Six-month interim report (Q2) 2014 (unaudited)

Company release No. 27/2014

Performance for the period

(Comparative figures for 2013 are shown in brackets / revenue growth is measured in local currencies)

ALK's business continued to show progress in the low-season second quarter:

- Q2 revenue grew by 17% to DKK 615 million (532). Growth was driven by a 143% increase in revenue from SLIT-tablets, mainly due to milestone payments and reimbursements from partners.
- Q2 EBITDA before special items grew to DKK 109 million (a loss of 7) as a result of higher revenue and lower R&D expenses.
- Q2 cash flow from operations was an inflow of DKK 179 million (an outflow of 5). Free cash flow was an inflow of DKK 81 million (an outflow of 121).
- H1 revenue hence grew 15% to DKK 1,299 million (1,142) and EBITDA before special items was 320 million (94).
- H1 total sales of SCIT/SLIT-drops and GRAZAX® grew by 4% including 11% growth in sales of GRAZAX®.
- The Jext® adrenaline auto-injector is being re-introduced into selected markets after a temporary suspension.

Partner and pipeline activities

- SLIT-tablets GRASTEK® and RAGWITEK™: First treatments initiated in North America where the products have generated substantial awareness. Merck continues to prepare the market for the 2015 pollen seasons.
- Torii has initiated preparations for submission of a registration application for the house dust mite SLIT-tablet.
- ALK continues to target a regulatory filing of the house dust mite SLIT-tablet in Europe in the second half of 2014.

2014 financial guidance

Revenue is still expected to equal approximately DKK 2.4 billion. EBITDA is now expected at approximately DKK 450 million before special items, (previously, EBITDA was expected at approximately DKK 425 before special items and future income from product supply and sales royalties in North America).The outlook now includes an estimated income from product supply and sales royalties from SLIT-tablets in North America.

Hørsholm, 13 August 2014

ALK-Abelló A/S

Contact:
Jens Bager, President and CEO, tel. +45 4574 7576

Today, ALK hosts a conference call for analysts and investors at 2.00 p.m. (CET) at which Management will review the financial results and the outlook. The conference call will be audio cast on www.alk-abello.com/investor. Participants in the audio cast are kindly requested to call in before 1.55 p.m. (CET). Danish participants should call in on tel. +45 70 25 23 00 or +45 70 25 67 00 and international participants should call in on tel. +44 (0) 208 817 9311. Please use the following Audience Passcode: 5362 7944#. The audio cast is available live on our website, where the related presentation will be available shortly before the call begins.

FINANCIAL HIGHLIGHTS AND KEY RATIOS FOR THE ALK GROUP (unaudited)

Amounts in DKKm	H1 2014	H1 2013	Full year 2013
Income statement			
Revenue	**1,299**	1,142	2,244
Operating profit before depreciation and amortisation (EBITDA) before special items	**320**	94	258
Operating profit before depreciation and amortisation (EBITDA)	**294**	92	236
Operating profit (EBIT) before special items	**253**	32	131
Operating profit (EBIT)	**227**	30	109
Net financial items	**9**	(9)	(5)
Profit before tax (EBT)	**236**	21	104
Net profit	**139**	12	61
Average number of employees	**1,791**	1,815	1,804
Balance sheet			
Total assets	**3,318**	3,222	3,268
Invested capital	**2,178**	2,111	2,104
Equity	**2,298**	2,222	2,249
Cash flow and investments			
Depreciation, amortisation and impairment	**67**	62	127
Cash flow from operating activities	**179**	(5)	146
Cash flow from investing activities	**(98)**	(116)	(231)
- of which investment in tangible assets	**(41)**	(88)	(186)
- of which acquisitions of companies and operations	**(24)**	-	-
Free cash flow	**81**	(121)	(85)
Information on shares			
Share capital	**101**	101	101
Shares in thousands of DKK 10 each	**10,128**	10,128	10,128
Share price, end of period – DKK	**842**	438	614
Net asset value per share – DKK	**227**	219	222
Key figures			
Gross margin – %	**72**	70	69
EBITDA margin before special items – %	**25**	8	11
EBITDA margin – %	**23**	8	11
Earnings per share (EPS) – DKK	**14.4**	1.2	6.3
Earnings per share (DEPS), diluted – DKK	**14.0**	1.2	6.2
Cash flow per share (CFPS) – DKK	**18.5**	(0.5)	15.1
Share price/Net asset value	**3.7**	2.0	2.8

