Company release No 7/2016

Hørsholm
9 February 2016

ALK releases its annual report 2015

The Board of Directors of ALK (ALKB:DC / OMX: ALK B / AKABY / AKBLF) today considered and approved the 2015 Annual Report with the following highlights:[1]

Q4 performance
Revenue and operating profit were impacted by a strong sales upturn in Europe in Q4:

- Total revenue, including partner income, increased 9% to DKK 687 million (612).
- Base business revenue grew by 9% to DKK 678 million (601) driven by growth in all product lines.
- Reported EBITDA, including the gain on the sale of the European veterinary business was DKK 148 million (57).

Please refer to page 73 in the enclosed Annual Report for further details on the Q4 financial performance.

Full-year performance
ALK achieved satisfactory results in 2015, in line with the most recent profit upgrade from 6 January:

- Total revenue, including partner income, grew to DKK 2,569 million (2,433).
- Base business revenue increased 5% on a like-for-like basis to DKK 2,384 million (2,219).
- EBITDA before special items was DKK 452 million (453). Excluding sales royalties and milestone payments, EBITDA before special items increased to DKK 331 million (273).
- Reported EBITDA increased to DKK 451 million (404) yielding an 18% margin (17).
- Net profit was DKK 344 million (181). The Board proposes a dividend of DKK 5 per share.

Globalisation and pipeline progress
ALK's globalisation efforts continued to advance with the formation of new partner-ships for South-East Asia (Abbott) and Australia-New Zealand (Seqirus) as well as R&D progress in all key geographies:

- ACARIZAX®, the first and only SLIT-tablet against both house dust mite allergic rhinitis and allergic asthma, was approved in 11 European countries and has been launched in Germany and Denmark.
- Additional progress for ACARIZAX® in Japan (launched under the brand name MITICURE™), North America, Australia and Russia.
- Regulatory submissions for other SLIT-tablets in Australia, Russia and Japan.
- *GRAZAX® Asthma Prevention* trial results to support the positioning of AIT in asthma treatment and prevention.

[1] Comparative figures for 2014 are shown in brackets / revenue growth is measured in local currencies. Revenue from ALK's base business is defined as total revenue excluding revenues from the SLIT-tablet partnerships in North America and International market

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2016 outlook in summary
ALK's performance in 2016 is expected to be positively influenced by an unusually large order intake, especially in France. At this stage and given the uncertainties involved, ALK has decided to provide a base case financial outlook that includes an estimated positive impact on revenue and earnings based amongst other things on current order intake. The impact is likely going to be most significant in H1, whereafter the market in H2 is expected to gradually normalise.

- Base business revenue is expected to grow organically by approximately 10% to DKK 2.6 billion.
- EBITDA before special items, excluding revenues from sales royalties and milestone payments, is expected to increase by approximately 35% to DKK 450 million (331).
- ALK's partnerships are expected to further contribute to ALK's revenue and earnings. Potential milestone payments in 2016-17 total DKK 75 million.
- Free cash flow is expected to be largely level with 2015.

ALK will provide regular updates as the market situation in Europe becomes clearer.

Audio cast
Today, ALK hosts a conference call at 02.00 p.m. (CET) at which Management will review the results, the outlook and answer questions.
The call will be audio cast on www.alk-abello.com/investor, where the presentation will be available shortly before the call begins. Participants in the conference call are kindly requested to call in before 1.55 p.m. (CET). Danish participants should call in on tel. 7022 3500 and international participants should call in on tel. +44 (0) 20 7572 1187 or +1 646 722 4972. Please use the following participant pin code: 34934477#.

ALK-Abelló A/S

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Annual report 2015

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Cover image: House dust mite (HDM) allergy, the most common in the world, can trigger allergic asthma in children and adults. In 2015, ACARIZAX®, ALK's new HDM SLIT-tablet, was approved in Europe for adult use in the treatment of allergic rhinitis and allergic asthma which is not well controlled by conventional symptom-relieving medication, and a paediatric development programme is currently underway. Moreover, the product was approved in Japan in late 2015.

Highlights 2015-16

Revenue

DKK 2.6 bn

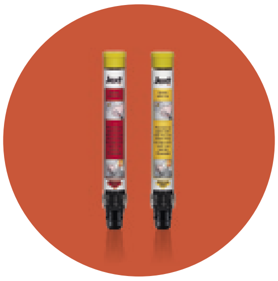
DKK 2.4 bn of which from base business*, rest from partnerships

2015 results**

Results in 2015 exceeded expectations following strong revenue growth of 9% in Q4. Full-year revenue increased to DKK 2.57 billion (2.43). Base business revenue grew by 5% on a like-for-like basis to DKK 2.38 billion (2.22), while partner income fell, as expected, to DKK 185 million (214) due to lower milestone payments. EBITDA before special items was DKK 452 million (453) as higher sales coupled with operational efficiencies and cost savings largely offset extra costs in support of the long-term growth strategy.

* Revenue from ALK's base business is defined as total revenue excluding revenues from the SLIT-tablet partnerships in North America and International markets

** Comparative figures for 2014 are shown in brackets



Growth drivers

With revenue growth of 21% in local currencies, adrenaline auto-injectors, diagnostics and other products grew the fastest. Diagnostics and other products recorded near double-digit growth, while sales of the adrenaline auto-injector Jext® saw high double-digit growth following the restoration of full market coverage in 2014. In local currencies, sales of SLIT-tablets in Europe (GRAZAX®) grew by 16% in 2015, while SCIT and SLIT-drops sales remained unchanged. SCIT sales increased slightly, whereas SLIT-drops sales continued to decline in most markets except France, which saw growth, particularly towards the end of the year.

ACARIZAX® launch in Europe

ACARIZAX®, the first and only SLIT-tablet for the treatment of both house dust mite (HDM) allergic rhinitis and allergic asthma, was approved by 11 European countries in 2015 and, as of February 2016, has been launched in Germany and Denmark with further launches planned during 2016. ACARIZAX® is a new treatment option for patients diagnosed with moderate to severe HDM allergy, whose disease is not well controlled despite the use of symptom-relieving medication.

ACARIZAX® international roll-out

Japan, where the HDM SLIT-tablet will be known as MITICURE™, became the product's first launch market in December 2015. Meanwhile, progress towards registration and launch continued in other markets – preparations for filings are advancing in North America and Russia, regulatory reviews are ongoing in Australia, Switzerland and Turkey, and registration work is about to commence in South-East Asia.

