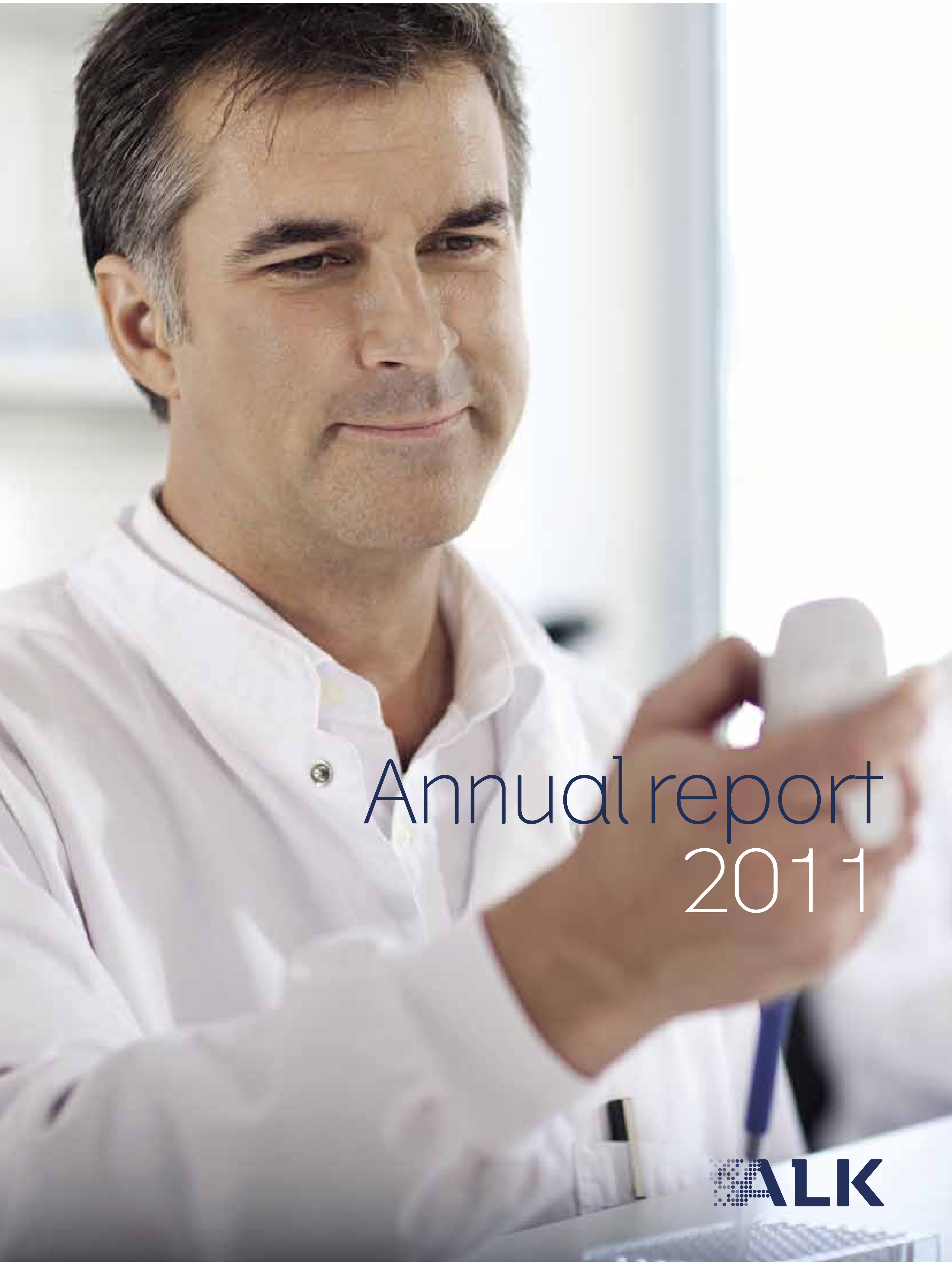


Annual report 2011

ALK

Content

Financial highlights and key ratios for the ALK Group*

Amounts in DKK/EURm***	DKK 2011	Restated** DKK 2010	EUR 2011	Restated** EUR 2010
Income statement				
Revenue	**2,348**	2,159	**316**	290
Operating profit before depreciation (EBITDA)	**406**	287	**55**	39
Operating profit (EBIT)	**299**	192	**40**	26
Net financial items	**22**	15	**3**	2
Profit before tax (EBT)	**321**	207	**43**	28
Net profit	**200**	128	**27**	17
Average number of employees	**1,724**	1,612	**1,724**	216
Balance sheet				
Total assets	**3,354**	2,830	**451**	380
Invested capital	**1,644**	1,723	**221**	231
Equity	**2,167**	2,018	**292**	271
Cash flow and investments				
Depreciation, amortisation and impairment	**107**	95	**14**	13
Cash flow from operating activities	**431**	274	**58**	37
Cash flow from investing activities	**(160)**	(345)	**(22)**	(46)
– of which investment in tangible assets	**(118)**	(138)	**(16)**	(19)
– of which acquisitions of companies and operations	**-**	(178)	**-**	(24)
Free cash flow	**271**	(71)	**36**	(10)
Information on shares				
Proposed dividend	**51**	51	**7**	7
Share capital	**101**	101	**14**	14
Shares in thousands of DKK 10 each	**10,128**	10,128	**10,128**	10,128
Share price, at year end - DKK/EUR	**321**	322	**43**	43
Net asset value per share - DKK/EUR	**215**	200	**29**	27
Key figures				
Gross margin – %	**74**	70	**74**	70
EBITDA margin – %	**17**	13	**17**	13
ROAIC – %	**18**	12	**18**	12
Pay-out ratio – %	**26**	40	**26**	40
Earnings per share (EPS) - DKK/EUR	**20.21**	12.91	**2.72**	1.73
Diluted earnings per share (DEPS), diluted - DKK/EUR	**20.21**	12.91	**2.72**	1.73
Cash flow per share (CFPS) - DKK/EUR	**43.49**	27.65	**5.85**	3.71
Price earnings ratio (PE)	**16**	25	**16**	25
Share price/Net asset value	**1.5**	1.6	**1,5**	1.6
Revenue growth – %				
Organic growth	**(5)**	4	**(5)**	4
Exchange rate differences	**(1)**	2	**(1)**	2
Acquisitions	**4**	5	**4**	5
Total growth net sales	**(2)**	11	**(2)**	11
Other revenue	**11**	(2)	**11**	(2)
Total growth revenue	**9**	9	**9**	9

*) Management's review comprises pages 1-29 as well as financial highlights and key ratios for the ALK Group on flaps.

**) In order to give a more true and fair view of the revenue and cost development, ALK has decided to change the presentation of certain income and directly related costs in the financial statements cf. accounting policies. This means that license income and other revenues from license agreements are now presented as revenue and costs relating are presented as cost of sales. Previously, these revenues were presented as other operating income and costs were presented as other operating expenses. The effect of the change has no impact on ALK's operating profit (EBITDA), cashflow statement and balance sheet.

***) Financial highlights and key ratios stated in EUR constitute supplementary information to the annual report. The exchange rate used in translating from DKK to EUR is the exchange rate ruling at 31 December 2011 (EUR 100 = DKK 743).

Definitions: see page 80

Financial highlights and key ratios for the ALK Group*

Amounts in DKKm	2011	Restated** 2010	Restated** 2009	Restated** 2008	Restated** 2007
Income statement					
Revenue	**2,348**	2,159	1,972	1,815	1,867
Operating profit before depreciation (EBITDA)	**406**	287	260	205	298
Operating profit/(loss) (EBIT)	**299**	192	175	119	218
Net financial items	**22**	15	15	38	14
Profit/(loss) before tax (EBT)	**321**	207	190	157	232
Net profit/(loss) continuing operations	**200**	128	118	95	140
Net profit/(loss)***	**200**	128	118	95	177
Average number of employees	**1,724**	1,612	1,513	1,454	1,392
Balance sheet					
Total assets	**3,354**	2,830	2,653	2,538	2,821
Invested capital	**1,644**	1,723	1,510	1,367	1,050
Equity	**2,167**	2,018	1,928	1,862	2,112
Cash flow and investments					
Depreciation, amortisation and impairment	**107**	95	85	86	80
Cash flow from operating activities	**431**	274	260	189	362
Cash flow from investing activities	**(160)**	(345)	(258)	(397)	(172)
– of which investment in tangible assets	**(118)**	(138)	(187)	(364)	(164)
– of which acquisitions of companies and operations	**-**	(178)	(23)	(18)	-
Free cash flow	**271**	(71)	2	(208)	190
Information on shares					
Proposed dividend	**51**	51	51	51	330
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, at year end – DKK	**321**	322	409	520	600
Net asset value per share – DKK	**215**	200	191	184	209
Key figures					
Gross margin – %	**74**	70	70	71	73
EBITDA margin – %	**17**	13	13	11	16
ROAIC – %	**18**	12	12	10	21
Pay-out ratio – %	**26**	40	43	54	186
Earnings per share (EPS) – DKK	**20.21**	12.91	11.85	9.51	13.96
Earnings per share (DEPS), diluted – DKK	**20.21**	12.91	11.85	9.51	13.91
Cash flow per share (CFPS) – DKK	**43.49**	27.65	26.11	18.90	36.10
Price earnings ratio (PE)	**16**	25	35	55	43
Share price/Net asset value	**1,5**	1,6	2,1	2,8	2,9
Revenue growth – %					
Organic growth	**(5)**	4	9	10	10
Exchange rate differences	**(1)**	2	(1)	(2)	(1)
Acquisitions	**4**	5	-	-	-
Total growth net sales	**(2)**	11	8	8	9
Other revenue	**11**	(2)	1	(11)	13
Total growth revenue	**9**	9	9	(3)	22

*) Management's review comprises pages 1-29 as well as financial highlights and key ratios for the ALK Group on flaps.

**) In order to give a more true and fair view of the revenue and cost development, ALK has decided to change the presentation of certain income and directly related costs in the financial statements cf. accounting policies. This means that license income and other revenues from license agreements are now presented as revenue and costs relating are presented as cost of sales. Previously, these revenues were presented as other operating income and costs were presented as other operating expenses. The effect of the change has no impact on ALK's operating profit (EBITDA), cashflow statement and balance sheet.

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

Definitions: see page 80

To our shareholders

Record year strengthens ALK's global growth strategy
2011 was a good year for ALK. Revenue and earnings reached a historically high level despite difficult international financial conditions.

In addition to good financial results, we made great progress in 2011 in respect of the implementation of ALK's global growth strategy. The basis for future growth is constituted by focused sales and marketing efforts towards carefully selected target groups as well as development of new effective products for allergy treatment. These years, ALK is investing substantial resources in the development of a portfolio of tablet based allergy vaccines (AIT) and other new vaccines as well as the adrenaline pen Jext®.

Almost 90% of ALK's sales is in Europe. In many European countries the entire pharmaceutical industry is presently facing restrictions on medicine prices and reimbursement as well as increasing demands for documentation and registration of existing and new medicine. This increases costs and limits market growth now and in the years ahead. On this basis, a consolidation of the industry is to be expected. ALK is in a unique position to benefit from the new market conditions by virtue of the company's financial strength and strong pipeline. In 2011, we were able to generate increasing growth in vaccine sales and in the years ahead we also expect to increase sales and earnings in Europe, however, at lower growth rates than before. We will among other things introduce new products, make our work processes more efficient, target our sales and marketing efforts and acquire products and companies provided the right opportunities arise.

Outside Europe, the market conditions and growth potential are considerably better.

Today, standardised and clinically documented allergy immunotherapy is used only on a very limited scale in North America and Japan. We believe that there are good opportunities to develop these markets by introducing tablet based allergy vaccines based on solid scientific documentation. In 2011, we made great progress in our efforts to launch ALK's tablet based allergy vaccines on the world's two largest markets for pharmaceuticals. In North America, we strengthened our partnership with Merck, which among other things achieved positive clinical results with ragweed AIT, and submitted a registration application for grass AIT (GRAZAX®) in Canada. In Japan, we entered into an agreement with Torii Pharmaceutical Co., Ltd. to develop, register and commercialise ALK's products, and the collaboration has progressed very satisfactorily. The two partnerships may form the basis for considerable growth for ALK in North America and Japan in the years to come.

Brazil, Russia, India, China and other emerging markets are experiencing an explosive increase in the number of allergy cases these years, while allergy immunotherapy is used very little. ALK is already represented in China and in the coming years we will expand our position in the emerging markets with new distributors, affiliates, acquisitions and establishment of partnerships. In time, we expect strong growth in sales and earnings in our AIT products and Jext® in these countries.

Considering the historically good results in 2011, a solid financial position as well as great progress in our global growth strategy and product pipeline, we are convinced that we can generate considerable and long-term value for our shareholders in the years ahead.

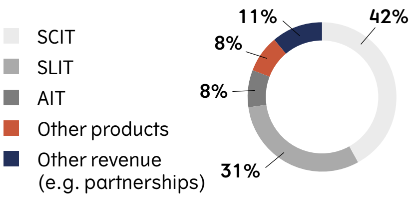
Thorleif Krarup
Chairman of the Board of Directors

Jens Bager
President and CEO

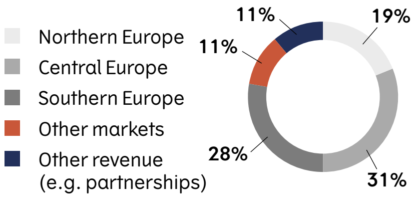
Highlights*

In 2011, ALK achieved satisfactory growth in sales and earnings. The financial forecast was adjusted upwards twice during the year and was positively affected in particular by earnings from partnerships. In 2011, both revenue and earnings reached a historically high level.

Total revenue by product line



Total revenue by market



Q4:

- Total revenue amounted to DKK 578 million (588) with an underlying growth in vaccine sales of 3%, which was driven by a geographically broadly based increase in the sales of SCIT products.
- Operating profit before depreciation and amortisation (EBITDA) was DKK 45 million (83) and was particularly affected by an increased level of activity within research and development.

Full-year 2011:

- Total revenue increased by 10% to DKK 2,348 million (2,159).
- Vaccine sales increased by 5% to DKK 1,899 million (1,811).
- Research and development expenses increased from DKK 366 million to DKK 455 million.
- Operating profit before depreciation and amortisation (EBITDA) increased by 41% to DKK 406 million (287).
- Net profit for the year was DKK 200 million (128).
- Free cash flow was an inflow of DKK 271 million (an outflow of 71), and cash and cash equivalents increased to DKK 754 million (250).

2011 was an eventful year for ALK with progress in a number of strategically important areas:

- ALK's partner in North America, Merck (known as MSD ouside the USA and Canada), has announced that it plans to submit registration applications for grass allergy immunotherapy tablet (AIT) (known as GRAZAX® outside North America) and ragweed AIT to the US Food and Drug Administration in 2013.
- In Europe, the development of MITIZAX®, AIT against house dust mite allergy, was accelerated when ALK initiated an additional Phase III clinical study. ALK is now conducting two parallel Phase III studies including up to 1,700 patients in 17 European countries.
- Merck has completed and presented data from two Phase III clinical trials with the ragweed AIT. Both studies met their primary efficacy endpoints, and the results were consistent between the two studies.
- ALK launched Jext® in Europe. The new improved adrenaline pen for the treatment of severe acute allergic reactions was positively received and the initial sales were basically as expected.
- Merck has submitted a registration application for grass AIT to Health Canada.

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

Highest revenue and earnings ever

In 2011, ALK maintained growth in both revenue and earnings.

- Revenue has increased for more than 21 consecutive years.
- Revenue increased by an annual average of 9% from 2001 to 2011.
- Earnings (EBITDA) have increased from a loss of DKK 7 million in 2001 to DKK 406 million in 2011.

Income statement

Restated Q4 2010	%	Q4 2011	%	Amount in DKKm	2011	%	Restated 2010	%
588	100	**578**	100	**Revenue**	**2,348**	100	2,159	100
173	29	**166**	29	Cost of sales	**611**	26	654	30
415	71	**412**	71	**Gross profit**	**1,737**	74	1,505	70
95	16	**135**	23	Research and development expenses	**455**	19	366	17
262	45	**263**	46	Sales, marketing and administrative expenses	**985**	42	951	44
2	-	**-**	-	Other operating income and expenses	**2**	-	4	-
60	10	**14**	2	**Operating profit (EBIT)**	**299**	13	192	9
8	1	**16**	3	Financial income	**30**	1	21	1
3	1	**5**	1	Financial expenses	**8**	-	6	-
65	11	**25**	4	**Profit before tax (EBT)**	**321**	14	207	10
25	4	**6**	1	Tax on profit	**121**	5	79	4
40	7	**19**	3	**Net profit**	**200**	9	128	6
83	14	**45**	8	**Operating profit before depreciation and amortisation (EBITDA)**	**406**	17	287	13

- Merck has initiated an additional major clinical study with grass AIT. The new study is scheduled to be completed in 2012. The overall development programme for GRAZAX® thereby totals 17 completed and two ongoing clinical studies including a total of more than 6,600 patients.

- GRAZAX® was launched in France, where the product contributed to an increase in ALK's overall market share. Furthermore, the Danish Medicines Agency has granted GRAZAX® general reimbursement in Denmark.

- ALK entered into an agreement with Torii Pharmaceutical Co., Ltd. to develop, register and commercialise MITIZAX®, among other products, in Japan. Subsequently, Torii has initiated the clinical development of MITIZAX® in Japan.

Outlook for the 2012 financial year

For the 2012 financial year, ALK anticipates continued growth in revenue and robust earnings. Vaccine sales are expected to increase by 3-5%, measured in local currencies. ALK also expects to receive significant revenues from partnerships, although at a lower level compared to the extraordinarily high level in 2011. Total revenue of up to DKK 2.4 billion is expected for 2012.

In 2011, ALK decided to further accelerate research and development activities. As a consequence, an extraordinarily high activity level is expected, which will entail increasing expenses, especially in 2012 and 2013, when research and development expenses are expected to account for more than 20% of revenue. Despite the high level of activity, operating profit before depreciation and amortisation (EBITDA) is expected to exceed DKK 300 million in 2012 (DKK 406 million in 2011).

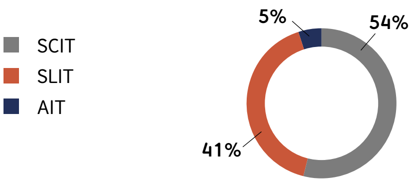
See page 8 for further details on the outlook for 2012.

Management's review*

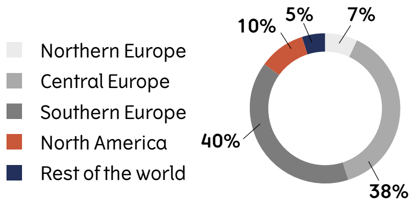
Market development

ALK's market share is around one third of global sales of allergy vaccines, which total approximately DKK 5.7 billion. In 2011, ALK consolidated and expanded its leading position in a market that stagnated in 2011.

