment year end**	**198**	167
331	**321**		**Carrying amount year end**	**572**	530
-	**-**		of which financing costs	**-**	-
-	**-**		of which assets held under finance leases	**23**	23
			Land and buildings in Denmark include buildings on land leased from Scion DTU A/S Hørsholm. The lease period for this land is unlimited.		
180	**170**		Value of land and buildings subject to mortgages	**170**	180
		17	Plant and machinery		
186	**208**		Cost beginning of year	**302**	255
-	**-**		Currency adjustments	**5**	(1)
9	**7**		Additions	**26**	29
-	**-**		Acquisitions of companies and operations	**3**	-
-	**(9)**		Disposals	**(9)**	-
13	**4**		Transfer to/from other groups	**8**	19
208	**210**		**Cost year end**	**335**	302
90	**104**		Depreciation and impairment beginning of year	**149**	127
-	**-**		Currency adjustments	**1**	-
14	**16**		Depreciation and impairment for the year	**25**	22
-	**(9)**		Depreciation and impairment of disposals	**(9)**	-
104	**111**		**Depreciation and impairment year end**	**166**	149
104	**99**		**Carrying amount year end**	**169**	153

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		18	Other fixtures and equipment		
19	**22**		Cost beginning of year	**198**	182
-	**-**		Currency adjustments	**2**	-
1	**3**		Additions	**13**	8
-	**-**		Disposals	**(4)**	(4)
2	**10**		Transfer to/from other groups	**15**	11
-	**-**		Acquisitions of operations, cf. note 5	**2**	1
22	**35**		**Cost year end**	**226**	198
14	**16**		Depreciation and impairment beginning of year	**136**	121
-	**-**		Currency adjustments	**1**	-
2	**4**		Depreciation and impairment for the year	**20**	18
-	**-**		Depreciation and impairment of disposals	**(3)**	(3)
16	**20**		**Depreciation and impairment year end**	**154**	136
6	**15**		**Carrying amount year end**	**72**	62
		19	Property, plant and equipment in progress		
355	**284**		Cost beginning of year	**349**	487
-	**-**		Currency adjustments	**5**	(2)
62	**13**		Additions	**72**	111
(3)	**-**		Disposals	**-**	(2)
-	**-**		Depreciation and impairment for the year	**-**	-
(130)	**(24)**		Transfer to/from other groups	**(44)**	(245)
284	**273**		**Cost year end**	**382**	349
284	**273**		**Carrying amout year end**	**382**	349
104	**107**		of which assets held under finance leases	**107**	104

Property, plant and equipment in progress include e.g. a new product line at Catalent Pharma Solutions in Swindon, UK.

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		20	Investments in affiliates		
760	**774**		Cost beginning of year		
14	**1**		Capital contribution in affiliates		
774	**775**		**Cost year end**		
-	**-**		**Impairment year end**		
774	**775**		**Carrying amount year end**		
		21	Receivables from affiliates		
303	**362**		Cost beginning of year	**51**	28
197	**426**		Additions	**27**	51
(138)	**(232)**		Disposals	**(51)**	(28)
362	**556**		**Cost year end**	**27**	51
362	**556**		**Carrying amount year end**	**27**	51
			Receivables from affiliates are recognised as follows:		
264	**469**		Non-current assets	**-**	-
98	**87**		Current assets	**27**	51
362	**556**		**Total**	**27**	51
		22	Securities and receivables		
2	**20**		Cost beginning of year	**22**	4
18	**7**		Additions	**8**	18
-	**(1)**		Disposals	**(2)**	-
20	**26**		**Cost year end**	**28**	22
-	**-**		**Revaluation and impairment year end**	**-**	-
20	**26**		**Carrying amount year end**	**28**	22

Notes to the financial statements

23 Deferred tax

ALK Group

Amounts in DKKm	Non-current assets	Current assets	Liabilities	Tax losses carried forward	Total
2010					
Carrying amount beginning of year	**(17)**	**35**	**5**	**29**	**52**
Transfer from income tax beginning of year	**-**	**1**	**11**	**-**	**12**
Recognised in the income statement, net	**(3)**	**3**	**2**	**3**	**5**
Acquisitions of operations, cf. note 5	**(25)**	**(4)**	**-**	**-**	**(29)**
Carrying amount year end	**(45)**	**35**	**18**	**32**	**40**

Deferred tax at 31 December 2010 consists of deferred tax assets of DKK 65 million and deferred tax liabilities of DKK 25 million.