Definitions: see last page

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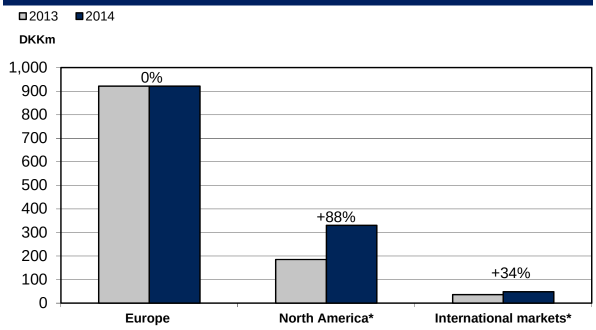
INCOME STATEMENT

Q2 2013	%	Q2 2014	%	Amounts in DKKm	H1 2014	%	H1 2013	%
532	*100*	615	*100*	Revenue	1,299	*100*	1,142	*100*
181	*34*	186	*30*	Cost of sales	365	*28*	345	*30*
351	*66*	**429**	*70*	**Gross profit**	**934**	*72*	797	*70*
136	*26*	97	*16*	Research and development expenses	190	*15*	272	*24*
251	*47*	258	*42*	Sales, marketing and administrative expenses	491	*38*	491	*43*
(2)	*(0)*	-	-	Other operating income and expenses	-	-	(2)	*(0)*
(38)	*(7)*	**74**	*12*	**Operating profit/(loss) (EBIT) before special items**	**253**	*19*	32	*3*
(2)	*(0)*	(21)	*(3)*	Special items	(26)	*(2)*	(2)	*(0)*
(40)	*(7)*	**53**	*9*	**Operating profit/(loss) (EBIT)**	**227**	*17*	30	*3*
(12)	*(2)*	-	-	Net financial items	9	*1*	(9)	*(1)*
(52)	*(9)*	**53**	*9*	**Profit/(loss) before tax (EBT)**	**236**	*18*	21	*2*
(22)	*(4)*	22	*4*	Tax on profit	97	*7*	9	*1*
(30)	*(6)*	**31**	*5*	**Net profit/(loss)**	**139**	*11*	12	*1*
(7)	*(1)*	**109**	*18*	**Operating profit/(loss) before depreciation and amortisation (EBITDA) before special items**	**320**	*25*	94	*8*
(9)	*(2)*	**88**	*14*	**Operating profit/(loss) before depreciation and amortisation (EBITDA)**	**294**	*23*	92	*8*

BUSINESS REVIEW

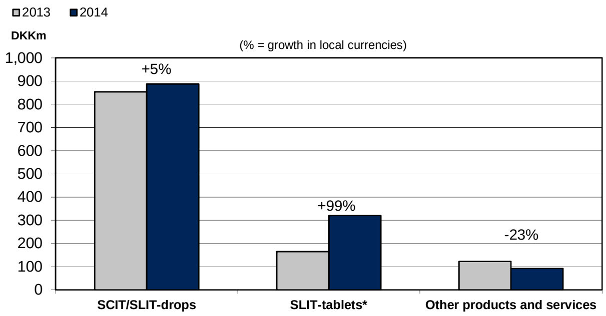
(*Comparative figures for 2013 are shown in brackets / Revenue growth rates are stated as growth in local currencies, unless otherwise indicated*)

Revenue H1 by market



* Revenue from North America and International markets also includes income from partners, such as milestone payments, product supply, sales royalties, etc.

Revenue H1 by product line



* Revenue from SLIT-tablets also includes income from partners, such as milestone payments, product supply, sales royalties, etc.

Highlights

In Q2, revenue grew by 17% to DKK 615 million (532) as ALK recorded triple-digit growth in revenue from SLIT-tablets predominantly due to milestone payments from partners and a 3% increase in revenue from SCIT/SLIT-drops. Revenue from other products and services was down 20% due to low sales of Jext® following an earlier temporary suspension of marketing and sales.

Operating profit (EBITDA) before special items was DKK 109 million (a loss of 7) and yielded an EBITDA margin of 18% (-1). ALK benefited from higher revenue, including two milestone payments from partners and lower R&D expenses following completion of certain development activities.

Half-year (H1) revenue was DKK 1,299 million (1,142) and EBITDA before special items was 320 million (94). The growth of 15% in revenue was mainly attributable to partner revenues from North America and International markets.

Revenue by geographies

Europe
Q2 revenue in Europe declined by 3% to DKK 414 million (430). Hence, Europe accounted for 67% of Group revenue (81%).