Global sales of allergy vaccines were approximately DKK 5.7 billion in 2011



Geographical breakdown of allergy immunotherapy



Global sales of allergy vaccines were approximately DKK 5.7 billion in 2011. Again in 2011, the market was dominated by the European countries and the USA, with sales accounting for approximately 95% of global vaccine sales. In value terms, ALK assesses that global vaccine sales stagnated in relation to the previous year. In Europe, the industry's total vaccine sales declined slightly, while sales rose moderately in a number of countries outside Europe. In Europe, however, considerable differences were seen between the individual markets. Some markets continue to grow, while others, such as Germany, are declining.**

Like the pharmaceutical market in general, again in 2011 the market for allergy immunotherapy was affected by difficult economic conditions. In view of the international economic crisis, politicians and health authorities in many European countries have implemented restrictions on medicine prices and reimbursement in recent years. In addition, the adverse economic climate in a number of countries, especially in southern Europe, has reduced the use of a number of pharmaceuticals, especially in areas, where patients pay a large share of the price themselves, such as allergy immunotherapy.

Furthermore, the authorities have imposed a higher documentation burden on allergy companies to prove the efficacy and quality of the products offered. ALK expects that this documentation requirement will lead to further consolidation of the European allergy vaccine industry. Consolidation with fewer companies, as well as fewer, but well-documented, products, will benefit the companies that have invested in the necessary product documentation.

ALK's pharmaceutical products are targeted at all major types of allergy and are marketed in many countries all over the world today. ALK is broadly represented in Europe, the USA and China and has consolidated and expanded its leading market position during 2011. ALK's share of global sales of products for allergy immunotherapy is approximately 33%.

Facts: allergy immunotherapy treats the cause of allergy

Today, more than 100 million Europeans, 60 million North Americans, 30 million Japanese and up to 100 million Chinese suffer from allergy. Allergy is a widespread disease that is increasing rapidly. Most allergy sufferers experience a significantly reduced quality of life, affecting both work and leisure time. If a patient's allergy is not treated effectively, it may in time progress to other allergies and asthma. Many patients are not treated properly for this disease, and allergy is also often under-diagnosed. There is thus a significant unmet need for better treatment.

Allergy immunotherapy treats the underlying cause of the allergy symptoms. Patients' quality of life is improved and the risk of the allergy developing into other allergies or asthma is reduced.

Allergy immunotherapy has traditionally been reserved for the most severely affected allergy patients and has only been available in some parts of the world. In many cases, the disease is underestimated by patients, physicians and society. There is also a general lack of awareness of allergy immunotherapy.

* Management's review comprises pages 1-29, as well as financial highlights and key ratios for the ALK Group on the flaps.
** The assumptions concerning the market development are based on internal analyses since no complete official statistical sources exist. Data is therefore subject to some uncertainty.

Financial review*

In 2011, ALK achieved satisfactory growth in revenue and vaccine sales reached a historically high level, despite a declining market in several European countries. The financial forecast was adjusted upwards twice during the year. Performance was positively affected in particular by the progress of the strategic partnerships in Japan and the USA, which generated a series of revenues.

ALK's **revenue** consists of product sales (allergy vaccines and other products) and other revenue, including revenues from partners.

Revenue in 2011 increased by 10% to DKK 2,348 million (2,159). The growth in vaccine sales was 5%, driven by the performance in France, the Netherlands, Spain, the Nordic countries and the USA. Vaccine sales accounted for 81% of total revenue, with the remainder being contributed by sales of adrenaline and diagnostic products, as well as revenues from partnerships. The geographical breakdown of product sales was 88% in Europe, 10% in North America, and 2% in other markets. Revenues from ALK's partners totalled DKK 248 million (19), mainly consisting of license income relating to the development of AIT products in Japan and North America. The political austerity measures targeted at medicine prices implemented by the German authorities in August 2010 reduced ALK's sales by approximately DKK 120 million in 2011. Relative to the previous year, the political austerity measures reduced sales growth by 3 percentage points. Acquisitions affected sales growth positively by approximately 4 percentage points. Exchange rates have had a negative impact on the development of sales of approximately 1 percentage point.

Revenue – sales by product line
In 2011, sales of SCIT increased by 1% to DKK 979 million (975). Performance was positive in North America and in the Northern and Southern European regions, where the launch of the new SCIT product, AVANZ®, contributed to the growth. AVANZ® has currently been launched in Germany, Austria, Spain and Italy. Sales of AVANZ® almost doubled in 2011, and treatment initiations with AVANZ® now account for more than 40% of total treatment initiations with SCIT products in the countries concerned. The positive performance was offset, however, by the anticipated downturn in sales in the Central European region, which was mainly due to the development in Germany. This development was a consequence of the political austerity measures targeted at medicine prices, as well as mild pollen seasons in both 2010 and 2011. Consequently, fewer patients started immunotherapy treatments. Despite the declining sales, ALK's share of the German market for SCIT products increased in 2011. Sales of injection based vaccines accounted for 42% (45) of ALK's total revenue.

Sales of SLIT increased by 9% to DKK 737 million (674). The development was positive in France, and also in the Netherlands, where it was a consequence of a company acquisition in 2010. In Germany, Spain and Italy, sales of SLIT are under pressure as a consequence of regulatory requirements and the general economic situation, which also affected ALK's sales. SLIT products accounted for 31% (31) of the company's total revenue.

Sales of AIT, (GRAZAX®), increased by 12% to DKK 183 million (162), while the underlying growth in volume exceeded 20%. The growth was driven especially by the launch in France, as well as sustained high growth in the Nordic countries. The performance in Germany, which accounts for approximately 40% of total AIT sales, was affected significantly by mandatory price reductions and the general market development, including the consequences of mild pollen seasons in both 2010 and 2011. GRAZAX® is increasingly becoming the product preferred by patients and prescribing physicians, and is the fastest growing treatment of grass pollen allergy. AIT sales accounted for 8% (8) of the company's total revenue.

Sales of other products (adrenaline pens, diagnostics, etc.) fell by 37% to DKK 201 million (329). The decline was solely due to the phasing-out of the sale of an inlicensed adrenaline product, which has now been replaced by ALK's own, improved adrenaline pen, Jext®. In the autumn of 2011, Jext® was launched in Europe. In the important British market, the product has so far been received well by specialists and the local health authorities, and has already after a short time achieved the status of preferred product in several British regions. Nonetheless, ALK expects that it will take some time for physicians to begin to prescribe Jext® on any significant scale, since the competing product is a well-known brand among physicians. Jext® was received positively in the other European markets where it was launched, and sales are developing satisfactorily. Overall, the

Facts: three types of allergy immunotherapy

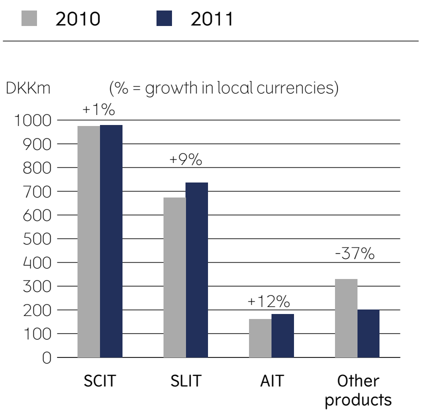
Allergy immunotherapy can be administered in three different ways: as injection (SCIT), drops (SLIT) and tablets (AIT). Allergy immunotherapy is a three-year treatment.

ALK's product portfolio comprises all three types of treatment and covers each of the most common allergies, including grass, house dust mite, birch, ragweed, cat, bee and wasp.

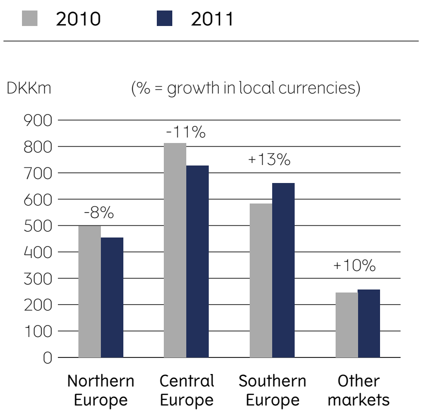
In Europe, approximately 600,000 patients are treated with ALK's allergy vaccines. In the USA and China, a total of approximately 900,000 patients are treated with vaccines based on ALK's allergen extracts.

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

Net sales 12M – by product line



Net sales 12M – by market



introduction of Jext® so far bodes well for future sales, and ALK is still of the opinion that sales of adrenaline products can be re-established within the next few years. Sales of other products accounted for 9% (15) of the company's total revenue.

Revenue – sales by market
In the Northern European region, sales fell by 8% to DKK 455 million (498), which was due to the discontinued distribution of the inlicensed adrenaline pen. However, the decline in adrenaline sales was offset by the positive effect of the acquisition in the Netherlands and the increase in sales of SCIT products and GRAZAX® in the Nordic countries. In the Northern European region, sales of allergy vaccines increased by 23%.

In the Central European region, sales fell by 11% to DKK 727 million (813), and performance was strongly affected by political austerity measures on medicine prices in Germany. Despite the declining sales, ALK maintained and consolidated its market position in the important German market.

In the Southern European region, sales grew by 13% to DKK 661 million (586). The growth was due primarily to continued highly positive performance in France, where general market growth, combined with ALK's expanded market share, resulted in a very satisfactory development in sales. AVANZ® furthermore contributed positively to developments in Italy and Spain, where the general market conditions are still, nonetheless, difficult.

Revenue in other markets grew by 10% to DKK 257 million (243). Sales of SCIT in North America and China were the main contributors to the increase.

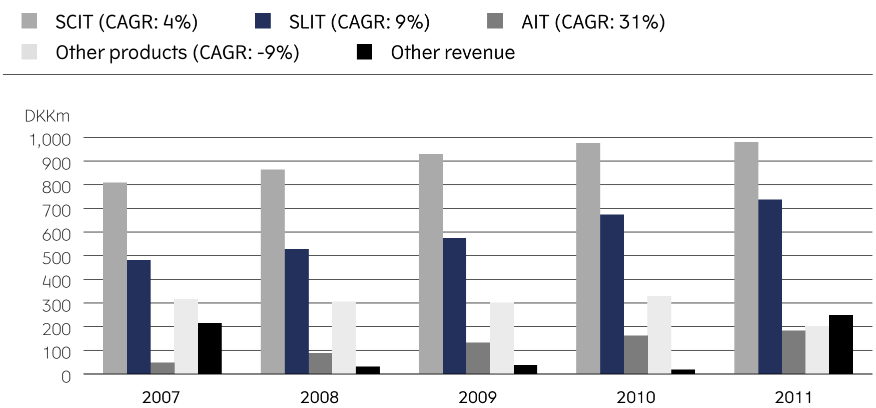
Revenue – other revenue
Other revenue mainly consists of revenues from partners in Japan and North America. In 2011, other revenue was DKK 248 million (19), which was extraordinarily high, primarily as a consequence of the new partnership with Torii in Japan. Other revenue accounted for 11% (1) of the company's total revenue.

On entering into the partnership with Torii on the development, registration and commercialisation of MITIZAX®, among other products, in Japan, ALK received an up-front payment of DKK 224 million, DKK 150 million of which was recognised in 2011. The remaining amount of DKK 74 million is expected to be recognised in 2012.

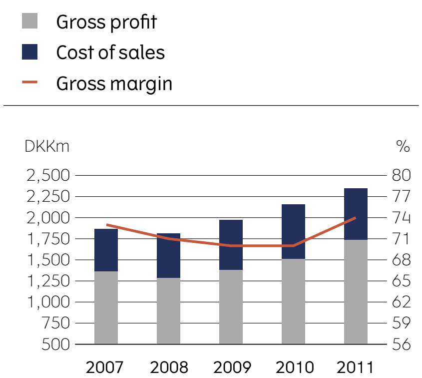
Torii's initiation of the clinical development of MITIZAX® in Japan in September released a non-disclosed milestone payment to ALK.

Merck's submission of a registration application for grass AIT (GRAZAX®) to

Total revenue



Gross profit



Health Canada in June released a milestone payment of DKK 26 million to ALK.

Furthermore, ALK has recognised revenues concerning development activities conducted by ALK in cooperation with Merck and Torii.

Costs and earnings
In 2011, **cost of sales** amounted to DKK 611 million (654), and gross profit increased by 15% to DKK 1,737 million (1,505). The reported gross margin was 74% (70). Disregarding other revenue, the gross margin increased by 2 percentage points from the previous year. The development was affected positively by acquisitions and the product mix, but negatively by the price interventions in Germany, as well as rising costs related to the preparation of production for the North American and Japanese markets, where ALK will deliver the physical products to its partners.

Total **capacity costs** increased by 9% to DKK 1,440 million (1,317). Disregarding acquisitions, the underlying increase in capacity costs was 6%. Research and development expenses for the year increased by 24% to DKK 455 million (366). The increase was related particularly to a high level of clinical and pharmaceutical activities, including the GAP study (*GRAZAX® Asthma Prevention*) and initiations of European clinical studies with MITIZAX® and AVANZ®. Added to this was support for the strategic partnerships in North America and Japan and new regulatory requirements in Europe imposing stricter requirements for the documentation of the company's non-registered product portfolio, especially in Germany. Sales, marketing and administrative expenses increased by 4% to DKK 985 million (951). Disregarding acquisitions, sales, marketing and administrative expenses were maintained at the same level as last year. In 2011, resources were devoted particularly to the product launches of Jext® in Europe, GRAZAX® in France and AVANZ® in Spain and Italy, made possible by a series of optimisation measures in the sales and marketing organisation. Administrative expenses declined slightly.

Operating profit before depreciation and amortisation (EBITDA) increased by 41% to DKK 406 million (287), which is the highest level in ALK's history. The profit was extraordinarily high and was positively affected in particular by revenues from partnerships. Exchange rates had a small negative effect on the operating profit.

Net financials made a net contribution of DKK 22 million (15) and consisted of interest income and exchange gains, primarily related to CHF and USD.

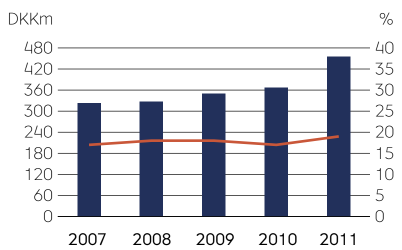
Income tax for the year amounted to DKK 121 million (79), corresponding to an effective tax rate of 38% (38). The net profit for the year was thus DKK 200 million (128).

The **cash flow** from operating activities was an inflow of DKK 431 million (274) and was positively affected by revenues from partners, as well as changes in working capital as a consequence of minor reductions in inventories and receivables. Cash flow from investing activities was an outflow of DKK 160 million (345) and included investments in plant, equipment and software totalling DKK 139 million, as well as equity investments and investments in other intangible assets totalling DKK 21 million. The free cash flow for the year was an inflow of DKK 271 million (an outflow of 71). The cash flow from financing activities was an inflow of DKK 225 million (an outflow of 72). ALK has raised a five-year bullet loan from the European Investment Bank (EIB) for DKK 298 million. The cash flow from financing activities also includes the distribution of ordinary dividends and the announced share buy-back programme. At the end of the year, cash and cash equivalents totalled DKK 754 million, against DKK 250 million at the end of 2010.

Equity stood at DKK 2,167 million (2,018) at the end of the year, giving an equity ratio of 65% (71).

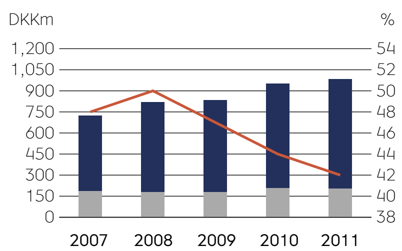
Research and development

- Research and development expenses
- Percentage of revenue



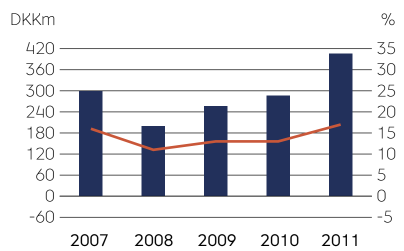
Sales, marketing and administration

- Administrative expenses
- Sales and marketing expenses
- Percentage of revenue



EBITDA

- EBITDA
- EBITDA margin



Financial outlook for 2012

For the 2012 financial year ALK anticipates continued growth in revenue and robust earnings.

ALK expects 3-5% growth in vaccine sales in 2012, measured in local currencies. In addition, ALK expects a significant contribution to revenue from its partnerships with Merck and Torii, although at a slightly lower level than in 2011, when revenues from partners were extraordinarily high. Total revenue of up to DKK 2.4 billion is expected for 2012.

The coming years are expected to be characterised by a high activity level within research and development, where in particular the development of AIT in Europe, the USA and Japan will be highly prioritised to secure ALK the best future growth prospects and a continued leading position in the market for allergy immunotherapy. In 2011, ALK's management decided to further accelerate the AIT development programme with a view to securing a rapid development of a broader product portfolio, which will increase the overall commercial potential of the AIT programme. This will mean increasing research and development expenses, in 2012 and 2013 in particular. In 2012, ALK expects to increase its research and development expenses by up to DKK 70 million compared with 2011.

Despite this, operating profit (EBITDA) for 2012 is expected to exceed DKK 300 million. This is lower than in 2011 and is mainly due to the acceleration of research and development investments and anticipated lower revenues from partners.

The outlook is based on the current exchange rates. The company's revenue and earnings are only to a minor extent exposed to foreign exchange fluctuations.

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, for example, general economic and business conditions, including legal issues, uncertainty relating to pricing, reimbursement rules, fluctuations in currencies and demand, changes in competitive factors and reliance on suppliers, but also factors such as side effects from the use of the company's existing and future products since allergy immunotherapy may be associated with allergic reactions of differing extent, duration and severity.

Operating review

In 2011, ALK made important strategic progress: new products were launched in Europe, progress in the development of the pipeline of tablet based allergy vaccines (AIT) was made with positive results from the ragweed vaccine and the initiation of new clinical studies. ALK and its partners also made progress in their endeavours to launch AIT worldwide: Merck applied for approval of grass AIT (GRAZAX®) with Health Canada, and ALK entered into a new partnership in Japan.

Base business: product launches strengthen the revenue basis

Continued launch of AVANZ®

In order to consolidate its product range and market position in SCIT, which still accounts for the greater part of the base business, ALK launched a new, improved injection vaccine, AVANZ®, in 2009. AVANZ® allows faster updosing than traditional SCIT products. In 2011, AVANZ® was launched in additional countries and is now being marketed in Italy, Spain, Germany and Austria for the treatment of a number of the most important allergies; initially as a named patient (NP) product. The introduction of AVANZ® has progressed very satisfactorily.

In order to accommodate the increasing regulatory requirements regarding NP allergy vaccines in Germany, ALK submitted 19 registration applications in 2010, including for AVANZ®. The registration applications are still under consideration by the authorities. ALK expects to receive a response from the authorities in 2012 or 2013. In 2011, as part of the registration process, ALK initiated a Phase III clinical study with AVANZ® including 450 patients. The study is expected to be completed in 2012. Further studies with AVANZ® are expected to be initiated in the coming years.

NICE recommends ALK's allergy vaccines

In the UK, the National Institute for Health and Clinical Excellence (NICE), which is internationally recognised for its health economic analyses and guidance, published a favourable opinion of ALK's injection based allergy vaccine against bee and wasp allergy.