2009					
Carrying amount beginning of year	8	42	14	27	91
Transfer from income tax beginning of year	-	-	(8)	-	(8)
Recognised in the income statement, net	(25)	(7)	(1)	2	(31)
Carrying amount year end	(17)	35	5	29	52

Deferred tax at 31 December 2009 consists of deferred tax assets of DKK 53 million and deferred tax liabilities of DKK 1 million.

ALK-Abelló A/S

Amounts in DKKm	Non-current assets	Current assets	Liabilities	Tax losses carried forward	Total
2010					
Carrying amount beginning of year	**(7)**	**1**	**2**	**27**	**23**
Recognised in the income statement, net	**(4)**	**2**	**(1)**	**-**	**(3)**
Carrying amount year end	**(11)**	**3**	**1**	**27**	**20**
2009					
Carrying amount beginning of year	12	(1)	(7)	27	31
Recognised in the income statement, net	(19)	2	9	-	(8)
Carrying amount year end	(7)	1	2	27	23

Deferred tax in both ALK-Abelló A/S and the ALK Group is recognised as tax assets in the balance sheet, since it is assessed to be probable that sufficient future taxable income will be generated for the deferred tax asset to be utilised. Deferred tax in Denmark is recognised at a tax rate of 25%.

ALK-Abelló A/S is jointly taxed with Lundbeckfond Invest A/S.

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		24	Inventories		
46	**55**		Raw materials and consumables	**122**	105
40	**30**		Work in progress	**88**	87
33	**29**		Manufactured goods and goods for resale	**100**	108
119	**114**		**Total**	**310**	300
15	**3**		Amount of write-down of inventories during the year	**22**	22
4	**2**		Amount of reversal of write-down of inventories during the year	**4**	6
		25	Receivables and prepayments		
5	**18**		Trade receivables (gross)	**270**	251
			Allowances for doubtful trade receivables:		
-	**-**		Balance beginning of year	**23**	20
-	**-**		Change in allowances during the year	**(13)**	4
-	**-**		Realised losses during the year	**(1)**	(1)
-	**-**		Provision for doubtful trade receivables year end	**9**	23
5	**18**		**Trade receivables (net)**	**261**	228
			Allowances for doubtful trade receivables are based on an individual assesment of receivables.		
			Trade receivables (gross) can be specified as follows:		
5	**17**		Not due	**118**	146
			Overdue by:		
-	**-**		Between 1 and 179 days	**139**	82
-	**1**		Between 180 and 360 days	**6**	8
-	**-**		More than 360 days	**7**	15
5	**18**		Trade receivables (gross)	**270**	251
			Other receivables		
7	**-**		VAT and other taxes	**14**	16
2	**2**		Miscellaneous receivables	**5**	5
9	**2**		**Total**	**19**	21
			Prepayments		
6	**9**		Operating expenses	**28**	21
1	**1**		Insurance	**4**	5
-	**1**		Other prepayments	**2**	3
7	**11**		**Total**	**34**	29
			The carrying amount is equivalent to the fair value of the assets.		

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		26	Cash and cash equivalents		
230	**172**		Cash and bank deposits	**250**	389
230	**172**		**Cash and cash equivalents**	**250**	389
		27	Share capital		
			The share capital consists of:		
9	**9**		A shares, 920,760 shares of DKK 10 each	**9**	9
92	**92**		B shares, 9,207,600 shares of DKK 10 each	**92**	92
101	**101**		**Total nominal value**	**101**	101
			Each A share carries 10 votes, whereas each B share carries 1 vote		
		28	Mortgage debt, bank loans and financial loans		
			Debt to mortgage credit institutions secured by real property		
			Mortgage debt is due as follows:		
1	**1**		Within 1 year	**1**	1
6	**6**		From 1-5 years	**6**	6
22	**21**		After 5 years	**21**	22
29	**28**		**Total**	**28**	29
			Bank loans and financial loans		
			Bank loans and financial loans are due as follows:		
-	**6**		Within 1 year	**10**	4
-	**-**		From 1-5 years	**9**	10
-	**-**		After 5 years	**1**	3
-	**6**		**Total**	**20**	17