Towards a global ALK

As part of its efforts to globalise access to evidence-based allergy immunotherapy, ALK entered into a new partnership agreement in 2015 with Seqirus (formerly bioCSL) covering ACARIZAX® and GRAZAX® in Australia and New Zealand. At the beginning of 2016, the partnership with Abbott was expanded to cover ACARIZAX® in seven new growth markets in South-East Asia.

Base business revenue

~ +10%

growth compared to 2015

2016 outlook

- Base business revenue is expected to grow organically by approximately 10% to DKK 2.6 billion
- EBITDA before special items, excluding revenues from sales royalties and milestone payments, is expected at approximately DKK 450 million (331)
- ALK's partnerships are expected to further contribute to ALK's revenue and earnings. Potential milestone payments in 2016-17 total DKK 75 million
- Free cash flow is expected to be largely level with 2015

Profile and priorities

ALK's strategic intent

Building on a vision of being both the commercial leader and the foremost innovator within allergy immunotherapy (AIT), ALK's strategy aims to transform the company from a largely European company focused on allergic rhinitis into a truly global company with a portfolio of standardised and evidence-based products which, in addition to allergic rhinitis, also treat allergic asthma and potentially prevent the onset of asthma.

ALK's people

ALK employs around 1,900 people in 19 countries: Austria, Canada, China, the Czech Republic, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Poland, Slovakia, Spain, Sweden, Switzerland, Turkey, the UK and the USA. The company also has distributors in a large number of other markets.

ALK's partners

ALK partners with leading global healthcare companies and regional specialty pharma companies to globalise its product portfolio: Abbott for Russia and South-East Asia; MSD (known as Merck & Co., Inc in the USA and Canada) for the USA, Canada and Mexico; Seqirus Ltd for Australia and New Zealand; Torii Pharmaceutical Co., Ltd for Japan, and Eddingpharm Ltd in China.

A long and proud heritage

ALK's history dates back to 1923 when the first allergen extracts were produced at the pharmacy of the Copenhagen University Hospital. Since the mid-1980s, international expansion, mergers and acquisitions have helped shape today's ALK. The company was listed on NASDAQ Copenhagen (OMX: ALK B) in 2005.

Focus on respiratory diseases

ALK is a global pharmaceutical company with a mission to improve quality of life for allergy patients.

With a near-century long heritage of pioneer research and product innovation in the treatment of allergic disease, today ALK is focused on the prevention, diagnosis and treatment of the respiratory diseases allergic rhinitis and allergic asthma. Moreover, ALK has specialised in venom immunotherapy, a life-saving cure for patients suffering from bee and wasp allergies.

ALK is a world leader in allergy immunotherapy (AIT), a unique disease-modifying treatment that addresses the underlying cause of allergy. The treatment induces a protective immune response that provides sustained symptom relief and potentially reduces patients' risk of developing other allergies as well as asthma. Clinical benefits have been shown to continue far beyond completion of the three-year course of treatment.

ALK's primary focus is on allergy patients whose disease is not well controlled despite the use of symptom-relieving medication and, today, an estimated 1.5 million people use ALK's products or treatments based on its products.

Broad range of products

The company develops, manufactures and markets a broad range of products for the diagnosis and treatment of respiratory diseases:

- **SCIT** (subcutaneous allergy immunotherapy injections) is given by specialists as regular injections under the skin. ALK brand names include: Alutard SQ® and AVANZ®
- **SLIT-drops** (sublingual allergy immunotherapy drops) are droplets administered under the tongue by patients at home. ALK brand names include: SLITone ULTRA® and Osiris®
- **SLIT-tablets** (sublingual allergy immunotherapy tablets) are fast-dissolving tablets which dissolve under the tongue and can be administered by patients at home. ALK and its partners' brand names include: GRAZAX®/GRASTEK®, RAGWITEK® and ACARIZAX®/MITICURE™

As experts in the field of allergy, ALK also manufactures related products ranging from diagnostic tests that can help identify specific allergies, to an adrenaline auto-injector pen, Jext®, for emergency interventions in potentially life-threatening cases of anaphylaxis.

Research-driven company

Since its foundation in 1923, ALK has consistently devised and developed major advances in allergy treatment.

Over recent years, ALK and its partners have invested substantially in the research and development of new, evidence-based SLIT-tablets covering all the major respiratory allergies – house dust mite, grass pollen, tree pollen, ragweed pollen and Japanese cedar pollen.

In parallel, ALK has funded clinical research that has confirmed the long-held belief that AIT has a role to play in treating allergic asthma and potentially preventing the onset of asthma. ACARIZAX®, which is currently being launched in Europe, became the first tablet-based product in the world with a market authorisation indicated for addressing the underlying cause of allergic asthma. Recently, ALK also disclosed data from a long-term clinical trial into asthma prevention showing that GRAZAX® significantly reduced the proportion of children experiencing asthma symptoms and using asthma medication.

ALK: A track record of firsts

1923 Kaj Baagøe and Poul Barfod produce Denmark's first pharmaceutically manufactured allergen extract

1972 ALK develops the technique to accurately identify the proteins that provoke allergies

1976 ALK develops a standardised process for manufacturing allergen extracts

1978 The world's first standardised allergy immunotherapy, Alutard SQ®, is launched

1990 The company launches the world's first sublingual allergy immunotherapy drops (SLIT-drops)

1990-95 ALK collaborates on research that shows AIT decreases the risk of developing asthma in children with allergic rhinitis

2006 GRAZAX®, the world's first sublingual allergy immunotherapy tablet (SLIT-tablet) is approved in Europe as a treatment for grass allergy

2014 RAGWITEK®, the world's first SLIT-tablet treating ragweed allergy is approved in the USA along with GRASTEK®

2015 ACARIZAX®, for house dust mite allergy, is the first SLIT-tablet approved for both allergic rhinitis and allergic asthma

Priorities for 2016

1

ACARIZAX®

Ensure a successful commercial launch for ACARIZAX® by gaining market access and reimbursement for patients in the initial European launch countries, promoting awareness and adoption among doctors and patients, and continuing work on a paediatric version of the product.

2

Expansion

Work towards registrations of ACARIZAX® in additional countries, both alone and in partnership with others. Priority markets include: Australia, Canada, Russia, Spain, Turkey, the USA and markets in South-East Asia.

3

Continued growth

Continue to grow ALK's base business and increase efficiency by simplifying the business structure wherever possible.