NICE recommends that patients who have had a severe systemic reaction or a moderate allergic reaction to a bee or wasp sting and who have a high risk of future stings or are anxious about future stings should be vaccinated with ALK's product.

ALK's sales of vaccines against bee and wasp allergy accounted for approximately 10% of ALK's total product sales in 2011.

GRAZAX® in France and Denmark

In 2011, ALK launched GRAZAX® in France following lengthy price and reimbursement negotiations with the authorities. France is the world's second largest market for allergy immunotherapy and a country with a long-standing tradition of treatment with drop based allergy vaccines. In France, GRAZAX® is the only available tablet based allergy vaccine.

FACTS: growing recognition of allergy immunotherapy

The prevalence of allergies and their serious effect on patients' health is underestimated, and only few patients are aware of the possibilities of effective treatment and the benefits from this treatment.

In 2011, major stakeholders took initiatives to increase the awareness of effective treatment:

- At its June 2011 congress, the European Academy of Allergy and Clinical Immunology (EAACI) adopted 'A European Declaration on Immunotherapy', which calls on Europe's policymakers to give priority to allergy immunotherapy in health-care policy, increase allergy immunotherapy awareness, promote funding for research in allergy immunotherapy, improve statistics and socio-economic analyses of allergy and improve allergy training for health care providers.
- The European Federation of Allergy and Airways Diseases Patients' Associations (EFA) called on the EU and the member states to take initiatives to improve the treatment of respiratory allergies, including increased political recognition of allergy, increased awareness of allergy, improved allergy training and improved access to effective treatment. Allergy immunotherapy is recognised as the only treatment that treats the symptoms and targets the cause of allergy and which may reduce allergy patients' risk of developing asthma.
- Following these requests the European heads of state and government at a European Council meeting adopted a declaration on chronic respiratory diseases, of which the most important is allergy. Among other things, the EU member states are encouraged to improve awareness of respiratory diseases and to prioritise training and research in prevention, early diagnosis and treatment.

GRAZAX® was well received by physicians and patients and has contributed to an increase in ALK's overall market share in France.

In 2011, the Danish Medicines Agency decided that allergy sufferers can receive general conditional reimbursement for treatment with GRAZAX®.

With the launch in France and the grant of general reimbursement in Denmark, GRAZAX® is now available and eligible for reimbursement in all major European countries.

New, improved adrenaline pen, Jext®

Until 2011, ALK distributed an inlicensed adrenaline pen in a limited number of European countries. In 2011, ALK launched Jext® in 14 European countries. Jext® is approved for emergency treatment of allergic reactions (anaphylaxis) caused by, for example, foods or bee stings. Jext® has been developed by ALK, which holds the global product rights.

Jext® has a number of benefits over current standard treatment; among other things, the shelf life is considerably longer than for other similar products. With Jext® ALK expects to improve the company's gross margin and increase earnings from the business area within the next few years.

The launch is progressing as planned and Jext® has been well received. ALK is still of the opinion that the sales of adrenaline products can be re-established within the next few years (for a more detailed status of the launch, see 'Financial review').

New products for the diagnosis of penicillin allergy

In 2011, the Canadian health authorities, Health Canada, approved PRE-PEN® for the diagnosis of penicillin allergy. The product is now available in the USA and Canada, and it is the only penicillin allergy skin test available. ALK has inlicensed the global distribution rights to PRE-PEN® from the US company AllerQuest.

In 2011, ALK entered into an agreement with AllerQuest to develop and market a new diagnostic product for penicillin allergy, Minor Determinant Mixture (MDM). The new product, which is being developed, will provide a complete and unique penicillin allergy diagnosis. The combination of PRE-PEN® and the new diagnostic product (MDM) will have a global market potential. As with PRE-PEN®, ALK will become exclusive distributor with global rights. The clinical development is expected to be completed in 2012, after which a registration application will be submitted to the US health authorities.

Research and development: significant progress in the AIT programmes

ALK's pipeline includes a portfolio of tablet vaccines (AIT) against the most common allergies. In 2011, the first two Phase III clinical studies with AIT against ragweed allergy had a successful outcome, and new studies of GRAZAX® and of MITIZAX® (AIT against house dust mite allergy) were initiated.

GRAZAX® against grass pollen allergy

GRAZAX® was approved in Europe in 2006 and is today marketed and eligible for reimbursement in all major European markets. However, the clinical development continues, with focus on documenting the effect on asthma and on introducing the product to the important North American markets.

In Europe, ALK is conducting the clinical study called the *GRAZAX® Asthma Prevention* or GAP study. This study, which is the largest ever of its kind, is designed to investigate the potential of the product to prevent the development of asthma in children and adolescents. Studies of allergic children have shown that they are up to seven times more at risk of developing asthma. The GAP study will run for five years in 11 European countries and will include approximately 800 children aged 5-12 years. The study is progressing as planned and is expected to be completed in 2015.

Facts: prevention and treatment of allergy and asthma

Allergy and asthma affect the upper and lower respiratory tracts, respectively, and are two closely related diseases.

60% of asthma patients also suffer from allergy, and allergic children are up to seven times more at risk of developing asthma.

The GRAZAX® Asthma Prevention (GAP) study investigates the potential of the product to prevent the development of asthma in children and adolescents with grass pollen allergy. The GAP study will run for five years in 11 European countries and will include approximately 800 children aged 5-12 years.

In connection with the clinical development of MITIZAX®, a study (the MITRA study) is being conducted to evaluate the efficacy of the tablet in the treatment of house dust mite induced allergic asthma. The study intends to enrol 800 adult subjects across 105 centres in 12 European countries and is expected to be completed in 2013.

The study results may lead to new possibilities in the prevention and treatment of asthma – and for the use of allergy immunotherapy.

[1] Merck holds the product rights for the North American markets
[2] Torii holds the product rights for the Japanese market
[3] Ragweed is currently only developed for North America
[4] HDM: House Dust Mite
[5] ARC: Allergic Rhinoconjunctivitis
[6] Filing of registration application with the FDA expected in 2013

In 2011, ALK's partner in North America, Merck, initiated a North American Phase III, multicenter, randomised, placebo-controlled, double-blind, parallel-group clinical study to evaluate the efficacy of grass AIT (known as GRAZAX® outside North America) versus placebo in the treatment of grass pollen-induced allergic rhinocojunctivitis. The study includes 1,500 patients and is the largest ever conducted for grass AIT. The study is expected to be completed in 2012 (for status concerning the registration of grass AIT in North America, see the section 'Global expansion through partnerships').

MITIZAX® against house dust mite allergy

ALK is developing a new AIT product against house dust mite allergy, MITIZAX®. House dust mite allergy is the most common indoor allergy in the world, affecting some 90 million people in Europe, North America and Japan. House dust mite allergy is also an important cause of allergic asthma. Clinical development programmes are being conducted in Europe, North America and Japan. ALK is working with Merck and Torii, respectively, in North America and Japan.

In 2011, ALK decided to accelerate the development of MITIZAX® in Europe and initiate an additional Phase III clinical study (the MERIT study) to broaden the therapeutic use of the product. The MERIT study is a Phase III, randomised, double-blind, placebo-controlled, parallel-group study, and it is intended to enrol approximately 900 adult subjects across 86 centres in 12 European countries. The study will evaluate the efficacy and safety of MITIZAX® compared to placebo in the treatment of house dust mite induced allergic rhinitis. This study is expected to be completed in 2013.

ALK is also conducting the MITRA study, which is a Phase III study enrolling up to 800 patients across 105 centres in 12 European countries to evaluate the efficacy and safety of the tablet in the treatment of house dust mite induced allergic asthma. This study is expected to be completed in 2013.

In North America, Merck is planning the clinical development programme with a view to having the candidate approved for registration by the US Food and Drug Administration.

Following a dialogue with the authorities, Torii initiated the clinical development of MITIZAX® with a Phase I study in Japan in 2011. The study is expected to be completed at the beginning of 2012 and to form the basis for the initiation of the late clinical development programme.

New AIT against ragweed allergy

ALK is also developing an AIT against ragweed allergy. Clinical development activities are being carried out by Merck and are in the late phase (Phase III) of development. In the USA, 30 million people suffer from ragweed allergy, which is the second most frequent allergy after grass pollen allergy, typically causing more – and more severe – symptoms for patients.

At the American College of Allergy, Asthma & Immunology (ACAAI) congress in 2011, Merck presented data from the two Phase III clinical studies with the new AIT against ragweed allergy.

The studies showed that patients treated with the highest dose in the two studies experienced a 24% and 27% reduction ($p<0.05$), respectively, in the combined primary efficacy endpoint of reducing the allergy symptoms and use of concomitant symptom relieving medication. The treatment was well tolerated, with adverse effects (AEs) similar to previous studies in adults. There were no unexpected findings. A total of approximately 1,350 subjects were included in the studies, which were conducted by Merck.

In 2011, Merck launched a safety study of 900 patients that is expected to be completed in 2012.

The studies will form the basis for a registration application to the US Food and Drug Administration (for status concerning the registration of ragweed AIT in North America, see the section 'Global expansion through partnerships').

New AIT against tree pollen allergy, including Japanese cedar
ALK has previously conducted a Phase I study of a tablet based vaccine for the treatment of tree pollen allergy. The study showed that the product was suitable for further clinical development. ALK expects to initiate a major clinical efficacy study of this allergy vaccine in 2012.

FACTS: clinical studies including more than 8,000 patients in 2012

In 2012, the development of ALK's products will reach a historically high level. It is expected that more than 8,000 patients will be participating in the clinical studies in 2012. These studies will be financed by ALK and its partners. ALK's research and development expenses are expected to account for more than 20% of revenue in 2012 and 2013. In comparison, the number of patients was approximately 4,300 in the 17 completed clinical studies with GRAZAX® conducted in the period 2001-2011.

ALK and Torii are furthermore looking into the possibility of developing an allergy immunotherapy tablet for the treatment of Japanese cedar pollen allergy, which is one of the most frequently occuring allergies in Japan. If the results are positive, the clinical development programme is expected to be initiated.

Global expansion through partnerships

An important part of ALK's strategy is to ensure global access to allergy immunotherapy through partnerships with other pharmaceutical companies. In 2011, ALK's partner, Merck, applied for the approval of grass AIT (GRAZAX®) with Health Canada, and ALK entered into a new partnership in Japan. ALK is continually investigating possibilities of ensuring greater global access to the company's products through partnerships.

North America: partnership with Merck
The partnership with Merck includes the development, registration and commercialisation of a portfolio of allergy immunotherapy tablets (AIT) against grass pollen, ragweed and house dust mite allergy, in the USA, Canada and Mexico.

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

At present, up to three million Americans are being treated with a special form of injection based allergy immunotherapy preparations. The treating physicians prepare the products after having received the active allergen ingredients from, for instance, ALK. No registered products for allergy immunotherapy are currently available in the USA. In 2011, ALK and Merck made progress in a number of key areas:

- Merck has submitted a registration application for grass AIT (known as GRAZAX® outside North America) to Health Canada. The submission of the registration application to the Canadian health authorities released a milestone payment of DKK 26 million to ALK. ALK expects that Merck will launch grass AIT in Canada after regulatory approval of the registration application.
- Merck has initiated an additional major clinical study with grass AIT. The new study is scheduled to be completed in 2012. Merck plans to submit a registration application for grass AIT to the US Food and Drug Administration in 2013.
- In 2011, Merck announced that the two clinical Phase III studies of the ragweed AIT met the primary efficacy endpoints, and that the results were consistent between the two studies. Merck plans to submit a registration application for ragweed AIT to the US Food and Drug Administration in 2013.

Japan: partnership with Torii
In 2011, ALK entered into a partnership agreement with Torii to develop, register and commercialise MITIZAX®, among other products, in Japan. The agreement also covers ALK's existing injection based vaccine and diagnostic products against house dust mite allergy. Moreover, the agreement includes a research and development collaboration targeting an allergy immunotherapy tablet (AIT) against Japanese cedar pollen allergy.

In Japan, allergy to house dust mites and cedar pollen are the most frequently occuring allergies. It is estimated that between 25 and 35 million people suffer from allergy or asthma caused by house dust mites or cedars. As in the USA, there is a significant unmet need for better allergy treatment in Japan.

On entering into the agreement with Torii, ALK received a payment of EUR 30 million (DKK 224 million) in 2011. ALK will also receive royalty payments and sales milestones. Torii will be incurring all costs in connection with clinical development, registration, marketing and sale of the products, while ALK is responsible for the production and supply of the tablets to the Japanese market. In 2011, Torii initiated the clinical development of MITIZAX®, which released a milestone payment to ALK.

Events after the end of the financial year

Management changes at ALK
After six years with ALK, Jørgen Damsbo Andersen (52), Executive Vice President of Business Operations and International Marketing and a member of the Board of Management of ALK, has decided to leave ALK, effective 31 March 2012, when he will take up a position with another company.

The search for a replacement has been initiated.

Progress in the strategic development of ALK

In 2010, ALK's Board of Directors adopted a new strategy plan, which sets out the strategy up to 2015, focusing on ensuring growth in sales and earnings in ALK's base business as well as global development and commercialisation of new products.

In 2011, ALK achieved the following important results:

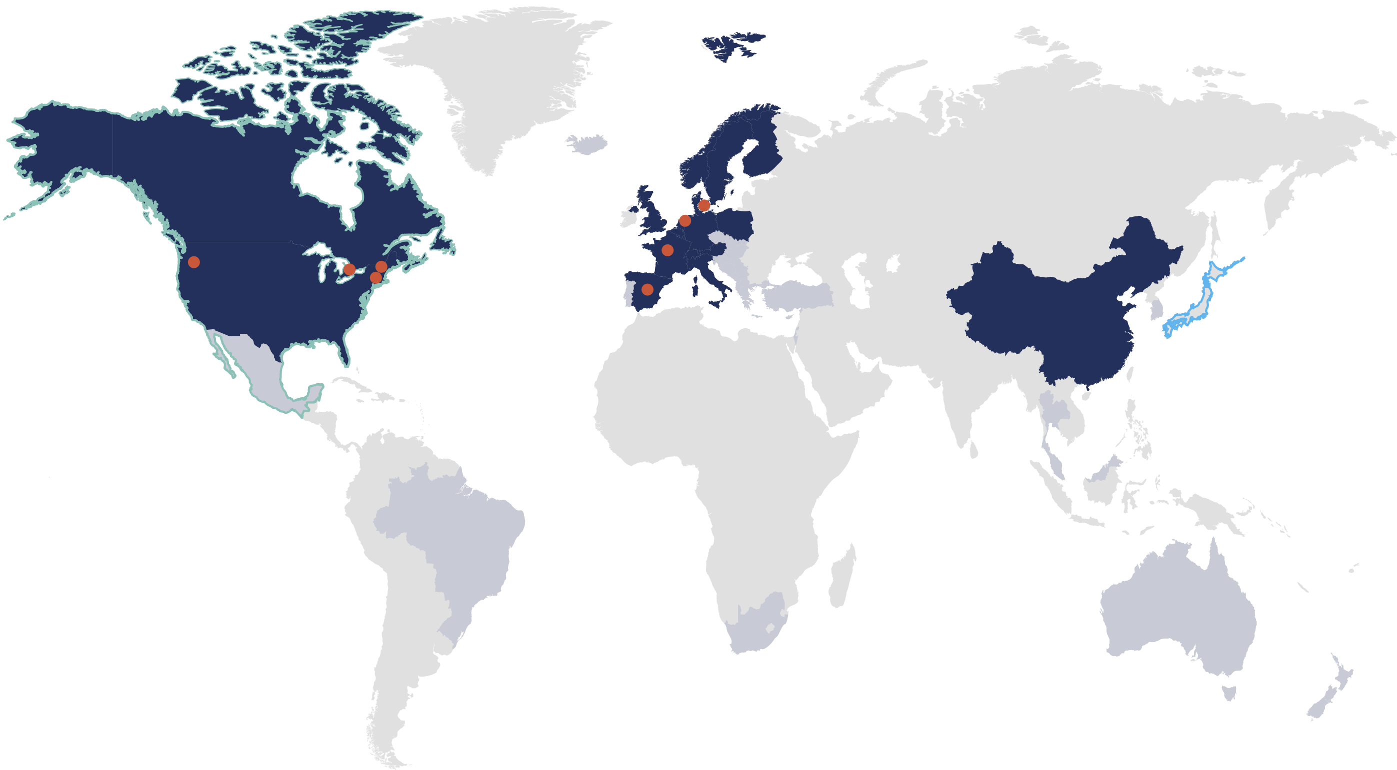
- Launch of a new injection based allergy vaccine, AVANZ®, in new markets.
- Continued double-digit sales growth for the AIT tablet GRAZAX®.
- Launch of the adrenaline pen Jext®.
- Growth in market shares in Germany and France, among others.
- Consolidation of the product portfolio with a view to having fewer, but well-documented products.
- Acceleration of the clinical development of MITIZAX® in Europe with initiation of two new Phase III studies.
- Submission of a registration application for grass AIT (GRAZAX®) to Health Canada.
- Initiation in North America of the largest tablet study ever with grass AIT (GRAZAX®).
- New positive data from two Phase III studies with ragweed AIT.
- Applications to the US health authorities (FDA) for the approval of grass AIT (GRAZAX®) and ragweed AIT expected to be submitted in 2013.
- New partnership with Torii in Japan and initiation of clinical development in Japan.

The aim is still for ALK to achieve an annual revenue exceeding DKK 3 billion in 2015 and an operating profit (EBITDA) of at least 25% of revenue.

ALK will still pursue opportunities to acquire products and companies with a view to achieving cost synergies, growing critical mass and further increasing sales growth, which may provide upside to ALK's long-term financial ambition.

If the plan for global commercialisation of allergy vaccines and the adrenaline pen, Jext®, is realised, ALK expects the company's growth in earnings to accelerate in the years after 2015, with the sales potential of the AIT portfolio in Europe, North America and Japan expected not to peak until the complete portfolio of AIT products has been launched in the years after 2015.

Global presence



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

About ALK

ALK is a research-driven global pharmaceutical company focusing on allergy prevention, diagnosis and treatment. Our mission is to improve the quality of life of people suffering from allergy by developing pharmaceutical products targeted at the cause of allergy. ALK is the world leader in allergy vaccination (immunotherapy) – a unique treatment of the underlying cause of allergy. The treatment induces a protective immune response which provides sustained symptom relief and reduces the risk of developing asthma. ALK offers allergy vaccination administered as injections, sublingual drops or tablets, the most recent, best documented and most convenient treatment for patients. The product portfolio also includes Jext® – an adrenaline pen for the treatment of severe allergic reactions (anaphylaxis). Every year, ALK invests approximately 20% of its revenue in research and development aimed at developing new, evidence based allergy immunotherapy products. Our R&D pipeline comprises tablet based allergy vaccines against ragweed, house dust mite, tree pollen and cat allergy. ALK has entered into partnership agreements with Merck and Torii Pharmaceutical Co., Ltd. to develop, register and commercialise tablets in North America and Japan, respectively. ALK has revenue exceeding DKK 2.3 billion and has approximately 1,800 employees with subsidiaries, production facilities and distributors worldwide. The company is headquartered in Hørsholm, Denmark, and listed on the NASDAQ OMX Copenhagen A/S. Find more information at www.alk-abello.com.