The decline was mainly due to the Jext® adrenaline auto-injector that is now being re-introduced into selected markets after a temporary suspension of marketing and sales. Disregarding Jext® sales, which were particularly strong in Q2-Q3 2013, revenue showed a modest growth of less than 1%, reflecting the continued mixed market conditions in a number of countries.

SCIT and SLIT-tablet sales developed positively and showed growth rates of 6% and 9%, respectively, mainly driven by Germany and the northern European countries. ALK is estimated to have performed slightly better than the markets.

As expected, sales of SLIT-drops continued to decline in most markets, except for France. As expected, the steepest decline was recorded in the Netherlands which in isolation affected ALK's European growth negatively by 2 percentage points.

H1 revenue in Europe amounted to DKK 921 million (921) after growth of less than 1%.

North America
Q2 revenue in North America grew by 117% to DKK 169 million (84). North America thus accounted for 28% (16) of Group revenue.

ALK increased sales of allergen extracts and other products to North American specialists and clinics by 16%. Bio-Medical Services, a laboratory specialising in treating allergic diseases in animals, which ALK acquired in Q1, contributed positively.

Income from the partnership with Merck increased from DKK 14 million to DKK 94 million. Partner income included two milestone payments recognised in April upon the FDA's approvals of GRASTEK® and RAGWITEK™ as well as limited product supply and sales royalties.

H1 revenue in North America amounted to DKK 330 million (185) corresponding to 88% growth.

International markets
Q2 revenue in International markets increased by 71% to DKK 32 million (18) accounting for 5% of Group revenue (3). Growth was driven by partner income from Torii in Japan (reimbursement of R&D activities) while revenues from China were positively affected by an upfront payment associated with the initiation of the collaboration with Eddingpharm in April.

According to the agreement, Eddingpharm has started handling sales and distribution in China of ALK's SCIT product Alutard SQ® and the skin-prick test Soluprick®, both products targeting house dust mite allergy. The collaboration with Eddingpharm is expected to accelerate growth in China as it secures a threefold increase in sales force size.

H1 revenue in International markets amounted to DKK 48 million (36) following 34% growth.

Revenue by product lines

SCIT and SLIT-drops
Revenue from SCIT and SLIT-drops grew by 3% in Q2 to DKK 408 million (399). SCIT and SLIT-drops accounted for 66% (75) of Group revenue.

SCIT sales continued to show double-digit growth in Germany. The easing of a mandatory sales rebate from 1 January on all prescription drugs also contributed positively to this development. Sales trends were also positive in most other European markets and in North America. The upfront payment from Eddingpharm also contributed positively to the development.

As mentioned above, SLIT-drop sales continued to progress in France, but declined in other markets in central and southern Europe following a trend to change reimbursement and documentation requirements with the ultimate view to phase out unregistered allergy immunotherapy products. This trend favours ALK's sales of clinically validated SLIT-tablets and SCIT products.

H1 revenue from SCIT and SLIT-drops was DKK 887 million (854) following 5% growth.

SLIT-tablets
Revenue from SLIT-tablets grew by 143% in Q2 to DKK 155 million (66), mainly due to milestone payments and reimbursements from partners. SLIT-tablets thus accounted for 25% (12) of Group revenue.

In Europe, sales of GRAZAX® increased by 9% to DKK 56 million (51), sustaining the trend from recent quarters.

North American tablet revenue increased by 694% to DKK 94 million (14). Growth was mainly due to two milestone payments from Merck while revenues from product supply and sales royalties as expected were limited in the market-building phase.

Following the FDA approvals in April, GRASTEK® and RAGWITEK™ are now available in pharmacies throughout the USA and Canada and the first treatments have been initiated. Merck is introducing the tablets to allergy specialists as new treatment options for patients suffering from moderate to severe allergies, who are poorly controlled on symptom-relieving pharmacotherapies and who refuses allergy shots (SCIT). Merck focuses in particular on the estimated 4.5 million eligible patients either having refused allergy shots or having abandoned treatment due to e.g. inconvenience or fear of needles.

As the launches took place during May and treatment must be initiated at least 12 weeks before the pollen seasons start, ALK and Merck only expect limited sales in 2014. As a result, 2014 will largely be devoted to sales efforts ahead of the 2015 pollen seasons.

H1 revenue from SLIT-tablets was DKK 320 million (165) following 99% growth.

Other products and services
Q2 revenue from other products and services (adrenaline auto-injectors, diagnostics and others) decreased by 20% to DKK 52 million (67), accounting for 9% (13) of Group revenue.

The decrease was solely caused by Jext® whereas revenue from other products increased.

H1 revenue from other products and services fell 23% to DKK 92 million (123) due to Jext®.

