Annual report 2008

ALK ABELLÓ

Contents

Financial highlights and key ratios for the ALK Group

Amounts in DKK/EURm**	**DKK 2008**	DKK 2007	**EUR 2008**	EUR 2007
Income statement				
Revenue	**1,784**	1,652	**239**	222
Operating profit before depreciations (EBITD)	**205**	298	**28**	40
Operating profit (EBIT)	**119**	218	**16**	29
Net financial items	**38**	14	**5**	2
Profit before tax (EBT)	**157**	232	**21**	31
Net profit, continuing operations	**95**	140	**13**	19
Net profit *	**95**	177	**13**	24
Average number of employees	**1,454**	1,392	**1,454**	1,392
Balance sheet				
Total assets	**2,538**	2,821	**341**	379
Invested capital	**1,367**	1,050	**183**	141
Equity	**1,862**	2,112	**250**	283
Cash flow and investments				
Depreciations, amortization and impairment	**86**	80	**12**	11
Cash flow from operating activities	**189**	362	**25**	49
Cash flow from investing activities	**(397)**	(172)	**(53)**	(23)
– of which investment in tangible assets	**(364)**	(164)	**(49)**	(22)
Free cash flow	**(208)**	190	**(28)**	26
Information on shares				
Proposed dividend	**51**	330	**7**	44
Share capital	**101**	101	**14**	14
Shares in thousands of DKK 10 each	**10,128**	10,128	**10,128**	10,128
Share price, end of year – DKK/EUR	**520**	600	**70**	81
Net asset value per share – DKK/EUR	**184**	209	**25**	28
Key figures				
Gross margin – %	**70.5**	69.8	**70.5**	69.8
EBIT margin – %	**6.7**	13.2	**6.7**	13.2
ROAIC – %	**9.8**	21.3	**9.8**	21.3
Pay-out ratio – %	**54**	186	**54**	186
Earnings per share (EPS) – DKK/EUR	**9.5**	14.0	**1.3**	1.9
Diluted earnings per share (DEPS) – DKK/EUR	**9.5**	13.9	**1.3**	1.9
Cash flow per share (CFPS) – DKK/EUR	**18.9**	36.1	**2.5**	4.8
Price earnings ratio (PE)	**55**	43	**55**	43
Share price/Net asset value	**2.8**	2.9	**2.8**	2.9
Revenue growth – %				
Organic growth	**10**	10	**10**	10
Exchange rate differences	**(2)**	(1)	**(2)**	(1)
Total growth	**8**	9	**8**	9

*) Net profit for 2007 includes adjustment to net profit in connection with the sale of the ingredients business, Chr. Hansen in 2004/05.

**) 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 December 31, 2008 (EUR 100 = DKK 745).

Definitions: see back cover

Financial highlights and key ratios for the ALK Group

Amounts in DKKm	**2008**	2007	2006 (12 M) unaudited	2006 (4 M)	2005/06	2004/05
Income statement						
Revenue	**1,784**	1,652	1,519	563	1,489	1,217
Operating profit before depreciations (EBITD)	**205**	298	25	2	126	59
Exceptional items	**-**	-	(40)	(40)	-	(46)
Operating profit/(loss) (EBIT)	**119**	218	(55)	(28)	53	2
Net financial items	**38**	14	27	10	40	(68)
Profit/(loss) before tax (EBT)	**157**	232	(28)	(18)	93	(66)
Net profit/(loss) continuing operations	**95**	140	(36)	(20)	44	(68)
Net profit/(loss)*	**95**	177	(36)	(20)	44	4,348
Average number of employees	**1,454**	1,392	1,263	1,314	1,227	1,027
Balance sheet						
Total assets	**2,538**	2,821	2,731	2,731	2,789	6,915
Invested capital	**1,367**	1,050	1,000	1,000	890	594
Equity	**1,862**	2,112	2,024	2,024	2,094	6,208
Cash flow and investments						
Depreciations, amortization and impairment	**86**	80	80	30	73	57
Cash flow from operating activities	**189**	362	(2)	(39)	60	175
Cash flow from investing activities	**(397)**	(172)	(389)	(41)	(370)	30
Free cash flow	**(208)**	190	(391)	(80)	(310)	205
Information on shares						
Proposed dividend	**51**	330	n/a	20	51	4,050
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 – DKK	**520**	600	1,410	1,410	765	951
Net asset value per share – DKK	**184**	209	200	200	207	613
Key figures						
Gross margin – %	**70.5**	69.8	66.8	68.9	66.6	66.1
EBIT margin – %	**6.7**	13.2	(3.6)	(5.0)	3.6	0.2
ROAIC – %	**9.8**	21.3	(6.7)	(3.0)	7.1	0.1
Pay-out ratio – %	**54**	186	n/a	(100)	116	93
Earnings per share (EPS) – DKK	**9.5**	14.0	(3.6)	(2.0)	2.4	425.4
Cash flow per share (CFPS) – DKK	**18.9**	36.1	(0.2)	(3.9)	5.9	17.3
Price earnings ratio (PE)	**55**	43	(392)	(705)	319	(90)
Share price/Net asset value	**2.8**	2.9	7.0	7.0	3.7	1.6
Revenue growth – %						
Organic growth	**10**	10	n/a	6	9	15
Exchange rate differences	**(2)**	(1)	n/a	-	-	(1)
Acquisitions	**-**	-	n/a	-	13	1
Total growth	**8**	9	n/a	6	22	15

*) Net profit for 2007 and 2004/05 includes net profit in connection with the sale of the ingredients business, Chr. Hansen.

Definitions: see back cover

To our shareholders

Dear shareholder,

The year 2008 will have an important place in history books as the year when the world economy was hit by a profound crisis on the financial markets and by a subsequent global recession, whose scope and duration are as yet unknown.

For ALK, 2008 was a good year with breakthrough research results and satisfactory financial results. We generated 12% organic growth in sales of allergy vaccines and a five-fold increase of the underlying operating profit (EBIT), which – before contributions from Schering-Plough – went to DKK 91 million in 2008 from DKK 19 million in 2007. This is in line with our forecasts.

Two important milestones were achieved in our research and development activities. The first follow-up year in the ongoing long-term study of GRAZAX® showed that its beneficial effect is sustained after completion of the three-year treatment regimen. This is the first time ever that a company has demonstrated a long-term effect of a tablet-based allergy vaccine. These results represent a validation of the tablet-based vaccine treatment which ALK as the first company in the world decided to develop in 2000.

The next product in the pipeline is the tablet vaccine against house dust mite allergy, where ALK took an important step towards its goal of market introduction by demonstrating a significant effect in a large-scale clinical study.

Generally, the pharmaceutical industry is relatively independent of economic fluctuations. However, it cannot be ruled out that the crisis will make some allergy patients focus more on personal matters such as their job situation and private financial situation and less on decisions on whether to begin allergy vaccine treatment or not. This trend may be particularly pronounced in countries where pharmaceutical expenses are not fully covered by public or private reimbursement schemes.

However, ALK's Board of Directors and Board of Management believe that, overall, the company is well prepared to withstand an economic downturn. The company is well consolidated, with strong liquidity, insignificant debt obligations and growing profits from operations. Furthermore, ALK's financial strength enables us to engage in strategic activities, such as acquisitions. When times were good, we made massive investments in production capacity, in sales forces and, most important of all, in development and clinical documentation of new, innovative products which will shape the allergy treatment of the future.

The year 2009 will undoubtedly be a challenging year for the world economy, and also for ALK. With the prospect of continuing satisfactory growth in sales of allergy vaccines, a continued sharp focus on costs, greater market acceptance of GRAZAX®, and the tablet-based allergy vaccines in our pipeline, we have created a foundation for stable, favourable developments at ALK many years into the future.

Yours sincerely,

Jørgen Worning	**Jens Bager**
Chairman	President and CEO

Highlights

Comparative financial figures for the same period last year are shown in brackets

- In 2008, ALK achieved satisfactory growth in sales of allergy vaccines and earnings, which was in line with the company's forecast.

- ALK's net revenue showed 10% organic growth to DKK 1,784 million (1,652) and 12% organic growth in the company's core business area, allergy vaccine sales.

- For the year as a whole, costs increased by 2%, equivalent to total capacity costs of DKK 1,163 million (1,142).

- Operating profit (EBIT) was DKK 119 million (218). Operating profit included net operating revenue from Schering-Plough totalling DKK 28 million (199).

- Profit before tax (EBT) was DKK 157 million (232) and was favourably affected by interest income and foreign exchange gains.

- ALK reached breakthrough results from the long-term GRAZAX® study documenting that the vaccine's beneficial effect is sustained after completion of treatment.

- Results from a clinical study of the company's tablet-based vaccine against house dust mite allergy demonstrated a significant treatment effect.

- During the year, the Irish, Swiss, Norwegian and Spanish regulatory authorities approved ALK's price and reimbursement application for GRAZAX®. GRAZAX® has now been launched with reimbursement in 12 European countries.

- Towards the end of the year, the regulatory authorities in 27 European countries expanded their approval of GRAZAX® to include treatment of children and adolescents.

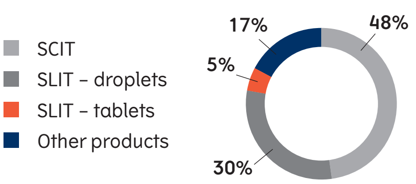
- ALK continued its development of production capacity in 2008 with planned investments in new production units in Denmark, the USA and the UK.

Outlook for the 2009 financial year

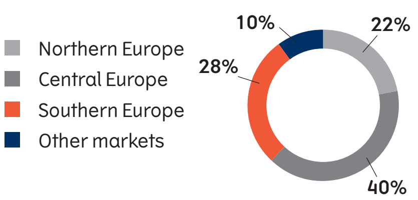
For the 2009 financial year, ALK forecasts organic growth in allergy vaccine sales of 10% or more. Based on the expected sales growth, a gross margin on a level with 2008, moderate growth in capacity costs, and a payment from Schering-Plough of DKK 33 million, ALK forecasts continuing growth in operating profit. Operating profit before depreciations (EBITD) is expected to be a minimum of DKK 230 million, and operating profit (EBIT) is expected to be a minimum of DKK 140 million in 2009.

See page 5 for further details on the company's outlook for 2009.

Revenue by product line



Revenue by market



Management's review

Financial review

Revenue for 2008 increased to DKK 1,784 million (1,652), showing an organic growth rate of 10%. Exchange rates reduced revenue by two percentage points. Especially, the USD and GBP exchange rates affected the company's reported sales.

The rate of organic growth in the company's core business area, allergy vaccine sales, was 12% for the full year, driven by a generally growing focus on specific allergy vaccination and an increased acceptance of ALK's tablet-based allergy vaccine, GRAZAX®.

In Q4, revenue showed organic growth of 7% to DKK 476 million (443). Revenue in the quarter was adversely affected by a mild season for persons suffering from tree pollen, bee or wasp allergy in 2008. The rate of organic growth in sales of allergy vaccines was 10% in Q4.

In 2008, sales of injection-based allergy vaccines (SCIT) increased to DKK 864 million (809), and the rate of organic growth was 8%. The growth was in line with expectations and was affected both by underlying volume growth and price increases, one of the reasons being the change in the mandatory discount system in Germany imposed on all prescription drugs for a number of years. However, the underlying volume growth was adversely affected in Q4 by the derived effect of the mild season for persons suffering from tree pollen, bee or wasp allergy, with the effect that few persons suffering from these allergies began treatment. Sales of SCIT products now account for 48% (49) of total revenue.

Sales of sublingual products (SLIT) showed organic growth of 18% to DKK 615 million (528). Sales of GRAZAX® accounted for DKK 87 million (47) of the amount, showing organic growth of 80%. In addition to sales of GRAZAX®, growth was especially driven by sales of drop-based SLIT products in France and Spain.

Although the introduction of GRAZAX® has been characterized by lengthy discussions with the regulatory authorities regarding price and reimbursement, ALK succeeded in almost doubling tablet sales in 2008. With the latest important scientific results and the approval of GRAZAX® for children, ALK expects to be able to continue its favourable sales performance in the years to come. ALK expects to achieve a greater and more widespread acceptance of tablet-based treatment among physicians and patients over time, so the long-term commercial potential and perspectives for GRAZAX® on European markets continue to be good.

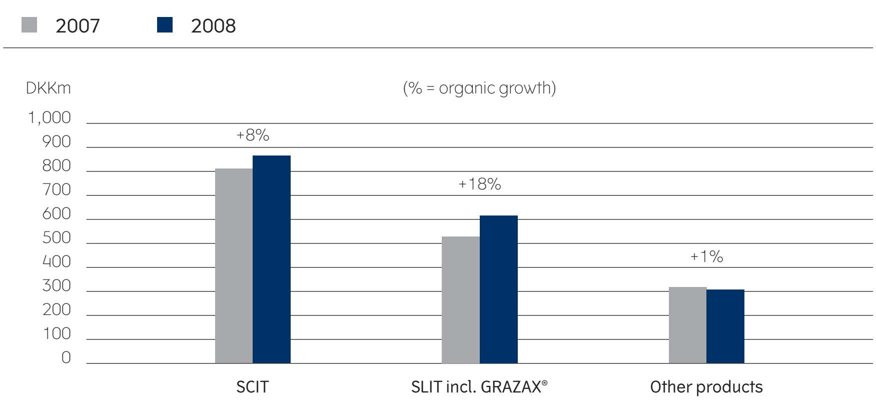
Sales of other products (adrenaline, diagnostics, etc.) was DKK 305 million (315), primarily as a consequence of exchange rate fluctuations. If these fluctuations are disregarded, sales showed organic growth at the rate of 1% due to continuing growth in sales of adrenaline products. Sales have been negatively affected by the phasing out of certain non-strategic products for resale.

Again in 2008, all regions generated growth, and most geographic markets achieved satisfactory sales performance. The negative impact from exchange rates was significant, especially on ALK's reported sales in the UK and the USA.

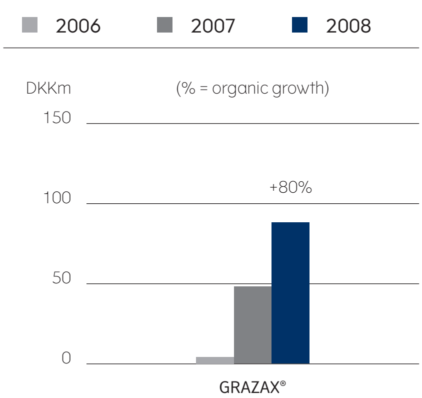
In the Northern European Region, which accounted for 22% (21) of total revenue, the rate of organic growth was 16%, with revenue reaching DKK 389 million (353) as a result of a continuing favourable trend in allergy vaccine sales and growth in adrenaline product sales. The continued drop in the exchange rate of GBP against DKK had a significant adverse impact on reported sales in the region. The Northern European Region comprises the Nordic Region, the UK and the Netherlands.