Risk management

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

The following risks are of particular significance to ALK.

Commercial risks

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

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

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

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

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

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

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

Risks related to competition
ALK operates in markets characterised by intense competition. If, for instance,

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

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

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

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

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

Risks related to financial reporting

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

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

Control environment
The primary responsibility for the Group's risk management and internal controls in relation to the financial reporting process rests with the Board of Directors and the Board of Management. These two boards are responsible for establishing and approving general policies, procedures and controls in key areas connected with the financial reporting process. In 2011, the Board of Directors has established an Audit Committee with an advisory role relatively to the Board of Directors on internal controls in the financial reporting procedures, special financial and accounting issues, evaluation of financial reporting and other financial information and risk management.

The Board of Directors will, on an ongoing basis, assess if there is a need for establishing an internal audit. Based on the size and accounting and auditing complexity of ALK, the work will be undertaken by the Group Finance function and the individual affiliates.

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

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

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

Risk assessment
There is a relatively greater risk of error in items in the financial statements

that are based on estimates or that are generated through complex processes. ALK performs continual risk assessments to identify such items and to assess the scope of the related risks.

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

Control activities
The purpose of the control activities is to prevent, detect and correct possible errors or irregularities. These activities are integrated in the company's accounting and reporting procedures and include procedures such as certification, authorisation, approval, reconciliation, results analysis, segregation of incompatible functions as well as controls relating to IT applications and general IT controls. The Group Finance function also conducts control activities aimed at ALK's subsidiaries and selected key processes.

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

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

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

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

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

Financial risks

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

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

The most significant financial risk in ALK relates to exchange rate fluctuations. The greatest exposure is to USD and GBP. In 2011, 10% of ALK's revenue was denominated in USD, 3% in GBP and 77% in EUR. ALK's sales are not deemed to be exposed to EUR due to Denmark's participation in the European exchange rate cooperation.

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

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

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

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

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

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

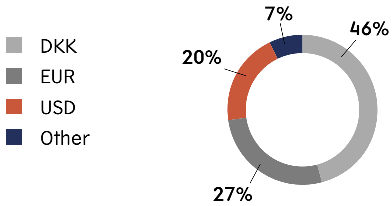
Foreign exchange exposure relating to future transactions and assets and liabilities is evaluated and hedged by instruments such as forward exchange contracts. This serves to limit the impact on the financial results of any exchange rate fluctuations. The exchange rate exposure relating to net investments 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 750 million. A change in the interest rate level by 1 percentage point would, consequently, correspond to a change in interest income of approximately DKK 8 million. It is not expected that the interest rate exposure will be hedged as this is not considered financially viable.

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

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

Net assets by currency as at 31 December 2011



Net assets are defined as assets less liabilities.

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.

ALK's Corporate Social Responsibility (CSR)

As an international company in the pharmaceutical industry, ALK has an important social responsibility. ALK strives to live up to this responsibility and be recognised by its stakeholders as a reliable and responsible company characterised by professionalism, honesty and integrity.

In 2011, ALK adopted a new CSR policy and strategy. With the new CSR policy, ALK aims to strengthen the company's CSR performance, while maintaining focus on a few key areas. ALK's social responsibility is focused on four areas.

1. Prevention, diagnosis and treatment of allergy

ALK is the world leader in allergy immunotherapy. ALK therefore has a particular responsibility and is strongly committed in its efforts to fight allergy. As from 2011, a new aspect of the CSR policy is an initiative whereby ALK makes its knowledge and resources available to promote the prevention, diagnosis and treatment of allergy. ALK cooperates with all relevant stakeholders to fight allergy, including the public authorities and private and public institutions, as well as NGOs. A special focus area of ALK's social commitment is children suffering from allergy, including their risk of developing asthma.

In 2011, ALK sponsored the investigation of respiratory allergy in Europe undertaken by the European Federation of Allergy and Airways Diseases Patients' Associations (EFA) via a questionnaire survey of patient organisations in 18 European countries. The result has been published in the book 'Respiratory Allergies – Raise Awareness, Relieve the Burden', which documents the increase in the prevalence of respiratory allergy, as well as significant deficiencies and inequalities in the prevention, diagnosis and treatment of allergy in the European countries.

Furthermore in 2011, ALK's affiliates, in cooperation with patient associations, medical societies and authorities, have undertaken activities to increase awareness of allergy and to make relevant information available to patients and their relatives. For example, in cooperation with the authorities in a Swedish region, ALK has performed health economic studies of allergy treatment to improve treatment and provide the basis for a decision on opening new allergy clinics in the region. Together with two medical societies in the allergy field, ALK in Spain has developed and launched a patient website with general information on the prevention, diagnosis and treatment of all types of allergy.

In 2012-13, in cooperation with relevant stakeholders in Denmark, ALK will develop and test a number of activities

ALK's policy for Corporate Social Responsibility (CSR)

ALK's social responsibility is focused on four areas. ALK supports the 10 principles in the areas of human rights, labour, environment and anti-corruption that are part of the UN's Global Compact. The principles have been integrated in the company's ethical guide lines, the Code of Conduct.

The CSR policy covers all parts of ALK's organisation, including the company's affiliates.

1. Prevention, diagnosis and treatment of allergy
ALK has a particular responsibility and is strongly committed in its efforts to fight allergy. ALK makes its knowledge and resources available to further the prevention, diagnosis and treatment of allergy. A special focus area is children suffering from allergy, including their risk of developing asthma.

ALK cooperates with all relevant stakeholders, for example authorities, private and public institutions, and NGOs, to fight allergy.

2. Production/environment
ALK has set ambitious targets for the reduction of the company's total energy consumption and its CO_2 emissions.

3. Ethical conduct
All employees must observe ALK's ethical guidelines, the Code of Conduct. From mid 2012, all employees will have the opportunity for confidential reporting of serious offences through ALK's new whistleblower scheme.

4. Employees
ALK has a long tradition of working systematically to improve the working environment and promote well-being at work. ALK has set long-term goals for work-related absence, just as competence development of the employees is a focus area. In Denmark, ALK is health and safety certified.

to increase the focus on allergy – including, for example information to patients, setting treatment goals, more cohesive courses of treatment, and benchmarking treatment results. In 2014, this pilot initiative will be evaluated with a view to implementation in other countries via ALK's other affiliates.

The cooperation with EFA and the local activities will also continue in 2012.

Breakdown of employees by employee group

	2008	2009	2010	2011
Production	520	539	569	609
Research and development	275	290	330	371
Sales, marketing and administration	694	725	795	801
Total	**1,489**	**1,554**	**1,694**	**1,781**

2. Production/environment

ALK works systematically to improve working environment and environmental conditions in every area of the company, supported by the local SHE (Safety, Health, Environment) organisations at all production sites.

ALK has been environmentally certified (ISO 14001) in Denmark since 2007, while the other production sites (in Spain, France, the USA and Canada) adhere to the SHE standards. In 2011, the production facility in the Netherlands, which was acquired in 2010, became integrated into the Group's SHE activities and will be part of the company's global SHE reporting as of 2012. Also in 2011, the production facilities in Spain were prepared for certification, which is expected to be achieved in 2012.

In 2009, the Management adopted global long-term goals for the SHE-related activities focusing on the reduction of energy consumption, including CO_2 emissions. The objective is that absolute energy consumption in 2014 will not have increased compared to the consumption in 2008[1] while CO_2 emissions will have decreased by at least 15%.

ALK has established a climate partnership agreement with DONG Energy with the primary aim of reducing energy consumption and thereafter reducing the company's individual CO_2 emissions. As part of the agreement, ALK will on a continuous basis convert its energy consumption in Denmark to CO_2 neutral energy.

The increase in ALK's energy consumption was stopped in 2010. In 2011, energy consumption was unchanged compared with consumption in 2008, after adjustment for the establishment of new production sites, closure of old production sites and acquisitions (cf. the Global Greenhouse Gas Protocol).

CO_2 emissions have decreased by 3% as a consequence of greater use of renewable energy sources. As from 2013, a larger decrease is expected, since the ratio of renewable energy in Denmark will increase as a consequence of the establishment of new wind turbines.

As in previous years, there were no complaints, and ALK complied with all legislative requirements in 2011, including environmental requirements. No unintended spills occurred during the year.

3. Ethical conduct

In 2009, ALK established its ALK Code of Conduct in order to support professionalism, honesty and integrity throughout the company and in relation with customers, employees, shareholders, society, suppliers and partners. All employees are required to adhere to ALK's Code of Conduct.

In 2011, ALK decided to establish a whistleblower scheme, 'ALK Alertline', in order to give employees the opportunity for confidential reporting of serious offences.

The scheme minimises the risk of illegalities and irregularities within the areas of financial crime, environmental pollution or inappropriate conduct, as well as other circumstances that may be to the detriment of ALK.

At the beginning of 2012, ALK applied to the Danish Data Protection Agency for permission to establish the scheme. This permission is expected to be given in the first half of 2012, after which the scheme will be implemented.

4. Employees

ALK employs 1,781 employees, of whom 671 in Denmark. ALK wishes to continue to be an attractive workplace that can attract and retain the competent, well-functioning and committed employees who are ALK's most important resource. ALK is therefore working systematically to improve safety and the working environment, including the psychosocial working environment, and to develop an organisation, culture and management that encourage professional and personal development.

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

Safety
ALK in Denmark has been health and safety certified (OHSAS 18001) since 2007. In 2009, Management adopted global and long-term goals for the improvement of safety and well-being at work. The goal is to reduce the number of absence days per employee due to incidents at work on a continous basis.

In 2011, the number of absence days due to work-related injuries fell to 0.062 days per employee, which is a reduction by a good 40% compared to the average for the preceding three years.

Organisation, culture and management
In 2011, ALK continued to work to strengthen the performance culture. Focus has been on the managers' role, including the expectations held of managers at each management level, the development of managers' ability to evaluate own employees and the employees of other managers, and employee development. 75 managers were trained during 2011, and in 2012 training of managers will continue in the rest of the organisation.

In 2011, as part of its optimisation of global HR processes, ALK decided to revise and integrate the employee survey and manager evaluation into one single survey that will take place every two years, for the first time in spring 2013.

In addition, on an annual basis, ALK reviews the organisation in order to determine whether its strategic goals are aligned with the resources available to the various departments.

CSR – key figures

Non-financial key figures[2]	2008	2009	2010	2011
Working environment				
Accidents with absence (number)	10	3	4	8
Accidents with absence (days/full-time employees)	0.157	0.074	0.094	0.062
Resource consumption				
Energy (MWh) – in real terms	25,603	30,272	34,986	36,375
Energy (MWh)[3] – adjusted	36,346	36,783	36,448	36,375
	100%	101%	100%	100%
Water (m^3)	62,320	90,369	102,048	97,230
Emissions				
CO_2 (tonnes) – in real terms	7,606	8,829	9,945	10,409
CO_2 (tonnes)[3] – adjusted	10,738	11,053	10,841	10,409
	100%	103%	101%	97%
Wastewater (m^3)	53,737	56,956	65,535	68,825
Waste disposal				
Waste (tonnes)	342	324	467	479
For recycling (%)	38	34	34	32
Production sites				
Area (m^2)	46,060	56,443	58,457	58,525

[2] Data from production sites in Hørsholm, Madrid, Vandeuil, Varennes, Port Washington, Round Rock, Post Falls, Spring Mills and Mississauga.
[3] For 2011, base year (2008) has been adjusted in terms of establishment of new production sites, closure of old production sites and acquisitions.

Shareholder information

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

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

In collaboration with Investor Relations, Management also performs extensive work to present ALK to both Danish and foreign investors, analysts and the media with a view to increasing awareness of the company. These activities will continue in 2012, when focus will again be on communication of ALK's long-term development opportunities and on increasing the transparency of ALK's business.

Ownership

As at 31 December 2011, two shareholders had notified the company pursuant to section 55(1) and (2) of the Danish Companies Act that they hold 5% or more of the company's shares.

As at 31 December 2011, ALK had 14,010 registered shareholders compared to 14,561 at the end of 2010. The registered shareholders represent approximately 95% of the share capital, and a good 12% of these shareholders are foreign shareholders, holding approximately 24% of the share capital.

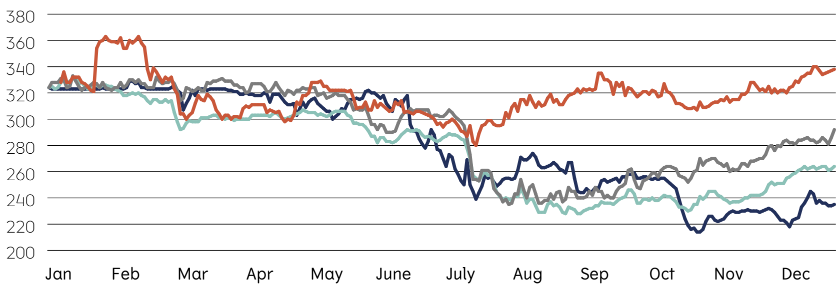
Shareholders holding 5% or more of the company's shares

	Registered office	A shares number	B shares number	Interest	Votes
The Lundbeck Foundation	Hellerup, Denmark	920,720	3,098,291	39.7%	66.8%
ATP*	Hillerød, Denmark	-	637,029	6.3%	3.5%
Total				**46.0%**	**70.3%**

* The Danish Labour Market Supplementary Pension.

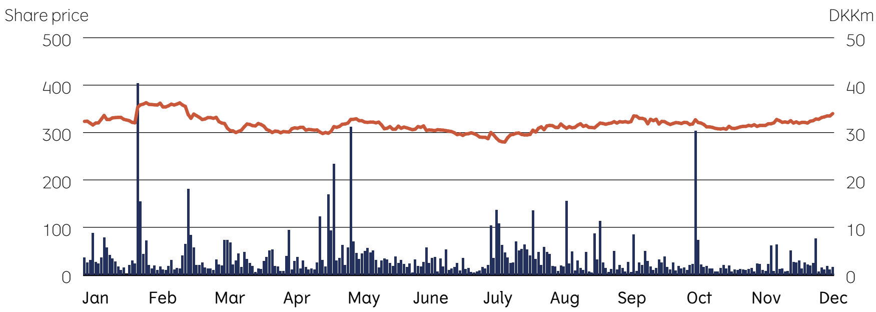
Relative share price development 2011

ALK — Stallergenes (main competitor) — OMXC20 — OMX Midcap



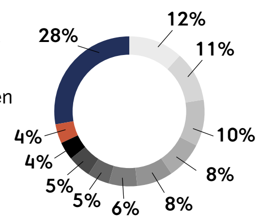
Share price and turnover

Turnover — Share price



The most active stockbrokers in the ALK share in 2011

- Nordea Bank
- Deutsche Bank
- Skandinaviska Enskilda Banken
- Morgan Stanley & Co.
- Danske Bank
- Nordnet Bank
- Sydbank
- SAXO Privatbank
- Jyske Bank
- Credit Suisse Securities
- Others



Percentages show market share of the number of trades in the ALK share.

Share price performance

As at 31 December 2011, the price of ALK's shares was unchanged at DKK 321.00. The share thus outperformed the general share market in Copenhagen considerably.

The volume of B shares traded during 2011 was 3 million. In 2011, the average turnover per trading day was approximately DKK 4 million (2010: DKK 6 million). More than 80% of the trading in the ALK share took place at NASDAQ OMX Copenhagen.

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 27 March 2012, the Board of Directors intends to propose a dividend of DKK 5 per share of DKK 10 in respect of the 2011 financial year.

Payment of dividend in respect of 2011 is scheduled for 2 April 2012.

Capital structure

With its current capital structure, ALK is well-consolidated, with strong liquidity, reasonable debt obligations and increasing profit from the base business. A considerable part of this profit is invested in research and development. The Board of Directors of ALK considers the capital structure to be appropriate for the time being relative to the company's long-term strategic plans and the potential of prospective acquisitions.

Treasury share policy

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

In November 2011, ALK launched a share buy-back programme to cover the liabilities under the company's incentive scheme for the Board of Management and a group of key employees. The buy-back programme runs from 15 November 2011 to 30 April 2012, inclusive, and ALK plans to buy shares for a maximum consideration of DKK 45 million, and a maximum of 150,000 shares, corresponding to 1.5% of ALK's current share capital. The share buy-back programme was initiated and structured in compliance with the EU Commission Regulation No. 2273/2003 of 22 December 2003, and the accumulated share buy-back is published in a separate company release every week.

As at 31 December 2011, ALK held 262,954 treasury shares, equivalent to 2.6% of the share capital. The treasury shares are solely used to cover future liabilities in connection with the company's share option plans. See note 6 to the financial statements for additional details.

Investor relations activities

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

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

After each publication of interim financial statements, telephone conferences are held with analysts, investors and the media. These conferences can be accessed

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

Financial calendar 2012	
Annual general meeting	27 March 2012
Payment of dividend	2 April 2012
Three-month interim report (Q1) 2012	10 May 2012
Six-month interim report (Q2) 2012	16 August 2012
Nine-month interim report (Q3) 2012	12 November 2012

real-time by all interested parties via the corporate website.

In 2011, ALK upgraded the website www.alk-abello.com/investor and published its first e-newsletter, which provides information on allergy and the development in ALK. In future, ALK will publish an e-newsletter a few times a year. Interested shareholders are invited to register for the newsletter on the website. In 2011, ALK also decided on a transition of the statutory communication with shareholders to electronic communication. This implies, among other things, that general meetings will be convened by e-mail. All shareholders are therefore recommended to register their e-mail addresses on ALK's InvestorPortal, which is available at www.alk-abello.com/investor.

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

Responsibility for day-to-day investor relations tasks

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

Analysts

ALK is followed by Danish and international analysts who make recommendations regularly on the share based on ALK's financial and business performance. In 2011, Jefferies International Limited began coverage of the ALK share and at present ALK is followed by 11 analysts.

Stockbrokers	Analysts	Websites
ABG Sundal Collier	Peter Hugreffe	Abgsc.com
Alm. Brand Markets	Michael Friis Jørgensen	Markets.almbrand.dk
Carnegie Danmark	Carsten Lønborg Madsen	Carnegie.dk
Danske Equities	Martin Parkhøi	Danskeequities.com
Handelsbanken	Peter Sehested	Handelsbanken.com
Jefferies International Ltd.	Philippa Gardner	Jefco.com
Jefferies International Ltd.	Peter Welford	Jefco.com
Jyske Bank	Frank Hørning Andersen	Jyskemarkets.com
MainFirst Bank AG	Dr. Marcus Wieprecht	Mainfirst.com
Nordea	Michael Novod	Nordea.com
SEB Enskilda	Lars Hevreng (Stockholm)	Enskilda.com
Sydbank	Søren Løntoft Hansen	Sydbank.dk

eNews@ALK

Sign up for ALK's electronic newsletter at www.alk-abello.com/media/Pages/Newsletter.aspx or scan the QR-code.