Financial highlights and key ratios for the ALK Group*

Amounts in DKKm/EURm**	DKK 2015	DKK 2014	DKK 2013	DKK 2012	DKK 2011	EUR 2015	EUR 2014
Income statement							
Revenue	**2,569**	2,433	2,244	2,345	2,348	**344**	327
Operating profit before depreciation (EBITDA) before special items	**452**	453	258	306	406	**61**	61
Operating profit before depreciation (EBITDA)	**451**	404	236	242	406	**60**	54
Operating profit (EBIT) before special items	**293**	313	131	182	299	**39**	42
Operating profit (EBIT)	**292**	264	109	118	299	**39**	35
Net financial items	**108**	36	(5)	(5)	22	**14**	5
Profit before tax (EBT)	**400**	300	104	113	321	**54**	40
Net profit, continuing operations	**344**	181	61	54	200	**46**	24
Net profit, past discontinued operations	**-**	-	-	155	-	**-**	-
Net profit	**344**	181	61	209	200	**46**	24
Average number of employees	**1,854**	1,809	1,804	1,828	1,724	**1,854**	1,809
Balance sheet							
Total assets	**4,252**	3,419	3,268	3,295	3,355	**564**	460
Invested capital	**2,434**	2,214	2,104	1,974	1,639	**326**	298
Equity	**2,697**	2,354	2,249	2,257	2,163	**362**	316
Cash flow and investments							
Depreciation, amortisation and impairment	**159**	140	127	124	107	**21**	19
Cash flow from operating activities	**183**	320	146	91	431	**25**	43
Cash flow from investing activities	**(165)**	(219)	(231)	(243)	(160)	**(22)**	(29)
– of which investment in tangible and intangible assets	**(199)**	(202)	(253)	(243)	(153)	**(27)**	(27)
– of which acquisitions of companies and operations	**(12)**	(24)	-	-	-	**(2)**	(3)
Free cash flow	**18**	101	(85)	(152)	271	**2**	14
Information on shares							
Proposed dividend	**51**	51	51	51	51	**7**	7
Share capital	**101**	101	101	101	101	**14**	14
Shares in thousands of DKK 10 each	**10,128**	10,128	10,128	10,128	10,128	**10,128**	10,128
Share price, at year end – DKK/EUR	**876**	651	614	389	321	**118**	88
Net asset value per share – DKK/EUR	**266**	232	222	223	214	**36**	31
Key figures							
Gross margin – %	**67**	70	69	72	74	**67**	70
EBITDA margin before special items – %	**18**	19	11	13	17	**18**	19
EBITDA margin – %	**18**	17	11	10	17	**18**	17
Return on equity (ROE) – %	**14**	8	3	9	10	**14**	8
ROIC incl. goodwill – %	**13**	12	5	6	18	**13**	12
Pay-out ratio – %	**15**	28	84	24	26	**15**	28
Earnings per share (EPS) – DKK/EUR	**35**	19	6	21	20	**5**	3
Earnings per share (EPS), continuing operations – DKK/EUR	**35**	19	6	6	20	**5**	3
Earnings per share (DEPS), diluted – DKK/EUR	**35**	18	6	21	20	**5**	2
Earnings per share (DEPS), diluted, continuing operations – DKK/EUR	**35**	18	6	6	20	**5**	2
Cash flow per share (CFPS) – DKK/EUR	**19**	33	15	9	43	**3**	4
Cash flow per share (CFPS), continuing operations – DKK/EUR	**19**	33	15	9	43	**3**	4
Price earnings ratio (PE)	**25**	35	97	18	16	**25**	35
Share price/Net asset value	**3.3**	2.8	2.8	1.7	1.5	**3.3**	2.8
Revenue growth – %							
Organic growth	**2**	8	(4)	(1)	6	**2**	8
Exchange rate differences	**4**	1	-	1	(1)	**4**	1
Acquisitions	**-**	-	-	-	4	**-**	-
Total growth revenue	**6**	9	(4)	-	9	**6**	9

* Management's review comprises pages 1-29 as well as Financial highlights and key ratios for the ALK Group on page 73.
** 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 2015 (EUR 100 = DKK 746).

Definitions: see page 63

Operational review

The majority of current revenue – 75% in 2015 – comes from Europe where ALK subsidiaries and sales offices serve 18 markets. Further markets are handled by distributors. Outside Europe, ALK has subsidiaries and sales offices in selected countries and distributors in others. In addition, the company has a network of strategic partnerships covering key international markets.

2015 saw important progress for ALK's efforts to globalise the reach of its evidence-based products. A new partnership with Seqirus was established for Australia and New Zealand, Torii launched ACARIZAX® in Japan under the MITICURE™ brand and filed for approval of the Japanese cedar SLIT-tablet. Clinical progress was also seen in other markets, including North America and Russia under the partnerships with MSD and Abbott, respectively. In the beginning of 2016, the partnership with Abbott was extended to include seven new markets in South-East Asia.

House dust mite (HDM) allergy is the world's most common allergy and ACARIZAX®, with its potential as a new treatment option in asthma, is seen as an engine for global reach and growth. Accordingly, the 2015 approval of ACARIZAX® in 11 European countries followed by launches in Germany and Denmark, represent early landmark events in delivering ALK's long-term strategy, with ACARIZAX® becoming the first and only SLIT-tablet approved for the treatment of both HDM allergic rhinitis and allergic asthma.

In 2015, ALK continued to expand the reach of its base business with the acquisition of its Turkish distributor, which will become a hub for further expansion in the Middle East region. Similarly, expansion into Eastern Europe continued from the Slovakian subsidiary, established in late-2014.

Base business value creation

A key principle of the strategy is the continuing drive for value creation in the base business, irrespective of partner income. The push for geographical expansion, alongside the *Simplify* programme to streamline the supply chain and rationalise the product portfolio, illustrate this continuing commitment.

In future, ALK will increasingly focus on high-volume, evidence-based products such as the SLIT-tablets. In line with this strategy, ALK entered into an agreement to divest the European veterinary business in December.

2015 financial results

Financial results exceeded the initial outlook from February 2015 as well as the latest outlook from November as sales benefited from a strong Q4 with quarterly revenue growth of 9%. Q4 progress was driven by increased demand in parts of Europe, particularly France, where authorities ordered ALK's main competitor to temporarily suspend production and to recall certain products.

Full-year base business revenue grew by 4% in local currencies. Growth was 5% on a like-for-like basis disregarding a 2014 milestone payment from ALK's partner for China. Partner income was lower than in 2014 due to lower milestone payments.