Sales in the Central European Region showed organic growth of 9% to DKK 726 million (667) as a result of an increase in tablet sales and sales of injection-

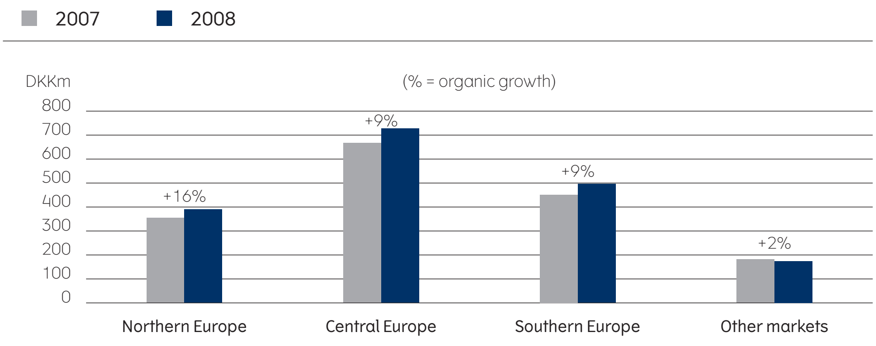
Revenue by product line



GRAZAX® revenue



Revenue by market



based vaccines. As mentioned above, the German health authorities changed the mandatory discount system previously imposed on all prescription drugs. The favourable effect on sales from this change was partially offset by the effect of the mild season for persons suffering from tree pollen, bee or wasp allergy in Germany, which meant that few persons suffering from these allergies began injection-based vaccination treatment in the autumn. The Central European Region – comprising Germany, Austria and Switzerland – continued to be ALK's biggest market, accounting for 40% (40) of total sales.

Revenue from the Southern European Region – Spain, Italy and France – showed organic growth of 9% to DKK 495 million (451). The region saw a continued positive sales trend for drop-based allergy vaccines which resulted in an organic growth rate of 17%, especially driven by the French market. In 2008, GRAZAX® was only launched in Tuscany in Italy and thus did not contribute to the reported growth in the region. The Southern European Region accounted for 28% (28) of revenue.

In the other markets, revenue amounted to DKK 174 million (181), showing organic growth of 2% and was affected by the phasing out of certain non-strategic products for resale. Other markets – the USA, China and exports to the rest of the world – accounted for 10% (11) of revenue.

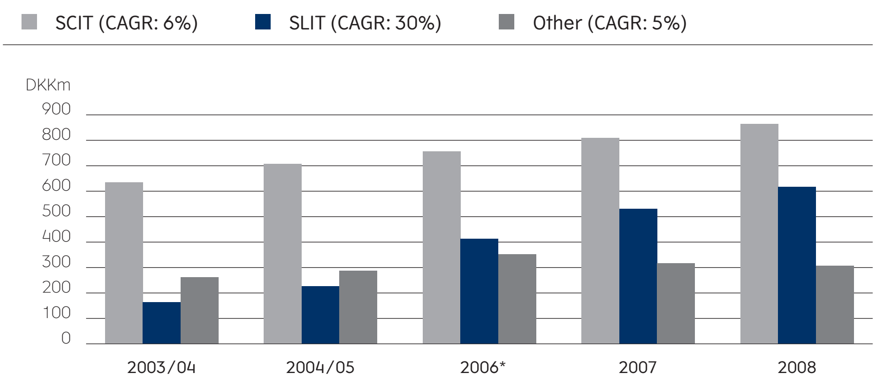
Cost of sales amounted to DKK 527 million (499), resulting in a **gross profit** of DKK 1,257 million (1,153). The gross margin was 70% (70), representing a continued favourable underlying trend caused by production improvements and a more profitable product mix. However, the gross margin was adversely affected by the USD exchange rate in combination with a sharp drop in the GBP exchange rate, with purchases of adrenaline products primarily in the USA and sales primarily in the UK.

The year's research and development expenses increased by 1% to DKK 327 million (323), equivalent to 18% (20) of revenue, primarily relating to the development of tablet-based vaccines. It is still ALK's long-term goal to reduce research and development expenses as a percentage of revenue.

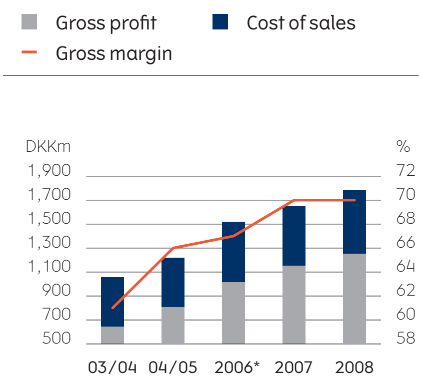
Sales, marketing and administrative expenses increased by a combined 2% to DKK 836 million (819). Through a strong focus on costs in 2008, ALK successfully curbed recent years' strong increase in capacity costs. With its current capacity and organization, ALK will be able to support its expected future sales growth with only moderate increases in resources.

EBIT was DKK 119 million (218), equivalent to an EBIT margin of 7%. This included net operating revenue from Schering-Plough of DKK 28 million (199). Excluding this revenue, ALK achieved an underlying increase in EBIT to DKK 91 million in 2008 from DKK 19 million in 2007.

Revenue



Gross profit



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

Net financials contributed DKK 38 million (14), including interest income from cash and cash equivalents and significant exchange rate gains as a result of the rising value of USD against DKK in the second half of 2008. Profit before tax (EBT) was DKK 157 million (232).

Income tax amounted to DKK 62 million (92), corresponding to an effective tax rate of 39%. **Consolidated profit** for the ALK Group was DKK 95 million (140).

Net profit for the year was DKK 95 million (177). Profit in 2007 included DKK 37 million of extraordinary income from final adjustments to the sales price in connection with the divestment of the ingredients business, Chr. Hansen.

The cash flow from operating activities was an inflow of DKK 189 million (an inflow of 362), especially affected by the profit and favourable changes in working capital. **The cash flow from investing activities** was an outflow of DKK 397 million (an outflow of 172) related to planned investments in production capacity, acquisitions and ongoing maintenance. **The cash flow from financing activities** for the year was an outflow of DKK 374 million (an outflow of 100), which was attributable to an extraordinarily high level of dividend distribution of DKK 330 million for the 2007 financial year and purchases of the company's own shares for use in a share option plan. **The cash flow for the year** was an outflow of DKK 582 million (an inflow of 99). At the end of the year, cash totalled DKK 449 million (1,030).

Equity stood at DKK 1,862 million at the end of the year (2,112), corresponding to an equity ratio of 73% (75).

Outlook for the 2009 financial year

For the 2009 financial year, ALK forecasts organic growth in allergy vaccine sales of 10% or more.

The company expects continuing favourable underlying growth in the gross margin as a result of a more profitable product mix and ongoing productivity improvements. The gross margin is, however, adversely affected by the current low exchange rate of GBP and the high exchange rate of USD as compared with 2008. All things equal, the company's reported gross margin is expected to remain at the 2008 level, as adrenaline products are purchased in the USA and sold primarily in the UK.

ALK will continue to enjoy a high level of activity both in research and development and in sales and marketing as a result of the company's focus on tablet-based allergy vaccines. The build-up of resources in research and development and sales and marketing seen in recent years is now almost complete, and ALK therefore expects a moderate increase in costs in 2009.

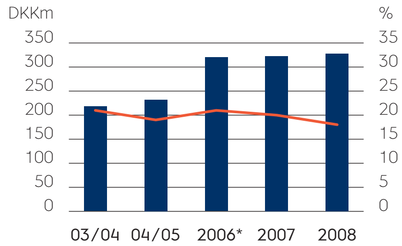
Based on the expected sales growth, a gross margin on a level with 2008, moderate growth in capacity costs and a payment from Schering-Plough of DKK 33 million, ALK expects a continuing growth in operating profit in 2009. Operating profit before depreciations (EBITD) is expected to be a minimum of DKK 230 million. Operating profit (EBIT) is expected to be a minimum of DKK 140 million and, adjusted for the effect of the current exchange rates, this corresponds to an increase in the EBIT margin by a minimum of 2 percentage points. ALK further expects a minor contribution from net financials and an increase in profit again in 2009.

As a result of the global economic downturn, there will be greater uncertainty with respect to earnings and sales than in previous years.

ALK's outlook for the 2009 financial year is based on the current exchange rates. ALK's revenue and earnings are exposed to exchange rate fluctuations. The company has estimated the following exchange rate sensitivity based on the current exchange rates: A 10% increase in the exchange rate of USD would increase revenue by approximately DKK 15 million.

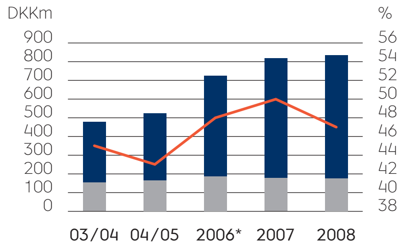
Research and development

Research and development
Percentage of revenue



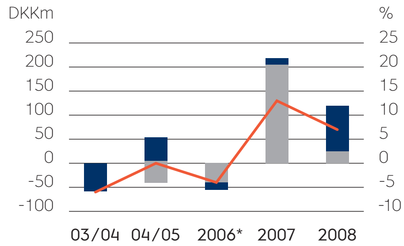
Sales, marketing and administration

Administration
Sales and marketing
Percentage of revenue



EBIT

Other income/expenses and exceptional items
EBIT
EBIT margin



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

The same would apply to GBP. All things equal, a 10% increase in the exchange rate of USD would reduce EBIT by an estimated DKK 15 million, primarily because purchases of adrenaline products are denominated in USD. A 10% increase in the exchange rate of GBP would increase EBIT by approximately DKK 10 million. A drop in the exchange rates would have the opposite effect.

Operating review

Update of corporate strategy, Focus 2012
In the spring of 2008, the Board of Management and the Board of Directors of ALK adopted an updated strategy plan for the company under the headline "Focus 2012". The basic strategic ambition continues to be to expand the use of allergy vaccination through the introduction of new, effective and user-friendly tablet-based allergy vaccines.

Following recent years' expansion in research and development, increased marketing efforts, larger sales forces and expansion of production capacity, the next step in ALK's business development will be to ensure sustained, profitable growth. It is expected that this will be achieved through a balanced focus on market expansion for the new tablet-based vaccines as well as continuing growth in and maintenance of the traditional vaccine business.

Historically, sales of drop-based SLIT products have since 2003 shown average annual organic growth of 30% (CAGR) including acquisitions. Sales of injection-based SCIT products showed 6% average annual organic growth during the same period; the average rate of organic growth for other products was 5% per year. ALK expects continued growth in sales of traditional allergy vaccines in the years ahead, supplemented by high growth in sales of the new tablet-based products. This forecast supports the company's long-term ambition of increasing allergy vaccine sales by an average of 15% per year.

ALK expects to be able to continue the favourable trend in its gross margin during the strategy plan period, primarily driven by the profitability of the company's allergy vaccines and productivity improvements.

ALK thus expects to maintain and strengthen the favourable trend in earnings capacity before contributions from partners during the strategy plan period.

The market for allergy vaccines
ALK's allergy vaccines – injections, droplets and tablets – all have in common that they treat the cause of allergy in the immune system. Thus, the products may lead to lasting reductions in both allergy symptoms and in patient use of traditional symptom-relieving medication.

ALK believes that there is a steadily increasing support among general practitioners and allergy specialists for treating the root cause of allergic diseases instead of leaving patients to receive often lifelong symptomatic treatment. This trend is amplified by the introduction of the world's first registered tablet-based vaccine against grass pollen allergy, GRAZAX®, which makes allergy vaccination more convenient and easy for both physicians and patients.

With extensive and growing scientific documentation of the favourable characteristics of GRAZAX® and the development of new user-friendly tablet-based vaccines, ALK expects high sales growth from tablet-based allergy vaccines in many years to come.

GRAZAX®
Early in 2008, the regulatory authorities in Switzerland and Ireland decided to join the countries offering national reimbursement. In November, the Norwegian authorities released GRAZAX® for national reimbursement, and the Spanish authorities granted GRAZAX® general national reimbursement status on a level with other prescription drugs, which made it possible to launch the product in Spain well ahead of the 2009 pollen season.

The introduction of tablet-based allergy vaccination in 2008 was affected by lengthy discussions of prices and reimbursement with health authorities in a number of countries, especially in southern Europe.

By the end of 2008, patients with grass pollen allergy were offered public reimbursement for GRAZAX® in Sweden, Norway, Finland, Germany, the Netherlands, Ireland, Austria, Switzerland, Spain and Greece. Reimbursement is also available in certain regions in Italy and the UK.

Among the European countries in which ALK has subsidiaries, France and Denmark are the only countries which still do not provide reimbursement for GRAZAX®. In Denmark, patients can apply for so-called individual reimbursement, but the Danish Medicines Agency still requires injection-based vaccines as the first choice, and sales of GRAZAX® in Denmark are thus more or less non-existent.

In January 2009, ALK submitted a new application for general reimbursement to the Danish Medicines Agency, among other things based on the results from the long-term study of GRAZAX®. The Danish Medicines Agency had previously asked for these results, consequently ALK expects that allergic patients in Denmark will also benefit from the tablet-based treatment soon.

In November 2008, 27 European countries decided to extend their approval of GRAZAX® to include children and adolescents between the ages of five and seventeen. Children are an important patient group for tablet-based allergy vaccination. Treatment of the causes of allergy receives special attention in this patient group, as there is a natural reluctance to have this group undergo the many injections by a specialist that are required with traditional injection-based allergy vaccines.

Experience with drop-based allergy vaccines in southern Europe shows that 30-50% of patients are children. ALK expects that corresponding patient ratios will be seen over time for the tablet-based vaccines.

New visual identity and logo
In 2008, ALK introduced a new visual identity and a new logo. The previous logo and design were based on the former group structure shared with the food ingredients company, Chr. Hansen. Until recently, a broad range of company names and logos were used internally among ALK sales and raw materials companies, among them Allerbio in France, ALK-Scherax in Germany and Biopol and Vespa Laboratories in the USA.

All ALK companies are now linked to the legal name ALK-Abelló, which is referred to as "A L K" in everyday speech. The Group's new visual identity and logo have already been introduced, for example on products and presentation materials and at the corporate website, www.alk-abello.com.

Results from research and development activities
The year 2008 was a breakthrough year with respect to scientific results with tablet-based allergy vaccination.

Tablet against tree pollen allergy
Early in the year, ALK completed the analysis of a Phase I tolerability study (TT-01) of the company's tablet-based vaccine against tree pollen allergy. The conclusion from the study was that the tablet is suitable for further clinical development.

Tablet against house dust mite allergy
In mid-August 2008, ALK published positive results from a clinical study (MT-02) of the tablet-based vaccine against house dust mite allergy. The primary objective was to determine whether patients suffering from allergic asthma caused by house dust mite allergy could reduce their use of conventional asthma medicines such as inhaled steroids when treated with the tablet vaccine.

Patients who received the highest dose of the tablet vaccine achieved a 50% reduction (median value) in their use of inhaled steroids compared with the amount used before treatment began (baseline). The study also showed that the tablet vaccine is well tolerated and has a good safety profile. A tolerability study in children (MT-03) showed similar results: That the house dust mite tablet was also well tolerated and suitable for further clinical development for this important patient group.

Long-term data for GRAZAX®
In October, ALK announced breakthrough results from the first follow-up year in an ongoing long-term study (GT-08) of GRAZAX®. The study documented that the effect of the tablet-based vaccine persists after completion of the recommended three-year treatment regimen. Blood samples from patients also showed a lasting favourable effect on the immune system.

The results confirmed that GRAZAX® is a fully functioning allergy vaccine which, as opposed to symptom-relieving medication, provides a persistent clinical effect after the treatment is completed. The long-term study will be concluded after the 2009 pollen season, when data will be available on the effect of GRAZAX® for up to two years after completion of the three-year treatment regimen.

Alutard SQ®
ALK also achieved an important milestone in 2008 for its injection-based vaccines, when the German health authorities added prevention of asthma to its official approval of ALK's injection-based vaccine, Alutard SQ®.