28 Mortgage debt, bank loans and financial loans (continued)

ALK Group

	Currency	Expiry date	Fixed/ Floating	Effective interest rate %	Carrying amount DKKm	Fair value DKKm
31 December 2010						
Mortgage debt						
Mortgage debt	**DKK**	**2025**	**Fixed**	**4.3**	**28**	**28**
					28	**28**
Bank loans and financial loans						
Leasing debt	**EUR**	**2016**	**Floating**	**3.5**	**13**	**12**
Other bank loans and financial loans	**EUR, USD, DKK, NOK**	**2011-2014**	**Floating**	**0-2.6**	**7**	**7**
					20	**19**
31 December 2009						
Mortgage debt						
Mortgage debt	DKK	2025	Fixed	4.3	29	29
					29	29
Bank loans and financial loans						
Leasing debt	EUR	2016	Floating	1.7	16	15
Other bank loans and financial loans	EUR, USD	2010-2014	Floating	1.6-4.0	1	1
					17	16

ALK-Abelló A/S

	Currency	Expiry date	Fixed/ Floating	Effective interest rate %	Carrying amount DKKm	Fair value DKKm
31 December 2010						
Mortgage debt						
Mortgage debt	**DKK**	**2025**	**Fixed**	**4.3**	**28**	**28**
					28	**28**
Bank loans and financial loans						
Other bank loans and financial loans	**DKK, NOK**	**2011**	**Floating**	**1.5-2.6**	**6**	**6**
					6	**6**
31 December 2009						
Mortgage debt						
Mortgage debt	DKK	2025	Fixed	4.3	29	29
					29	29

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		29	Other provisions		
140	**140**		Other provisions beginning of year	**148**	142
-	**-**		Provisions made during the year	**2**	7
-	**-**		Used during the year	**-**	(1)
140	**140**		**Other provisions year end**	**150**	148
			Other provisions are recognised as follows:		
140	**140**		Non-current liabilities	**150**	148
140	**140**		**Other provisions year end**	**150**	148

In connection with the divestment of the ingredients business, Chr. Hansen, in 2005, ALK-Abelló A/S has undertaken the usual representations and warranties towards the buyer. The representations and warranties expire successively over the coming years. A provision of DKK 140 million (2009: DKK 140 million) has been made to cover specific risks.

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		30	Other current liabilities		
54	**58**		**Trade payables**	**140**	134
			Other payables		
67	**61**		Salaries, holiday payments, etc.	**151**	140
-	**10**		VAT and other taxes	**32**	34
8	**4**		Acquisitions of companies and operations	**4**	15
53	**41**		Miscellaneous payables	**116**	95
128	**116**		**Total**	**303**	284

The carrying amount is equivalent to the fair value of the liabilities

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		31	Treasury shares		
168,975	**168,975**		Treasury shares beginning of year (B-shares), units	**168,975**	168,975
-	**58,000**		Purchase of treasury shares, units	**58,000**	-
168,975	**226,975**		**Treasury shares year end (B-shares), units**	**226,975**	168,975
1.7%	**2.2%**		Proportion of share capital year end	**2.2%**	1.7%
1.7	**2.2**		Nominal value year end	**2.2**	1.7
69	**73**		Market value year end	**73**	69

According to a resolution passed by the company in general meeting, the company is allowed to purchase treasury shares, equal to 10% of the share capital. The company has purchased treasury shares in connection with the issuance of share options.

32 Contingent liabilities and commitments

ALK-Abelló A/S 2009	ALK-Abelló A/S 2010		ALK Group 2010	ALK Group 2009
-	**-**	**Collaterals and guarantees**	**10**	3

Contingent liabilities and assets
The Board of Management assesses that the outcome of pending claims and other disputes will not have a material impact on the company's and the ALK Group's financial position.