PIPELINE AND PARTNERSHIPS

ALK's own pipeline activities and the pipeline activities under the partnerships with Merck and Torii for North America and Japan, respectively, continue to advance:

ALK's pipeline activities in Europe
ALK targets a regulatory filing of the house dust mite SLIT-tablet in Europe in the second half of the year. The filing will be based on last year's pivotal results from two successfully completed Phase III clinical trials into both manifestations of house dust mite-induced respiratory allergic diseases – allergic asthma and allergic rhinitis. The MITRA trial into allergic asthma showed a 34% reduction in the patients' risk of suffering moderate-to-severe asthma exacerbations during the withdrawal of inhaled corticosteroids. The MERIT trial showed a 22% reduction in the combined rhinitis symptom and medication score and patients experienced significantly fewer days with severe symptoms.

ALK's other clinical development activities, including the *GRAZAX® Asthma Prevention* (GAP) clinical trial continue to progress as planned.

Partnership with Merck for North America
ALK's partnership with Merck (known as MSD outside the USA and Canada) covers the development, registration and commercialisation of SLIT-tablets against grass pollen, ragweed pollen and house dust mite allergy in the USA, Canada and Mexico.

Late April, GRASTEK® for the treatment of grass pollen-induced allergic rhinitis and RAGWITEK™ for the treatment of ragweed pollen-induced allergic rhinitis were launched in the USA. In May, RAGWITEK™ was also launched in Canada where GRASTEK® has been marketed since the beginning of the year.

Simultaneously, Merck conducts a Phase III clinical trial in the USA and Canada to investigate the safety and efficacy of a SLIT-tablet in the treatment of house dust mite-induced allergic rhinitis. The trial is expected to complete in 2015 and may form the basis for a Biologic License Application (BLA) to the FDA in the USA. Initiation of patient dosing entitled ALK to a milestone payment from Merck which was recognised in Q1.

Under the partnership with Merck, ALK may receive up to DKK 1.6 billion (USD 290 million) in milestone payments, of which DKK 500 million has been recognised in 2007-14. In addition, ALK is entitled to royalty payments on net sales as well as payments for product supply. Merck incurs all costs of clinical development, registration, marketing and sales of the products. ALK is responsible for tablet production and supply.

Partnership with Torii for Japan
The partnership with Torii primarily covers the development, registration and commercialisation in Japan of SLIT-tablets against house dust mite allergy and Japanese cedar allergy. It also covers a SCIT product and diagnostic products against house dust mite allergy.

Torii has initiated preparations for submission of a registration application within the next 6-10 months for the house dust mite SLIT-tablet with indication of house dust mite-induced allergic rhinitis. Torii conducted two pivotal Phase II/III trials into the house dust mite SLIT-tablet. The first trial, reported in March, was a success and showed a significantly lower Total Combined Rhinitis Score for patients suffering from allergic rhinitis (hay fever). The second trial into allergic asthma, which was reported in June, did not meet its primary endpoint of showing significantly lower risk of moderate to severe asthma exacerbations.

Simultaneously, Torii is preparing a Phase II/III trial with a SLIT-tablet against Japanese cedar pollen-induced allergic rhinitis.

Under the agreement with Torii, ALK may receive up to DKK 450 million (EUR 60 million) in upfront and development milestone payments, of which approximately DKK 340 million has been recognised in 2011-14. In addition, ALK is entitled to royalty payments and sales milestones on the products' net sales. Torii incurs all costs of clinical development, registration, marketing and sales of the products. ALK is responsible for production and supply.

Partnership with Abbott for emerging markets
The partnership covers supply and marketing of ALK's SLIT-tablets in selected emerging markets. Abbott obtains exclusive rights to distribute and commercialise tablets covering grass, ragweed, tree and house dust mite allergies.

The partnership adds ALK's SLIT-tablets, which mirrors the most prevalent allergies, to Abbott's strong franchise of respiratory products. ALK anticipates that the portfolio of SLIT-tablets will be launched over a period of several years, beginning in 2017.

Under the agreement, Abbott and ALK will share the revenue generated and Abbott will, in addition, pay royalties on net sales. ALK will be the market authorisation holder and supply tablets to Abbott at agreed prices.

Partnerships for other markets
A key part of ALK's strategy is to globalise allergy immunotherapy through various growth initiatives, including partnerships. To sustain growth in revenue and earnings, ALK aims to make SLIT-tablets available globally, either directly or in partnership with other companies, and to promote wider knowledge of allergy immunotherapy. Hence, ALK continues to evaluate partnerships and initiatives for a broad range of new markets.