The approval was based, among other things, on the results from the so-called PAT (Preventive Allergy Treatment) study. The study, which included 205 children, documented that Alutard SQ® reduces the risk of developing asthma by approximately 50%, and that this effect can be maintained for at least ten years after initiation of treatment.

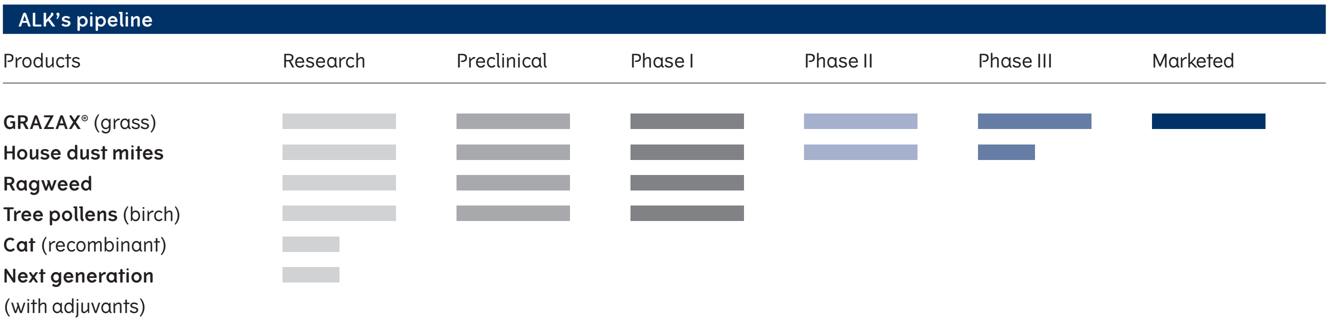
Partnership with Schering-Plough
The collaboration with ALK's US-based partner, Schering-Plough, was constructive in 2008. Schering-Plough holds exclusive rights to the tablet-based vaccines against grass pollen allergy, house dust mite allergy and ragweed allergy on the North American markets. Schering-Plough is currently conducting two Phase III clinical studies of GRAZAX® for children and adults respectively targeting approval and product launch in the USA and Canada.

Tablet against ragweed allergy
In 2009, ALK will recognize a payment of DKK 33 million from Schering-Plough concerning continued pharmaceutical

New visual identity

ALK ABELLÓ

The new logo consists of a number of particles or dots gradually transforming into a logotype. This has been inspired by the fact that ALK turns the complex world of allergy and allergen particles into an effective treatment of the cause of allergy. The shape of vials, droplets and tablets has also been an inspiration for the designers, but as with all design, the logo is open to interpretation.



The programme for the development of tablet-based allergy vaccines covers the most widespread outdoor allergens in Europe and the USA (grass pollens, ragweed pollens and tree pollens) and the most widespread indoor allergens in the world (house dust mites and cat).

development activities regarding the tablet-based vaccine against ragweed allergy.

Investments in production capacity, etc.
In 2008, ALK continued the still ongoing construction of a new raw materials production unit in Idaho, USA, and a new tablet production line in Swindon, UK. It is expected that construction of the raw materials unit will be completed in 2009, and the new tablet line is expected to be ready for production in 2010.

Moreover, ALK has begun construction of a new facility in Hørsholm, Denmark, so that all Danish ALK staff can relocate to the SCION DTU science park in Hørsholm some time in 2009.

Acquisition of activities from Canadian distributor
With a view to strengthening its global presence, ALK acquired the allergy vaccination activities of its former distributor in Canada, Western Allergy Services Ltd. in 2008. The acquisition was approved by the relevant authorities.

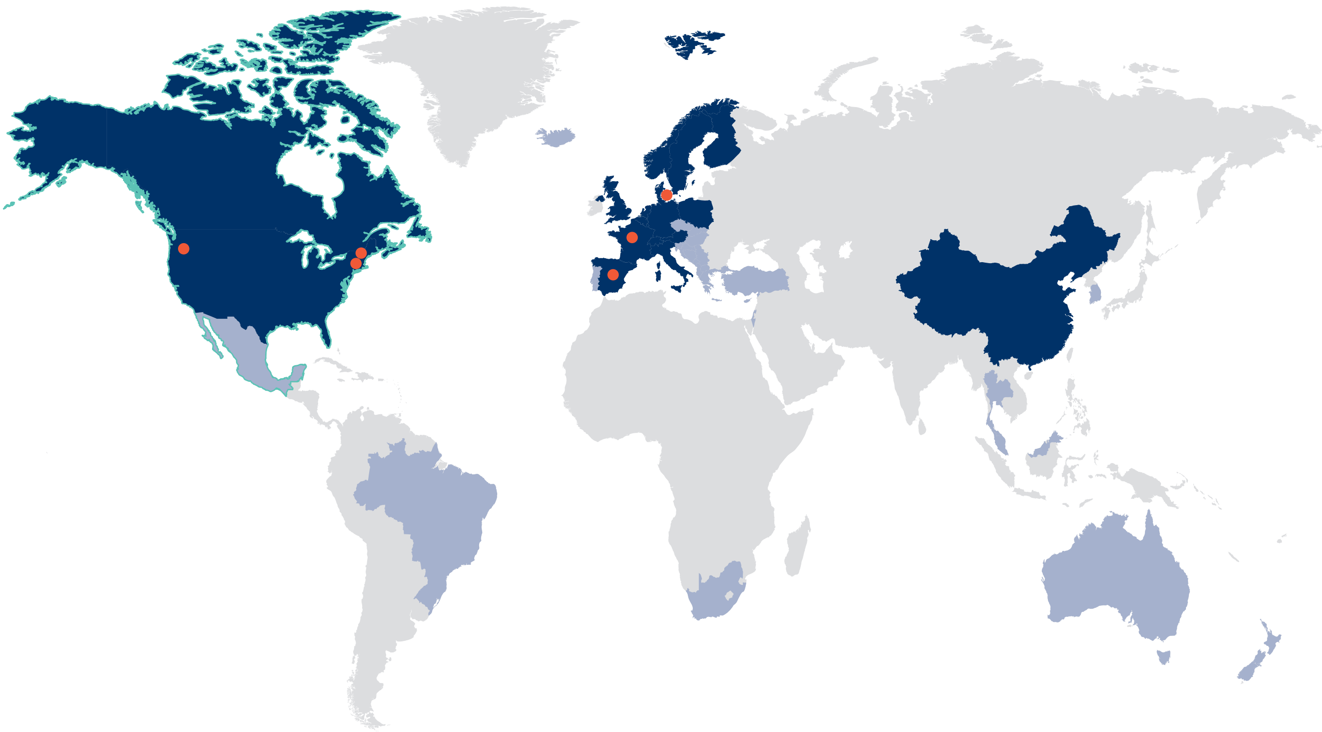
Significant events after the end of the financial year
In Q1 2009, ALK invested DKK 15 million in French-based biotech company, DBV Technologies, as part of follow-up equity financing of the company. The investment provides an opportunity for ALK to collaborate on developing a new promising vaccine against peanut allergy. The acquisition will be recognized in ALK's balance sheet under securities and receivables.

As previously mentioned, ALK will in Q1 2009 receive a payment from Schering-Plough related to the ragweed project. The payment will be recognized gradually over the year.

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, among other things, general economic and business conditions, including legal issues, uncertainty relating to pricing, reimbursement rules and market penetration, 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. ALK cannot rule out that a general economic downturn could have an adverse impact on the company's revenue and earnings.

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 Schering-Plough in Canada, Mexico and the USA

About ALK
ALK is a research-driven global pharmaceutical company focusing on allergy treatment, prevention and diagnosis. Our mission is to improve the quality of life of persons with allergy by developing pharmaceutical products that target the actual cause of allergy. ALK is the world leader in allergy vaccination (immunotherapy) – a unique treatment that induces a protective immune response which reduces and potentially halts the allergic reaction. Allergy vaccination is traditionally administered as subcutaneous injections or sublingual droplets. Our aim is to extend the use of allergy vaccination by introducing convenient, tablet-based vaccines, thereby offering many more patients a causal allergy treatment. Following this strategy, the world's first tablet-based vaccine against grass pollen allergy, GRAZAX®, was launched in Europe in 2007, and ALK has entered into a strategic partnership with Schering-Plough regarding the tablet programme in North America. ALK has approximately 1,500 employees with subsidiaries, production facilities and distributors worldwide. The company is headquartered in Hørsholm, Denmark, and listed on the NASDAQ OMX Copenhagen A/S. Further information is available at www.alk-abello.com and www.GRAZAX.com.

Risk management

Doing business in the pharmaceutical industry is subject to risk. ALK's Board of Management is responsible for the ongoing management of risk, including risk mapping, assessment of probabilities and potential consequences and launch of risk-reducing measures. The identification of material business risks takes place among other things in connection with the annual update of the company's plans and overall goals. Reporting to the Board of Directors is 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 optimize the probability that the products reach 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 reimbursements 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 commercialization
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. Commercialization 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 commercializing 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 commercialize products may be affected by conditions and decisions beyond ALK's control. The agreement with Schering-Plough entitles ALK to receive certain milestone payments. These payments will depend on continuing favourable results in the development of the pharmaceutical products for which Schering-Plough holds the license rights. Moreover, reliance on suppliers and third-party manufacturers entails risks to which ALK would not be subject 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 characterized 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 or price reductions dictated by the regulatory authorities. 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 trade mark rights held by other companies and the risk that other companies may attempt to infringe the patents and trade mark 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 pollens. 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 optimized over many years. As in previous years, the regular inspections by the regulatory authorities at ALK did not give rise to any material comments in the past year.

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.

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 and liquidity and changes in credit rating. Group policy is to refrain from active financial speculation. See note 36 of this annual report for further details on the Group's policy for the management of financial risks and 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 2008, 9% of ALK's revenue was denominated in USD, 8% 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	EBIT
USD	approx. +15	approx. -15
GBP	approx. +15	approx. +10

Note: 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 at revenue and EBIT levels respectively.

A 10% increase in the exchange rate of USD would increase revenue by approximately DKK 15 million. The same would apply to GBP. All things equal, a 10% increase in the exchange rate of USD is estimated to reduce EBIT by approximately DKK 15 million, primarily because purchases of adrenaline products are denominated in USD. A 10% increase in the exchange rate of GBP would increase EBIT by approximately DKK 10 million. 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 recognized 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.

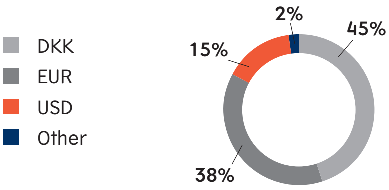
Interest rate and liquidity exposure
At the end of the financial year, net interest-bearing assets stood at approximately DKK 400 million. A change in the interest rate level by 1 percentage point would consequently correspond to a change in interest income of approximately DKK 4 million. It is not expected that the interest rate exposure will be hedged as this is not considered financially viable.

Cash is invested in creditworthy, 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 creditworthiness, in Denmark as well as abroad. In accordance with ALK's credit-risk policy, such institutions must have a minimum credit rating of AA.

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 December 31, 2008



Net assets are defined as assets less liabilities.

ALK's Corporate Social Responsibility (CSR)

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 remains a responsible way of managing diseases from patient and society perspectives – not least because allergy vaccination potentially prevents the development of additional allergies and asthma.

In ALK's products and product development, nature's own allergen compounds are used as raw materials. Pollens from grasses and trees, insect venoms, house dust mites, etc. are cultivated, purified and further processed into active ingredients for allergy vaccines. These vaccines are then used by patients to re-programme their immune system and rebuild tolerance – making it possible to enjoy nature and withstand the natural exposure to those same substances.

The amounts of biological and chemical materials used in the production of allergy vaccines are very small, thus affecting the environment at a very low scale compared to most industries. The gradual paradigm shift in physicians' general treatment of allergy away from short-range symptomatic treatment towards treament of the actual cause of allergy with allergy vaccines is, however, creating sustained growth in the production of ALK's allergy vaccines.

As a growth company, ALK recognizes the need to design or adapt corporate processes with a view to reducing environmental impact, increasing employee welfare and contributing positively to the local and national communities.

Even though ALK's corporate mission and culture create a solid foundation for conducting a responsible and sustainable business, ALK has decided to systematize ongoing CSR activities.

Safety, Health and Environment (SHE)
ALK has a well-established global organizational structure for safety, health and environmental management throughout the company.

The entire system and actual performance are audited by internal auditors as well as assessed periodically by national and local authorities. ALK holds both an environmental certification (ISO 14001) and a health and safety certification (OHSAS 18001) in Denmark. The other production sites in Madrid (Spain), Vandeuil and Varennes (France) and Port Washington, Round Rock, Spokane and Spring Mills (USA) all comply with the standards of ISO 14001 and OHSAS 18001.

CSR focus areas in ALK

- Safety, Health and Environment (SHE).
- Employee development & work-life balance.
- Business ethics (Code of Conduct).

An important part of the work on SHE relates to employee safety and welfare, which is measured for instance on the basis of occupational injury frequency and sick leave rate. ALK's target is to minimize the frequency of occupational injuries with sick leave. ALK's current injury frequency at 5.1 injuries per million working hours is below average for the industry.

Key figures for consumption of resources and environmental impacts*

	2007	2008
Energy consumption, MWh	23,933	25,603
Energy consumption, MWh per DKK million revenue	14.5	14.4
Water consumption, m^3	66,713	62,320
Water consumption, m^3 per DKK million revenue	40.4	34.9
Waste, ton	324	342
of which is recycled, %	38	37
Waste, ton per DKK million revenue	0.20	0.19

Occupational injuries*

	2007	2008
Number of occupational injuries resulting in sick leave	11	10
Injury frequency (per million working hours)	5.9	5.1

Definitions

- Occupational injury: An injury which subsequently results in one or more days of sick leave in addition to the day of the injury.
- Injury frequency: The number of occupational injuries divided by the total number of working hours performed by the total number of employees in the same period of time.

* Safty, health and environmental data stated in this report were collected from the company's locations (production, research and development and administration) at Hørsholm (Denmark), Vandeuil and Varennes (France), Madrid (Spain) and Port Washington, Round Rock, Spokane and Spring Mills (USA).

SHE focus areas and results for 2008

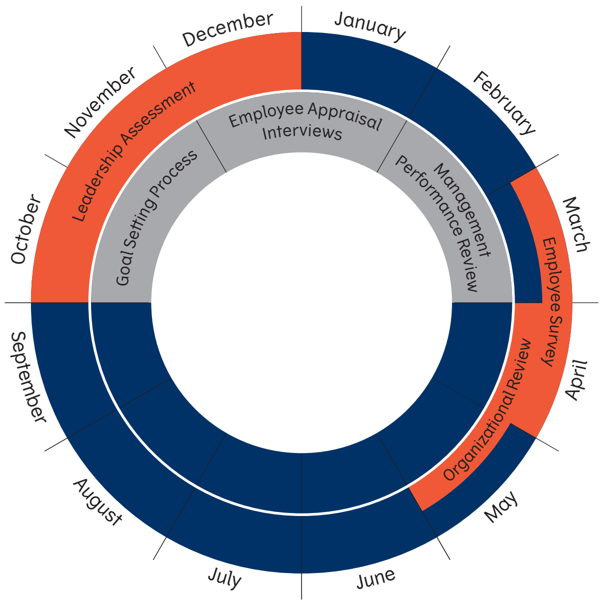
According to the overall SHE risk assessment, three areas were identified as main focus areas for 2008:

- Energy consumption
- Waste
- Work-related absence

As appears from the key figures, the frequency of occupational injury involving sick leave was reduced from 2007 to 2008. Moreover, ALK has succeeded in reducing the volume of waste as well as its consumption of energy and water relative to the company's growing sales. The results were satisfactory and support continuing focus on these areas in the years ahead.