In connection with the divestment of the ingredients business, Chr. Hansen, in 2005, ALK-Abelló A/S has undertaken the usual representations and warranties towards the buyer. The representations and warranties expire successively over the comming years. A provision of DKK 140 million (2009: DKK 140 million) has been recognised to cover specific risks.

Liabilities relating to research and development projects are estimated at DKK 4 million at 31 December 2010 (31 December 2009: DKK 11 million).

ALK-Abelló A/S and Chr. Hansen A/S are jointly and severally liable for the joint corporation tax for the period until 31 August 2005. At 31 August 2005, the jointly taxed companies had no current tax liability.

Commitments
For information on land and buildings provided as security vis-à-vis credit institutions, see note 16.

Guaranties
ALK-Abelló A/S has provided a guaranty to a subsidiary and a related person. The guaranty is not expected to affect the financial position of the company or the ALK Group.

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		33	**Operating lease liabilities**		
17	**14**		Mimimum lease payments recognised in the income statement	**35**	32
			The total future minimum lease payments cf. interminable lease agreements:		
12	**12**		Within 1 year	**30**	26
5	**4**		From 1 - 5 years	**30**	26
-	**-**		After 5 years	**1**	-
17	**16**		**Total**	**61**	52
		34	**Finance lease liabilities**		
			Finance lease liabilities are due as follows:		
-	**-**		Within 1 year	**3**	3
-	**-**		From 1-5 years	**10**	11
-	**-**		After 5 years	**1**	2
-	**-**		**Total**	**14**	16
-	**-**		Amortisation premium for future expensing	**1**	1
-	**-**		**Present value of finance lease liabilities**	**13**	15

35 Exchange rate, interest rate and credit exposure and the use of derivative financial instruments

Financial risk management policy
As a result of its operations, its investments and its financing, the ALK Group is exposed to exchange and interest rate changes. For further information of exchange, interest rate and credit exposure see page 16. ALK-Abelló A/S manages the ALK Group's financial risks centrally and coordinates the ALK Group's cash management, including the raising of capital and investment of excess cash. The ALK Group complies with a policy, approved by the Board of Directors, to maintain a low risk profile, ensuring that the ALK Group is only exposed to exchange rate, interest rate and credit risk in connection with its commercial activities.

Exchange rate exposure
The ALK Group mainly hedges its foreign exchange exposure through matching of payments received and paid in the same currency and through forward exchange contracts and currency options.

Interest rate exposure
The ALK Group does not hedge its interest rate exposure, as this is not considered to be financially viable.

Credit exposure
According to the Group's credit risk policy, all major customers and other business partners are credit rated regularly.

Exchange rate exposure - recognised assets and liabilities
The ALK Group uses hedging instruments in the form of forward exchange contracts and currency options to hedge recognised assets and liabilities. Hedging of recognised assets and liabilities mainly comprises cash and cash equivalents, receivables and financial liabilities.

ALK Group Amounts in DKKm	Cash and securities	Receivables	Liabilities	Amount hedged	Net position
31 December 2010					
DKK	**156**	**73**	**(328)**	**-**	**(99)**
USD	**13**	**49**	**(45)**	**-**	**17**
EUR	**67**	**221**	**(410)**	**-**	**(122)**
GBP	**4**	**32**	**(15)**	**-**	**21**
SEK	**1**	**10**	**(7)**	**-**	**4**
Other	**9**	**18**	**(7)**	**-**	**20**
Total	**250**	**403**	**(812)**	**-**	**(159)**
31 December 2009					
DKK	224	74	(321)	-	(23)
USD	8	38	(34)	-	12
EUR	131	198	(337)	-	(8)
GBP	2	36	(14)	-	24
SEK	11	10	(6)	-	15
Other	13	12	(13)	-	12
Total	389	368	(725)	-	32