Website

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

ALK invites all interested parties to register for its e-mail news service in order to receive company releases, interim financial statements, e-newsletter and other information upon publication. Registration can be made via the corporate website.

Registration of shareholders and InvestorPortal

ALK wants to give its shareholders opportunities to exercise their rights. Management therefore recommends all shareholders to have their shares registered in the company's register of shareholders, which is held by VP Investor Services. To have their shares registered, shareholders must contact the bank in which their shares are held in a custody account and ask the bank to register their shares. Registered shareholders will get access to ALK's InvestorPortal, which is a direct and fully electronic communication channel between ALK and its shareholders with a high degree of technical and legal security for the users. Access to the InvestorPortal will be via www.alk-abello.com/investor. In the portal you can see your own holding of registered ALK shares, register for the general meeting, cast votes in advance of the general meeting and indicate whether you would like to receive material.

Annual general meeting

The annual general meeting will be held on 27 March 2012 at 4.00 p.m. at the company's address:

Bøge Allé 1
2970 Hørsholm, Denmark

Company releases in 2011

Company releases constitute ALK's main and compulsory method of communication with the stock markets. As a listed company, ALK is required to publish as soon as possible via company releases information on decisions and other matters and facts that may be relevant to the share price and which must be assumed to significantly affect the pricing of the ALK share. In 2011, ALK published 26 company releases. In addition, since 18 November 2011, ALK has once a week published a share buy-back release on the accumulated share buy-back under the share buy-back programme.

Company releases in 2011

1	ALK and Torii enter into an exclusive license agreement for allergy immunotherapy products in Japan	28 January 2011
2	Release date of annual report 2010 for ALK and analyst meeting	14 February 2011
3	ALK releases its annual report 2010	23 February 2011
4	Annual General Meeting in ALK-Abelló A/S on 1 April 2010	7 March 2011
5	Report on the annual general meeting of ALK-Abelló A/S and the first meeting of the Board of Directors held on 1 April 2011	1 April 2011
6	ALK – Updated financial calendar for the 2011 financial year	5 April 2011
7	GRAZAX® granted reimbursement in Denmark	18 April 2011
8	Release date of three-month interim report (Q1) 2011 for ALK	5 May 2011
9	Three-month interim report (Q1) 2011	10 May 2011
10	ALK updates on progress in partnership with Merck in North America	30 June 2011
11	ALK enters into license agreement regarding new and unique diagnostic product for penicillin allergy	14 July 2011
12	ALK: Phase III studies with ragweed allergy immunotherapy tablet (AIT) meet primary endpoints	3 August 2011
13	Release date of six-month interim report (Q2) 2011 for ALK	10 August 2011
14	Six-month interim report (Q2) 2011	16 August 2011
15	Report on transactions with ALK-Abelló A/S B shares by managerial staff and their related parties	16 August 2011
16	ALK launches new, improved adrenaline pen, Jext®, in Europe	6 September 2011
17	ALK makes progress with MITIZAX® in Japan and Europe	26 September 2011
18	Release date of nine-month interim report (Q3) 2011 for ALK	3 November 2011
19	ALK's partner in North America, Merck, presents data on ragweed allergy immunotherapy tablet (AIT)	5 November 2011
20	ALK: Merck discloses anticipated filing dates of Grass and Ragweed AIT in the USA	10 November 2011
21	Nine-month interim report (Q3) 2011	14 November 2011
22	Grant of share options to members of the Board of Management and key employees	14 November 2011
23	Report on Management's transactions with ALK-Abelló A/S B Shares and associated securities	14 November 2011
24	Share Buy-Back programme	15 November 2011
25	ALK – Financial calendar for the 2012 financial year	9 December 2011
26	The Lundbeck Foundation increases its ownership in ALK	15 December 2011

After the end of the financial year

1	Management changes at ALK	1 February 2012
2	Release date of annual report 2011 for ALK, webcast and meeting with Management	13 February 2012

Corporate governance

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

Besides undertaking the overall management of the company, the Board of Directors' primary responsibility is to define the strategic framework for the activities and action plans of the company and to have a constructive dialogue with the Board of Management on the implementation of the strategies. The Board of Directors also 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. Members appointed by the company's shareholders are elected for one year at a time. According to article 8.3 of the articles of association, members who have attained the age of 70 at the time of the general meeting are not eligible.

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. The majority of the members elected by the shareholders are independent and have no interest in ALK other than the interests they may have as shareholders.

In 2011, the annual general meeting elected two new members of the Board of Directors: Steen Riisgaard and Jes Østergaard. The employees of ALK elected three new employee representatives to the Board of Directors for the period 2011-2015: Jacob Kastrup, Dorthe Seitzberg and Katja Barnkob Thalund. The Board of Directors elected a new Chairman and Vice Chairman: Thorleif Krarup and Lars Holmqvist, respectively.

Recommendations

In 2005, the NASDAQ OMX Copenhagen A/S adopted a set of recommendations on corporate governance, which have since been subject to ongoing revision. The recommendations are considered to be in compliance with the OECD's current principles of corporate governance. According to section 107 b of the Danish Financial Statements Act and the stock exchange rules, when presenting the annual report, ALK is required to disclose the extent to which the company complies with the recommendations, based on the 'comply or explain' principle.

The general principles for the recommendations have been applied in the Board of Directors' regular work for a number of years. In 2011, the Board of Directors decided to follow several of the recommendations in areas where ALK previously applied a different practice.

In 2011, the Board of Directors appointed two new committees:

- An Audit Committee with the task of monitoring the financial reporting process, the efficiency of the company's internal control system and risk management systems, the statutory audit, and the monitoring and verification of the independence of the auditors.

- A Remuneration Committee with the task of presenting remuneration policy and remuneration proposals, and ensuring that the remuneration is in accordance with the company's remuneration policy, as well as overseeing that the information presented in the annual report concerning the remuneration of the Board of Directors and the Board of Management is correct, true and sufficient.

In 2011, the Board of Directors decided to establish a whistleblower scheme, ALK Alertline, to allow confidential reporting of serious infringements.

In three areas, ALK has decided to continue to apply a practice that differs from the recommendations:

- It is recommended that remuneration agreements for the Board of Management should stipulate a right for the company, in exceptional cases, to reclaim variable remuneration components that have been paid on the basis of data that is subsequently proved to be manifestly misstated. ALK believes that current legislation provides sufficient scope for this repayment.

- It is recommended that the remuneration of each individual member of the Board of Directors and Board of Management should be disclosed in the annual report. ALK believes that the key aspect is the total remuneration and its development. The overall remuneration of the Board of Directors and the Board of Management, respectively, is stated in the annual report.

- It is recommended that the Board of Directors should appoint a Nomination Committee and publish the procedure for the Board of Directors' nomination work. At ALK, the full Board of Directors undertakes nomination, and the procedures for this work are laid down in the Board of Directors' rules of procedure. ALK does not believe that any additional procedures are required.

A complete account of ALK's compliance with the 79 corporate governance recommendations is available at the corporate website: www.alk-abello.com/investor/governance/guidelines.

Activities and meetings in 2011
In 2011, five meetings of the Board of Directors and one two-day Board seminar were held. The Audit Committee and the Remuneration Committee, both appointed as of 1 April 2011, held two and three meetings, respectively, in 2011.

At the end of the year, the Board of Directors and the Board of Management evaluated the work and the cooperation. The conclusions showed that there was sound cooperation within and between the Board of Management and the Board of Directors, as well as satisfactory individual performance and results.

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

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

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

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

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

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

At the annual general meeting in 2012, the Board of Directors will submit a recommendation for amendments to the remuneration of the Board of Management, including amendment of the share option programme in order to include both share options and the granting of shares.

As of 31 December 2011, the five members of the Board of Management held a total of 236,825 outstanding options, which may be exercised in the period from 1 January 2009 to 1 November 2018. Further details are presented in note 6.

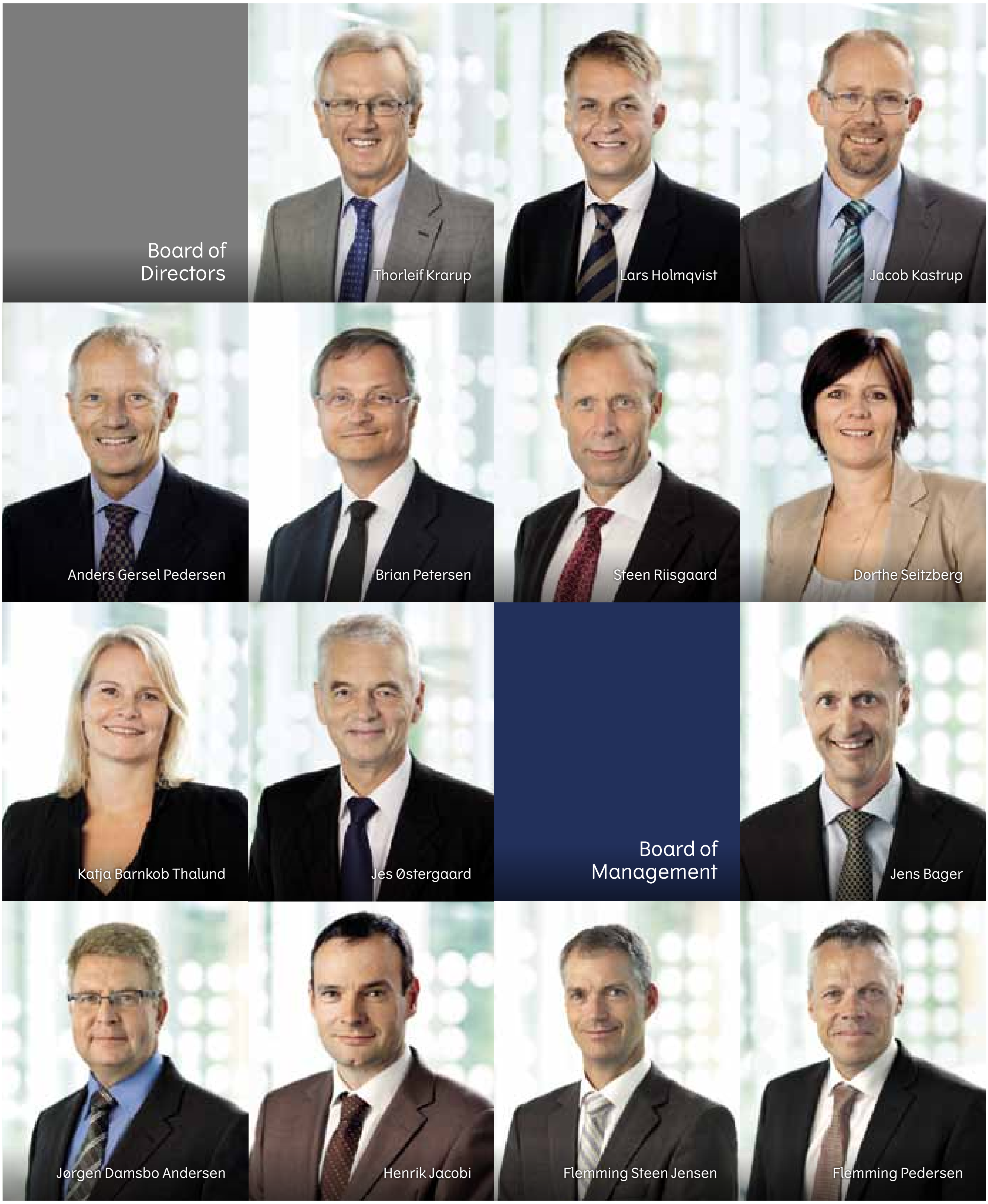
Facts on the company's corporate governance, including information on annual general meetings, management, articles of association, reporting, remuneration and dealings in treasury shares, are available at the company's website: www.alk-abello.com/investor.

Holding of shares and share options in ALK

	Shareholdings as at 31 December 2011	Changes compared to 2010	Holdings of share options*)	Changes compared to 2010
Board of Directors				
Thorleif Krarup	700	-		
Lars Holmqvist	1,500	-		
Jacob Kastrup	8	new		
Anders Gersel Pedersen	0	-		
Brian Petersen	0	-		
Steen Riisgaard	0	new		
Dorthe Seitzberg	8	new		
Katja Barnkob Thalund	24	new		
Jes Østergaard	227	new		
	2,467			
Board of Management				
Jens Bager	11,713	+4,000	71,100	+26,000
Jørgen Damsbo Andersen	408	-	43,075	+15,500
Henrik Jacobi	8	-	46,825	+15,500
Flemming Steen Jensen	127	-	46,825	+15,500
Flemming Pedersen	1,116	-	29,000	+15,500
	13,372		**236,825**	

*) The Board of Directors is not granted share options. Please see note 6 to the financial statements for further information on ALK's share option programme.

Board of Directors and Board of Management



Board of Directors

Thorleif Krarup (1952)*
Chairman
First elected 2005
Member of the Audit Committe

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

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

Lars Holmqvist (1959)
Dako A/S, President and CEO
Vice Chairman
First elected 2010
Chairman of the Audit Committee

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

Jacob Kastrup (1961)
Elected 2011
Project Coordinator in ALK-Abelló A/S
Employee-elected

Anders Gersel Pedersen (1951)
H. Lundbeck A/S, Executive Vice President
First elected 2005
Member of the Remuneration Committee

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

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

Brian Petersen (1961)
First elected 2009
Member of the Audit Committee

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

Directorships
Coloplast A/S
Danske Bank's advisory board
VisitDenmark, Chairman

Steen Riisgaard (1951)
Novozymes A/S, President and CEO
Elected 2011
Member of the Remuneration Committee

Competences
Management and board work as well as experience in research and development and sales and marketing in international companies.

Directorships
Egmont
Egmont International Holding A/S, Vice Chairman
Forskerparken CAT A/S
Rockwool International A/S, Vice Chairman
WWF (World Wide Fund for Nature) Denmark, Chairman

Dorthe Seitzberg (1968)
Elected 2011
Manager, Clinical Project Management, ALK-Abelló A/S
Employee-elected

Katja Barnkob Thalund (1969)
Elected 2011
Senior CMC Project Manager in ALK-Abelló A/S
Employee-elected

Jes Østergaard (1948)*
Elected 2011
Chairman of the Remuneration Committee

Competences
Extensive experience in management of international companies within biotech, pharmaceuticals and diagnostics as well as board experience from listed companies.

Directorships
H. Lundbeck A/S
HEED Diagnostics
The Lundbeck Foundation
Scion DTU A/S

*These board members are not regarded as independent in the sense of the definition contained in the Danish recommendations on Corporate Governance.

Board of Management

Jens Bager (1959)
President & CEO

Directorships
Ambu a/s, Vice Chairman
Odin Equity Partners

Jørgen Damsbo Andersen (1960)
Executive Vice President
Business Operations & International Marketing

Henrik Jacobi (1965)
Executive Vice President
Research & Development

Flemming Steen Jensen (1961)
Executive Vice President
Global Product Supply

Directorships
Qator A/S, Chairman

Flemming Pedersen (1965)
CFO & Executive Vice President
Finance, IT, IR and Business Development

Directorships
DBV Technologies S.A.
Origio A/S, Chairman
MBIT A/S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of ALK-Abelló A/S for the financial year 1 January to 31 December 2011.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2011 as well as of their financial performance and their cash flow for the financial year 1 January to 31 December 2011.

We believe that the management review contains a fair review of the development and performance of the Group's and the Parent's business and of their position as well as the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent face.

We recommend the annual report for adoption at the annual general meeting.

Hørsholm, 22 February 2012

Board of Management

Jens Bager
President and CEO

Jørgen Damsbo Andersen
Executive Vice President
Business Operations &
International Marketing

Henrik Jacobi
Executive Vice President
Research & Development

Flemming Steen Jensen
Executive Vice President
Global Product Supply

Flemming Pedersen
CFO, Executive Vice President
Finance, IT, IR & Business Development

Board of Directors

Thorleif Krarup
Chairman

Lars Holmqvist
Vice Chairman

Jacob Kastrup

Anders Gersel Pedersen

Brian Petersen

Steen Riisgaard

Dorthe Seitzberg

Katja Barnkob Thalund

Jes Østergaard

Independent auditor's report

To the shareholders of ALK-Abelló A/S

Report on the consolidated financial statements and parent financial statements
We have audited the consolidated financial statements and parent financial statements of ALK-Abelló A/S for the financial year 1 January - 31 December 2011, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group as well as for the Parent. The consolidated financial statements and parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and parent financial statements
Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control as Management determines is necessary to enable the preparation and fair presentation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view 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 the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2011, and of the results of their operations and cash flows for the financial year 1 January - 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on management's review
Pursuant to the Danish Financial Statements Act we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 22 February 2012

Deloitte
Statsautoriseret Revisionspartnerselskab

Erik Holst Jørgensen	**Martin Faarborg**
State Authorised	State Authorised
Public Accountant	Public Accountant

Fighting the cause of allergy

Income statement

ALK-Abelló A/S				ALK Group	
Restated 2010	2011	Note	Amounts in DKKm	2011	Restated 2010
692	**814**	3	Revenue	**2,348**	2,159
343	**285**	4-8	Cost of sales	**611**	654
349	**529**		**Gross profit**	**1,737**	1,505
326	**413**	4-8	Research and development expenses	**455**	366
86	**85**	4-8	Sales and marketing expenses	**781**	743
84	**82**	4-8	Administrative expenses	**204**	208
-	**2**		Other operating income	**2**	4
(147)	**(49)**		**Operating profit/(loss) (EBIT)**	**299**	192
249	**202**	9	Financial income	**30**	21
3	**9**	10	Financial expenses	**8**	6
99	**144**		**Profit before tax (EBT)**	**321**	207
(26)	**(23)**	11	Tax on profit	**121**	79
125	**167**		**Net profit**	**200**	128
			Earnings per share (EPS)		
		12	Earnings per share (EPS) – DKK	**20.21**	12.91
		12	Earnings per share (DEPS), diluted – DKK	**20.21**	12.91

Statement of comprehensive income

ALK-Abelló A/S				ALK Group	
2010	2011		Amounts in DKKm	2011	2010
125	**167**		**Net profit**	**200**	128
			Other comprehensive income		
-	**-**		Foreign currency translation adjustment of foreign affiliates	**2**	33
(1)	**-**		Adjustment of derivative financial instruments for hedging	**-**	(1)
-	**-**	11	Tax related to other comprehensive income	**(1)**	(4)
(1)	**-**		**Other comprehensive income**	**1**	28
124	**167**		**Total comprehensive income**	**201**	156