Operating profit (EBITDA before special items) was DKK 452 million (453). ALK allocated significant resources to initiatives in support of the long-term growth strategy, including market-building activities ahead of the ACARIZAX® launch, as well as the

Facts and glossary

Immunotherapy treats the cause of allergy

Allergy immunotherapy (AIT) is a treatment which both reduces allergic symptoms and treats the underlying cause of a specific allergy. AIT also has the potential to prevent the progression of an allergic disease into allergic asthma or other allergies. AIT increases the body's immunological tolerance to specific allergens following repeated doses of the relevant allergen. As a result, the immune system is 're-educated' so that the basic immunological response to the allergen is altered.

AIT is administered in three different ways: SCIT (subcutaneous injections), SLIT-drops (sublingual drops) or SLIT-tablets (sublingual tablets). ALK's product portfolio comprises all three and covers the most common allergies, including grass, ragweed, house dust mite, tree (birch), Japanese cedar, cat, as well as bee and wasp venom.

SCIT and SLIT-drops are commonly administered on a named-patient basis by specialists, whereby treatments are produced specifically for an individual patient and are used under the authority of the prescribing doctor. SLIT-tablets are standardised and approved for use under prescription and are supported by evidence from clinical trials where their safety and efficacy have been demonstrated.

build-up of tablet supply capacity. These allocations were, to a large extent, offset by revenue growth, operational efficiencies and cost savings.

Key events after the end of the financial year

In January, ALK saw further progress in its strategic efforts:

Guidance upgrade
ALK revised its 2015 financial guidance upwards following a strong increase in sales in Europe during Q4 reflecting the market developments in France. ALK also initiated a rapid increase in the production of SLIT-drops at its facility in France to help meet the increased demand for its products.

Top-line results from landmark GAP trial
The multi-year *GRAZAX® Asthma Prevention* (GAP) trial reported results that documented a disease-modifying effect, providing patients with a long-lasting effect after the end of treatment. The results will support ALK in its efforts to position AIT within asthma treatment and prevention.

The GAP trial demonstrated that GRAZAX® treatment significantly reduced the proportion of children that experienced asthma symptoms or used asthma medication. This effect was sustained for two years after end of treatment.

The trial also confirmed that GRAZAX® treatment significantly reduced allergic rhinoconjunctivitis (eye and nose) symptoms. This effect was also sustained two years after end of treatment and the results were in line with previous trial results.

The trial did not show an effect in terms of time to first diagnosis of reversible impairment of lung function.

The GAP trial was initiated in 2009 and consisted of a three-year treatment phase and a two-year follow-up phase. The trial included 812 children aged 5-12 years at the start of the treatment phase. The primary objective was to investigate the effect of GRAZAX® compared with placebo on the risk of developing asthma.

Expanded partnership with Abbott
In the beginning of 2016, ALK also announced an expansion of the partnership with Abbott to cover ACARIZAX® in seven new growth markets in South-East Asia.

Under the terms of the expanded partnership, Abbott gains exclusive rights to register, promote and distribute the product in Hong Kong, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand. ALK and Abbott will share the revenue generated in these territories while ALK will be responsible for product supply to Abbott.

Regulatory submissions in the new markets are expected to be based upon ALK's regulatory filing which was approved by European authorities in August 2015. As a result, the first launches in South-East Asia are expected to take place from 2017 onwards.

Revenue by geography and product line

Europe

Revenue in Europe grew by 4% in local currencies to DKK 1,937 million (1,858). Europe thus accounted for 75% of ALK's total revenue (76).

Revenue growth was 7% (local currencies) disregarding the phase-out of the local, unregistered SLIT-drops portfolio in the Netherlands. The phase-out was effectively completed in 2015 but affected comparative figures.

Growth across Europe was attributable to SCIT products, GRAZAX®, Jext® adrenaline auto-injector, and diagnostics, while sales of SLIT-drops, as expected, continued to decline in all markets but France.

Progress was notable in the Nordic region, the UK, Switzerland, France and in Eastern Europe. Growth was also recorded in Spain and Italy, suggesting that these markets are rebounding after the financial crisis. In Germany, overall revenue increased modestly as GRAZAX® sales benefited from new treatment guidelines favouring evidence-based products. Conversely, this led to weaker sales of non-registered, named-patient products. Towards the end of the year, ALK saw a strong increase in sales in Europe, reflecting the market development in France.

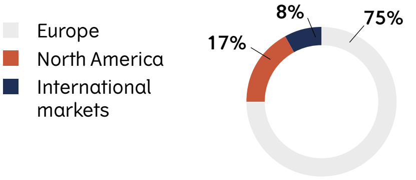
Sales in the Benelux countries declined by double digits as a result of the above-mentioned phase-out.

North America

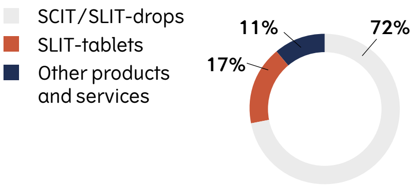
Revenue in North America declined 26% (local currencies) to DKK 442 million (499). North America accounted for 17% of ALK's total revenue (21).

No milestone payments from MSD were recognised in 2015 versus the DKK 162 million acknowledged in 2014. Other income from the MSD partnership increased to DKK 44 million (36) and included sales royalties on GRASTEK® and RAGWITEK®, as well as product supply and R&D support payments.

Total revenue by geography



Total revenue by product line



ALK increased sales of its allergen extracts, diagnostics and other products to North American specialists and clinics by 12% (local currencies) to DKK 398 million (301). Growth was particularly strong from allergen extracts.

International markets

Revenue in International markets grew by 127% (local currencies) to DKK 190 million (76), with International markets accounting for 8% (3) of ALK's total revenue.

This significant growth was primarily due to a milestone payment received from Torii upon approval of ACARIZAX® in Japan, where it is branded MITICURE™. The partnership also included payments for product supply and R&D support.

Sales of ALK's own products in Asia-Pacific, the Middle East, South America and other markets were down, predominantly due to a slowdown of growth in the largest market, China, which affected many pharmaceutical companies in 2015. ALK sales in Turkey, however, increased following the 2015 acquisition of the company's distributor, whose activities were integrated into ALK's Turkish subsidiary.

SCIT and SLIT-drops

Across all markets, revenue from SCIT and SLIT-drops was largely unchanged in local currencies and amounted to DKK 1,845 million (1,786). Disregarding the Dutch phase-out and a one-off payment from ALK's Chinese collaboration partner in 2014, revenue growth in SCIT and SLIT-drops was 4% (local currencies).