Notes to the financial statements

35 Exchange rate, interest rate and credit exposure and the use of derivative financial instruments (continued)

ALK-Abelló A/S

Amounts in DKKm	Cash and securities	Receivables	Liabilities	Amount hedged	Net position
31 December 2010					
DKK	**159**	**68**	**(332)**	**-**	**(105)**
USD	**7**	**246**	**(33)**	**-**	**220**
EUR	**-**	**213**	**(151)**	**-**	**62**
GBP	**3**	**16**	**(1)**	**-**	**18**
SEK	**-**	**-**	**(12)**	**-**	**(12)**
Other	**3**	**70**	**(12)**	**-**	**61**
Total	**172**	**613**	**(541)**	**-**	**244**
31 December 2009					
DKK	223	72	(314)	-	(19)
USD	2	183	(21)	-	164
EUR	3	62	(120)	-	(55)
GBP	1	28	(4)	-	25
SEK	-	1	(1)	-	-
Other	1	57	(9)	-	49
Total	230	403	(469)	-	164

At 31 December 2010, the fair value of derivative financial instruments entered into to hedge recognised financial assets and liabilities against exchange rate exposure totals DKK 0 million (2009: DKK 0 million) for the ALK Group and DKK 0 million (2009:DKK 0 million) for ALK-Abelló A/S. The fair value of the derivative financial instruments is recognised under other payables/other receivables and set off in the income statement against exchange rate adjustments of the hedged assets and liabilities.

35 Exchange rate, interest rate and credit exposure and the use of derivative financial instruments (continued)

Exchange rate exposure - future transactions
The ALK Group hedges exchange rate exposure regarding future sales and purchases of goods in the coming six months by means of forward exchange contracts and currency options in accordance with the ALK Group's policy. Open exchange rate hedging contracts are specified as follows, where contracts for the sale of currency are stated with a positive contract value:

ALK Group

Amounts in DKKm	Term to maturity, months	Contract value	Fair value	Value adjustment recognised in equity
31 December 2010				
Forward exchange contracts, NOK	**1**	**5**	**-**	**-**
Forward exchange contracts, SEK	**1**	**3**	**-**	**-**
Total		**8**	**-**	**-**
31 December 2009				
Currency options, USD	1-3	(45)	1	-
Total		(45)	1	-

ALK-Abelló A/S

Amounts in DKKm	Term to maturity, months	Contract value	Fair value	Value adjustment recognised in equity
31 December 2010				
Forward exchange contracts, NOK	**1**	**5**	**-**	**-**
Forward exchange contracts, SEK	**1**	**3**	**-**	**-**
Total		**8**	**-**	**-**
31 December 2009				
Currency options, USD	1-3	(45)	1	-
Total		(45)	1	-

Notes to the financial statements

35 Exchange rate, interest rate and credit exposure and the use of derivative financial instruments (continued)

Interest rate exposure

On the ALK Group's financial assets and financial liabilities, the earlier of the contractual revaluation and payment dates are as follows. Effective interest rates are stated on the basis of the level of interest rates at the balance sheet date.

ALK Group

Amounts in DKKm	Revaluation/payment date Within 1 year	From 1-5 years	After 5 years	Total	Of these, fixed interest	Effective interest rate %*
31 December 2010						
Securities and receivables	**1**	**1**	**26**	**28**	**-**	
Trade receivables	**260**	**1**	**-**	**261**	**-**	
Other receivables	**113**	**1**	**-**	**114**	**-**	
Cash and cash equivalents	**250**	**-**	**-**	**250**	**160**	**0.9-1.6**
Financial assets	**624**	**3**	**26**	**653**	**160**	
Mortgage debt, bank loans and financial loans	**11**	**15**	**22**	**48**	**28**	**4.3**
Trade payables	**140**	**-**	**-**	**140**	**-**	
Other financial liabilities	**362**	**-**	**3**	**365**	**-**	
Financial liabilities	**513**	**15**	**25**	**553**	**28**	
31 December 2009						
Securities and receivables	2	-	20	22	-	
Trade receivables	228	-	-	228	-	
Other receivables	118	-	-	118	-	
Cash and cash equivalents	389	-	-	389	187	1.4-2.1
Financial assets	737	-	20	757	187	
Mortgage debt, bank loans and financial loans	5	16	25	46	29	4.3
Trade payables	134	-	-	134	-	
Other financial liabilities	319	-	-	319	-	
Financial liabilities	458	16	25	499	29	

*) Effective interest rate of fixed interest-bearing financial assets and financial liabilities.