FINANCIAL REVIEW OF H1 2014

(*Comparative figures for H1 2013 are shown in brackets. / Revenue growth rates are stated as growth in local currencies, unless otherwise indicated*)

Revenue in H1 grew by 15% to DKK 1,299 million (1,142). Developments in exchange rates impacted revenue reported growth negatively by 1 percentage point.

Cost of sales totalled DKK 365 million (345) and gross profit was DKK 934 million (797), which corresponds to a gross margin of 72% (70). The improved margin was mainly due to the three milestone payments from Merck.

Capacity costs decreased by 11% to DKK 681 million (763). Research and development expenses decreased 30% and corresponded to 15% of revenue (24), reflecting the planned normalisation of R&D expenses following the completion of a number of clinical development activities. Sales and marketing expenses and administrative expenses were unchanged despite an increased activity level for the preparation of the house dust mite SLIT-tablet launch in Europe and the acquisition of Bio-Medical Services.

Generally, ALK maintains a strong focus on the strategic initiatives under the *Simplify* programme to drive efficiency improvements and reduce costs.

EBITDA (operating profit before depreciation and amortisation) improved to DKK 294 million (92) after special items of DKK 26 million (2). The special items relate to on-going restructuring activities under the *Simplify* programme. The significant improvement of the EBITDA margin to 23% (8) was largely a result of lower R&D expenses and milestone payments. Exchange rates did not materially affect EBITDA.

Net financials were a gain of DKK 9 million (a loss of 9), primarily related to the net gain of shares sold in DBV Technologies.

Tax on the profit totalled DKK 97 million (9), corresponding to an effective tax rate of 41% (43). The relatively high effective tax rate is a result of the geographical distribution of income in the Group.

The **net profit** for the period was DKK 139 million (12).

Cash flow from operating activities was an inflow of DKK 179 million (an outflow of 5). The increase was primarily driven by the growth in net profit.

Cash flow from investment activities was an outflow of DKK 98 million (116) relating to the acquisition of Bio-Medical Services in Q1 and the continued build-up of capacity for tablet production.

Free cash flow was an inflow of DKK 81 million (an outflow of 121). Cash flow from financing was an outflow of DKK 93 million (57) relating to the dividend payment of DKK 5 per share after the AGM and net cash settlement of share options. ALK did not acquire **own shares** during the first half-year. At the end of June, ALK held 468,349 of its **own shares** or 4.6% of the share capital.

At the end of June, **cash and cash equivalents** totalled DKK 299 million vs. DKK 312 million at the end of 2013 and DKK 293 million at the end of June 2013.

Equity totalled DKK 2,298 million (2,222) at the end of the period, and the equity ratio was 69% (69).

OUTLOOK FOR 2014

Following the recognition of three product development milestone payments from Merck and the better than expected financial performance in Q1, ALK adjusted its financial guidance on May 8. This adjusted outlook has now been updated to reflect an estimated income stream from SLIT-tablets in North America for the remainder of the year:

Revenue is still expected to equal approximately DKK 2.4 billion.

EBITDA is now expected at approximately DKK 450 million before special items (previously, EBITDA was expected at approximately DKK 425 million before special items and future income from product supply and sales royalties in North America). The outlook now includes an estimated income from product supply and sales royalties from SLIT-tablets in North America. As previously stated, income from product supply and sales royalties in North America is expected to be modest as 2014 is an educational year where Merck builds the market ahead of the 2015 pollen seasons. The on-going simplification of ALK's production and business structures is expected to entail restructuring costs, which will be reported in a special items line.

CAPEX is expected to total approximately DKK 200 million. Free cash flow is expected to be positive.

The outlook is based on current exchange rates.

MANAGEMENT

ALK has appointed Helle Skov as Executive Vice President (Product Supply) and member of the Board of Management. Helle Skov will join ALK on 1 October 2014 and will be responsible for Product Supply including the sites in Denmark, Spain, France, the Netherlands and the USA.

Helle Skov has gained significant experience in managing international pharmaceutical production from her current position as Vice President and Head of Global Supply Chain at Takeda as well as her previous positions with Nycomed and Novo Nordisk.

RISK FACTORS

This interim report contains forward-looking statements, including forecasts of future revenue and operating profit as well as expected business-related events. Such statements are naturally subject to risks and uncertainties as various factors, some of which are beyond the control of ALK, may cause actual results and performance to differ materially from the forecasts made in this interim report. Without being exhaustive, such factors include e.g., general economic and business-related conditions, including legal issues, uncertainty relating to demand, pricing, reimbursement rules, partners' plans and forecasts, fluctuations in exchange rates, competitive factors and reliance on suppliers. An additional factor is potential side effects from the use of ALK's existing and future products, as allergy immunotherapy may be associated with allergic reactions of differing extents, durations and severity.