As in previous years, ALK did not violate any legal requirements during the financial year, including environmental requirements. No violations of environmental approvals or unintended spills occurred during the year.

Overview of ALK's organizational development processes



Organizational review and leadership assessment are carried out every year. The overall employee survey is conducted every second year.

Employee development

ALK has a need for employees who both desire and are able to influence the company, who thrive in changing conditions and find it exciting to be part of a dynamic working environment. The employees' general welfare and views on the company's performance are measured every second year in ALK's global employee survey.

Every year, ALK makes organizational reviews. The purpose is to determine whether the strategic goals are aligned to the resources available in the various departments of the company. On the basis of the reviews, various initiatives are taken, such as supplementary training, talent development and career planning.

Every year, ALK performs a global leadership assessment of all managers followed by a verbal feedback procedure, and 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 according to the results.

ALK has established its own Leadership Training Academy (LTA) covering three modules: Strategy understanding and execution, change management and personal leadership. As the training sessions are global and include all management levels, networking is a big bonus of the programme.

Employees by employee group

	2004/05	2005/06	2006	2007	2008
Production	515	509	519	497	520
Research and development	188	205	216	281	275
Sales, marketing and administration	485	552	611	654	694
Total	1,188	1,266	1,346	1,432	1,489
Revenue per employee in DKK '000	1,024	1,176	1,129	1,154	1,198

Work-life balance

ALK acknowledges that the balance between working life and private life can be difficult to uphold. All employees go through different life phases, and job preferences reflect whether you are newly educated, have young children, or perhaps are entering the senior phase.

Based on several focus interviews with employees, ALK has introduced flexible employment conditions to allow influence on work planning and work hours, when possible. At the same time, ALK expects everyone to assume responsibility for carrying out their work and reaching agreed targets.

ALK's work-life balance initiatives include:

- A possibility for senior employees to work part time.
- A policy for part time assignments for other employees.
- A policy for distance working.
- Increased influence on the planning of work hours during daytime.
- Increased flexibility when children are ill.

Business ethics

ALK's Code of Conduct aims to support a working environment where daily business is conducted with professionalism, honesty and integrity, and in the best interests of ALK and our stakeholders. In our Code of Conduct, we adhere to the UN Global Compact's 10 principles in the areas of human and labour rights, environment and anti-corruption. These principles have become a global frame of reference in the CSR area.

The observation of the Code of Conduct rests upon all employees. All managers are responsible for ensuring that each individual employee is informed about the content of the Code of Conduct and the importance of adhering to it.

While the Code of Conduct provides guidance about the standards of business conduct, it cannot address every situation. As a result, the Code of Conduct is not a substitute for exercising careful judgement.

ALK's Code of Conduct is accessible at www.alk-abello.com/csr.

Shareholder information

It is ALK's goal to provide timely, accurate and relevant information on its strategy, operations, performance, expectations, the progress of its clinical research and development programmes and risk factors.

ALK seeks to maintain an active dialogue on company performance with its current and potential investors. Management therefore recommends all shareholders to have their shares registered in the company's register of shareholders and to sign up for news releases on the corporate website.

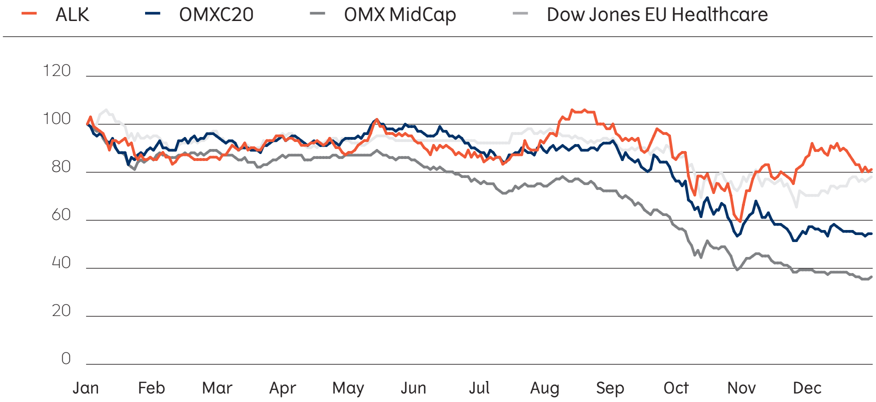
A telephone conference accessible via the corporate website is held following each publication of interim financial statements. Members of the Board of Management and Investor Relations hold a number of meetings with investors and analysts during the year and participate in a number of investor conferences. The website is updated regularly to include the latest investor presentations.

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

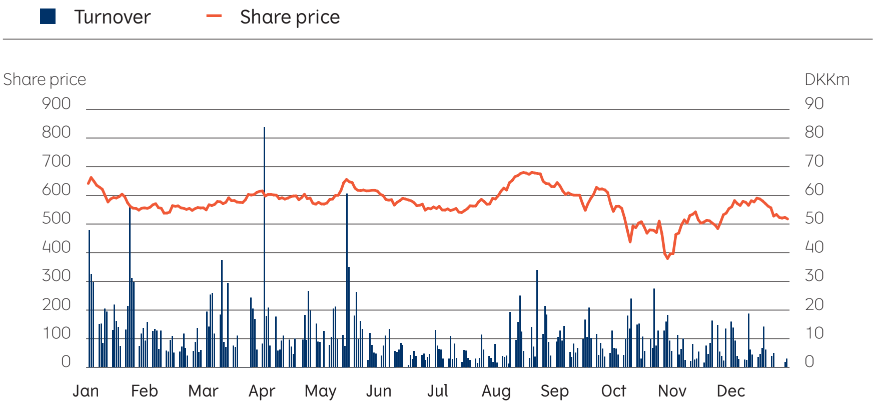
	Registered office	A shares, number	B shares, number	Interest	Votes
LFI a/s	Hellerup, Denmark	919,620	2,875,139**	37.5%	65.6%
ATP*	Hillerød, Denmark	-	891,850***	8.8%	4.8%
Total				46.3%	70.4%

* The Danish Labour Market Supplementary Pension
** Holdings as at December 31, 2008
*** Holdings as per announcement of February 6, 2009

Relative share price development



Share price and turnover



Ownership

As at December 31, 2008, two shareholders had notified the company pursuant to section 28(a) and (b) of the Danish Public Companies Act that they hold 5% or more of the company's shares.

As at December 31, 2008, ALK had 14,085 registered shareholders compared to 13,976 at the end of 2007. The registered shareholders represent approximately 89% of the share capital, and 1,292 of these shareholders are foreign shareholders, holding approximately 19% of the share capital.

Share price performance

The price of ALK's shares was DKK 520 as at December 31, 2008. Adjusted for dividend, the share price fell by 8% compared with the previous year and compared with a general fall in the OMXC20 index by 47% over the same period.

The volume of B shares traded during the year was 4.8 million (2007: 12.1 million). In 2008, the average turnover per trading day was DKK 11 million (2007: DKK 54 million).

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 March 27, 2009, the Board of Directors intends to

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	MidCap+, OMXCPI and KFMX
Bloomberg code	ALKB.DC
Reuters code	ALKB_CO

propose a dividend of DKK 5 per share of DKK 10 in respect of the 2008 financial year.

Payment of the dividend in respect of 2008 is scheduled for April 2, 2009.

Capital structure
With its current capital structure, ALK is well consolidated, with strong liquidity, insignificant debt obligations and growing profits from operations. 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. Moreover, the capital structure ensures that ALK is well prepared to withstand an economic downturn.

Treasury share policy
The shareholders have authorized 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 authorization is valid for the period until the next annual general meeting.

As at December 31, 2008, ALK held 168,975 treasury shares, equivalent to 1.7% of the share capital. The treasury shares are 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.

Analyst coverage
In 2008, two new stockbrokers began to cover ALK, and the total number of analysts covering ALK's shares is now 13. See table below.

Investor Relations
Management and the investor relations function continuously work to further develop the dialogue with shareholders, analysts, potential investors and other stakeholders via open, honest and accessible information.

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

Analysts

Stockbrokers	Analysts	Telephone	E-mail
Carnegie Danmark	Carsten Lønborg Madsen	+45 32 88 02 00	carsten.madsen@carnegie.dk
Cazenove	David Adlington	+44 20 7155 5000	david.adlington@cazenove.com
Danske Equities	Martin Parkhøi	+45 33 44 00 00	martin.parkhoi@danskebank.com
Goldman Sachs	Mick Ready	+44 20 7552 3714	mick.ready@gs.com
Gudme Raaschou Bank	Brian Rathje	+45 33 44 90 00	bra@gr.dk
Handelsbanken	Michael Novod	+45 33 41 82 00	mino03@handelsbanken.se
Jyske Bank	Frank Hørning Andersen	+45 89 89 89 89	fha@jyskebank.dk
MainFirst Bank AG	Dr. Marcus Wieprecht	+49 69 78808-221	marcus.wieprecht@mainfirst.com
Piper Jaffray	Sam Fazeli	+44 20 3142 8700	sam.m.fazeli@pjc.com
	Tracey Butcher	+44 20 3142 8700	tracey.j.butcher@pjc.com
Proactive Independent Ideas	Frans Høyer	+44 7810 44 5172	frans.hoyer@pi-ideas.co.uk
SEB Enskilda	Henrik Simonsen	+45 36 97 70 00	henrik.simonsen@enskilda.dk
Standard & Poor's	Jacob Thrane	+44 20 7176 7826	jacob_thrane@standardandpoors.com
Sydbank	Rune Majlund Dahl	+45 74 36 36 36	rune.dahl@sydbank.dk

Responsibility for day-to-day investor relations tasks
Per Plotnikof
Head of Investor Relations
Tel: +45 45 74 75 27
Fax: +45 45 74 86 07
E-mail: investor@alk-abello.com

Website
Information on ALK is also available at the corporate website: www.alk-abello.com/investor.

The website includes relevant investor presentations, telephone conferences, the company's investor relations policy, company releases, financial statements and other relevant information. In 2008, ALK launched a new corporate website. This initiative will further improve the company's communications with its shareholders.

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.

Annual general meeting
The annual general meeting will be held on March 27, 2009 at 4.00 pm at the following address:

Den Sorte Diamant
Søren Kierkegaards Plads
1221 Copenhagen K, Denmark

2009 financial calendar	
Annual general meeting	March 27, 2009
Three-month interim report (Q1) 2009	May 1, 2009
Six-month interim report (Q2) 2009	August 18, 2009
Nine-month interim report (Q3) 2009	November 19, 2009

Company releases in 2008		
1	Financial calendar for the 2008 financial year of ALK-Abelló A/S	January 22, 2008
2	ATP increases its ownership in ALK-Abelló	February 13, 2008
3	Release date of annual report 2007 for ALK-Abelló and analyst meeting	February 25, 2008
4	ALK-Abelló announces positive third year results from clinical study with GRAZAX®	March 1, 2008
5	ALK-Abelló A/S announces annual report for 2007	March 5, 2008
6	Report on transactions with ALK-Abelló A/S B shares by managerial staff and their related parties	March 6, 2008
7	Annual General Meeting in ALK-Abelló A/S on April 24, 2008	April 2, 2008
8	Report on the Annual General Meeting of ALK-Abelló A/S held on April 24, 2008	April 24, 2008
9	Release date of Q1 interim report 2008 for ALK-Abelló	May 9, 2008
10	Three-month interim report (Q1) 2008	May 15, 2008
11	Highly positive results achieved with ALK's new tablet vaccine against house dust mite allergy	August 13, 2008
12	Release date of six-month interim report 2008 for ALK	August 20, 2008
13	Six-month interim report (Q2) 2008	August 26, 2008
14	Persistent vaccination effect of GRAZAX® after completion of treatment	October 22, 2008
15	Release date of nine-month interim report (Q3) 2008 for ALK	November 12, 2008
16	Nine-month interim report (Q3) 2008	November 20, 2008
17	GRAZAX® approved in Europe for treatment of children	November 20, 2008
18	Grant of share options to members of the Board of Management and senior managers	November 20, 2008
19	Report on transactions with ALK-Abelló A/S shares and associated securities by managerial staff and their related parties	November 21, 2008
20	ALK achieves general reimbursement for GRAZAX® in Spain	November 21, 2008
21	Financial calendar for the 2009 financial year of ALK-Abelló A/S	December 15, 2008

After the end of the financial year

1	ALK acquires shares in DBV Technologies, France	January 22, 2009
2	Release date of annual report 2008 for ALK and analyst meeting	February 5, 2009
3	Shareholder announcement	February 6, 2009

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. 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 organization and sees 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 9.3 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 the Board of Directors of The Lundbeck Foundation and LFI a/s. The other members elected by the shareholders are independent and have no interest in ALK other than the interests they may have as shareholders.

Guidelines

In 2005, the NASDAQ OMX Copenhagen A/S adopted a set of recommendations on corporate governance, the contents of which companies are required to consider in accordance with the "comply or explain" principle. The recommendations were updated in 2008. On the basis of these recommendations, the Board of Directors of ALK continuously discusses the general implementation of corporate governance. The general principles for the specific recommendations in the reports have been applied in the Board's regular work for a number of years. ALK meets the recommendations but has chosen different practices in the following areas:

- Every year, the Board of Directors reconsiders whether the existing A and B share structure is suitable. The Board of Directors and Board of Management believe that the current structure has been and continues to be appropriate with a view to ensuring the company's long-term goals and development.

- ALK does not, as proposed in the recommendations, have any guidelines on how many directorships a board member may hold. What is important is each individual member's capacity, competences and contribution.

- The recommendations propose 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.

With respect to the other specific recommendations in the reports, the Board of Directors includes these in its considerations on corporate governance to the effect that both the company's and the other stakeholders' interests are safeguarded in the best possible way.

General guidelines for the company's remuneration of members of the Board of Directors and the Board of Management

Pursuant to the Danish Public Companies Act, the annual general meeting of ALK shall 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 details.

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; and
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.

Share options

Members of the Board of Management are eligible for options. 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 December 31, 2008, the five members of the Board of Management held a total of 67,850 outstanding options exercisable in the period from January 1, 2009 until November 1, 2015. 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, 68
Chairman
First elected in 2005

Directorships
Bang & Olufsen a/s, Chairman
FLSmidth & Co. A/S, Chairman

Thorleif Krarup, 56
Vice Chairman
First elected in 2005

Directorships
Bang & Olufsen a/s
Brightpoint Inc.
Exiqon A/S, Chairman
Group 4 Securicor plc
H. Lundbeck A/S, Vice Chairman
LFI a/s, Vice Chairman
The Lundbeck Foundation
Sport One Danmark A/S, Chairman

Nils Axelsen, 67
First elected in 2005

Directorships
LFI a/s
The Lundbeck Foundation, Vice Chairman

Carsten Lønfeldt, 61
First elected in 2005

Directorships
ATP Invest
BioPorto A/S, Chairman
ByrumLabflex A/S
Dameca A/S
Dansk Standard A/S
Deadline Games A/S, Chairman
Gypsum Recycling International A/S, Chairman
Investeringsforeningen Investin
Investeringsforeningen Nykredit Invest
Polaris Management A/S

Jesper Fromberg Nielsen, 40
First elected in 2003
Senior Project Manager, ALK-Abelló A/S
Employee-elected

Anders Gersel Pedersen, 57
First elected in 2005
H. Lundbeck A/S, Executive Vice President

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

Ingelise Saunders, 59
First elected in 2005
ACE BioSciences A/S, President and CEO

Directorships
Scandinavian Life Science Venture
TopoTarget A/S

Lars Simonsen, 31
First elected in 2007
IT System Administrator, ALK-Abelló A/S
Employee-elected

Peter Adler Würtzen, 40
First elected in 2003
Research Scientist, ALK-Abelló A/S
Employee-elected

Directorships
LFI a/s, employee-elected
The Lundbeck Foundation, employee-elected

Board of Management

Jens Bager, 49
President and CEO

Directorships
DBV Technologies S.A.