Cash flow statement

ALK-Abelló A/S				ALK Group	
2010	**2011**	Note	Amounts in DKKm	**2011**	2010
125	**167**		**Net profit**	**200**	128
			Adjustments:		
(26)	**(23)**	11	Tax on profit	**121**	79
(246)	**(193)**		Financial income and expenses	**(22)**	(15)
5	**6**	6	Share-based payments	**9**	8
46	**44**	8	Depreciation, amortisation and impairment	**107**	95
(1)	**-**		Change in provisions	**1**	9
3	**10**		Net financial items, paid	**4**	2
-	**18**		Income taxes, paid	**(126)**	(118)
(94)	**29**		**Cash flow before change in working capital**	**294**	188
5	**32**		Change in inventories	**22**	31
(143)	**14**		Change in receivables	**22**	46
68	**187**		Change in short-term payables	**93**	9
(164)	**262**		**Cash flow from operating activities**	**431**	274
-	**-**	5	Acquisitions of companies and operations	**-**	(178)
(1)	**(67)**		Capital contribution in subsidiaries	**-**	-
(9)	**(20)**	14	Additions, intangible assets	**(35)**	(24)
(22)	**(48)**	15-18	Additions, tangible assets	**(118)**	(138)
213	**167**	9	Dividend from subsidiaries	**-**	-
(6)	**(8)**		Change in other financial assets	**(7)**	(5)
175	**24**		**Cash flow from investing activities**	**(160)**	(345)
11	**286**		**Free cash flow**	**271**	(71)
(50)	**(50)**		Dividend paid to shareholders of the parent	**(50)**	(50)
(24)	**(11)**		Purchase of treasury shares	**(11)**	(24)
5	**290**		Change in financial liabilities	**286**	2
(69)	**229**		**Cash flow from financing activities**	**225**	(72)
(58)	**515**		**Net cash flow**	**496**	(143)
230	**172**		Cash and cash equivalents beginning of year	**250**	389
-	**8**		Unrealised gain/(loss) on foreign currency and financial assets carried as cash and cash equivalents	**8**	4
(58)	**515**		Net cash flow	**496**	(143)
172	**695**	25	**Cash and cash equivalents year end**	**754**	250

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

Balance sheet

ALK-Abelló A/S			Assets	ALK Group	
31 Dec. 2010	**31 Dec. 2011**	Note	Amounts in DKKm	**31 Dec. 2011**	31 Dec. 2010
			Non-current assets		
			Intangible assets		
-	**-**	13	Goodwill	**408**	408
21	**34**	14	Other intangible assets	**211**	199
21	**34**			**619**	607
			Tangible assets		
321	**305**	15	Land and buildings	**561**	572
99	**91**	16	Plant and machinery	**176**	169
15	**12**	17	Other fixtures and equipment	**62**	72
273	**311**	18	Property, plant and equipment in progress	**437**	382
708	**719**			**1,236**	1,195
			Other non-currents assets		
775	**842**	19	Investment in affiliates	**-**	-
469	**425**	20	Receivables from affiliates	**-**	-
26	**34**	21	Securities and receivables	**35**	28
20	**24**	22	Deferred tax assets	**68**	65
1,290	**1,325**			**103**	93
2,019	**2,078**		**Total non-current assets**	**1,958**	1,895
			Current assets		
114	**82**	23	Inventories	**291**	310
18	**15**	24	Trade receivables	**254**	261
87	**118**	20	Receivables from affiliates	**-**	27
-	**-**		Income tax receivables	**30**	34
2	**11**	24	Other receivables	**31**	19
11	**14**	24	Prepayments	**36**	34
172	**695**	25	Cash and cash equivalents	**754**	250
404	**935**		**Total currents assets**	**1,396**	935
2,423	**3,013**		**Total assets**	**3,354**	2,830

ALK-Abelló A/S			Equity and liabilities	ALK Group	
31 Dec. 2010	**31 Dec. 2011**	Note	Amounts in DKKm	**31 Dec. 2011**	31 Dec. 2010
			Equity		
101	**101**	26	Share capital	**101**	101
-	**-**		Currency translation adjustment	**(9)**	(10)
1,781	**1,896**		Retained earnings	**2,075**	1,927
1,882	**1,997**		**Total equity**	**2,167**	2,018
			Liabilities		
			Non-current liabilities		
27	**25**	27	Mortgage debt	**25**	27
-	**297**	27	Bank loans and financial loans	**305**	10
-	**-**	7	Pensions and similar liabilities	**93**	84
140	**140**	28	Other provisions	**142**	150
-	**-**	22	Deferred tax liabilities	**21**	25
167	**462**			**586**	296
			Current liabilities		
1	**1**	27	Mortgage debt	**1**	1
6	**-**	27	Bank loans and financial loans	**3**	10
58	**62**	29	Trade payables	**147**	140
193	**299**		Payables to affiliates	**-**	-
-	**-**		Income taxes	**61**	62
116	**118**	29	Other payables	**315**	303
-	**74**	29	Prepayments	**74**	-
374	**554**			**601**	516
541	**1,016**		**Total liabilities**	**1,187**	812
2,423	**3,013**		**Total equity and liabilities**	**3,354**	2,830

Equity

ALK Group		Other reserves			
Amounts in DKKm	Share capital	Hedges of future transactions	Foreign currency translation adjustment	Retained earnings	Total equity
Equity at 1 January 2011	**101**	**-**	**(10)**	**1,927**	**2,018**
Net profit	**-**	**-**	**-**	**200**	**200**
Foreign currency translation adjustment of foreign subsidiaries	**-**	**-**	**2**	**-**	**2**
Tax related to other comprehensive income	**-**	**-**	**(1)**	**-**	**(1)**
Other comprehensive income	**-**	**-**	**1**	**-**	**1**
Total comprehensive income	**-**	**-**	**1**	**200**	**201**
Share-based payments	**-**	**-**	**-**	**9**	**9**
Purchase of treasury shares	**-**	**-**	**-**	**(11)**	**(11)**
Dividend paid	**-**	**-**	**-**	**(50)**	**(50)**
Other transactions	**-**	**-**	**-**	**(52)**	**(52)**
Equity at 31 December 2011	**101**	**-**	**(9)**	**2,075**	**2,167**
Equity at 1 January 2010	101	1	(39)	1,865	1,928
Net profit	-	-	-	128	128
Foreign currency translation adjustment of foreign subsidiaries	-	-	33	-	33
Adjustment of derivative financial instruments for hedging	-	(1)	-	-	(1)
Tax related to other comprehensive income	-	-	(4)	-	(4)
Other comprehensive income	-	(1)	29	-	28
Total comprehensive income	-	(1)	29	128	156
Share-based payments	-	-	-	8	8
Purchase of treasury shares	-	-	-	(24)	(24)
Dividend paid	-	-	-	(50)	(50)
Other transactions	-	-	-	(66)	(66)
Equity at 31 December 2010	101	-	(10)	1,927	2,018

ALK-Abelló A/S

Amounts in DKKm	Share capital	Other reserves: Hedges of future transactions	Retained earnings	Total equity
Equity at 1 January 2011	**101**	**-**	**1,781**	**1,882**
Net profit	**-**	**-**	**167**	**167**
Total comprehensive income	**-**	**-**	**167**	**167**
Share-based payments	**-**	**-**	**9**	**9**
Purchase of treasury shares	**-**	**-**	**(11)**	**(11)**
Dividend paid	**-**	**-**	**(50)**	**(50)**
Other transactions	**-**	**-**	**(52)**	**(52)**
Equity at 31 December 2011	**101**	**-**	**1,896**	**1,997**
Equity at 1 January 2010	101	1	1,722	1,824
Net profit	-	-	125	125
Adjustment of derivative financial instruments for hedging	-	(1)	-	(1)
Total comprehensive income	-	(1)	125	124
Share-based payments	-	-	8	8
Purchase of treasury shares	-	-	(24)	(24)
Dividend paid	-	-	(50)	(50)
Other transactions	-	-	(66)	(66)
Equity at 31 December 2010	101	-	1,781	1,882

List of notes to the financial statements

Notes to the financial statements

1. Accounting policies

General

The annual report of the ALK Group and ALK-Abelló A/S for the period 1 January – 31 December 2011, has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. Additional Danish disclosure requirements for the annual reports are imposed by the Statutory Order on Adoption of IFRS issued under the Danish Financial Statements Act.

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

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

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

The accounting policies are unchanged from last year except for the change described below.

Licence income and other revenues in connection with agreements on research and development partnerships are presented as revenue. Previously these revenues were presented as other operating income. Certain costs resulting directly from the above mentioned revenues are presented as cost of sales. Previously, these costs were presented as other operating expenses.

The presentation has been amended because:

- partnerships and related income constitute an increasing share of the ALK Group's activities,
- considerable research, development and production costs are related to these activities, and
- the presentation is in line with accounting policies in other pharmaceutical companies and thus provides improved comparability.

The change in accounting policies only affects the presentation of revenue, cost of sales, other operating income and other operating expenses, whereas operating profit (EBITDA), the cash flow statement and the balance sheet remain unchanged. The effect of change in accounting policies appear in note 37.

Effect of new financial reporting standards
In 2011, the following amendments to standards and interpretations of relevance to the ALK Group came into force and have thus been implemented:

- *Amendment to IAS 1: Presentation of Financial Statements*
- *Amendment to IAS 24: Related Party Disclosures*
- *Improvements to IFRS 2010*
- *Amendment to IFRIC 14*
- *IFRIC 19*

The implementation of amendments to standards and interpretations has not affected recognition and measurement in 2011, but has given rise to certain additional information.

The following new or amended standards and interpretations relevant to the ALK Group had not yet become effective at 31 December 2011, and are therefore not included in this annual report:

- *IFRS 9: Financial Instruments*
- *Amendment to IAS 19: Employee Benefits*
- *Improvements to IFRS 2011*

The amendment to IAS 19 will mean that the 'corridor method' used by the ALK Group can no longer be applied. In future, ALK must immediately recognise actuarial gains and losses, as well as pension costs concerning previous financial years, in other comprehensive income. When the amendment is implemented, this is only expected to affect ALK to a limited degree.

The amendment to IFRS 9 and the improvements to IFRS 2011 will not significantly affect recognition and measurement.

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

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

Notes to the financial statements

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

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

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

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

The cost of a company is the fair value of the consideration paid. If the final determination of the consideration is conditional on one or more future events these are recognised at their fair value as of the acquisition date.

Costs that can be attributed directly to the transfer of ownership are recognised in the income statement when they are defrayed. As a general rule, adjustments to estimates of conditional consideration are recognised directly to the income statement.

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

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

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

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

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

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

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

Exchange rate differences arising on the translation of foreign subsidiaries' opening balance sheet items to the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income.

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

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

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

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

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

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

Share-based incentive plans
Share-based incentive plans (equity-settled share-based payments) which comprise share option plans and employee share plans are measured at the grant date at fair value and recognised in the income statement under the respective functions over the vesting period. The balancing item is recognised in equity.

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

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

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

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

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

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

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

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

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

The parent company is taxed jointly with the company's principal shareholder, the Lundbeck Foundation 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.

Income statement

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

Notes to the financial statements

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.

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

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

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

Research expenses are recognised in the income statement when incurred.

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

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

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

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

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

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

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

Balance sheet

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impairment write-downs are recognised in the income statement. If write-downs are subsequently reversed as a result of changes in the assumptions on which the calculation of the recoverable amount is based, the carrying amount of the asset

Notes to the financial statements

or the cash-generating unit is increased to the adjusted recoverable amount, not, however, exceeding the carrying amount that the asset or cash-generating unit would have had, had the write-down not been made. Impairment of goodwill is not reversed.

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

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

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

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

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

Cost comprises raw materials, goods for resale, consumables and direct payroll costs as well as fixed and variable production overheads. Variable production overheads comprise indirect materials and payroll costs and are allocated based on predetermined costs of the goods actually produced. Fixed production overheads comprise maintenance of and depreciation on the machines, factory buildings and equipment used in the manufacturing process as well as the cost of factory management and administration. Fixed production overheads are allocated based on the normal capacity of the production plant.

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

Receivables
On initial recognition, receivables are measured at fair value, and subsequently they are measured at amortised cost. Receivables are written down for anticipated losses. An impairment account is used for this purpose.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other accounting information

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

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

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

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

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

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

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

Notes to the financial statements

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

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

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

Key ratios and definitions are shown on the covers of the annual report and page 80, respectively.

2 Significant accounting estimates and judgements

In the preparation of the annual report 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 2011, 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 2011, the carrying amount of goodwill is DKK 408 million (DKK 408 million at December 31 2010).

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 2011, the value of IPO is DKK 47 million (DKK 48 million at December 31 2010) on the inventories.

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 2011, the value of deferred tax assets and liabilities is DKK 47 million (DKK 40 million at December 31 2010).

Provisions and contingent assets and liabilities
In connection with the sale of the ingredients business during the financial year 2004/05, ALK-Abelló A/S assumed the usual representations and guarantees related to the sale. The representations and guaranties expire successively over the coming years. DKK 140 million (2010: DKK 140 million) have been provided for specific risks. The provision has been reassessed during the financial year 2011 and, based on Management's assessment of the specific risks, the provision remains unchanged.

3 Segment information for the ALK Group

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

ALK Group

Amounts in DKKm	2011	2010
Net sales by product line		
SCIT	**979**	975
SLIT	**737**	674
AIT	**183**	162
Total vaccines	**1,899**	1,811
Other products	**201**	329
Total net sales	**2,100**	2,140
Other revenue [1)]	**248**	19
Total revenue	**2,348**	2,159
Revenue by market		
Northern Europe [2)]	**455**	498
Central Europe	**727**	813
Southern Europe	**661**	586
Other markets	**257**	243
Total net sales	**2,100**	2,140
Other revenue	**248**	19
Total revenue	**2,348**	2,159

Revenue by market is split based on customer location.

Non-current assets by market

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

Amounts	31 Dec. 2011	31 Dec. 2010
Northern Europe [3)]	**886**	871
Central Europe	**375**	373
Southern Europe	**242**	230
Other markets	**352**	328
Total	**1,855**	1,802

[1)] Other revenue consists of up-front payments, milestone payments and other revenue concerning research and development partnerships. In 2011, revenue of DKK 245 million was recognised concerning agreements with Torii and Merck on strategic partnerships for the development and commercialisation of ALK's allergy immunotherapy tablets (AIT) for the Japanese and North American markets, respectively. Other revenue recognised in Denmark is DKK 246 million from other markets and DKK 2 million from the Northern European market.

[2)] Northern Europe includes revenue in Denmark of DKK 37 million (2010: DKK 39 million)

[3)] Northern Europe includes non-current assets in Denmark of DKK 549 million (2010: DKK 526 million). The geographical information on assets is based on asset location.

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2010	**2011**	Note	Amounts in DKKm	**2011**	2010
		4	Staff costs		
3	**4**		Remuneration to the Board of Directors	**4**	3
334	**371**		Wages and salaries	**803**	760
29	**33**		Pensions, cf. note 7	**70**	65
12	**14**		Other social security costs, etc.	**107**	96
5	**6**		Share-based payments, cf. note 6	**9**	8
383	**428**		**Total**	**993**	932
			Staff costs are allocated as follows:		
112	**124**		Cost of sales	**247**	226
164	**187**		Research and development expenses	**223**	195
36	**35**		Sales and marketing expenses	**372**	372
71	**82**		Administrative expenses	**151**	139
383	**428**		**Total**	**993**	932
			Remuneration to Board of Management		
19	**19**		Board of Management remuneration, exclusive of share-based payments	**19**	19
3	**4**		Calculated costs regarding share-based payments to Board of Management	**4**	3
			Employees		
580	**635**		Average number	**1,724**	1,612
617	**676**		Number year end	**1,781**	1,694

5 Acquisitions of companies and operations

2011
ALK has not aquried companies or operations in 2011.

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

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

The transaction was accounted for using the purchase method.

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

Out of the ALK Group's revenue and profit for 2010 of DKK 2,159 million and DKK 128 million respectively, a revenue of DKK 86 million and a profit of DKK 2 million respectively was generated by the acquired operations after the acqusition date.

Statement of acquired net assets and cash purchase price:

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

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 program introduced in 2006.

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

	2011 plan	2010 plan	2009 plan	2008 plan	2007 plan	2006 plan	2005/06 plan
Share options granted total, no.	**220,000**	174,000	58,300	47,600	29,000	33,375	68,000
Share options granted to Board of Management, no.	**88.000**	73,200	23,600	19,100	11,500	13,350	30,000
Vested as per	**1. nov.2014**	1. nov.2013	1. nov.2012	1. nov.2011	1. nov.2010	1. nov.2009	1. jan.2009
Exercise periode starts	**1. nov.2014**	1. nov.2013	1. nov.2012	1. nov.2011	1. nov.2010	1. nov.2009	1. jan.2009
Exercise periode ends	**1. nov.2018**	1. nov.2017	1. nov.2016	1. nov.2015	1. nov.2014	1. nov.2013	1. jan.2012
Exercise price [1]	**319**	345	465	504	727	896	742
Outstanding share options 31 December 2011	**220,000**	167,100	51,525	41,950	26,050	28,725	53,000

Specification of outstanding options:

	Board of Management Units	Other key personnel Units	Total Units	Average exercise price DKK
Outstanding options at 1 January 2011	**148,825**	**233,325**	**382,150**	**576**
Additions	**88,000**	**132,000**	**220,000**	**352**
Cancellations	**-**	**(13,800)**	**(13,800)**	**520**
Outstanding options at 31 December 2011	**236,825**	**351,525**	**588,350**	**483**
Outstanding options at 1 January 2010	93,450	132,525	225,975	714
Additions	73,200	100,800	174,000	381
Cancellations	(17,825)	-	(17,825)	730
Outstanding options at 31 December 2010	148,825	233,325	382,150	576

In 2011 no share options were excerised.

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

6 Share-based payments (continued)

	2011	2010
Average remaining life of outstanding share options at year end (years)	**1.7**	1.6
Exercise prices for outstanding share options at year end (DKK)	**344-1,010**	372-1,015

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:

	2011 plan	2010 plan	2009 plan	2008 plan	2007 plan	2006 plan	2005/06 plan
Average share price (DKK)	**319**	345	465	504	727	896	742
Average exercise price (DKK)	**352**	381	513	556	802	989	937
Expected volatility rate	**24% p.a.**	25% p.a.	45% p.a.	45% p.a.	35% p.a.	35% p.a.	35% p.a.
Expected option life	**5.0 years**	5.0 years	5.0 years	5.0 years	5.0 years	5.0 years	4.4 years
Expected dividend per share (DKK)	**5**	5	5	5	-	-	-
Risk-free interest rate	**1.68% p.a.**	2.21% p.a.	3.58% p.a.	4.40% p.a.	4.00% p.a.	3.75% p.a.	3.33% p.a.
Calculated market price of granted share options (DKK)	**52**	63	173	195	246	300	188

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

Total share-based payment

ALK-Abelló A/S			ALK Group	
2010	**2011**	Amounts in DKKm	**2011**	2010
5	**6**	Costs of share options	**9**	8
5	**6**	**Total**	**9**	8
		Cost for the year regarding share-based payments are recognised as follows:		
1	**1**	Production costs	**2**	2
2	**2**	Research and development expenses	**2**	2
1	**1**	Sales and marketing expenses	**3**	3
1	**2**	Administrative expenses	**2**	1
5	**6**	**Total**	**9**	8

Notes to the financial statements

7 Pensions and similar liabilities

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

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

ALK-Abelló A/S			ALK Group	
2010	**2011**	Amounts in DKKm	**2011**	2010
30	**33**	**Costs related to defined contribution plans**	**58**	60
		Defined benefit plans		
-	-	Pensions costs in the current financial year	**9**	2
-	-	Calculated interest on the obligations	**5**	4
-	-	Expected return on plan assets	**(1)**	-
(1)	-	Recognised actuarial (profit) / loss	**(1)**	(1)
(1)	-	**Costs releted to defined benefit plans**	**12**	5

ALK-Abelló A/S			ALK Group				
2010	**2011**	Amounts in DKKm	**2011**	2010	2009	2008	2007
		Pensions and similar obligations					
-	-	Present value of funded pension obligations	**31**	26	20	20	20
-	-	Fair value of plan assets	**(27)**	(26)	(20)	(20)	(20)
-	-	**Funded pension obligations, net**	**4**	-	-	-	-
-	-	Present value of unfunded pension obligations	**76**	77	68	51	56
-	-	Unrecognised actuarial profit / (loss)	**(5)**	(10)	(6)	6	(5)
-	-	**Pension obligations, net**	**75**	67	62	57	51
-	-	Similar liabilities	**18**	17	15	16	17
-	-	**Pensions and similar obligations, total**	**93**	84	77	73	68
		Defined benefit plans					
1	-	Provisions for defined benefit plans beginning of year	**67**	62	57	51	46
-	-	Contributions to plan assets	**(4)**	-	-	-	-
(1)	-	Recognised in the current financial year	**12**	5	5	6	5
-	-	**Obligation regarding defined benefit plans year end**	**75**	67	62	57	51

7 Pensions and similar liabilities (continued)

The latest actuarial calculation of the pension obligations related to the defined benefit plans was made at 31 December 2011.