2014 Financial calendar

Silent period	17 October
Nine-month interim report (Q3)	14 November

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STATEMENT BY THE MANAGEMENT

The Board of Directors and Board of Management today considered and approved the interim report of ALK-Abelló A/S for the period 1 January to 30 June 2014.

The interim report has been prepared in accordance with IAS 34 ‘Interim financial reporting’ as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies. As in previous years, the interim report has not been subject to audit or review.

In our opinion, the interim report gives a true and fair view of the Group’s assets, equity and liabilities, financial position, results of operations and cash flows for the period 1 January to 30 June 2014. Moreover, in our opinion, the interim report gives a true and fair view of developments in the Group’s activities and financial position and describes significant risk and uncertainty factors that may affect the Group.

Hørsholm, 13 August 2014

Board of Management

Jens Bager President and CEO	Henrik Jacobi Executive Vice President Research & Development	Søren Daniel Niegel Executive Vice President Commercial Operations
Flemming Pedersen CFO & Executive Vice President Finance, IT, IR & Business Development		

Board of Directors

Steen Riisgaard Chairman	Christian Dyvig Vice Chairman	Jacob Kastrup
Thorleif Krarup	Anders Gersel Pedersen	Jakob Riis
Dorthe Seitzberg	Lene Skole	Katja Barnkob Thalund

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INCOME STATEMENT FOR THE ALK GROUP (unaudited)

Q2 2013	Q2 2014	Amounts in DKKm	H1 2014	H1 2013
532	615	Revenue	1,299	1,142
181	186	Cost of sales	365	345
351	**429**	**Gross profit**	**934**	797
136	97	Research and development expenses	190	272
202	207	Sales and marketing expenses	393	395
49	51	Administrative expenses	98	96
2	-	Other operating expenses	-	2
(38)	**74**	**Operating profit/(loss) (EBIT) before special items**	**253**	32
(2)	(21)	Special items	(26)	(2)
(40)	**53**	**Operating profit/(loss) (EBIT)**	**227**	30
(12)	-	Net financial items	9	(9)
(52)	**53**	**Profit/(loss) before tax (EBT)**	**236**	21
(22)	22	Tax on profit	97	9
(30)	**31**	**Net profit/(loss)**	**139**	12
(3.11)	3.21	Earnings per share (EPS) – DKK	14.39	1.24
(3.08)	3.13	Earnings per share (DEPS), diluted – DKK	14.04	1.23

STATEMENT OF COMPREHENSIVE INCOME (unaudited)

Q2 2013	Q2 2014	Amounts in DKKm	H1 2014	H1 2013
(30)	**31**	**Net profit/(loss) for the period**	**139**	12
		Other comprehensive income		
		Items that will be reclassified subsequently to the Income statement, when specific conditions are met:		
-	3	Foreign currency translation adjustment of foreign subsidiaries	3	1
(2)	-	Net fair value adjustment of financial assets available for sale	-	-
-	1	Cash flow hedges, deferred gain/loss incurred during the period	-	-
-	-	Gain on sale of financial assets available for sale recognised in financial income	(10)	-
1	-	Tax related to other comprehensive income	3	-
(1)	**4**	**Other comprehensive income**	**(4)**	1
(31)	**35**	**Total comprehensive income**	**135**	13

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CASH FLOW STATEMENT FOR THE ALK GROUP (unaudited)

Amounts in DKKm	H1 2014	H1 2013
Net profit	**139**	12
Adjustments:		
Tax on profit	97	9
Financial income and expenses	(9)	9
Share-based payments	6	7
Depreciation, amortisation and impairment	67	62
Change in provisions	6	(33)
Change in working capital	(64)	(8)
Net financial items, paid	13	4
Income taxes, paid	(76)	(67)
Cash flow from operating activities	**179**	(5)
Acquisitions of companies and operations	(24)	-
Additions, intangible assets	(39)	(28)
Additions, tangible assets	(41)	(88)
Change in other financial assets	6	-
Cash flow from investing activities	**(98)**	(116)
Free cash flow	**81**	(121)
Dividend paid to shareholders of the parent	(49)	(49)
Purchase of treasury shares	-	(6)
Exercise of share options	(43)	-
Change in financial liabilities	(1)	(2)
Cash flow from financing activities	**(93)**	(57)
Net cash flow	**(12)**	(178)
Cash and cash equivalents at 1 January	312	477
Unrealised gain/(loss) on foreign currency and financial assets carried as cash and cash equivalents	(1)	(6)
Net cash flow	(12)	(178)
Cash and cash equivalents at 30 June	**299**	293

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.