SLIT-tablets

Revenue from SLIT-tablets was down 4% (local currencies) to DKK 439 million (432). This fall was solely due to lower milestone payments. Sales of SLIT-tablets in Europe (GRAZAX®) amounted to DKK 253 million (218) following 16% sales growth (local currencies). Revenue from SLIT-tablets outside Europe was DKK 186 million (214) and included income from the partnerships in North America, Japan and Australia.

Other products and services

Revenue from other products and services (adrenaline auto-injectors, diagnostics, etc.) grew by 21% (local currencies) to DKK 285 million (215). Jext® yielded strong double-digit growth versus 2014 when it was being reintroduced to the markets. Sales of diagnostics and other products developed positively throughout the year, both in North America and Europe.

The world market for allergy immunotherapy

Allergic rhinitis is estimated to affect 400-500 million people worldwide. Allergy immunotherapy (AIT) typically focuses on a subset of patients whose condition is not well controlled despite the use of symptom-relieving medication.

ALK estimates that, in 2015, global industry sales of AIT products grew by low single digits to around DKK 6.7 billion (EUR 0.9 billion) with Europe and the USA accounting for approximately 90% of sales.

Worldwide, SCIT is the most widely-used form of AIT, followed by SLIT-drops and SLIT-tablets. The sales of SLIT-tablets, which were first introduced in 2006, are growing fastest.

The AIT market has two major players (ALK and Stallergenes Greer) both of which have around one third of the world market.

Europe

In Europe, annual sales growth is currently in the low single digits. SCIT is the most widely used treatment, while the use of SLIT-drops is generally in decline following changes to reimbursement and documentation rules. SLIT-tablets are Europe's fastest growing AIT treatment and now account for close to 25% of total grass AIT sales. Total industry sales in Europe amount to approximately DKK 5 billion (EUR 675 million).

Germany and France are by far the largest European AIT markets and together, account for approximately 75% of the region's sales. Prescriber coverage is uneven across Europe and access to AIT reimbursement varies from country to country. GRAZAX®, for instance, is being reimbursed with minor patient co-payments in 10 countries, while other countries have put restrictions on reimbursement.

Generally, Europe is in transition from named-patient products (NPP) towards fully documented and registered products. At the end of 2014, the German national allergy associations introduced new treatment guidelines stressing the importance of prescribing registered and scientifically documented products such as GRAZAX® and ACARIZAX®. In parallel, the Netherlands ended reimbursement of non-registered products, and Italy announced national reimbursement of GRAZAX® while removing reimbursement on all non-registered, named-patient grass products.

ALK is one of only two pan-European AIT providers in a region otherwise characterised by small, single-market companies, many of whom market non-registered products with little in the way of scientific documentation. ALK has a market share of approximately one third and accounts for 60% of all European SLIT-tablet sales.

North America

The allergy landscape in North America is dominated by the USA, which is the largest market in the world in terms of patient numbers, however, the market structure and clinical practices are different to those in Europe where AIT treatments are distributed as finished products.

The most common AIT treatment in the USA is SCIT, or multi-allergen allergy 'shots', which are typically self-mixed or compounded from bulk allergen extracts by allergy specialists. This clinical practice, together with the services provided by allergy specialists, generates DKK

13-20 billion (USD 2-3 billion) yearly in billing to insurance companies. ALK is one of three main manufacturers of bulk allergen extracts who supply the specialists with ingredients for allergy 'shots'. Total industry sales to allergy specialists are estimated at approximately DKK 1 billion (USD 150 million) and the overall market is growing in double-digits annually. ALK has a market share of approximately 30%.

SLIT-tablets were first launched in the USA ahead of the 2015 pollen seasons, following the first ever FDA approvals for AIT products. ALK's partner, MSD (known as Merck in the USA and Canada), has exclusive rights to ALK's SLIT-tablets in North America. Ahead of the 2015 pollen seasons, MSD launched both GRASTEK® and RAGWITEK® for grass and ragweed allergies, respectively. MSD is also preparing a US regulatory filing for the SLIT-tablet treating house dust mite (HDM) allergy (ACARIZAX® in Europe).

Japan

Japan has one of the highest levels of diagnosed allergic rhinitis in the world. Despite the high profile of allergic disease, AIT is still not widely used and the first reimbursement for a modern AIT product under Japan's National Health Insurance System was only recently approved.

Torii, ALK's partner for Japan, is one of two AIT companies in the country. To pave the way for the SLIT-tablets, in 2014 Torii began marketing an HDM SCIT product and an HDM diagnostics product (both licensed from ALK) as well as a proprietary Japanese cedar SLIT-drops product. In December 2015, Torii launched ACARIZAX® under the local brand name MITICURE™ and has also filed for approval of the Japanese cedar SLIT-tablet, licensed from ALK.

Other markets

In China, HDM allergy may affect up to 100 million people according to ALK estimates. The current market for AIT is valued at less than DKK 400 million (EUR 50 million). ALK's partner, Eddingpharm, has a registered SCIT product and a diagnostic test, both for HDM allergy, licensed from ALK. AIT is currently not reimbursed in China.

Other markets with a growing prevalence of allergy include Australia, Russia, Turkey and South-East Asian countries such as South Korea, Singapore, Hong Kong, Taiwan and Thailand. ALK has entered into strategic partnerships covering these countries. For additional information, please refer to the 'Pipeline and Partnerships' section on pages 10-13.

The above-mentioned figures exclusively refer to allergic rhinitis. The figures are based on internal analyses and estimates as well as 2015 Greystone Research.

R&D pipeline and partnerships

ALK's own pipeline activities as well as those conducted in partnership with MSD, Torii, Abbott and Seqirus all made significant progress in 2015.

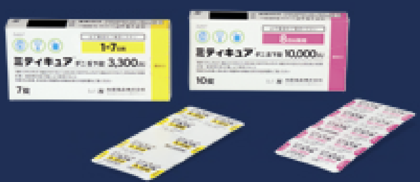
ALK's European R&D pipeline activities

In August 2015, ALK successfully gained approval in 11 European countries for ACARIZAX®, with the first launches taking place in early 2016. Further regulatory submissions were also made in Switzerland and Turkey, while preparations for submissions in additional European countries are ongoing. Please turn to pages 16-17 for additional details.