Jørgen Damsbo Andersen, 49
Executive Vice President, Business Operations & International Marketing

Henrik Jacobi, 43
Executive Vice President
Research & Development

Flemming Steen Jensen, 47
Executive Vice President
Global Product Supply

Jutta af Rosenborg, 50
CFO, Executive Vice President
Finance & IT

Directorships
Carnegie WorldWide Fund

Shareholdings in ALK-Abelló A/S as at December 31, 2008

The Board of Directors holds 4,924 shares and the Board of Management holds 7,594 shares in the company.

Statement by Management

The Board of Directors and the Board of Management today considered and adopted the annual report for the financial year January 1 to December 31, 2008. 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, February 19, 2009

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

Jutta af Rosenborg
CFO, Executive Vice President
Finance & IT

Board of Directors

Jørgen Worning
Chairman

Thorleif Krarup
Vice Chairman

Nils Axelsen

Carsten Lønfeldt

Jesper Fromberg Nielsen

Anders Gersel Pedersen

Ingelise Saunders

Lars Simonsen

Peter Adler Würtzen

Independent auditor's report

To the shareholders of ALK-Abelló A/S
We have audited the annual report of ALK-Abelló A/S for the financial year January 1 to December 31, 2008, which comprises the statement by Management on the annual report, Management's review, income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group as well as the Parent. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Management's responsibility for the annual report
Management is responsible for the preparation and fair presentation of an annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is 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 this annual report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, 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 an annual report 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 annual report.

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 annual report gives a true and fair view of the Group's and the Parent's financial position at December 31, 2008, and of their financial performance and their cash flows for the financial year January 1 to December 31, 2008 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Copenhagen, February 19, 2009

Deloitte
Statsautoriseret Revisionsaktieselskab

Anders O. Gjelstrup	Kirsten Aaskov Mikkelsen
State Authorised	State Authorised
Public Accountant	Public Accountant

Income statement

ALK-Abelló A/S 2007	ALK-Abelló A/S 2008	Note	Amounts in DKKm	ALK Group 2008	ALK Group 2007
501	**607**	3	**Revenue**	**1,784**	1,652
290	**279**	4-8	Cost of sales	**527**	499
211	**328**		**Gross profit**	**1,257**	1,153
273	**284**	4-8	Research and development expenses	**327**	323
106	**107**	4-8	Sales and marketing expenses	**658**	640
64	**69**	4-8	Administrative expenses	**178**	179
211	**31**	9	Other operating income	**31**	216
8	**1**	9	Other operating expenses	**6**	9
(29)	**(102)**		**Operating profit/(loss) (EBIT)**	**119**	218
147	**243**	10	Financial income	**40**	43
50	**15**	11	Financial expenses	**2**	29
68	**126**		**Profit before tax (EBT)**	**157**	232
5	**(8)**	12	Tax on profit/(loss)	**62**	92
63	**134**		**Net profit, continuing operations**	**95**	140
37	**-**	13	Net profit, discontinued operations	**-**	37
100	**134**		**Net profit**	**95**	177
			Earnings per share (EPS), continuing operations		
		14	Earnings per share (EPS) – DKK	**9.5**	14.0
		14	Diluted earnings per share (DEPS) – DKK	**9.5**	13.9
			Net profit for the year is proposed to be distributed as follows:		
330	**51**		Dividend to shareholders		
(230)	**83**		Transfer to other reserves		
100	**134**				

Cash flow statement

ALK-Abelló A/S				ALK Group	
2007	**2008**	Note	Amounts in DKKm	**2008**	2007
63	**134**		**Operating profit, continuing operations**	**95**	140
			Adjustments:		
5	**(8)**	12	Tax on profit / (loss)	**62**	92
(97)	**(228)**		Financial income and expenses	**(38)**	(14)
5	**7**	6	Share-based payments	**10**	8
49	**50**	8	Depreciations, amortization and write-downs	**86**	80
-	**(10)**		Change in provisions	**(10)**	11
17	**33**		Net financial items, paid	**28**	16
-	**-**		Income taxes, paid	**(69)**	(79)
42	**(22)**		**Cash flow before change in working capital**	**164**	254
(2)	**(17)**		Change in inventories	**(17)**	5
66	**(15)**		Change in receivables	**10**	63
89	**(35)**		Change in short-term payables	**32**	40
195	**(89)**		**Cash flow from operating activities**	**189**	362
-	**-**	5	Acquisitions of companies and operations	**(18)**	-
-	**(94)**		Capital contribution in affiliates	**-**	-
(7)	**(3)**	16	Additions, intangible assets	**(17)**	(7)
(119)	**(241)**	17-20	Additions, tangible assets	**(364)**	(164)
-	**-**		Sale of intangible and tangible assets	**-**	1
99	**194**	10	Dividend from subsidiaries	**-**	-
-	**2**		Change in other financial assets	**2**	(2)
(27)	**(142)**		**Cash flow from investing activities**	**(397)**	(172)
168	**(231)**		**Free cash flow**	**(208)**	190
(20)	**(330)**		Dividend paid to shareholders of the parent	**(330)**	(20)
(59)	**(21)**		Purchase of treasury shares	**(21)**	(59)
(15)	**(25)**		Change in financial liabilities	**(23)**	(21)
(94)	**(376)**		**Cash flow from financing activities**	**(374)**	(100)
9	**-**	13	**Cash flow from discontinued operations**	**-**	9
83	**(607)**		**Net cash flow**	**(582)**	99
872	**953**		Cash and cash equivalents at the beginning of the year	**1,030**	933
(2)	**1**		Unrealized gain / (loss) on foreign currency carried as cash and cash equivalents	**1**	(2)
83	**(607)**		Net cash flow	**(582)**	99
953	**347**	27	**Cash and cash equivalents at the end of the year**	**449**	1,030

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	
Dec. 31, 2007	**Dec. 31, 2008**	Note	Amounts in DKKm	**Dec. 31, 2008**	Dec. 31, 2007
			Non-current assets		
			Intangible assets		
-	**-**	15	Goodwill	**364**	376
31	**18**	16	Other intangible assets	**50**	46
31	**18**			**414**	422
			Tangible assets		
203	**193**	17	Land and buildings	**300**	311
106	**96**	18	Plant and machinery	**128**	129
5	**5**	19	Other fixtures and equipment	**61**	69
128	**355**	20	Property, plant and equipment in progress	**487**	151
442	**649**			**976**	660
			Other non-current assets		
675	**760**	21	Investment in affiliates	**-**	-
166	**189**	22	Receivables from affiliates	**-**	-
4	**2**	23	Securities and receivables	**4**	6
52	**31**	24	Deferred tax assets	**91**	95
897	**982**			**95**	101
1,370	**1,649**		**Total non-current assets**	**1,485**	1,183
			Current assets		
124	**130**	25	Inventories	**292**	282
23	**5**	26	Trade receivables	**188**	217
84	**114**	22	Receivables from affiliates	**28**	25
-	**-**		Income tax receivables	**43**	43
14	**20**	26	Other receivables	**31**	18
5	**5**	26	Prepayments	**22**	23
953	**347**	27	Cash and cash equivalents	**449**	1,030
1,203	**621**		**Total current assets**	**1,053**	1,638
2,573	**2,270**		**Total assets**	**2,538**	2,821

ALK-Abelló A/S Dec. 31, 2007	ALK-Abelló A/S Dec. 31, 2008	Note	Equity and liabilities Amounts in DKKm	ALK Group Dec. 31, 2008	ALK Group Dec. 31, 2007
			Equity		
101	**101**	28	Share capital	**101**	101
1,882	**1,677**		Other reserves	**1,761**	2,011
1,983	**1,778**		**Total equity**	**1,862**	2,112
			Liabilities		
			Non-current liabilities		
45	**29**	29	Mortgage debt	**29**	45
-	**-**	29	Bank loans and financial loans	**15**	18
1	**1**	7	Pensions and similar liabilities	**73**	68
146	**140**	30	Other provisions	**142**	153
11	**3**		Other payables	**8**	11
203	**173**			**267**	295
			Current liabilities		
2	**1**	29	Mortgage debt	**1**	2
-	**-**	29	Bank loans and financial loans	**4**	4
53	**57**	31	Trade payables	**128**	126
194	**154**		Payables to affiliates	**-**	-
-	**-**		Income taxes	**31**	38
4	**-**	30	Other provisions	**-**	4
134	**107**	31	Other payables	**245**	240
387	**319**			**409**	414
590	**492**		**Total liabilities**	**676**	709
2,573	**2,270**		**Total equity and liabilities**	**2,538**	2,821

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 January 1, 2008	**101**	**(3)**	**(22)**	**2,036**	**2,011**	**2,112**
Foreign currency translation adjustment of foreign subsidiaries	-	-	(6)	-	(6)	(6)
Adjustment of derivative financial instruments for hedging	-	3	-	-	3	3
Income and expenses recognized directly in equity	**-**	**3**	**(6)**	**-**	**(3)**	**(3)**
Net profit	-	-	-	95	95	95
Total recognized income and expenses	**-**	**3**	**(6)**	**95**	**92**	**92**
Share-based payments	-	-	-	10	10	10
Tax related to items recognized directly in equity	-	-	-	(1)	(1)	(1)
Purchase of treasury shares	-	-	-	(21)	(21)	(21)
Dividend paid	-	-	-	(330)	(330)	(330)
Other transactions	**-**	**-**	**-**	**(342)**	**(342)**	**(342)**
Equity at December 31, 2008	**101**	**-**	**(28)**	**1,789**	**1,761**	**1,862**
Equity at January 1, 2007	**101**	**(2)**	**(7)**	**1,932**	**1,923**	**2,024**
Foreign currency translation adjustment of foreign subsidiaries	-	-	(15)	-	(15)	(15)
Adjustment of derivative financial instruments for hedging	-	(1)	-	-	(1)	(1)
Income and expenses recognized directly in equity	**-**	**(1)**	**(15)**	**-**	**(16)**	**(16)**
Net profit	-	-	-	177	177	177
Total recognized income and expenses	**-**	**(1)**	**(15)**	**177**	**161**	**161**
Share-based payments	-	-	-	8	8	8
Tax related to items recognized directly in equity	-	-	-	(2)	(2)	(2)
Purchase of treasury shares	-	-	-	(59)	(59)	(59)
Dividend paid	-	-	-	(20)	(20)	(20)
Other transactions	**-**	**-**	**-**	**(73)**	**(73)**	**(73)**
Equity at December 31, 2007	**101**	**(3)**	**(22)**	**2,036**	**2,011**	**2,112**

ALK-Abelló A/S

Amounts in DKKm		Other reserves			
	Share capital	Hedges of future transactions	Retained earnings	Total other reserves	Total equity
Equity at January 1, 2008	**101**	**(3)**	**1,885**	**1,882**	**1,983**
Adjustment of derivative financial instruments for hedging	-	3	-	3	3
Income and expenses recognized directly in equity	**-**	**3**	**-**	**3**	**3**
Net profit	-	-	134	134	134
Total recognized income and expenses	**-**	**3**	**134**	**137**	**137**
Share-based payments	-	-	10	10	10
Tax related to items recognized directly in equity	-	-	(1)	(1)	(1)
Purchase of treasury shares	-	-	(21)	(21)	(21)
Dividend paid	-	-	(330)	(330)	(330)
Other transactions	**-**	**-**	**(342)**	**(342)**	**(342)**
Equity at December 31, 2008	**101**	**-**	**1,677**	**1,677**	**1,778**
Equity at January 1, 2007	**101**	**(2)**	**1,861**	**1,859**	**1,960**
Adjustment of derivative financial instruments for hedging	-	(1)	-	(1)	(1)
Income and expenses recognized directly in equity	**-**	**(1)**	**-**	**(1)**	**(1)**
Net profit	-	-	100	100	100
Total recognized income and expenses	**-**	**(1)**	**100**	**99**	**99**
Share-based payments	-	-	5	5	5
Tax related to items recognized directly in equity	-	-	(2)	(2)	(2)
Purchase of treasury shares	-	-	(59)	(59)	(59)
Dividend paid	-	-	(20)	(20)	(20)
Other transactions	**-**	**-**	**(76)**	**(76)**	**(76)**
Equity at December 31, 2007	**101**	**(3)**	**1,885**	**1,882**	**1,983**

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 January 1 – December 31, 2008, 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.

Effect of new financial reporting standards
In 2008, the following standards and interpretations came into force and have thus been implemented:

- Change of IAS 39, Financial Instruments: Recognition and Measurement
- IFRIC 11-12 and 14

The implementation did not result in any changes in recognition or measurement or disclosures.

The following new or amended standards and interpretations relevant for the ALK Group have not yet come into force as per December 31, 2008, and are therefore not implemented in this annual report.

- IFRS 8, Operating Segments
- Amendment of IFRS 2, Share-based Payment
- Amendment of IFRS 3, Business Combinations
- Amendment of IAS 1, Presentation of Financial Statements – Comprehensive Income, etc.
- Amendment of IAS 23, Borrowing Costs
- Amendment of IAS 27, Consolidated and Separate Financial Statements
- Improvements to IFRS 2008
- IFRIC 13 and 15-17

The implementation of these will result in additional disclosures in the notes to the financial statements, but will not entail material changes in recognition and measurement. The amendment of IFRS 3 will result in a change in accounting policies in relation to the treatment of acquisition costs in connection with future business combinations, whilst the amendment of IAS 27 will result in changes relating to how dividends received are accounted for in the parent company financial statements.

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 or 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 recognized in the consolidated income statement and as a separate item under Group equity.

Business combinations
Newly acquired or newly established companies are recognized 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 recognized 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 recognized in the take-over balance sheet if they represent a liability to the acquired company. The tax effect of revaluations is taken into account.

Notes to the financial statements

The cost of a company is the fair value of the consideration paid plus costs directly attributable to the business combination. If the final determination of the consideration is conditional on one or more future events, these adjustments are only recognized 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 recognized 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 September 1, 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 recognized 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 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 recognized in the income statement under financial items. Property, plant and equipment 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 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 differences arising as a result of changes made directly in the equity of the foreign subsidiary are also taken directly to equity.

Foreign exchange 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 recognized asset or a recognized liability are recognized 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 recognized directly in equity. When the hedged transactions are realized, cumulative changes are recognized 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 recognized 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 recognized 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 recognized in the income statement under the respective functions over the vesting period. The balancing item is recognized 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 recognized in the income statement under the respective functions over the vesting period. The balancing item is recognized as liabilities.

Tax
Tax on 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 recognized in the income statement, and the tax expenses relating to items recognized directly in equity is recognized in equity. Exchange rate adjustments of deferred tax are recognized as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognized 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 recognized 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 not provided on temporary differences relating to investments in subsidiaries, as the parent company is able to control whether tax liability will crystallize, and it is likely that the liabilities will not crystallize as current tax in the foreseeable future.

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 crystallize as current tax. Changes in deferred tax as a result of changed tax rates or rules are recognized in the income statement or in equity, depending on where the deferred tax was originally recognized.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognized in the balance sheet at the value at which the asset is expected to be realized, 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 utilized.