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BALANCE SHEET - ASSETS FOR THE ALK GROUP (unaudited)

Amounts in DKKm	30 June 2014	31 Dec. 2013	30 June 2013
Non-current assets			
Intangible assets			
Goodwill	412	407	409
Other intangible assets	305	267	250
	717	674	659
Tangible assets			
Land and buildings	673	610	632
Plant and machinery	333	265	265
Other fixtures and equipment	61	60	61
Property, plant and equipment in progress	336	470	407
	1,403	1,405	1,365
Other non-current assets			
Securities and receivables	7	24	55
Deferred tax assets	140	136	93
	147	160	148
Total non-current assets	**2,267**	2,239	2,172
Current assets			
Inventories	359	336	297
Trade receivables	245	224	248
Receivables from affiliates	57	57	61
Income tax receivables	11	12	67
Other receivables	50	58	51
Prepayments	30	30	33
Cash and cash equivalents	299	312	293
Total current assets	**1,051**	1,029	1,050
Total assets	**3,318**	3,268	3,222

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BALANCE SHEET - EQUITY AND LIABILITIES FOR THE ALK GROUP (unaudited)

Amounts in DKKm	30 June 2014	31 Dec. 2013	30 June 2013
Equity			
Share capital	101	101	101
Currency translation adjustment	(24)	(27)	(8)
Retained earnings	2,221	2,175	2,129
Total equity	**2,298**	2,249	2,222
Liabilities			
Non-current liabilities			
Mortgage debt	21	22	23
Bank loans and financial loans	300	300	302
Pensions and similar liabilities	153	147	146
Other provisions	8	15	7
Deferred tax liabilities	29	33	30
	511	517	508
Current liabilities			
Mortgage debt	2	2	2
Bank loans and financial loans	3	3	3
Trade payables	78	100	93
Income taxes	53	28	13
Other provisions	41	34	19
Other payables	332	335	362
	509	502	492
Total liabilities	**1,020**	1,019	1,000
Total equity and liabilities	**3,318**	3,268	3,222

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EQUITY FOR THE ALK GROUP (unaudited)

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
Equity at 1 January 2014	**101**	**(27)**	**2,175**	**2,249**
Net profit	-	-	139	139
Other comprehensive income	-	3	(7)	(4)
Total comprehensive income	**-**	**3**	**132**	**135**
Share-based payments	-	-	6	6
Share options settled	-	-	(43)	(43)
Dividend paid	-	-	(51)	(51)
Dividends on treasury shares	-	-	2	2
Other transactions	**-**	**-**	**(86)**	**(86)**
Equity at 30 June 2014	**101**	**(24)**	**2,221**	**2,298**

Equity at 1 January 2013	101	(9)	2,165	2,257
Net profit	-	-	12	12
Other comprehensive income	-	1	-	1
Total comprehensive income	-	1	12	13
Share-based payments	-	-	7	7
Purchase of treasury shares	-	-	(6)	(6)
Dividend paid	-	-	(51)	(51)
Dividends on treasury shares	-	-	2	2
Other transactions	-	-	(48)	(48)
Equity at 30 June 2013	101	(8)	2,129	2,222

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NOTES (unaudited)

1 ACCOUNTING POLICIES

The interim report for the period 1 January to 30 June 2014 is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The additional Danish disclosure requirements are defined in the Danish Executive Order on Interim Reports issued under the Danish Financial Statements Act. The accounting policies are unchanged compared to the Annual Report 2013, except for all new, amended or revised accounting standards and interpretations effective from 1 January 2014. These have no material impact on the interim report. Please see the Annual Report 2013 for a more detailed description of the Group's accounting policies.