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

ALK Group	**2011**	2010	2009	2008	2007
Average discount rate used	**4.1%**	5.0%	5.3%	6.5%	5.5%
Expected return on plan assets (%)	**3.6%**	0.0%	0.0%	0.0%	0.0%
Expected future rate of salary increase	**2.0%**	3.0%	3.0%	3.0%	3.0%

ALK Group

Amounts in DKKm	**2011**	2010
Change in present value of funded pension obligations		
Present value of funded pension obligations beginning of year	**26**	20
Interest expenses relating to the obligations	**2**	-
Additions through acquisitions	**-**	6
Pension expenses	**3**	-
Present value of funded pension obligations year end	**31**	26
Change in fair value of plan assets		
Fair value of plan assets beginning of year	**26**	20
Additions through acquisitions	**-**	6
Contributions	**4**	-
Other expenses	**(4)**	-
Expected return on plan assets	**1**	-
Fair value of plan assets year end	**27**	26
Plan assets solely consist of assets placed in pension companies. The pension companies place assets in investments classified as other assets than shares, bonds and property.		
Change in present value of unfunded pension obligations		
Present value of unfunded pension obligations beginning of year	**77**	68
Pension expenses	**2**	2
Interest expenses relating to the obligations	**2**	3
Actuarial (gains)/losses	**(5)**	4
Present value of unfunded pension obligations year end	**76**	77

The expected contribution for 2012 for the defined benefit plans is DKK 12 million (2011: DKK 12 million)

Notes to the financial statements

ALK-Abelló A/S 2010	ALK-Abelló A/S 2011	Note	Amounts in DKKm	ALK Group 2011	ALK Group 2010
		8	**Depreciation, amortisation and impairment**		
			Depreciation and amortisation are allocated as follows:		
13	**14**		Cost of sales	**45**	35
11	**9**		Research and development expenses	**13**	15
2	**1**		Sales and marketing expenses	**20**	13
20	**20**		Administrative expenses	**29**	32
46	**44**		**Total**	**107**	95
		9	**Financial income**		
4	**6**		Interest on receivables from affiliates*	**-**	-
2	**20**		Other interest income*	**21**	3
30	**9**		Currency gains, net	**9**	18
213	**167**		Dividend from affiliates	**-**	-
249	**202**		**Total**	**30**	21
		10	**Financial expenses**		
-	**1**		Interest on payables to affiliates*	**-**	-
3	**8**		Other interest expenses	**8**	6
3	**9**		**Total**	**8**	6
		11	**Tax on profit for the year**		
(27)	**-**		Current income tax	**127**	84
3	**(4)**		Adjustment of deferred tax	**(7)**	(5)
(2)	**(19)**		Prior year adjustments	**1**	-
(26)	**(23)**		**Total**	**121**	79
99	**144**		Profit before tax	**321**	207
25	**36**		Income tax, tax rate of 25%	**80**	51
-	**-**		Effect of deviation of foreign subsidiaries' tax rate relative to Danish tax rate	**30**	25
(53)	**(50)**		Non-taxable income	**(1)**	-
3	**10**		Non-deductible expenses	**5**	3
(2)	**(19)**		Prior year adjustments	**1**	-
1	**-**		Other taxes and adjustments	**6**	-
(26)	**(23)**		**Tax on profit/(loss) for the year**	**121**	79

Tax related to other comprehensive income for the ALK Group relates to currency adjustments on DKK 1 million (2010: DKK 4 million)

* Interest related to financial assets and liabilities measured at amortised cost

ALK Group	2011	2010
12 Earnings per share		
Amounts in DKKm		
The calculation of earnings per share is based on the following:		
Net profit	200	128
Number in units		
Average number of issued shares	**10,128,360**	10,128,360
Average number of treasury shares	**(231,175)**	(217,308)
Average number of shares used for calculation of earnings per share	**9,897,185**	9,911,052
Average dilutive effect of outstanding share options	**368**	-
Average number of shares used for calculation of diluted earnings per share	**9,897,553**	9,911,052
Amounts in DKK		
Earnings per share (EPS)	**20.21**	12.91
Earnings per share (DEPS), diluted	**20.21**	12.91
13 Goodwill		
Amounts in DKKm		
Cost beginning of year	**427**	388
Currency adjustments	**1**	4
Acquisitions of operations, cf. note 5	**-**	35
Cost year end	**428**	427
Amortisation and impairment beginning of year	**19**	19
Currency adjustments	**1**	-
Amortisation and impairment year end	**20**	19
Carrying amount year end	**408**	408

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

The estimated growth rates are based on industry forecasts.

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

The discount rate used is 10% after tax and 12% before tax (2010: 9% after tax and 11% before tax).

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2010	**2011**	Note	Amounts in DKKm	**2011**	2010
		14	Other intangible assets		
			Software		
127	**130**		Cost beginning of year	**186**	183
1	**20**		Additions	**21**	2
-	**-**		Disposals	**(1)**	(2)
2	**3**		Transfer to/from other groups	**3**	3
130	**153**		**Cost year end**	**209**	186
110	**117**		Amortisation and impairment beginning of year	**169**	160
7	**7**		Amortisation for the year	**9**	11
-	**-**		Amortisation on disposals	**(1)**	(2)
117	**124**		**Amortisation and impairment year end**	**177**	169
13	**29**		**Carrying amount year end**	**32**	17
			The addition for the year consists of ongoing software development (DKK 20 million).		
			Patents, trademarks and rights		
27	**27**		Cost beginning of year	**158**	58
-	**-**		Currency adjustments	**-**	2
-	**-**		Additions	**4**	-
-	**-**		Acquisitions of operations, cf. note 5	**-**	108
-	**-**		Disposals	**-**	(10)
27	**27**		**Cost year end**	**162**	158
25	**25**		Amortisation and impairment beginning of year	**26**	27
-	**-**		Amortisation for the year	**14**	9
-	**-**		Amortisation of disposals	**-**	(10)
25	**25**		**Amortisation and impairment year end**	**40**	26
2	**2**		**Carrying amount year end**	**122**	132
			Other		
-	**6**		Cost beginning of year	**50**	26
-	**-**		Currency adjustments	**2**	5
5	**-**		Additions	**10**	18
1	**(3)**		Transfer to/from other groups	**(3)**	1
6	**3**		**Cost year end**	**59**	50
-	**-**		Amortisation and impairment beginning of year	**-**	-
-	**-**		Amortisation for the year	**2**	-
-	**-**		**Amortisation and impairment year end**	**2**	-
6	**3**		**Carrying amount year end**	**57**	50
21	**34**		**Other intangible assets year end**	**211**	199
			Other intangible assets concern minor finished development projects and development projects in progress.		

ALK-Abelló A/S				ALK Group	
2010	**2011**	Note	Amounts in DKKm	**2011**	2010
		15	Land and buildings		
440	**448**		Cost beginning of year	**770**	697
-	**-**		Currency adjustments	**3**	13
2	**1**		Additions	**5**	31
-	**-**		Acquisitions of operations, cf. note 5	**-**	13
(1)	**-**		Disposals	**(3)**	(1)
7	**1**		Transfer to/from other groups	**13**	17
448	**450**		**Cost year end**	**788**	770
109	**127**		Depreciation and impairment beginning of year	**198**	167
-	**-**		Currency adjustments	**-**	2
18	**18**		Depreciation for the year	**32**	30
-	**-**		Depreciation of disposals	**(3)**	(1)
127	**145**		**Depreciation and impairment year end**	**227**	198
321	**305**		**Carrying amount year end**	**561**	572
-	**-**		of which financing costs	**-**	-
-	**-**		of which assets held under finance leases	**22**	23
			Land and buildings in Denmark include buildings on land leased from Scion DTU A/S, Hørsholm. The lease period for this land is unlimited.		
170	**162**		Value of land and buildings subject to mortgages	**162**	170
		16	Plant and machinery		
208	**210**		Cost beginning of year	**335**	302
-	**-**		Currency adjustments	**1**	5
7	**3**		Additions	**19**	26
-	**-**		Acquisitions of operations, cf. note 5	**-**	3
(9)	**-**		Disposals	**(3)**	(9)
4	**3**		Transfer to/from other groups	**16**	8
210	**216**		**Cost year end**	**368**	335
104	**111**		Depreciation and impairment beginning of year	**166**	149
-	**-**		Currency adjustments	**-**	1
16	**14**		Depreciation for the year	**29**	25
(9)	**-**		Depreciation of disposals	**(3)**	(9)
111	**125**		**Depreciation and impairment year end**	**192**	166
99	**91**		**Carrying amount year end**	**176**	169

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2010	**2011**	Note	Amounts in DKKm	**2011**	2010
		17	Other fixtures and equipment		
22	**35**		Cost beginning of year	**226**	198
-	**-**		Currency adjustments	**-**	2
3	**1**		Additions	**9**	13
-	**-**		Disposals	**(16)**	(4)
10	**1**		Transfer to/from other groups	**4**	15
-	**-**		Acquisitions of operations, cf. note 5	**-**	2
35	**37**		**Cost year end**	**223**	226
16	**20**		Depreciation and impairment beginning of year	**154**	136
-	**-**		Currency adjustments	**-**	1
4	**5**		Depreciation for the year	**21**	20
-	**-**		Depreciation of disposals	**(14)**	(3)
20	**25**		**Depreciation and impairment year end**	**161**	154
15	**12**		**Carrying amount year end**	**62**	72
		18	Property, plant and equipment in progress		
284	**273**		Cost beginning of year	**382**	349
-	**-**		Currency adjustments	**3**	5
13	**43**		Additions	**85**	72
(24)	**(5)**		Transfer to/from other groups	**(33)**	(44)
273	**311**		**Cost year end**	**437**	382
273	**311**		**Carrying amout year end**	**437**	382
107	**114**		of which assets held under finance leases	**114**	107

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

ALK-Abelló A/S				ALK Group	
2010	**2011**	Note	Amounts in DKKm	**2011**	2010
		19	Investments in affiliates		
774	**775**		Cost beginning of year		
1	**67**		Capital contribution in affiliates		
775	**842**		**Cost year end**		
-	**-**		**Impairment year end**		
775	**842**		**Carrying amount year end**		
		20	Receivables from affiliates		
362	**556**		Cost beginning of year	**27**	51
426	**243**		Additions	**-**	27
(232)	**(256)**		Disposals	**(27)**	(51)
556	**543**		**Cost year end**	**-**	27
556	**543**		**Carrying amount year end**	**-**	27
			Receivables from affiliates are recognised as follows:		
469	**425**		Non-current assets	**-**	-
87	**118**		Current assets	**-**	27
556	**543**		**Total**	**-**	27
		21	Securities and receivables		
20	**26**		Cost beginning of year	**28**	22
7	**8**		Additions	**8**	8
(1)	**-**		Disposals	**(1)**	(2)
26	**34**		**Cost year end**	**35**	28
-	**-**		**Revaluation and impairment year end**	**-**	-
26	**34**		**Carrying amount year end**	**35**	28

Notes to the financial statements

22 Deferred tax

ALK Group

Amounts in DKKm	Non-current assets	Current assets	Liabilities	Tax losses carried forward	Total
2011					
Carrying amount beginning of year	**(45)**	**35**	**18**	**32**	**40**
Recognised in the income statement, net	**14**	**24**	**(12)**	**(19)**	**7**
Carrying amount year end	**(31)**	**59**	**6**	**13**	**47**

Deferred tax at 31 December 2011 consists of deferred tax assets of DKK 68 million and deferred tax liabilities of DKK 21 million.

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

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

ALK-Abelló A/S

Amounts in DKKm	Non-current assets	Current assets	Liabilities	Tax losses carried forward	Total
2011					
Carrying amount beginning of year	**(11)**	**3**	**1**	**27**	**20**
Recognised in the income statement, net	**11**	**18**	**-**	**(25)**	**4**
Carrying amount year end	**-**	**21**	**1**	**2**	**24**
2010					
Carrying amount beginning of year	(7)	1	2	27	23
Recognised in the income statement, net	(4)	2	(1)	-	(3)
Carrying amount year end	(11)	3	1	27	20

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

ALK-Abelló A/S is jointly taxed with the Lundbeck Foundation.

ALK-Abelló A/S				ALK Group	
2010	**2011**	Note	Amounts in DKKm	**2011**	2010
		23	Inventories		
55	**28**		Raw materials and consumables	**105**	122
30	**25**		Work in progress	**85**	88
29	**29**		Manufactured goods and goods for resale	**101**	100
114	**82**		**Total**	**291**	310
3	**4**		Amount of write-down of inventories during the year	**16**	22
2	**-**		Amount of reversal of write-down of inventories during the year	**3**	4
			The total cost of goods sold included in cost of sales for 2011 amounted to DKK 184 million (2010: DKK 276 million).		
		24	Receivables and prepayments		
18	**16**		Trade receivables (gross)	**264**	270
			Allowances for doubtful trade receivables:		
-	**-**		Balance beginning of year	**9**	23
-	**1**		Change in allowances during the year	**2**	(13)
-	**-**		Realised losses during the year	**(1)**	(1)
-	**1**		Provision for doubtful trade receivables year end	**10**	9
18	**15**		**Trade receivables (net)**	**254**	261
			Allowances for doubtful trade receivables are based on an individual assesment of receivables.		
			Trade receivables (gross) can be specified as follows:		
17	**11**		Not due	**160**	118
			Overdue by:		
-	**4**		Between 1 and 179 days	**85**	139
1	**-**		Between 180 and 360 days	**11**	6
-	**1**		More than 360 days	**8**	7
18	**16**		Trade receivables (gross)	**264**	270
			Other receivables		
-	**-**		VAT and other taxes	**15**	14
2	**11**		Miscellaneous receivables	**16**	5
2	**11**		**Total**	**31**	19
			Prepayments		
9	**11**		Operating expenses	**27**	28
1	**1**		Insurances	**3**	4
1	**2**		Other prepayments	**6**	2
11	**14**		**Total**	**36**	34
			The carrying amount is equivalent to the fair value of the assets.		

Notes to the financial statements

ALK-Abelló A/S 2010	ALK-Abelló A/S 2011	Note	Amounts in DKKm	ALK Group 2011	ALK Group 2010
		25	Cash and cash equivalents		
-	**529**		Securities subject to insignificant risk of changes in value	**529**	-
172	**166**		Cash and bank deposits	**225**	250
172	**695**		**Cash and cash equivalents**	**754**	250
		26	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.		
		27	Mortgage debt, bank loans and financial loans		
			Debt to mortgage credit institutions secured by real property		
			Mortgage debt is due as follows:		
1	**1**		Within 1 year	**1**	1
6	**7**		From 1-5 years	**7**	6
21	**18**		After 5 years	**18**	21
28	**26**		**Total**	**26**	28
			Bank loans and financial loans		
			Bank loans and financial loans are due as follows:		
6	**-**		Within 1 year	**3**	10
-	**297**		From 1-5 years	**305**	9
-	**-**		After 5 years	**-**	1
6	**297**		**Total**	**308**	20

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

ALK Group

	Currency	Expiry date	Fixed/ Floating	Effective interest rate %	Carrying amount DKKm	Fair value DKKm
31 December 2011						
Mortgage debt						
Mortgage debt	**DKK**	**2028**	**Fixed**	**4.0**	**26**	**26**
					26	**26**
Bank loans and financial loans						
Leasing debt	**EUR, USD**	**2014-2016**	**Floating**	**3.5**	**11**	**11**
Other bank loans and financial loans	**EUR**	**2016**	**Fixed**	**3.1**	**297**	**297**
					308	**308**
31 December 2010						
Mortgage debt						
Mortgage debt	DKK	2025	Fixed	4.3	28	28
					28	28
Bank loans and financial loans						
Leasing debt	EUR	2016	Floating	3.5	13	12
Other bank loans and financial loans	EUR,USD, DKK,NOK	2011-2014	Floating	0-2.6	7	7
					20	19

ALK-Abelló A/S

	Currency	Expiry date	Fixed/ Floating	Effective interest rate %	Carrying amount DKKm	Fair value DKKm
31 December 2011						
Mortgage debt						
Mortgage debt	**DKK**	**2028**	**Fixed**	**4.0**	**26**	**26**
					26	**26**
Bank loans and financial loans						
Other bank loans and financial loans	**EUR**	**2016**	**Fixed**	**3.1**	**297**	**297**
					297	**297**
31 December 2010						
Mortgage debt						
Mortgage debt	DKK	2025	Fixed	4.3	28	28
					28	28
Bank loans and financial loans						
Other bank loans and financial loans	DKK, NOK	2011	Floating	1.5-2.6	6	6
					6	6

Notes to the financial statements

ALK-Abelló A/S			ALK Group	
2010	**2011**	Amounts in DKKm	**2011**	2010
		28 Other provisions		
140	**140**	Other provisions beginning of year	**150**	148
-	**-**	Provisions made during the year	**-**	2
-	**-**	Used during the year	**8**	-
140	**140**	**Other provisions year end**	**142**	150
		Other provisions are recognised as follows:		
140	**140**	Non-current liabilities	**142**	150
140	**140**	**Other provisions year end**	**142**	150
		In connection with the divestment of the ingredients business, Chr. Hansen, in 2005, ALK-Abelló A/S has undertaken the usual representations and warranties towards the buyer. The representations and warranties expire successively over the coming years. A provision of DKK 140 million (2010: DKK 140 million) has been made to cover specific risks.		
		29 Other current liabilities		
58	**62**	**Trade payables**	**147**	140
		Other payables		
61	**67**	Salaries, holiday payments, etc.	**159**	151
10	**5**	VAT and other taxes	**26**	32
4	**-**	Acquisitions of companies and operations	**-**	4
41	**46**	Miscellaneous payables	**130**	116
116	**118**	**Total**	**315**	303
		Prepayments		
-	**74**	Received prepayments	**74**	-
-	**74**	**Total**	**74**	-
		The carrying amount is equivalent to the fair value of the liabilities		
		30 Treasury shares		
168,975	**226,975**	Treasury shares beginning of year (B-shares), units	**226,975**	168,975
58,000	**35,979**	Purchase of treasury shares, units	**35,979**	58,000
226,975	**262,954**	**Treasury shares year end (B-shares), units**	**262,954**	226,975
2.2%	**2.6%**	Proportion of share capital year end	**2.6%**	2.2%
2.2	**2.6**	Nominal value year end	**2.6**	2.2
73	**85**	Market value year end	**85**	73
		According to a resolution passed by the company in general meeting, the company is allowed to purchase treasury shares, equal to 10% of the share capital. The company has purchased treasury shares in connection with the granting of share options.		