35 Exchange rate, interest rate and credit exposure and the use of derivative financial instruments (continued)

ALK-Abelló A/S

Amounts in DKKm	Revaluation/payment date Within 1 year	From 1-5 years	After 5 years	Total	Of these, fixed interest	Effective interest rate %*
31 December 2010						
Securities and receivables	**-**	**-**	**26**	**26**	**-**	
Trade receivables	**18**	**-**	**-**	**18**	**-**	
Other receivables	**100**	**-**	**469**	**569**	**-**	
Cash and cash equivalents	**172**	**-**	**-**	**172**	**160**	**0.9-1.6**
Financial assets	**290**	**-**	**495**	**785**	**160**	
Mortgage debt, bank loans and financial loans	**7**	**6**	**21**	**34**	**28**	**4.3**
Trade payables	**58**	**-**	**-**	**58**	**-**	
Other financial liabilities	**241**	**-**	**68**	**309**	**-**	
Financial liabilities	**306**	**6**	**89**	**401**	**28**	
31 December 2009						
Securities and receivables	1	-	19	20	-	
Trade receivables	5	-	-	5	-	
Other receivables	114	264	-	378	-	
Cash and cash equivalents	230	-	-	230	187	1.4-2.1
Financial assets	350	264	19	633	187	
Mortgage debt, bank loans and financial loans	1	6	22	29	29	4.3
Trade payables	54	-	-	54	-	
Other financial liabilities	245	-	-	245	-	
Financial liabilities	300	6	22	328	29	

*) Effective interest rate of fixed interest-bearing financial assets and financial liabilities.

Notes to the financial statements

35 Exchange rate, interest rate and credit exposure and the use of derivative financial instruments (continued)

Credit exposure
The ALK Group's primary credit exposure is related to trade receivables and cash and cash equivalents. The ALK Group has no major exposure relating to any one customer or business partner. According to the ALK Group's policy for assuming credit exposure, all customers and business partners are credit rated regularly.

Embedded derivative financial instruments
The ALK Group has made a systematic review of contracts that might contain terms that would make the contract or parts thereof a derivative financial instrument. The review did not lead to recognition of derivative financial instruments relating to the contracts.

Categories of financial instruments

ALK-Abelló A/S			ALK Group	
2009	**2010**	Amounts in DKKm	**2010**	2009
362	**556**	Receivables from affiliates	**27**	51
5	**4**	Securities and receivables	**6**	7
5	**18**	Trade receivables	**261**	228
8	**2**	Miscellaneous receivables	**19**	20
380	**580**	**Loans and receivables**	**313**	306
15	**22**	Securities and receivables	**22**	15
15	**22**	**Financial assets available for sale**	**22**	15
1	**-**	Derivative financial instruments entered into to hedge future transactions	**-**	1
1	**-**	**Financial liabilities used as hedging**	**-**	1
29	**28**	Mortgage debt	**28**	29
-	**6**	Bank loans and financial loans	**20**	17
54	**58**	Trade payables	**140**	134
117	**193**	Payables to affiliates	**-**	-
128	**116**	Miscellaneous payables	**303**	284
328	**401**	**Financial liabilities measured at amortised cost**	**491**	464

Financial assets available for sale consist of unlisted shares which according to the fair value hierarchy are classified as measured by valuation methods of which material information is not based on observable market data. Financial assets used as hedging are, according to the fair value hierarchy, classified as measured by listed prices in an efficient market.

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009

36 Related parties

Related parties exercising control
Parties exercising control are ALK-Abelló A/S' principal shareholder, Lundbeckfond Invest A/S and that company's principal shareholder, the Lundbeck Foundation.

Other related parties comprise ALK-Abelló A/S' Board of Management and Board of Directors, companies in which the principal shareholders exercise control and their subsidiaries, in this case H. Lundbeck A/S and its subsidiaries.