ALK's other clinical development activities also progressed, including:

- The multi-year *GRAZAX® Asthma Prevention* (GAP trial) reported results in January 2016 which documented the disease-modifying effect providing patients with a long-lasting effect after the end of treatment. The results will support ALK in its efforts to position AIT in asthma treatment and prevention
- Preparations to investigate the safety and efficacy of ACARIZAX® in paediatric patients are underway
- Clinical development of the tree SLIT-tablet is also ongoing and a Phase III clinical trial is due to be initiated ahead of the 2017 pollen season
- A clinical trial involving AVANZ® is ongoing as part of the efforts to strengthen documentation of legacy products

R&D milestones in 2015



Jan

Torii submits a New Drug Application for ACARIZAX® in Japan, where it will be known as MITICURE™

Feb

ALK submits a registration application for ACARIZAX® in Switzerland

Mar

April

MSD completes a clinical trial showing that co-administration of GRASTEK® and RAGWITEK® is well tolerated

May

June

MSD reports positive top-line results from a Phase III clinical trial with ACARIZAX® in North America

ALK submits registration application for ACARIZAX® in Turkey

Partnership with MSD for North America

ALK's partnership with MSD (known as Merck in the USA and Canada) grants MSD exclusive rights to develop, register and commercialise ALK's SLIT-tablets against grass pollen (GRASTEK®), ragweed pollen (RAGWITEK®) and house dust mite (ACARIZAX® in Europe) allergies in the USA, Canada and Mexico. The partnership was established in 2007.

MSD continued its preparations for regulatory submissions in the USA and Canada of ACARIZAX®, which will likely have a different brand name in MSD's markets. In June, MSD reported positive top-line results from a Phase III registration trial and attended a pre-submission meeting with the US Food and Drug Administration in September.

MSD also completed a clinical trial to investigate the safety and tolerability of co-administering GRASTEK® and RAGWITEK®. The trial showed that co-administration of

Working with MSD

Under the partnership with MSD, ALK may receive up to DKK 1.6 billion (USD 290 million) in milestone payments, of which DKK 500 million (USD 90 million) has been recognised. In addition, ALK is entitled to royalty payments on net sales as well as payments for product supply and R&D support. MSD incurs all costs of clinical development, registration, marketing and sales of the products. ALK is responsible for tablet production and supply.

July

Seqirus files for regulatory approval of ACARIZAX® in Australia

Aug

ALK successfully completes the registration procedure for ACARIZAX® in 11 European countries

Torii reports successful outcome of a Phase II/III trial with the Japanese cedar SLIT-tablet

Sep

Authorities in Japan approve ACARIZAX®, where it is branded MITICURE™

MSD pre-submission meeting with the FDA ahead of filing ACARIZAX® in the USA

Abbott and ALK file for regulatory approval of GRAZAX® in Russia

Oct

Nov

MSD starts recruiting patients for a RAGWITEK® paediatric clinical trial

Dec

Torii submits a New Drug Application for the Japanese cedar SLIT-tablet in Japan

ACARIZAX® is launched in Japan under the name MITICURE™

Working with Torii in Japan

ALK has received all potential upfront and development milestone payments totalling DKK 450 million (EUR 60 million) from Torii. In addition, ALK is entitled to royalty payments, sales milestones on the products' net sales, as well as payments for product supply and R&D support. Torii incurs all costs of clinical development, registration, marketing and sales of the products. ALK is responsible for production and supply.

Working with Abbott in Russia

Abbott and ALK will share the revenue generated by the partnership. Abbott will purchase the products from ALK at agreed prices and, in addition, pay royalties on net sales.

Working with Abbott in South-East Asia

Abbott and ALK will share the revenue generated in the territories covered with ALK responsible for product supply to Abbott.

Working with Seqirus in Australia and New Zealand

ALK will receive an undisclosed milestone payment upon approval of ACARIZAX® in Australia. ALK will be responsible for product supply and will sell products to Seqirus under an agreed price structure, ensuring a split of the final in-market revenues generated by Seqirus.

the two products was generally well tolerated. In addition, MSD initiated a paediatric development programme for RAGWITEK®.

Partnership with Torii for Japan

Under its partnership agreement with ALK, Torii has exclusive rights to develop, register and commercialise ALK's AIT products for allergic rhinitis and asthma in Japan. The 2011 agreement covers SLIT-tablets against HDM (ACARIZAX®, branded MITICURE™ in Japan) and Japanese cedar pollen allergy, as well as an HDM SCIT product and an HDM diagnostic product.

In December 2015, Torii launched ACARIZAX® in Japan under the brand name MITICURE™, following approval from Japan's Ministry of Health, Labour and Welfare and an agreement on price and reimbursement under the National Health Insurance System. Torii has also initiated a new clinical trial to investigate the safety and efficacy of MITICURE™ in paediatric patients.

In December 2015, Torii also submitted a New Drug Application for the SLIT-tablet against Japanese cedar pollen allergic rhinitis. The submission was based on positive results from the clinical Phase II/III trial, announced in August 2015. Subject to approval, this tablet could reach the market in 2017.

Partnership with Abbott for Russia

The partnership with Abbott, established in 2014, covers the supply and marketing of ALK's SLIT-tablets for Russia. Abbott has exclusive rights to distribute and commercialise ALK's SLIT-tablets covering grass (GRAZAX®), ragweed, tree and HDM (ACARIZAX®) allergies, adding these products to its own respiratory range.

In September 2015, a registration application for GRAZAX® in Russia was submitted based on a successful local registration trial combined with ALK's European data. Subject to approval by the authorities, GRAZAX® could be launched in Russia during 2017. In December 2015, a registration application for the ragweed SLIT-tablet was submitted. Meanwhile, preparations for the registration of ACARIZAX® are also advancing.

Partnership with Abbott for South-East Asia

In the beginning of 2016, the partnership with Abbott was expanded to cover seven South-East Asian markets: Hong Kong, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand. In these markets, Abbott has exclusive rights to register and sell ACARIZAX®, which is a strong fit with Abbott's existing ENT and paediatrics portfolio. The population in the markets covered by this agreement totals more than 350 million people.

Regulatory submissions are expected to be based upon ALK's data package which has been approved by European authorities. This will enable a regulatory process which is expected to result in first launches from 2017. The regulatory submissions will target a label covering both allergic rhinitis and allergic asthma.

Partnership with Seqirus for Australia and New Zealand

The partnership, established in 2015, grants Seqirus (formerly known as bioCSL)

Major pipeline events expected in 2016

Region	Event	Expected timing
Europe	First launches of ACARIZAX® in Germany and Denmark	Q1 2016
	Registration of ACARIZAX® in additional countries	2016 ➔
	Initiation of Phase III clinical trial with tree SLIT-tablet	2016
	Initiation of paediatric development of ACARIZAX®	2016 ➔
USA/Canada	Submission of BLA/NDA* for ACARIZAX®	Not disclosed
Japan	Phase III trial with MITICURE™ in paediatric patients	2016/17
	Regulatory approval of the SLIT-tablet against Japanese cedar pollen allergy	2016/17
Russia	Completion of regulatory reviews of GRAZAX® and ragweed SLIT-tablet	2016/17
	Regulatory filing of ACARIZAX®	2016
Australia	Completion of regulatory reviews of ACARIZAX® and GRAZAX®	2016/17
Rest of world	Further regulatory reviews of ACARIZAX®	2016 ➔

* BLA: Biologics License Application / NDA: New Drug Application

exclusive rights to promote and sell ACARIZAX® and GRAZAX® in Australia and New Zealand.