2 REVENUE

	Europe		North America		International markets		Total	
Amounts in DKKm	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013	H1 2014	H1 2013
SCIT/SLIT-drops	755	740	93	88	39	26	887	854
SLIT-tablets	122	111	190	52	8	2	320	165
Other products and services	44	70	47	45	1	8	92	123
Total revenue	**921**	921	**330**	185	**48**	36	**1,299**	1,142

	H1 2014	H1 2013
Sale of goods	1,085	1,079
Royalties	2	1
Milestone and upfront payments	178	36
Services	34	26
Total revenue	**1,299**	1,142

	Europe		North America		International markets		**Total**	
Growth, H1 2014	Growth local currencies	Growth	Growth local currencies	Growth	Growth local currencies	Growth	**Growth local currencies**	**Growth**
SCIT/SLIT-drops	*2%*	*2%*	*11%*	*6%*	*55%*	*50%*	***5%***	***4%***
SLIT-tablets	*11%*	*10%*	*285%*	*265%*	*248%*	*300%*	***99%***	***94%***
Other products and services	*-36%*	*-37%*	*11%*	*4%*	*-91%*	*-88%*	***-23%***	***-25%***
Total revenue	***0%***	***0%***	***88%***	***78%***	***34%***	***33%***	***15%***	***14%***

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NOTES (unaudited)

2 REVENUE (CONTINUED)

Amounts in DKKm	Europe Q2 2014	Europe Q2 2013	North America Q2 2014	North America Q2 2013	International markets Q2 2014	International markets Q2 2013	Total Q2 2014	Total Q2 2013
SCIT/SLIT-drops	332	337	50	45	26	17	408	399
SLIT-tablets	56	51	94	14	5	1	155	66
Other products and services	26	42	25	25	1	-	52	67
Total revenue	**414**	430	**169**	84	**32**	18	**615**	532

	Q2 2014	Q2 2013
Sale of goods	498	517
Royalties	2	1
Milestone and upfront payments	97	-
Services	18	14
Total revenue	**615**	532

Growth, Q2 2014	Europe Growth local currencies	Europe Growth	North America Growth local currencies	North America Growth	International markets Growth local currencies	International markets Growth	**Total Growth local currencies**	**Total Growth**
SCIT/SLIT-drops	*-1%*	*-1%*	*16%*	*11%*	*61%*	*53%*	***3%***	***2%***
SLIT-tablets	*9%*	*10%*	*694%*	*571%*	*221%*	*400%*	***143%***	***135%***
Other products and services	*-36%*	*-38%*	*8%*	*0%*	*-57%*	-	***-20%***	***-22%***
Total revenue	***-3%***	***-4%***	***117%***	***101%***	***71%***	***78%***	***17%***	***16%***

3 SPECIAL ITEMS

Q2 2013	Q2 2014	Amounts in DKKm	H1 2014	H1 2013
1	20	Severance pay etc.	24	1
1	1	Other restructuring expenses	2	1
2	**21**	**Total**	**26**	2

Special items represent one-off costs associated with the initiatives to streamline the business structure under the *Simplify* programme initiated in 2012.

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NOTES (unaudited)

4 KEY CURRENCIES AND CURRENCY SENSITIVITY

Average exchange rates	H1 2014	H1 2013
USD	5.44	5.69
GBP	9.09	8.79

Sensitivity in the event of a 10% increase in exchange rates (full year effect)

Amounts in DKKm	Revenue	EBITDA
USD	approx. + 50	approx. + 20
GBP	approx. + 5	approx. 0

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

5 ACQUISITIONS OF COMPANIES AND OPERATIONS

In 2014, ALK took over the activities from the company Bio-Medical Services. The acquisition is a part of the Focus 2016 growth strategy and was made with effect as of 12 February 2014. The activities have been fully integrated in ALK's US subsidiary. Bio-Medical Services is a veterinary reference laboratory specialising in allergy testing and treatment for dogs, cats and horses in the USA.

Statement of acquired net assets and cash purchase price:

Amounts in DKKm	Fair value on acquisition
Bio-Medical Services	
Property, plant and equipment	1
Other intangible assets	17
Acquired net assets	**18**
Goodwill	6
Cash purchase price	**24**
Elements of cash purchase price	
Cash	21
Other provisions	3
Total	**24**

The purchase price allocation is preliminary.

After recognition of identifiable assets and liabilities at fair value, goodwill related to the acquisition in 2014 has been calculated at DKK 6 million. The balance represents the value of assets, the fair value of which cannot be measured reliably, future growth potential and the value of acquired employees.

Out of the ALK Group's revenue of DKK 1,299 million for the first six months of 2014, DKK 6 million is attributable to sales generated by the acquired operations after the acquisition date.

Had the activities in Bio-Medical Services been consolidated from 1 January 2014, the contribution to revenue and profit would have been DKK 8 million and less than DKK 1 million respectively.

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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 at end of period / Number of shares at end of period*
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*
Markets	Geographical markets (based on customer location): - Europe comprises the EU, Norway and Switzerland - North America comprises the USA and Canada - International Markets comprise Japan, China and all other countries

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

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