For an overview of subsidiaries, see page 75.

Affiliates

2009	**2010**	Intra-group trading comprised:
602	**642**	Sale of goods
40	**36**	Sale of services
14	**19**	Purchase of goods
33	**39**	Purchase of services

In respect of amounts owed by and to affiliates, see the balance sheet. Interest income and expenses regarding intra-group accounts are shown in notes 10 and 11 to the financial statement.

Intra-group transactions and accounts in the ALK Group have been eliminated in the consolidated financial statements in accordance with the accounting policies.

No security or guarantees have been issued for amounts outstanding at the balance sheet date. Receivables as well as debt will be settled against payment in cash. During the financial year, no bad debt losses have been realised regarding amounts owed by related parties, nor have any provisions been made for any such doubtful debts.

Remuneration etc. to Board of Directors and Board of Management
For information on remuneration paid to the ALK Group's Board of Directors and Board of Management, see note 4 to the financial statements.

No other transactions have taken place during the year with the Board of Directors, Board of Management, other key employees, major shareholders or other related parties.

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2009	**2010**	Note	Amounts in DKKm	**2010**	2009
		37	Fees to the ALK-Abelló Group's auditors		
			Fees to the auditors, Deloitte, appointed at the general meeting:		
1	**1**		Audit	**3**	2
-	**-**		Audit related services	**-**	1
1	**2**		Tax advisory services	**2**	2
1	**-**		Other services	**1**	1
3	**3**		**Total**	**6**	6

List of companies in the ALK Group

December 31, 2010 (wholly owned unless otherwise stated). Nominal capital in 1,000.

Denmark

ALK-Abelló A/S — DKK 101,284
CVR no. 63 71 79 16
Hørsholm

ALK-Abelló Nordic A/S — DKK 500
CVR no. 31 50 12 96
Copenhagen

Sweden

ALK Sverige AB — SEK 500
Kungsbacka

Norway

ALK Sverige AB (branch)
Oslo

Finland

ALK-Abelló Nordic A/S (branch)
Helsinki

United Kingdom

ALK-Abelló Ltd. — GBP 1
Hungerford

France

ALK-Abelló S.A. — EUR 160
Courbevoie

Germany

ALK-Abelló Arzneimittel GmbH — EUR 1,790
Hamburg

ThemoCARE GmbH — EUR 25
Mönchengladbach

Austria

ALK-Abelló Allergie-Service GmbH — EUR 73
Linz

Switzerland

ALK-Abelló AG — CHF 100
Volketswil

ALK AG
Volketswil — CHF 1,000

Netherlands

ALK-Abelló B.V. — EUR 23
Nieuwegein

Artu Biologicals Europe B.V. — EUR 182
Lelystad
Wholly owned by ALK-Abelló B.V.

Artu Biologicals Onroerend Goed B.V. — EUR 18
Lelystad
Wholly owned by ALK-Abelló B.V.

Spain

ALK-Abelló S.A. — EUR 4,671
Madrid

Italy

ALK-Abelló S.p.A. — EUR 3,680
Milan
Wholly owned by ALK-Abelló S.A.