In July 2015, Seqirus filed for regulatory approval of ACARIZAX® in Australia based on clinical data from ALK's European development programme. Subject to approval, ACARIZAX® could reach the market in 2017. At the end of December, Seqirus also submitted a registration application for GRAZAX® in Australia.

Collaboration with Eddingpharm for China

Under a collaboration established in 2014, Eddingpharm handles the sales and distribution of ALK's marketed products in China while ALK uses its expertise to contribute medical and scientific support.

With sales and distribution rights to skin prick test Soluprick® and SCIT treatment Alutard SQ®, both targeting HDM allergy, Eddingpharm continues to build awareness and adoption of AIT in a market where approximately 100 million people are estimated to suffer from HDM allergy.

Working with Eddingpharm in China

ALK received an undisclosed upfront payment from Eddingpharm for the exclusive rights to Soluprick® and Alutard SQ® in China, which was recognised in 2014. ALK will be responsible for product supply and will sell products to Eddingpharm under an agreed price structure, ensuring a split of the final in-market revenues generated by Eddingpharm.

Strategy update

In 2015, the regular mid-cycle review of ALK's strategy plan reaffirmed the goal of transforming ALK from a largely European company focused on allergic rhinitis into a truly global company with a portfolio of standardised, evidence-based products which, in addition to allergic rhinitis, also treat allergic asthma and potentially prevent the onset of asthma.

The successful roll-out of ACARIZAX® is crucial to achieving this goal given that, aside from targeting the world's most prevalent allergy, the product also offers the opportunity to establish allergy immunotherapy (AIT) as a recognised and regularly prescribed treatment for allergic asthma patients.

While the overall direction of ALK remains unchanged, the company continuously makes tactical adjustments to support sustained and long-term value creation, irrespective of revenue streams from partnerships. Accordingly, in December 2015, ALK divested its European veterinary business in line with ongoing efforts to simplify the business structure and accelerate the rationalisation of ALK's product portfolio.

Grow, *Innovate* and *Simplify* remain the cornerstones of ALK's strategic framework.

Grow

ALK intends to grow revenue in its base business through product innovation and by allocating resources to market-building activities. An important initiative in that respect is Allergy Unlocked®, an umbrella name for activities designed to broaden access to evidence-based AIT for patients whose disease is not well controlled despite the use of symptom-relieving medications. Allergy Unlocked® is centred around five main activities: addressing the burden of disease for patients and society, driving evidence-based care, broadening access to care, facilitating diagnosis and intervention by reassuring doctors of the clinical benefits of AIT, and making patients aware of AIT.

These efforts fit well with recent AIT market trends in Europe which favour evidence-based medicines such as ACARIZAX® and GRAZAX®. For instance, in Germany, treatment guidelines have been updated, highlighting the differences between products and the importance of prescribing registered and scientifically documented AIT products. Italy has provided national reimbursement for GRAZAX® for the first time, while removing reimbursement on all non-registered, named-patient grass products, and the Netherlands has phased out reimbursement of non-registered, named-patient products.

Outside Europe, ALK continues to target growth in markets such as North America, Japan and China, while also expanding its geographic reach into new growth markets – either by setting up affiliates or by entering into partnerships whereby ALK retains long-term control of the markets. Much has been achieved in this respect in the past two years, but ALK remains focused on executing its strategy of geographical expansion.

Innovate

ALK's R&D pipeline has the potential to redefine the treatment of allergic rhinitis and allergic asthma. Hence, focus remains on completing a SLIT-tablet portfolio covering the most common global allergies and further documenting the tablets' benefits in asthma treatment and asthma prevention.

Following the launches of ACARIZAX® in Europe and in Japan, where it is known as MITICURE™, attention is now directed towards activities that will secure market access in key countries in Europe, North America and South-East Asia as well as other countries, including Russia, Australia and China. This will involve trials to support paediatric use.

To complete the SLIT-tablet portfolio, ALK will advance the development of the product against tree pollen allergy in Europe and support Torii as the product against Japanese cedar pollen allergy is reviewed by authorities in Japan.

ALK will also conduct development and documentation work to support existing products in Europe. Furthermore, ALK will increasingly add resources to explore new technologies for the next generation of AIT.

Simplify

Efficiencies generated through the *Simplify* programme remain an important contributor to earnings during ALK's transformation into a truly global, specialty pharmaceutical company.

The Portfolio Optimisation Programme aims to transform ALK's product portfolio into one centred around evidence-based products. The programme is expected to phase out a number of older products and variants in Europe. The transformation will eventually reduce costs and documentation workload, enable economies of scale in the supply chain and allow ALK to focus sales and marketing efforts on fewer high-volume products. The programme will also be extended, wherever meaningful.

In parallel, ALK continues to consolidate its production network. Moreover, further steps will be taken to optimise processes and increase capacity. The Focus 2018 strategy assumes average annual investments of approximately DKK 200 million and much of this is aimed at increasing tablet production capacity. In its administrative functions, ALK will continue to optimise structures, processes and governance.

Strategic growth outlook

In line with the medium-term strategic growth outlook (nine-month interim report, 14 November 2014), ALK in general continues to project organic, annual revenue growth in the base business of 0-5% in the years beyond 2016. Base business growth is expected at the higher end of the range when the roll-out of ACARIZAX® and other new products, combined with the benefits of geographical expansion, take full effect. The strategic growth outlook may, however, be influenced by the current market situation in France and other European markets.

In addition to base business growth, the SLIT-tablet partnerships are expected to contribute to overall revenue growth (excluding milestone payments). ALK continues to take a conservative view of the SLIT-tablet sales uptake in 2016 in markets outside Europe but expects growth to accelerate from 2017 provided that ACARIZAX® is launched in North America, Russia, Australia and South-East Asia.