The parent company is taxed jointly with the company's principal shareholder, LFI 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 recognized 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, amortization and impairment of property, plant and equipment and intangible assets used in production as well as operation, administration and management of factories are recognized in cost of sales and production costs. In addition, the costs and write-down to net realizable value of obsolete and slow-moving goods are recognized.

Research and development expenses
This item comprises research and development costs, including costs incurred

Notes to the financial statements

for wages and salaries, amortization and depreciation and other overheads as well as costs relating to research partnerships.

Research expenses are recognized in the income statement when incurred.

Due to the long development periods and significant uncertainties in relation to the development of new products, including risk regarding clinical trials and regulatory approvals, it is the assessment that most of the ALK Group's development costs do not meet the capitalization criteria in IAS 38, Intangible Assets. Consequently, development costs are generally recognized in the income statement when incurred. Development costs relating to individual minor development projects running for short-term periods and subject to limited risk are capitalized 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, amortization and impairment losses on property, plant and equipment 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, amortization and impairment losses on property, plant and equipment and intangible assets used in administration.

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

The item includes 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 recognized 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 recognized when the related right is obtained, whereas payments attributable to subsequent research and development activities are recognized over the term of activities. When combined contracts are entered into, the elements of the contracts are identified and assessed separately for accounting purposes.

Financial items
Financial items comprises interest receivable and interest payable, the interest element of finance lease payments, realized and unrealized gains and losses on securities, cash and cash equivalents, liabilities and foreign currency transactions, mortgage amortization 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 recognized 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 recognized 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 the consolidated financial statements. In addition, goodwill on acquisition of investments in subsidiaries from minority interests is recognized.

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 amortized, 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 amortization and impairment.

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

Such acquired intellectual property rights are amortized 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 amortized 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 capitalized under other intangible assets as described under "Research and development costs" and are measured at cost less accumulated amortization and impairment.

Intangible assets with indeterminable useful lives are not amortized, 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.

Property, plant and equipment
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 property, plant and equipment is 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.

Property, plant and equipment are written down to the recoverable amount, if lower, cf. below.

Impairment of property, plant and equipment and intangible assets
The carrying amounts of property, plant and equipment 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 recognized 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. In addition, cost is written down to the extent that dividend distributed exceeds the accumulated earnings in the company since the acquisition date.

Securities and receivables
Other securities and receivables that are accounted for as other non-current assets are measured at fair value. Adjustments are recognized in equity.

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

Notes to the financial statements

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 based on preliminary calculations of the goods actually produced. Fixed production overheads comprise maintenance of and depreciation on 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 realizable 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 amortized cost. Receivables are written down for anticipated losses.

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

Dividend
Dividends are recognized 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 recognized 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 currently pays in fixed contributions to independent pension funds etc. The contributions are recognized in the income statement during the period in which the employee renders the related service. Payments due are recognized 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 recognized 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 realized return on plan assets, actuarial gains or losses occur. These gains and losses are only recognized 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 recognized 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 recognized to the extent that it does not exceed the sum of unrecognized actuarial losses, unrecognized 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 recognized 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 September 1, 2004, which is reduced to nil by increasing the pension provision and adjusting equity accordingly in the opening balance sheet.

Provisions
Provisions are recognized 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 recognized 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 amortized cost.

Lease liabilities
Lease liabilities regarding assets held under finance leases are recognized 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 amortized cost. The difference between the present value and the nominal value of lease payments is recognized in the income statement over the term of the lease as a finance charge.

Lease payments regarding operating leases are recognized 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 amortized cost.

Deferred income
Deferred income recognized in liabilities 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 recognized from the date of acquisition, while cash flows concerning divested companies are recognized 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 property, plant and equipment. Also recognized 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, acquisition of treasury shares and payment of dividends.

Cash flows in currencies other than the functional currency are recognized 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
The ALK Group's activities fall exclusively within the business area "allergy treatment". There is therefore only one primary segment.

Revenue, segment assets as well as additions to property, plant and equipment and intangible assets are disclosed for the ALK Group's secondary, geographical segments. The segment information follows the ALK Group's risks, the ALK Group's accounting policies and in-house financial management.

Segment revenue and assets comprise those items that are directly attributable to individual segments or that can be allocated to individual segments on a reasonable basis.

Definitions and ratios
The key ratios have been calculated in accordance with "Recommendations and Financial Ratios 2005" issued by the Danish Association of Financial Analysts.

Key ratios and definitions are shown on the covers of the annual report.

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 2008, Management considers the following estimates and related judgements material to the assets and liabilities recognized 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 December 31, 2008, the carrying amount of goodwill is DKK 364 million (DKK 376 million at December 31, 2007).

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 utilization 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 December 31, 2008, the value of IPO is DKK 46 million (DKK 48 million at December 31, 2007).

Tax
Management is required to make an estimate in the recognition of deferred tax assets and liabilities. The ALK Group recognizes deferred tax assets if it is probable that they can be set off against future taxable income. At December 31, 2008, the value of deferred tax assets and liabilities is DKK 91 million (DKK 95 million at December 31, 2007).

Provisions and contingent assets and liabilities
In connection with the sale of the ingredients business, Chr. Hansen, in the 2004/05 financial year, 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 (2007: DKK 140 million) have been provided for specific risks. The provision has been reassessed during the 2008 financial year and, based on Management's assessment of the specific risks, the provision remains unchanged.

3 Segment information for the ALK Group

Primary segment
The ALK Group's activities are exclusively in the business area of "allergy treatment".

Secondary segment
The ALK Group's revenue is divided into the following secondary geographical segments:

ALK Group

	Revenue	
Amounts in DKKm	**2008**	2007
Northern Europe	**389**	353
Central Europe	**726**	667
Southern Europe	**495**	451
Other markets	**174**	181
Total	**1,784**	1,652

The geographical segment information on revenue above is based on location of customers.

The ALK Group's segment assets together with the additions of property, plant and equipment and intangible assets for the year are divided into the following geographical segments:

	Carrying amounts of property, plant and equipment and intangible assets		Additions of property, plant and equipment and intangible assets	
Amounts in DKKm	**Dec. 31, 2008**	Dec. 31, 2007	**2008**	2007
Northern Europe	**1,335**	1,754	**244**	126
Central Europe	**514**	456	**14**	8
Southern Europe	**447**	474	**26**	11
Other markets	**242**	137	**114**	26
Total	**2,538**	2,821	**398**	171

The geographical segment information on segment assets and additions of intangible and tangible assets is based on location of assets.

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2007	**2008**	Note	Amounts in DKKm	**2008**	2007
		4	Staff costs		
3	**3**		Remuneration to the Board of Directors	**3**	3
263	**279**		Wages and salaries	**618**	570
22	**25**		Pensions, cf. note 7	**53**	47
10	**10**		Other social security costs, etc.	**78**	71
5	**7**		Share-based payments, cf. note 6	**10**	8
303	**324**		**Total**	**762**	699
			Staff costs are allocated as follows:		
93	**95**		Cost of sales	**193**	184
113	**132**		Research and development expenses	**163**	141
46	**38**		Sales and marketing expenses	**295**	276
51	**59**		Administrative expenses	**111**	98
303	**324**		**Total**	**762**	699
			Remuneration to Board of Management:		
12	**16**		Board of Management remuneration, exclusive of share-based payments	**16**	12
3	**4**		Calculated costs regarding share-based payments to Board of Management	**4**	3
			Employees		
516	**531**		Average number	**1,454**	1,392
540	**534**		Number at year-end	**1,489**	1,432

5 Acquisitions of companies and operations

In the 2008 financial year, ALK took over the allergy vaccination activities of its former distributor in Canada, Western Allergy Services Ltd. with a view to strengthening ALK's global presence and ensure continuing growth in the Canadian market. The acquisition was made through ALK's Canadian subsidiary, ALK-Abelló Pharmaceuticals Inc., with effect from October 1, 2008.

Transactions have been accounted for using the purchase method.

No acquisitions of companies or operations were made in the 2007 financial year.

Statement of acquired net assets and cash purchase price

ALK Group		
Amounts in DKKm **2008**	Book value before acquisition	Fair value on acquisition
Other intangible assets	**-**	**9**
Inventories	**1**	**2**
Receivables	**1**	**1**
Non-current liabilities	**(1)**	**(1)**
Acquired net assets	**1**	**11**
Goodwill		**7**
Cash purchase price		**18**
Elements of cash purchase price		
Cash		**17**
Direct purchase costs		**1**
Total		**18**

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill related to the acquisition in 2008 amounts to DKK 7 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 profit for 2008 of DKK 95 million, a loss of DKK 1 million was generated by the acquired operations after the acquisition date.

Information on acquired activities stated as if they had been owned for the entire year of acquisition is not possible due to differences in the financial years of the acquired activities and the ALK Group.

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 employees as a part of a retention programme 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.

All share options are covered by treasury shares.

2008 plan

In November 2008, 47,600 share options were granted, comprising 19,100 to members of the Board of Management (five persons) and 28,500 to a number of key employees. As of December 31, 2008, the plan comprised a total of 47,600 share options.

The options were issued at an exercise price of DKK 504 equivalent to the average of the market price of the company's share during the period from November 13 to 19, 2008. The exercise price is increased by 2.5% p.a. and reduced by dividends paid.

The options can be exercised during the period from November 1, 2011 to November 1, 2015.

2007 plan

In November 2007, 29,000 share options were granted, comprising 11,500 to members of the Board of Management (five persons) and 17,500 to a number of key employees. As of December 31, 2008, the plan comprised a total of 28,800 share options.

The options were issued at an exercise price of DKK 727 equivalent to the average of the market price of the company's share during the period from November 15 to 21, 2007. The exercise price is increased by 2.5% p.a. and reduced by dividends paid.

The options can be exercised during the period from November 1, 2010 to November 1, 2014.

2006 plan

In November 2006, 33,375 share options were granted, comprising 13,350 to members of the Board of Management (five persons) and 20,025 to a number of key employees, and 1,500 shares granted in 2007. As of December 31, 2008, the plan comprised a total of 31,675 share options.

The options were issued at an exercise price of DKK 896 equivalent to the average of the market price of the company's share during the period from November 6 to 10, 2006. The exercise price is increased by 2.5% p.a. and reduced by dividends paid.

The options can be exercised during the period from November 1, 2009 to November 1, 2013.

2005/06 plan

In March 2006, 68,000 share options were granted, comprising 30,000 to members of the Board of Management (five persons) and 38,000 to a number of key employees. As of December 31, 2008, the plan comprised a total of 60,750 share options.

The options were issued at an exercise price of DKK 742 equivalent to the average of the market price of the company's share during the period from March 1 to 14, 2006. The exercise price is increased by 6% p.a. and reduced by dividends paid.

The options can be exercised during the period from January 1, 2009 to January 1, 2012.

6 Share-based payments (continued)

Specification of outstanding options:

	Board of Management, number	Other key employees, number	Total, number	Average exercise price DKK
Outstanding options at January 1, 2008	**48,750**	**74,525**	**123,275**	**914**
Additions	**19,100**	**28,500**	**47,600**	**556**
Cancellations	**-**	**(2,050)**	**(2,050)**	**900**
Outstanding options at December 31, 2008	**67,850**	**100,975**	**168,825**	**789**
Outstanding options at January 1, 2007	43,350	58,025	101,375	954
Additions	13,000	17,500	30,500	811
Cancellations	(8,600)	-	(8,600)	946
Reclassifications	1,000	(1,000)	-	-
Outstanding options at December 31, 2007	48,750	74,525	123,275	914

	2008	2007
Average remaining life of outstanding share options at the end of the year (years)	**1.3**	1.7
Exercise prices for outstanding share options at the end of the year (DKK)	**543 - 1,025**	783 - 1,058

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:

	2008 plan	2007 plan
Average share price (DKK)	**504**	727
Average exercise price (DKK)	**556**	802
Expected volatility rate	**45 % p.a.**	35 % p.a.
Expected option life	**5.0 years**	5.0 years
Expected dividend per share	**5**	-
Risk-free interest rate	**4.40 % p.a.**	4.00 % p.a.
Calculated market price of granted share options (DKK)	**195**	246

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

Notes to the financial statements

6 Share-based payments (continued)

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 is structured as a share-like plan, but with cash payments calculated based on the development in the company's share price. For employees with at least one year's seniority at August 31, 2006 the costs were recognized for the financial year 2005/06.

For employees with less than one year's seniority at August 31, 2006, the costs were expensed over the vesting period until August 31, 2007. The costs in 2007 were less than DKK 1 million.

For the part of the plan which is structured as a cash-settled share-like plan the costs are accrued over the vesting period of three years as from August 31, 2006. The costs are calculated on the basis of the assessed number of employees expected to meet the criteria and the officially quoted price of the company's share. The costs in 2008 and 2007 were less than DKK 1 million.

Total share-based payments

ALK-Abelló A/S			ALK Group	
2007	**2008**	Amounts in DKKm	**2008**	2007
5	**7**	Costs regarding share options	**10**	7
-	**-**	Costs regarding employee shares	**-**	1
5	**7**	**Total**	**10**	8
		Costs for the year regarding share-based payments are recognized as follows:		
1	**1**	Costs of sales	**2**	2
1	**2**	Research and development expenses	**2**	2
1	**2**	Sales and marketing expenses	**3**	2
2	**2**	Administrative expenses	**3**	2
5	**7**	**Total**	**10**	8

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	
2007	**2008**	Amounts in DKKm	**2008**	2007
1	**1**	Pensions	**57**	51
-	**-**	Similar liabilities	**16**	17
1	**1**	**Total**	**73**	68
22	**25**	**Costs related to defined contribution plans**	**47**	42
		Defined benefit plans		
-	**-**	Pensions costs in the current financial year	**3**	3
-	**-**	Calculated interest on the obligations	**3**	2
-	**-**	**Costs releted to defined benefit plans**	**6**	5
1	**1**	Provisions for defined benefit plans at the beginning of the year	**51**	46
-	**-**	Recognized in the current financial year	**6**	5
1	**1**	**Obligations, defined benefit plan at the end of the year**	**57**	51
		The pension obligations are specified as follows:		
1	**1**	Present value of unfunded pension obligations	**51**	56
-	**-**	Unrecognized actuarial profit/(loss)	**6**	(5)
1	**1**	**Total**	**57**	51

The latest actuarial calculation of the pension obligations related to the defined benefit plans was made at December 31, 2008.

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

	2008	2007
Avarage discount rate used	**6.5%**	5.5%
Expected future rate of salary increase	**3.0%**	3.0%

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2007	**2008**	Note	Amounts in DKKm	**2008**	2007
		8	Depreciations, amortization and impairment		
			Depreciations, amortization and impairment are allocated as follows:		
11	**11**		Cost of sales	**29**	29
11	**9**		Research and development expenses	**13**	12
6	**9**		Sales and marketing expenses	**11**	7
21	**21**		Administrative expenses	**33**	32
49	**50**		**Total**	**86**	80

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 item includes income and expenses amounting to net DKK 28 million (2007: DKK 199 million) in relation to an agreement with Schering-Plough on a strategic alliance to develop and commercialize ALK's tablet-based allergy vaccines against grass pollen allergy (GRAZAX®), house dust mite allergy and rag-weed allergy for the North American markets.