Poland

ALK-Abelló sp. z o.o — PLN 325
Warsaw

USA

ALK-Abelló, Inc. — USD 50
Austin

ALK-Abelló, Source Materials, Inc. — USD 5
Spring Mills

Canada

ALK-Abelló Pharmaceuticals, Inc. — CAD 3,000
Mississauga

China

ALK-Abelló A/S (branch)
Hong Kong

Definitions

Invested capital	Intangible assets, tangible assets, inventories and current receivables reduced by liabilities except for mortgage debt, bank loans and financial loans
Gross-margin – %	Gross profit x 100 / Revenue
EBITDA margin – %	Operating profit before depreciation and amortisation x 100 / Revenue
Net asset value per share	Equity end of period / Number of shares end of period
ROAIC – %	Return on average invested capital (Operating profit x 100 / Average invested capital)
Pay-out ratio - %	Proposed dividend x 100 / Net profit/ (loss) for the year
Earnings per share (EPS)	Net profit/ (loss) for the period / Average number of outstanding shares
Earnings per share (DEPS), diluted	Net profit/ (loss) for the period / Diluted average number of outstanding shares
Cash flow per share (CFPS)	Cash flow from operating activities / Average number of outstanding shares
Price earnings ratio (PE)	Share price / Earnings per share
CAGR	Compound annual growth rate
Markets	Geographical markets (based on customer location): • Northern Europe comprises the Nordic region, UK and the Netherlands • Central Europe comprises Germany, Austria, Switzerland, Poland and minor selected markets in Eastern Europe • Southern Europe comprises Spain, Italy, France, Greece, Portugal and minor markets in Southern Europe • Other markets comprise USA, Canada, China and rest of world

Key figures are calculated in accordance with "Recommendations and Ratios 2010" issued by the Danish Society of Financial Analysts.

Financial highlights and key ratios by the quarter for the ALK Group*

Amounts in DKKm	**2010**	Q4 unaudited	Q3 unaudited	Q2 unaudited	Q1 unaudited
Income statement					
Revenue	**2,140**	587	518	477	558
Cost of sales	**653**	173	172	153	155
Research and development expenses	**366**	95	91	93	87
Sales and marketing expenses	**743**	197	183	190	173
Administrative expenses	**208**	65	49	49	45
Net other operating income/ (Other operating expenses)	**22**	3	1	2	16
Operating profit/(loss) (EBIT)	**192**	60	24	(6)	114
Net financial items	**15**	5	(16)	19	7
Profit before tax (EBT)	**207**	65	8	13	121
Net profit	**128**	40	5	8	75
Operating profit before depreciations (EBITDA)	**287**	83	52	16	136
Average number of employees	**1,612**	1,690	1,627	1,568	1,560
Revenue by market:					
Northern Europe	**498**	146	150	94	108
Central Europe	**813**	201	191	190	231
Southern Europe	**586**	178	118	128	162
Other markets	**243**	62	59	65	57
Revenue by product line					
SCIT	**975**	260	231	220	264
SLIT	**674**	207	158	140	169
AIT	**162**	43	36	40	43
Other products	**329**	77	93	77	82
Growth in revenue in local currency by product line – %:					
SCIT	**3**	(3)	(2)	11	9
SLIT	**18**	21	33	13	7
AIT	**20**	9	20	23	30
Vaccines, total	**10**	7	10	12	10
Other products	**5**	5	1	(10)	32
Total	**9**	7	9	8	13
Balance sheet					
Total assets	**2,830**	2,830	2,701	2,680	2,726
Invested capital	**1,723**	1,723	1,806	1,649	1,504
Equity	**2,018**	2,018	1,966	1,991	1,953
Cash flow and investments					
Depreciation, amortisation and impairment	**95**	23	28	22	22
Cash flow from operating activities	**274**	183	24	(15)	82
Cash flow from investing activities	**(345)**	(70)	(204)	(41)	(30)
– of which investment in tangible assets	**(138)**	(51)	(20)	(37)	(30)
– of which acquisitions of company's and operations	**(178)**	-	(178)	-	-
Free cash flow	**(71)**	113	(180)	(56)	52
Information on shares					
Share capital	**101**	101	101	101	101
Shares in thousands of DKK 10 each	**10,128**	10,128	10,128	10,128	10,128
Share price, end quarter – DKK	**322**	322	344	339	434
Net asset value per share – DKK	**200**	199	194	197	193
Key figures					
Gross margin – %	**69**	71	67	68	72
EBITDA margin – %	**13**	14	10	3	24
Earnings per share (EPS) – DKK	**12.91**	4.04	0.50	0.81	7.55
Earnings per share (DEPS), diluted – DKK	**12.91**	4.04	0.50	0.81	7.55
Cash flow per share (CFPS) – DKK	**27.51**	18.37	2.42	(1.51)	8.25
Share price/Net asset value	**1.6**	1.6	1.8	1.7	2.3

*) Management's review comprises pages 1-27 as well as Financial highlights and key ratios for the ALK Group on flaps.

Definitions: see page 76

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