ALK-Abelló A/S			ALK Group	
2010	**2011**	Amounts in DKKm	**2011**	2010
		31 Contingent liabilities and commitments		
-	**-**	**Collaterals and guarantees**	**9**	10

Contingent liabilities and assets

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

In connection with the divestment of the ingredients business, Chr. Hansen, in 2005, ALK-Abelló A/S has undertaken the usual representations and warranties towards the buyer. The representations and warranties expire successively over the comming years. A provision of DKK 140 million (2010: DKK 140 million) has been recognised to cover specific risks.

Liabilities relating to research and development projects are estimated at DKK 3 million at 31 December 2011 (31 December 2010: DKK 4 million).

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

Commitments

For information on land and buildings provided as security vis-à-vis credit institutions, see note 15.

32 Operating lease liabilities

ALK-Abelló A/S 2010	ALK-Abelló A/S 2011	Amounts in DKKm	ALK Group 2011	ALK Group 2010
14	**15**	Minimum lease payments recognised in the income statement	**39**	35
		The total future minimum lease payments cf. interminable lease agreements:		
12	**13**	Within 1 year	**35**	30
4	**3**	From 1-5 years	**41**	30
-	**-**	After 5 years	**10**	1
16	**16**	**Total**	**86**	61

Notes to the financial statements

ALK-Abelló A/S			ALK Group	
2010	**2011**	Amounts in DKKm	**2011**	2010
		33 Finance lease liabilities		
		Finance lease liabilities are due as follows:		
-	**-**	Within 1 year	**3**	3
-	**-**	From 1-5 years	**8**	10
-	**-**	After 5 years	**-**	1
-	**-**	**Total**	**11**	14
-	**-**	Amortisation premium for future expensing	**1**	1
-	**-**	**Present value of finance lease liabilities**	**10**	13
		Finance leases concern leases of building and other minor leases		

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

Financial risk management policy
As a result of its operations, its investments and its financing, the ALK Group is exposed to exchange and interest rate changes. For further information of exchange, interest rate and credit exposure see page 17. ALK-Abelló A/S manages the ALK Group's financial risks centrally and coordinates the ALK Group's cash management, including the raising of capital and investment of excess cash. The ALK Group complies with a policy, approved by the Board of Directors, to maintain a low risk profile, ensuring that the ALK Group is only exposed to exchange rate, interest rate and credit risk in connection with its commercial activities.

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

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

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

Sensitivities in 2011 in the event of a 10% increase in exchange rates

Amounts in DKKm	Revenue	EBITDA	Equity
USD	25	approx. 5	approx. 40
GBP	5	approx. 0	approx. 0

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

Notes to the financial statements

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

ALK Group

Amounts in DKKm	Cash and securities	Receivables	Liabilities	Amount hedged	Net position
31 December 2011					
DKK	**573**	**41**	**(409)**	**-**	**205**
USD	**3**	**52**	**(40)**	**-**	**15**
EUR	**158**	**241**	**(698)**	**297**	**(2)**
GBP	**(4)**	**8**	**(12)**	**-**	**(8)**
SEK	**1**	**19**	**(11)**	**-**	**9**
Other	**23**	**25**	**(17)**	**-**	**31**
Total	**754**	**386**	**(1,187)**	**297**	**250**
31 December 2010					
DKK	156	73	(328)	-	(99)
USD	13	49	(45)	-	17
EUR	67	221	(410)	-	(122)
GBP	4	32	(15)	-	21
SEK	1	10	(7)	-	4
Other	9	18	(7)	-	20
Total	250	403	(812)	-	(159)

ALK-Abelló A/S

Amounts in DKKm	Cash and securities	Receivables	Liabilities	Amount hedged	Net position
31 December 2011					
DKK	**699**	**46**	**(549)**	**-**	**196**
USD	**-**	**273**	**(25)**	**-**	**248**
EUR	**-**	**215**	**(419)**	**297**	**93**
GBP	**(4)**	**19**	**(2)**	**-**	**13**
SEK	**-**	**-**	**(13)**	**-**	**(13)**
Other	**-**	**64**	**(8)**	**-**	**56**
Total	**695**	**617**	**(1,016)**	**297**	**593**
31 December 2010					
DKK	159	68	(332)	-	(105)
USD	7	246	(33)	-	220
EUR	-	213	(151)	-	62
GBP	3	16	(1)	-	18
SEK	-	-	(12)	-	(12)
Other	3	70	(12)	-	61
Total	172	613	(541)	-	244

At 31 December 2011, the fair value of derivative financial instruments entered into to hedge recognised financial assets and liabilities against exchange rate exposure totals DKK 0 million (2010: DKK 0 million) for the ALK Group and DKK 0 million (2010:DKK 0 million) for ALK-Abelló A/S. The fair value of the derivative financial instruments is recognized under other payables/other receivables and set off in the income statement against exchange rate adjustments of the hedged assets and liabilities.

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

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

The ALK Group and ALK-Abelló A/S has no open exchange rate hedging contracts at 31 December 2011.

ALK Group

Amounts in DKKm	Term to maturity months	Contract value	Fair valur	Value adjustment recognised in other comprehensive income
31 December 2010				
Forward exchange contracts, NOK	1	5	-	-
Forward exchange contracts, SEK	1	3	-	-
Total		8	-	-

ALK-Abelló A/S

Amounts in DKKm	Term to maturity months	Contract value	Fair valur	Value adjustment recognised in other comprehensive income
31 December 2010				
Forward exchange contracts, NOK	1	5	-	-
Forward exchange contracts, SEK	1	3	1	-
Total		8	1	-

Notes to the financial statements

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

Interest rate exposure
Concerning the ALK Group's financial assets and financial liabilities, the earlier of the contractual revaluation and redemption dates are as follows. Effective interest rates are stated on the basis of the current level of interest rates on the balance sheet date. Future expected interest is not included in the overview.

ALK Group

	Revaluation/payment date					
Amounts in DKKm	Within 1 year	From 1-5 years	After 5 years	Total	Of these, fixed interest	Effective interest rate %*
31 December 2011						
Securities and receivables	-	1	34	35	-	
Trade receivables	254	-	-	254	-	
Other receivables	96	-	1	97	-	
Cash and cash equivalents	754	-	-	754	50	1.0
Financial assets	1,104	1	35	1,140	50	
Mortgage debt, bank loans and financial loans	4	311	19	334	323	3.1-4.0
Trade payables	147	-	-	147	-	
Other financial liabilities	373	3	-	376	-	
Financial liabilities	524	314	19	857	323	
31 December 2010						
Securities and receivables	1	1	26	28	-	
Trade receivables	260	1	-	261	-	
Other receivables	113	1	-	114	-	
Cash and cash equivalents	250	-	-	250	160	0.9-1.6
Financial assets	624	3	26	653	160	
Mortgage debt, bank loans and financial loans	11	15	22	48	28	4.3
Trade payables	140	-	-	140	-	
Other financial liabilities	362	-	3	365	-	
Financial liabilities	513	15	25	553	28	

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

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

ALK-Abelló A/S

	Revaluation/payment date					
Amounts in DKKm	Within 1 year	From 1-5 years	After 5 years	Total	Of these, fixed interest	Effective interest rate %*
31 December 2011						
Securities and receivables	**-**	**-**	**34**	**34**	**-**	
Trade receivables	**15**	**-**	**-**	**15**	**-**	
Other receivables	**143**	**-**	**425**	**568**	**-**	
Cash and cash equivalents	**695**	**-**	**-**	**695**	**50**	**1.0**
Financial assets	**853**	**-**	**459**	**1,312**	**50**	
Mortgage debt, bank loans and financial loans	**1**	**303**	**19**	**323**	**323**	**3.1-4.0**
Trade payables	**62**	**-**	**-**	**62**	**-**	
Other financial liabilities	**417**	**-**	**-**	**417**	**-**	
Financial liabilities	**480**	**303**	**19**	**802**	**323**	
31 December 2010						
Securities and receivables	-	-	26	26	-	
Trade receivables	18	-	-	18	-	
Other receivables	100	-	469	569	-	
Cash and cash equivalents	172	-	-	172	160	0.9-1.6
Financial assets	290	-	495	785	160	
Mortgage debt, bank loans and financial loans	7	6	21	34	28	4.3
Trade payables	58	-	-	58	-	
Other financial liabilities	241	-	68	309	-	
Financial liabilities	306	6	89	401	28	

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

Notes to the financial statements

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

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

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

Categories of financial instruments

ALK-Abelló A/S			ALK Group	
2010	**2011**	Amounts in DKKm	**2011**	2010
556	**543**	Receivables from affiliates	**-**	27
4	**5**	Securities and receivables	**6**	6
18	**15**	Trade receivables	**254**	261
2	**11**	Miscellaneous receivables	**31**	19
580	**574**	**Loans and receivables**	**291**	313
22	**29**	Securities and receivables	**29**	22
22	**29**	**Financial assets available for sale**	**29**	22
-	**-**	Derivative financial instruments entered into hedge future transactions	**-**	-
-	**-**	**Financial liabilities used as hedging**	**-**	-
28	**26**	Mortgage debt	**26**	28
6	**297**	Bank loans and financial loans	**308**	20
58	**62**	Trade payables	**147**	140
193	**299**	Payables to affiliates	**-**	-
116	**118**	Miscellaneous payables	**315**	303
401	**802**	**Financial liabilities measured at amortised cost**	**796**	491

Financial assets available for sale consist of unlisted shares which according to the fair value hierarchy are classified as measured by valuation methods of which material information is not based on observable market data (level 3). Financial assets used as hedging are, according to the fair value hierarchy, classified as measured by listed prices in an efficient market (level 1).

ALK-Abelló A/S			ALK Group	
2010	**2011**	Amounts in DKKm	**2011**	2010

35 Related parties

Related parties exercising control
Parties exercising control are ALK-Abelló A/S' principal shareholder, the Lundbeck Foundation.

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

For an overview of subsidiaries, see page 79.

Affiliates

2010	**2011**	Intra-group trading comprised:	**2011**	2010
642	**536**	Sale of goods		
36	**36**	Sale of services		
19	**14**	Purchase of goods		
39	**45**	Purchase of services		

In respect of amounts owed by and to affiliates, see the balance sheet. In 2011 ALK-Abelló A/S received DKK 27 million concerning outstanding company tax from the Lundbeck Foundation. ALK-Abelló A/S has paid dividends to the Lundbeck Foundation in 2011 constituting 19 mio. DKK (2010: 19 mio. DKK). Interest income and expenses regarding intra-group accounts are shown in notes 9 and 10 to the financial statement.

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

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

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

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

Notes to the financial statements

ALK-Abelló A/S				ALK Group	
2010	**2011**	Note	Amounts in DKKm	**2011**	2010
		36	Fees to auditors elected by general meeting		
			Fees to the auditors, Deloitte, elected by general meeting:		
1	**1**		Audit	**2**	3
-	**-**		Audit related services	**1**	-
2	**-**		Tax advisory services	**1**	2
-	**-**		Other services	**1**	1
3	**1**		**Total**	**5**	6

37 Effect of changes in accounting policies

Income statement

In order to give a more true and fair view of the revenue and cost development, ALK has decided to change the presentation of certain income and directly related costs in the financial statements cf. accounting policies. This means that license income and other revenues from license agreements are now presented as revenue and costs relating are presented as cost of sales. Previously, these revenues were presented as other operating income and costs were presented as other operating expenses. Comparative figures have been restated to reflect the new presentation of the financial statements. The effect of the change has no impact on ALK's operating profit (EBITDA), cashflow statement and balance sheet.

	ALK Group 2011			ALK Group 2010		
Amounts in DKKm	Previous accounting policies	Change	New accounting policies	Previous accounting policies	Change	New accounting policies
Revenue	2,100	248	**2,348**	2,140	19	2,159
Cost of sales	610	1	**611**	653	1	654
Gross profit	1,490	247	**1,737**	1,487	18	1,505
Research and development expenses	455	-	**455**	366	-	366
Sales and marketing expenses	781	-	**781**	743	-	743
Administrative expenses	204	-	**204**	208	-	208
Other operating income	250	(248)	**2**	23	(19)	4
Other operating expenses	1	(1)	**-**	1	(1)	-
Operating profit (EBIT)	299	-	**299**	192	-	192
Financial income	30	-	**30**	21	-	21
Financial expenses	8	-	**8**	6	-	6
Profit before tax (EBT)	321	-	**321**	207	-	207
Tax on profit	121	-	**121**	79	-	79
Net profit	200	-	**200**	128	-	128

Notes to the financial statements

37 Effect of changes in accounting policies (continued)

	ALK-Abelló A/S 2011			ALK-Abelló A/S 2010		
Amounts in DKKm	Previous accounting policies	Change	New accounting policies	Previous accounting policies	Change	New accounting policies
Revenue	566	248	**814**	673	19	692
Cost of sales	284	1	**285**	342	1	343
Gross profit	282	247	**529**	331	18	349
Research and development expenses	413	-	**413**	326	-	326
Sales and marketing expenses	85	-	**85**	86	-	86
Administrative expenses	82	-	**82**	84	-	84
Other operating income	250	(248)	**2**	19	(19)	-
Other operating expenses	1	(1)	**-**	1	(1)	-
Operating profit (EBIT)	(49)	-	**(49)**	(147)	-	(147)
Financial income	202	-	**202**	249	-	249
Financial expenses	9	-	**9**	3	-	3
Profit before tax (EBT)	144	-	**144**	99	-	99
Tax on profit	(23)	-	**(23)**	(26)	-	(26)
Net profit	167	-	**167**	125	-	125

List of companies in the ALK Group

December 31, 2011 (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 1,000
CVR no. 31 50 12 96
Gentofte

Sweden

ALK-Abelló Nordic A/S (branch)
Kungsbacka

Norway

ALK-Abelló Nordic A/S (branch)
Oslo

Finland

ALK-Abelló Nordic A/S (branch)
Helsinki

United Kingdom

ALK-Abelló Ltd. — GBP 1
Reading

France

ALK-Abelló S.A. — EUR 160
Courbevoie

Germany

ALK-Abelló Arzneimittel GmbH — EUR 1,790
Hamburg

ThemoCARE GmbH — EUR 25
Mönchengladbach

Austria

ALK-Abelló Allergie-Service GmbH — EUR 73
Linz

Switzerland

ALK-Abelló AG — CHF 100
Volketswil

ALK AG
Volketswil — CHF 1,000

Netherlands

ALK-Abelló B.V. — EUR 23
Nieuwegein

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

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

Spain

ALK-Abelló S.A. — EUR 4,671
Madrid

Italy

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

Poland

ALK-Abelló sp. z o.o — PLN 325
Warsaw

USA

ALK-Abelló, Inc. — USD 50
Austin

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

Canada

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

China

ALK-Abelló A/S (branch)
Hong Kong

Definitions

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

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

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

Amounts in DKK/EURm	**2011**	Q4 unaudited	Q3 unaudited	Q2 unaudited	Q1 unaudited
Income statement					
Revenue	**2,348**	578	512	515	743
Cost of sales	**611**	166	124	145	176
Research and development expenses	**455**	135	109	105	106
Sales and marketing expenses	**781**	211	179	194	197
Administrative expenses	**204**	52	50	53	49
Net other operating income/(Other operating expenses)	**2**	-	-	-	2
Operating profit/(loss) (EBIT)	**299**	14	50	18	217
Net financial items	**22**	11	16	4	(9)
Profit before tax (EBT)	**321**	25	66	22	208
Net profit	**200**	19	41	13	127
Operating profit before depreciations (EBITDA)	**406**	45	76	43	242
Average number of employees	**1,724**	1,767	1,727	1,696	1,693
Revenue by market:					
Northern Europe	**455**	108	93	104	150
Central Europe	**727**	199	176	153	199
Southern Europe	**661**	194	131	142	194
Other markets	**257**	62	63	66	66
Other revenue	**248**	15	49	50	134
Revenue by product line					
SCIT	**979**	272	242	204	261
SLIT	**737**	207	150	175	205
AIT	**183**	48	38	46	51
Other products	**201**	36	33	40	92
Total net sales	**2,100**	563	463	465	609
Other revenue	**248**	15	49	50	134
Total revenue	**2,348**	578	512	515	743
Growth in revenue in local currency by product line – %:					
SCIT	**1**	5	6	(5)	(2)
SLIT	**9**	-	(4)	25	21
AIT	**12**	9	6	16	16
Vaccines, total	**5**	3	2	7	8
Other products	**(37)**	(51)	(62)	(45)	11
Total net sales	**(1)**	(4)	(9)	(1)	8
Total revenue	**9**	(1)	-	11	28
Balance sheet					
Total assets	**3,354**	3,354	2,997	2,945	3,057
Invested capital	**1,644**	1,644	1,681	1,605	1,568
Equity	**2,167**	2,167	2,144	2,090	2,129
Cash flow and investments					
Depreciation, amortisation and impairment	**107**	31	26	25	25
Cash flow from operating activities	**431**	126	18	3	284
Cash flow from investing activities	**(160)**	(69)	(45)	(32)	(14)
– of which investment in tangible assets	**(118)**	(50)	(33)	(22)	(13)
Free cash flow	**271**	57	(27)	(29)	270
Information on shares					
Share capital	**101**	101	101	101	101
Shares in thousands of DKK 10 each	**10,128**	10,128	10,128	10,128	10,128
Share price, end quarter - DKK	**321**	322	318	314	317
Net asset value per share - DKK	**215**	214	212	206	210
Key figures					
Gross margin – %	**74**	71	76	72	76
EBITDA margin – %	**17**	8	15	8	33
Earnings per share (EPS) - DKK	**20.21**	1.92	4.14	1.31	12.82
Earnings per share (DEPS), diluted - DKK	**20.21**	1.92	4.14	1.31	12.82
Cash flow per share (CFPS) - DKK	**43.49**	12.74	1.82	0.30	28.68
Share price/Net asset value	**1.5**	1.5	1.5	1.5	1.5

*) Management's review comprises pages 1-29 as well as financial highlights and key ratios for the ALK Group on flaps.

Definitions: see page 80

Graphic production: meyer & bukdahl as

ALK · Bøge Allé 6-8 · DK–2970 Hørsholm, Denmark · CVR no. 63 71 79 16 · Tel. +45 45 74 75 76 · www.alk-abello.com