ALK-Abelló A/S 2007	ALK-Abelló A/S 2008	Note	Amounts in DKKm	ALK Group 2008	ALK Group 2007
		10	**Financial income**		
9	**9**		Interest on receivables from affiliates	**-**	-
39	**28**		Other interest income	**31**	43
-	**12**		Currency gains	**9**	-
99	**194**		Dividend from affiliates	**-**	-
147	**243**		**Total**	**40**	43
		11	**Financial expenses**		
5	**4**		Interest on payables to affiliates	**-**	-
3	**2**		Other interest expenses	**2**	4
25	**-**		Currency losses	**-**	25
17	**9**		Adjustment of investments in affiliates	**-**	-
50	**15**		**Total**	**2**	29
		12	**Tax on profit for the year**		
(26)	**(28)**		Current income tax	**59**	53
31	**21**		Adjustment of deferred tax	**4**	33
-	**(1)**		Prior year adjustments	**(1)**	6
5	**(8)**		**Total**	**62**	92
68	**126**		Profit before tax	**157**	232
17	**32**		Income tax, tax rate of 25%	**39**	58
9	**-**		Effect of change in tax rate from 28% to 25%	**-**	11
-	**-**		Effect of deviation of foreign subsidiaries' tax rates relative to Danish tax rate	**14**	21
(25)	**(46)**		Non-taxable income	**(6)**	(9)
5	**3**		Non-deductible expenses	**9**	6
-	**(1)**		Prior year adjustments	**(1)**	6
(1)	**4**		Other taxes and adjustments	**7**	(1)
5	**(8)**		**Tax on profit for the year**	**62**	92

13 Discontinued operations

Net profit, discontinued operations in 2007 relates to adjustments of the consideration in connection with the sale of the ingredients business, Chr. Hansen in 2004/05.

Notes to the financial statements

ALK Group	2008	2007
14 Earnings per share		
Amounts in DKKm		
The calculation of earnings per share is based on the following:		
Net profit, continuing operations	**95**	140
Net profit, discontinued operations	**-**	37
Net profit	**95**	177
Number in units		
Average number of issued shares	**10,128,360**	10,128,360
Average number of treasury shares	**134,561**	101,775
Average number of shares used for calculation of earnings per share	**9,993,799**	10,026,585
Average dilutive effect of outstanding share options	**688**	36,928
Average number of shares used for calculation of diluted earnings per share	**9,994,487**	10,063,513
Amounts in DKK		
Earnings per share (EPS), continuing operations	**9.5**	14.0
Earnings per share (EPS), discontinued operations	**-**	3.7
Earnings per share (EPS)	**9.5**	17.7
Diluted earnings per share (DEPS), continuing operations	**9.5**	13.9
Diluted earnings per share (DEPS), discontinued operations	**-**	3.7
Diluted earnings per share (DEPS)	**9.5**	17.6
15 Goodwill		
Amounts in DKKm		
Cost at the beginnig of the year	**396**	398
Currency adjustments	**1**	(2)
Additions	**7**	-
Adjustments	**(20)**	-
Cost at the end of the year	**384**	396
Amortization and impairment at the beginning of the year	**20**	20
Amortization and impairment at the end of the year	**20**	20
Carrying amount at the end of the year	**364**	376

The adjustment in 2008 is connected to a change in the cost of a subsidiary acquired in 2004/05.

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 applied growth rate 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 for future changes in the market.

The discount rate used is 12% after tax.

ALK-Abelló A/S 2007	ALK-Abelló A/S 2008	Note	Amounts in DKKm	ALK Group 2008	ALK Group 2007
		16	Other intangible assets		
			Software		
101	**113**		Cost at the beginning of the year	**168**	154
5	**3**		Additions	**3**	5
-	**(1)**		Disposals	**(1)**	-
7	**4**		Transfer to/from other groups	**4**	9
113	**119**		**Cost at the end of the year**	**174**	168
79	**92**		Amortization and impairment at the beginning of the year	**132**	113
13	**12**		Amortization and impairment for the year	**17**	17
-	**(1)**		Amortization and impairment on disposals	**(1)**	-
-	**-**		Transfer to/from other groups	**-**	2
92	**103**		**Amortization and impairment at the end of the year**	**148**	132
21	**16**		**Carrying amount at the end of the year**	**26**	36
			Patents, trademarks and rights		
24	**26**		Cost at the beginning of the year	**26**	24
2	**-**		Additions	**1**	2
-	**-**		Acquisition of operations, cf. note 5	**9**	-
26	**26**		**Cost at the end of the year**	**36**	26
11	**16**		Amortization and impairment at the beginning of the year	**16**	11
5	**8**		Amortization and impairment for the year	**9**	5
16	**24**		**Amortization and impairment at the end of the year**	**25**	16
10	**2**		**Carrying amount at the end of the year**	**11**	10
			Other		
-	**-**		Cost at the beginning of the year	**-**	-
-	**-**		Additions	**13**	-
-	**-**		**Cost at the end of the year**	**13**	-
-	**-**		**Carrying amount at the end of the year**	**13**	-
31	**18**		**Other intangible assets at the end of the year**	**50**	46

Other includes minor development projects in progress.

Notes to the financial statements

ALK-Abelló A/S 2007	ALK-Abelló A/S 2008	Note	Amounts in DKKm	ALK Group 2008	ALK Group 2007
		17	Land and buildings		
231	**288**		Cost at the beginning of the year	**439**	380
-	**-**		Currency adjustments	**2**	(5)
1	**2**		Additions	**5**	10
-	**(1)**		Disposals	**(1)**	(1)
56	**-**		Transfer to/from other groups	**1**	55
288	**289**		**Cost at the end of the year**	**446**	439
74	**85**		Depreciations and impairment at the beginning of the year	**128**	113
-	**-**		Currency adjustments	**-**	(1)
11	**12**		Depreciations and impairment for the year	**19**	17
-	**(1)**		Depreciations and impairment of disposals	**(1)**	(1)
85	**96**		**Depreciations and impairment at the end of the year**	**146**	128
203	**193**		**Carrying amount at the end of the year**	**300**	311
-	**-**		of which interest expenses	**-**	-
-	**-**		of which assets held under finance leases	**24**	26
			Land and buildings in Denmark include buildings on land leased from Scion DTU A/S, Hørsholm. The lease period for this land is unlimited.		
203	**192**		Carrying amount of land and buildings subject to mortgages	**192**	203
		18	Plant and machinery		
182	**183**		Cost at the beginning of the year	**241**	276
-	**-**		Currency adjustments	**1**	(3)
3	**3**		Additions	**17**	12
(14)	**(4)**		Disposals	**(10)**	(14)
12	**4**		Transfer to/from other groups	**6**	(30)
183	**186**		**Cost at the end of the year**	**255**	241
68	**77**		Depreciations and impairment at the beginning of the year	**112**	116
-	**-**		Currency adjustments	**-**	(1)
18	**17**		Depreciations and impairment for the year	**24**	23
(13)	**(4)**		Depreciations and impairment of disposals	**(9)**	(13)
4	**-**		Transfer to/from other groups	**-**	(13)
77	**90**		**Depreciations and impairment at the end of the year**	**127**	112
106	**96**		**Carrying amount at the end of the year**	**128**	129

ALK-Abelló A/S 2007	ALK-Abelló A/S 2008	Note	Amounts in DKKm	ALK Group 2008	ALK Group 2007
		19	Other fixtures and equipment		
30	**30**		Cost at the beginning of the year	**193**	146
-	**-**		Currency adjustments	**-**	(1)
3	**1**		Additions	**7**	16
(2)	**(12)**		Disposals	**(20)**	(6)
(1)	**-**		Transfer to/from other groups	**2**	38
30	**19**		**Cost at the end of the year**	**182**	193
30	**25**		Depreciations and impairment at the beginning of the year	**124**	102
-	**-**		Currency adjustments	**-**	(1)
1	**1**		Depreciations and impairment for the year	**17**	17
(2)	**(12)**		Depreciations and impairment of disposals	**(20)**	(5)
(4)	**-**		Transfer to/from other groups	**-**	11
25	**14**		**Depreciations and impairment at the end of the year**	**121**	124
5	**5**		**Carrying amount at the end of the year**	**61**	69
		20	Property, plant and equipment in progress		
90	**128**		Cost at the beginning of the year	**151**	100
-	**-**		Currency adjustments	**14**	(1)
113	**235**		Additions	**335**	126
-	**-**		Disposals	**-**	(1)
(1)	**-**		Depreciations and impairment for the year	**-**	(1)
(74)	**(8)**		Transfer to/from other groups	**(13)**	(72)
128	**355**		**Cost at the end of the year**	**487**	151
128	**355**		**Carrying amount at the end of the year**	**487**	151
2	**91**		of which assets held under finance leases	**91**	2

Additions to property, plant and equipment in progress include construction of a new production site in Idaho, USA, a new product line at Catalent Pharma Solutions in Swindon, UK, and a new administration facility in Hørsholm, Denmark.

Notes to the financial statements

ALK-Abelló A/S 2007	ALK-Abelló A/S 2008	Note	Amounts in DKKm	ALK Group 2008	ALK Group 2007
		21	Investments in affiliates		
692	**675**		Cost at the beginning of the year		
-	**94**		Capital contribution in affiliates		
(17)	**(9)**		Distribution of cost		
675	**760**		**Cost at the end of the year**		
-	**-**		**Impairment at the end of the year**		
675	**760**		**Carrying amount at the end of the year**		
		22	Receivables from affiliates		
243	**250**		Cost at the beginning of the year	**25**	90
97	**230**		Additions	**28**	25
(90)	**(177)**		Disposals	**(25)**	(90)
250	**303**		**Cost at the end of the year**	**28**	25
250	**303**		**Carrying amount at the end of the year**	**28**	25
			Receivables from affiliates are recognized as follows:		
166	**189**		Non-current assets	**-**	-
84	**114**		Current assets	**28**	25
250	**303**		**Total**	**28**	25
		23	Securities and receivables		
4	**4**		Cost at the beginning of the year	**6**	4
-	**-**		Additions	**-**	2
-	**2**		Disposals	**2**	-
4	**2**		**Cost at the end of the year**	**4**	6
-	**-**		**Revaluation and impairment at the end of the year**	**-**	-
4	**2**		**Carrying amount at the end of the year**	**4**	6

24 Deferred tax

ALK Group

Amounts in DKKm	Non-current assets	Current assets	Liabilities	Tax losses carried forward	Total
2008					
Carrying amount at the beginning of the year	**26**	**29**	**12**	**28**	**95**
Recognized in the income statement, net	**(18)**	**14**	**2**	**(1)**	**(3)**
Recognized in equity, net	**-**	**(1)**	**-**	**-**	**(1)**
Carrying amount at the end of the year	**8**	**42**	**14**	**27**	**91**
2007					
Carrying amount at the beginning of the year	74	40	16	34	164
Transfer to receivables from affiliates	(36)	-	-	-	(36)
Recognized in the income statement, net	(12)	(9)	(4)	(6)	(31)
Recognized in equity, net	-	(2)	-	-	(2)
Carrying amount at the end of the year	26	29	12	28	95

ALK-Abelló A/S

Amounts in DKKm	Non-current assets	Current assets	Liabilities	Tax losses carried forward	Total
2008					
Carrying amount at the beginning of the year	**29**	**2**	**(6)**	**27**	**52**
Recognized in the income statement, net	**(17)**	**(2)**	**(1)**	**-**	**(20)**
Recognized in equity, net	**-**	**(1)**	**-**	**-**	**(1)**
Carrying amount at the end of the year	**12**	**(1)**	**(7)**	**27**	**31**
2007					
Carrying amount at the beginning of the year	73	9	7	30	119
Transfer to receivables from affiliates	(36)	-	-	-	(36)
Recognized in the income statement, net	(8)	(5)	(13)	(3)	(29)
Recognized in equity, net	-	(2)	-	-	(2)
Carrying amount at the end of the year	29	2	(6)	27	52

Deferred tax in both ALK-Abelló A/S and the ALK Group is recognized 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 utilized. Deferred tax in Denmark is recognized at a tax rate of 25%.

ALK-Abelló A/S is jointly taxed with LFI a/s.

No deferred tax liability has been recognized in respect of temporary differences on investments in affiliates as the ALK Group is able to control whether the liability crystallizes, and it is probable that no tax will crystallize in the forseeable future. At December 31, 2008, there were no material temporary differences regarding investments in affiliates.

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2007	2008	Note	Amounts in DKKm	2008	2007
		25	Inventories		
40	48		Raw materials and consumables	94	82
36	35		Work in progress	76	78
48	47		Manufactured goods and goods for resale	122	122
124	130		**Carrying amount at the end of the year**	292	282
5	18		Recognized write-down of inventories during the year	32	19
7	6		Reversal of write-down of inventories during the year	19	22
		26	Receivables and prepayments		
23	5		Trade receivables (gross)	208	230
			Allowances for doubtful trade receivables:		
-	-		Balance at the beginning of the year	13	10
-	-		Change in allowances during the year	11	3
-	-		Realized losses during the year	(4)	-
-	-		Provision for doubtful trade receivables at the end of the year	20	13
23	5		**Trade receivables (net)**	188	217
			Allowances for doubtful trade receivables are based on an individual assessment of receivables		
			Trade receivables (gross) can be specified as follows:		
8	4		Not due	132	132
			Overdue by:		
15	1		Between 1 and 179 days	56	66
-	-		Between 180 and 360 days	6	24
-	-		More than 360 days	14	8
23	5		Trade receivables (gross)	208	230
			Other receivables		
4	13		VAT and other taxes	20	6
10	7		Miscellaneous receivables	11	12
14	20		**Total**	31	18
			Prepayments		
4	4		Operating expenses	9	11
1	1		Insurance	2	2
-	-		Other prepayments	11	10
5	5		**Total**	22	23
			The carrying amount is equivalent to the fair value of the assets.		

ALK-Abelló A/S				ALK Group	
2007	**2008**	Note	Amounts in DKKm	**2008**	2007
		27	## Cash and cash equivalents		
-	**-**		Securities subject to insignificant risk of changes in value	**16**	19
953	**347**		Cash and bank deposits	**433**	1,011
953	**347**		**Cash and cash equivalents**	**449**	1,030
		28	## 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.		

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2007	**2008**	Note	Amounts in DKKm	**2008**	2007
		29	Mortgage debt, bank loans and financial loans		
			Debt to mortgage credit institutions secured by property		
			Mortgage debt is due as follows:		
2	**1**		Within 1 year	**1**	2
9	**6**		From 1-5 years	**6**	9
36	**23**		After 5 years	**23**	36
47	**30**		**Total**	**30**	47
			Bank loans and financial loans		
			Bank loans and financial loans are due as follows:		
-	**-**		Within 1 year	**4**	4
-	**-**		From 1-5 years	**10**	11
-	**-**		After 5 years	**5**	7
-	**-**		**Total**	**19**	22

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

ALK Group

	Currency	Expiry date	Fixed / Floating	Effective interest rate %	Carrying amount DKKm	Fair value DKKm
December 31, 2008						
Mortgage debt						
Mortgage debt	**DKK**	**2025**	**Fixed**	**4.3**	**30**	**29**
					30	**29**
Bank loans and financial loans						
Leasing debt	**EUR**	**2016**	**Floating**	**3.5**	**18**	**17**
Other bank loans and financial loans	**EUR, USD**	**2009-2010**	**Floating**	**2.1-3.3**	**1**	**1**
					19	**18**
December 31, 2007						
Mortgage debt						
Mortgage debt	DKK	2025	Fixed	4.3	32	30
Mortgage debt	EUR	2023	Floating	4.0	15	15
					47	45
Bank loans and financial loans						
Leasing debt	EUR	2016	Floating	3.5	22	21
Other bank loans and financial loans	EUR, USD	2009 - 2010	Floating	2.1 - 5.1	-	-
					22	21

ALK-Abelló A/S

	Currency	Expiry date	Fixed / Floating	Effective interest rate %	Carrying amount DKKm	Fair value DKKm
December 31, 2008						
Mortgage debt						
Mortgage debt	**DKK**	**2025**	**Fixed**	**4.3**	**30**	**29**
					30	**29**
December 31, 2007						
Mortgage debt						
Mortgage debt	DKK	2025	Fixed	4.3	32	30
Mortgage debt	EUR	2023	Floating	4.0	15	15
					47	45

Notes to the financial statements

ALK-Abelló A/S 2007	ALK-Abelló A/S 2008	Note	Amounts in DKKm	ALK Group 2008	ALK Group 2007
		30	Other provisions		
157	**150**		Other provisions at the beginning of the year	**157**	164
2	**-**		Provisions made during the year	**1**	6
(9)	**(6)**		Used during the year	**(8)**	(12)
-	**(4)**		Reversals during the year	**(8)**	(1)
150	**140**		**Other provisions at the end of the year**	**142**	157
			Other provisions are recognized as follows:		
146	**140**		Non-current liabilities	**142**	153
4	**-**		Current liabilities	**-**	4
150	**140**		**Total**	**142**	157

In connection with the divestment of the ingredients business, Chr. Hansen, in 2004/05, 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 (2007: DKK 140 million) has been made to cover specific risks.

ALK-Abelló A/S 2007	ALK-Abelló A/S 2008	Note	Amounts in DKKm	ALK Group 2008	ALK Group 2007
		31	Other current liabilities and deferred income		
53	**57**		**Trade payables**	**128**	126
			Other payables		
46	**46**		Salaries, holiday payments, etc.	**108**	99
3	**-**		VAT and other taxes	**33**	19
15	**5**		Acquisitions of companies and operations	**5**	15
70	**56**		Miscellaneous payables	**99**	107
134	**107**		**Total**	**245**	240

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

ALK-Abelló A/S				ALK Group	
2007	2008	Note	Amounts in DKKm	2008	2007
		32	**Treasury shares**		
68,772	**131,432**		Treasury shares at the beginning of the year (B-shares), number	**131,432**	68,772
63,515	**37,543**		Purchase of treasury shares, number	**37,543**	63,515
(855)	**-**		Distribution of employee shares, number	**-**	(855)
131,432	**168,975**		Treasury shares at the end of the year (B-shares), number	**168,975**	131,432
1.3%	**1.7%**		Proportion of share capital at the end of the year	**1.7%**	1.3%
1.3	**1.7**		Nominal value at the end of the year	**1.7**	1.3
80	**86**		Market value at the end of the year	**86**	80

According to a resolution passed by the company at the annual 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 and employee shares.

33 Contingent assets and liabilities and commitments

ALK-Abelló A/S 2007	ALK-Abelló A/S 2008		ALK Group 2008	ALK Group 2007
-	**-**	**Collaterals and guarantees**	**10**	9

Contingent liabilities and assets

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 2004/05, 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 (2007: DKK 140 million) has been recognized to cover specific risks.

Liabilities relating to research and development projects are estimated at DKK 7 million at December 31, 2008 (December 31, 2007: DKK 7 million).

ALK-Abelló A/S and Chr. Hansen A/S are jointly and severally liable for the joint corporation tax for the period until August 31, 2005. At August 31, 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 17.

Notes to the financial statements

ALK-Abelló A/S 2007	ALK-Abelló A/S 2008	Note	Amounts in DKKm	ALK Group 2008	ALK Group 2007
		34	Operating lease liabilities		
14	**16**		Mimimum lease payments recognized in the income statement	**29**	26
			The total future minimum lease payments cf. interminable lease agreements are allocated as follows:		
14	**12**		Within 1 year	**24**	26
16	**2**		From 1 - 5 years	**19**	29
-	**-**		After 5 years	**-**	-
30	**14**		**Total**	**43**	55
		35	Finance lease liabilities		
			Finance lease liabilities are due as follows:		
-	**-**		Within 1 year	**3**	3
-	**-**		From 1-5 years	**11**	11
-	**-**		After 5 years	**4**	8
-	**-**		**Total**	**18**	22
-	**-**		Amortization premium for future expensing	**1**	1
-	**-**		**Present value of finance lease liabilities**	**17**	21

36 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 rate and interest rate changes. For further information of exchange rate, interest rate and credit exposure see page 10. 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 ALK Group's credit risk policy, all major customers and other business partners are credit rated regularly.

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

Exchange rate exposure – recognized assets and liabilities

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

ALK Group

Amounts in DKKm	Cash and cash equivalents	Receivables	Liabilities	Amount hedged	Net position
December 31, 2008					
DKK	**321**	**62**	**(294)**	**-**	**89**
USD	**10**	**29**	**(68)**	**-**	**(29)**
EUR	**96**	**199**	**(276)**	**-**	**19**
GBP	**-**	**13**	**(23)**	**-**	**(10)**
SEK	**8**	**6**	**(8)**	**-**	**6**
Other	**14**	**7**	**(7)**	**-**	**14**
Total	**449**	**316**	**(676)**	**-**	**89**
December 31, 2007					
DKK	878	45	(299)	-	624
USD	23	39	(31)	-	31
EUR	85	211	(352)	-	(56)
GBP	36	20	(16)	-	40
SEK	1	-	(2)	-	(1)
Other	7	17	(9)	-	15
Total	1,030	332	(709)	-	653

ALK-Abelló A/S

Amounts in DKKm	Cash and cash equivalents	Receivables	Liabilities	Amount hedged	Net position
December 31, 2008					
DKK	**314**	**56**	**(287)**	**-**	**83**
USD	**(3)**	**143**	**(16)**	**-**	**124**
EUR	**33**	**94**	**(165)**	**-**	**(38)**
GBP	**-**	**13**	**(15)**	**-**	**(2)**
SEK	**-**	**-**	**(3)**	**-**	**(3)**
Other	**3**	**29**	**(6)**	**-**	**26**
Total	**347**	**335**	**(492)**	**-**	**190**
December 31, 2007					
DKK	878	46	(303)	-	621
USD	12	98	(5)	-	105
EUR	25	116	(272)	-	(131)
GBP	35	31	(8)	-	58
SEK	1	2	(1)	-	2
Other	2	3	(1)	-	4
Total	953	296	(590)	-	659

At December 31, 2008, the fair value of derivative financial instruments entered into to hedge recognized financial assets and liabilities against exchange rate exposure totals DKK 0 million (2007: DKK 0 million) for the ALK Group and DKK 0 million (2007: DKK 0 million) for ALK-Abelló A/S. The fair value of the derivative financial instruments is recognized under other payables/other receivables and in the income statement is set off against exchange rate adjustments of the hedged assets and liabilities.

Notes to the financial statements

36 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 6 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 recognized in equity
December 31, 2008				
Forward exchange contracts, USD	**1-2**	**(26)**	**1**	**1**
Currency options, USD	**1-3**	**(39)**	**-**	**-**
Currency options, GBP	**1**	**(11)**	**(1)**	**(1)**
Total		**(76)**	**-**	**-**
December 31, 2007				
Forward exchange contracts, USD	1-3	(54)	-	-
Forward exchange contracts, GBP	4-6	(69)	(3)	(3)
Total		(123)	(3)	(3)

ALK-Abelló A/S

Amounts in DKKm	Term to maturity, months	Contract value	Fair value	Value adjustment recognized in equity
December 31, 2008				
Forward exchange contracts, USD	**1-2**	**(26)**	**1**	**1**
Currency options, USD	**1-3**	**(39)**	**-**	**-**
Currency options, GBP	**1**	**(11)**	**(1)**	**(1)**
Total		**(76)**	**-**	**-**
December 31, 2007				
Forward exchange contracts, USD	1-3	(54)	-	-
Forward exchange contracts, GBP	4-6	(69)	(3)	(3)
Total		(123)	(3)	(3)

36 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				Of these,	Effective
	Within 1 year	From 1-5 years	After 5 years	Total	fixed interest	interest rate %*
December 31, 2008						
Securities and receivables	**-**	**-**	**4**	**4**	**-**	
Trade receivables	**188**	**-**	**-**	**188**	**-**	
Other receivables	**124**	**-**	**-**	**124**	**-**	
Cash and cash equivalents	**449**	**-**	**-**	**449**	**309**	**2.7-6.7**
Financial assets	**761**	**-**	**4**	**765**	**309**	
Mortgage debt, bank loans and financial loans	**5**	**16**	**28**	**49**	**30**	**4.3**
Trade payables	**128**	**-**	**-**	**128**	**-**	
Other financial liabilities	**276**	**5**	**3**	**284**	**-**	
Financial liabilities	**409**	**21**	**31**	**461**	**30**	
December 31, 2007						
Securities and receivables	1	4	1	6	-	
Trade receivables	217	-	-	217	-	
Other receivables	109	-	-	109	-	
Cash and cash equivalents	1,030	-	-	1,030	869	4.3-5.3
Financial assets	1,357	4	1	1,362	869	
Mortgage debt, bank loans and financial loans	6	19	44	69	32	4.3
Trade payables	126	-	-	126	-	
Other financial liabilities	278	11	-	289	-	
Financial liabilities	410	30	44	484	32	

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

Notes to the financial statements

36 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 %*
December 31, 2008						
Securities and receivables	**-**	**-**	**2**	**2**	**-**	
Trade receivables	**5**	**-**	**-**	**5**	**-**	
Other receivables	**139**	**189**	**-**	**328**	**-**	
Cash and cash equivalents	**347**	**-**	**-**	**347**	**290**	**6.2-6.7**
Financial assets	**491**	**189**	**2**	**682**	**290**	
Mortgage debt, bank loans and financial loans	**1**	**6**	**23**	**30**	**30**	**4.3**
Trade payables	**57**	**-**	**-**	**57**	**-**	
Other financial liabilities	**171**	**93**	**-**	**264**	**-**	
Financial liabilities	**229**	**99**	**23**	**351**	**30**	
December 31, 2007						
Securities and receivables	-	4	-	4	-	
Trade receivables	23	-	-	23	-	
Other receivables	103	166	-	269	-	
Cash and cash equivalents	953	-	-	953	868	4.3-4.9
Financial assets	1,079	170	-	1,249	868	
Mortgage debt, bank loans and financial loans	2	9	36	47	32	4.3
Trade payables	53	-	-	53	-	
Other financial liabilities	328	11	-	339	-	
Financial liabilities	383	20	36	439	32	

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

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.

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

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	
2007	**2008**	Amounts in DKKm	**2008**	2007
250	**303**	Receivables from affiliates	**28**	25
4	**2**	Securities and receivables	**4**	6
23	**5**	Trade receivables	**188**	217
14	**20**	Miscellaneous receivables	**18**	18
291	**330**	**Loans and receivables**	**238**	266
3	**-**	Derivative financial instruments entered into to hedge future transactions	**-**	3
3	**-**	**Financial liabilities used as hedging**	**-**	3
47	**30**	Mortgage debt	**30**	47
-	**-**	Bank loans and financial loans	**19**	22
53	**57**	Trade payables	**128**	126
194	**154**	Payables to affiliates	**-**	-
142	**110**	Miscellaneous payables	**253**	248
436	**351**	**Financial liabilities measured at amortized cost**	**430**	443

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2007	**2008**	Note	Amounts in DKKm	**2008**	2007
		37	Related parties		
			Related parties exercising control		
			Parties exercising control are ALK-Abelló A/S' principal shareholder, LFI a/s, and its 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 back cover.		
			Affiliates		
			Intra-group trading comprised:		
425	**551**		Sale of goods		
49	**44**		Sale of services		
18	**21**		Purchase of goods		
18	**24**		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.		
			Intra-group transactions and accounts 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 by payment in cash. During the financial year, no bad debt losses have been realized 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.		
		38	Fees to the ALK Group's auditors		
			Fees to the auditors, Deloitte, appointed at the general meeting:		
1	**1**		Audit	**3**	3
1	**1**		Non-audit services	**2**	2
2	**2**		**Total**	**5**	5

Financial highlights and key ratios for the ALK Group

Amounts in DKKm	2008	Q4 unaudited	Q3 unaudited	Q2 unaudited	Q1 unaudited
Income statement					
Revenue	**1,784**	476	437	426	445
Cost of sales	**527**	141	133	139	114
Research and development expenses	**327**	81	81	88	77
Sales and marketing expenses	**658**	170	148	179	161
Administrative expenses	**178**	43	42	48	45
Other operating income/ (other operating expenses), net	**25**	-	-	28	(3)
Operating profit (EBIT)	**119**	41	33	-	45
Net financial items	**38**	10	25	6	(3)
Profit before tax (EBT)	**157**	51	58	6	42
Net profit	**95**	32	35	3	25
Operating profit before depreciations (EBITD)	**205**	66	53	20	66
Average number of employees	**1,454**	1,476	1,457	1,444	1,440
Revenue by market:					
Northern Europe	**389**	74	108	112	95
Central Europe	**726**	211	181	161	173
Southern Europe	**495**	144	104	112	135
Other markets	**174**	47	44	41	42
Revenue divided by product line:					
SCIT	**864**	253	216	186	209
SLIT – droplets	**528**	148	111	125	144
SLIT – tablets	**87**	24	19	20	24
Other products	**305**	51	91	95	68
Balance sheet					
Total assets	**2,538**	2,538	2,573	2,504	2,837
Invested capital	**1,367**	1,367	1,268	1,137	1,068
Equity	**1,862**	1,862	1,861	1,809	2,127
Cash flow and investments					
Depreciations, amortization and impairment	**86**	25	20	20	21
Cash flow from operating activities	**189**	110	51	1	27
Cash flow from investing activities	**(397)**	(147)	(131)	(69)	(50)
Free cash flow	**(208)**	(37)	(80)	(68)	(23)
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 – DKK	**520**	520	549	570	614
Net asset value per share – DKK	**184**	184	184	179	211
Key figures					
Gross margin – %	**70.5**	70.4	69.6	67.4	74.4
EBIT margin – %	**6.7**	8.6	7.6	-	10.1
Earnings per share (EPS) – DKK, continuing operations	**9.5**	3.2	3.5	0.3	2.5
Diluted earnings per share (DEPS) – DKK, continuing operations	**9.5**	3.2	3.5	0.3	2.5
Earnings per share (EPS) – DKK	**9.5**	3.2	3.5	0.3	2.5
Diluted earnings per share (DEPS) – DKK	**9.5**	3.2	3.5	0.3	2.5
Cash flow per share (CFPS) – DKK	**18.9**	11.0	5.1	0.1	2.7
Share price/Net asset value	**2.8**	2.8	3.0	3.2	2.9

Definitions: see back cover

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
EBIT margin – %	Operating profit x 100 / Revenue
Net asset value per share	Equity at end of period / Number of shares at 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 for the year
Earnings per share (EPS)	Net profit/ (loss) / Average number of outstanding shares
Diluted earnings per share (DEPS)	Net profit/ (loss) / 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	The compound annual growth rate
Segments	Geographical segments (based on customers' location): • Northern Europe comprises the Nordic region, the UK and the Netherlands • Central Europe comprises Germany, Austria, Switzerland and Poland • Southern Europe comprises Spain, Italy and France • Other markets comprise the USA, Canada, China and rest of world

Key figures are calculated in accordance with "Recommendations and Ratios 2005" issued by the Danish Society of Financial Analysts.

List of companies in the ALK Group

December 31, 2008 (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

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

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 50
Warsaw

USA

ALK-Abelló, Inc. — USD 50
Austin

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

Canada

ALK-Abelló Pharmaceuticals, Inc. — CAD 0
Mississauga

China

ALK-Abelló A/S (branch)
Hong Kong