In North America, the challenge of structural barriers still has to be overcome. Currently, allergy specialists favour compounded, multi-allergen 'shots' and the concept of pre-allergy season treatment initiation is new, as is the concept of single-allergen treatments. Still, ALK retains confidence in the long-term potential for SLIT-tablets given the significant number of eligible patients who have refused 'shots' or have abandoned SCIT treatment. A wider adoption of SLIT-tablets may occur once the HDM SLIT-tablet reaches the North American markets, allowing MSD to offer a complete tablet portfolio which addresses all three main respiratory allergies.

The roll-out of ACARIZAX®

ACARIZAX® was launched in Japan, under the name MITICURE™, in December 2015, and in Germany and Denmark during January 2016.

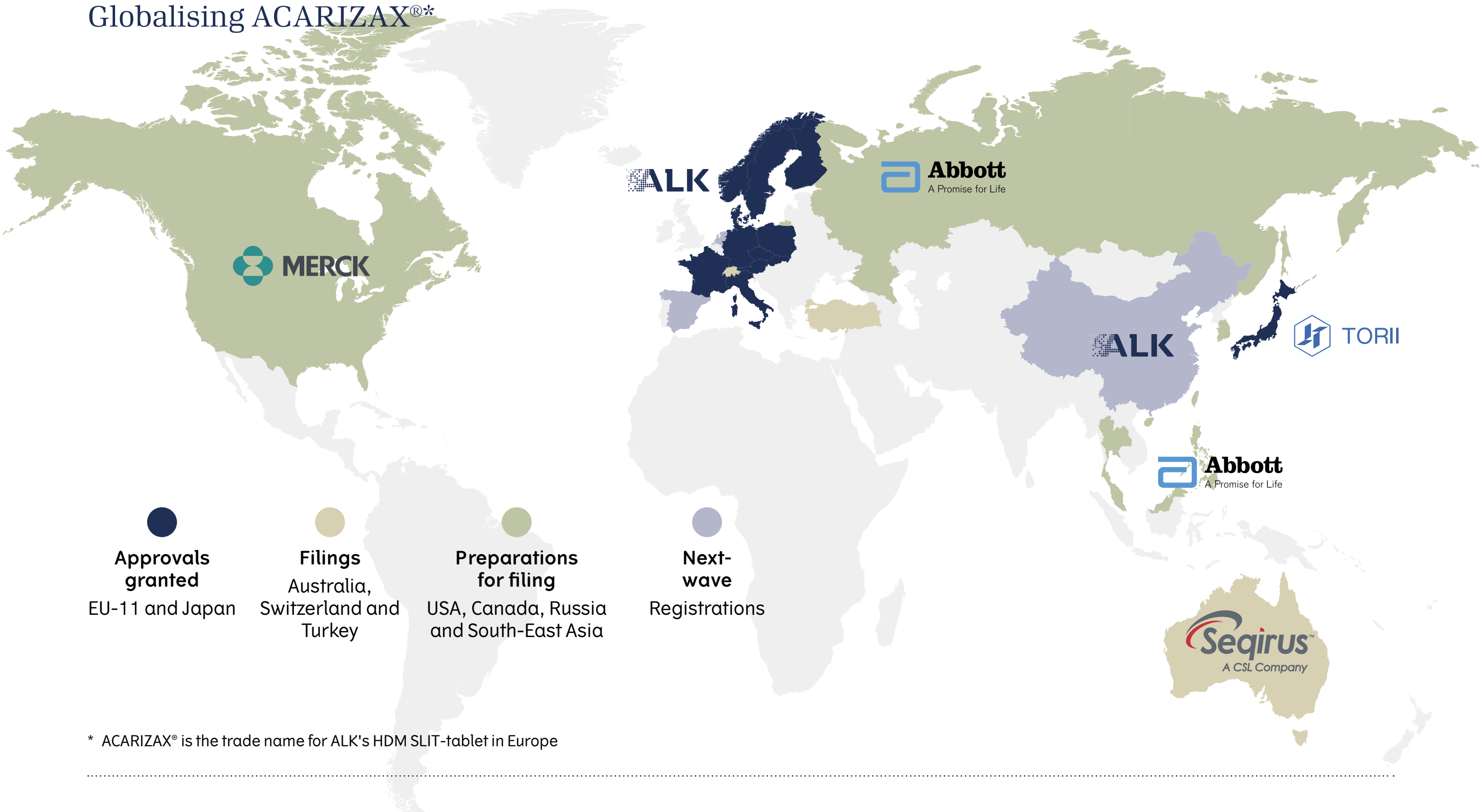
Following the launches in Denmark and Germany, ALK will proceed with price and reimbursement negotiations in the nine other countries covered by the European registration: Austria, the Czech Republic, Finland, France, Italy, Norway, Poland, Slovakia and Sweden. Meanwhile, ALK is preparing for further registrations in Europe. It may, however, take several years before roll-out in Europe is complete due to differing levels of complexity in local pricing and reimbursement processes.

Addressing an unmet medical need
ACARIZAX® is the first and only SLIT-tablet targeting *both* allergic rhinitis and allergic asthma. The unmet medical need is substantial. In Europe, approximately three million adults and one million children and adolescents are estimated to be diagnosed with moderate to severe house dust mite (HDM) allergy and have a condition which is not well controlled despite the use of symptom-relieving medication (nasal steroids, antihistamines, etc.) ALK estimates that approximately 50% of these patients have access to allergy immunotherapy (AIT) with partial or full reimbursement, so the addressable market for ACARIZAX® in Europe in the initial phase potentially consists of approximately 1.5 million adults and 0.5 million children and adolescents. For comparison, 400-450,000 HDM allergy patients are treated with SCIT and SLIT-drops in Europe today.

The house dust mite

House dust mites feed on organic material such as skin cells shed by humans and animals. The tiny creatures, measuring 0.25 millimetres in length, thrive in mattresses, pillows, carpets, couches, clothes and soft toys. Today, humans typically spend most of their time indoors and, despite efforts to sanitise indoor spaces, dust mites remain the most common cause of respiratory allergy in the world. Mite allergen includes both the mites and their airborne faeces, which can cause symptoms even after the mites' death. Unlike some allergies, which are seasonal, house dust mite allergy is typically present all year round.

Globalising ACARIZAX®*



* ACARIZAX® is the trade name for ALK's HDM SLIT-tablet in Europe

ACARIZAX® is indicated in adult patients (18-65 years) diagnosed by a clinical history and by a positive test of HDM sensitisation with at least one of the following conditions:

- Persistent moderate to severe HDM allergic rhinitis despite the use of symptom-relieving medication
- HDM allergic asthma which is not well controlled by inhaled corticosteroids and is associated with mild to severe HDM allergic rhinitis.

Patient's asthma status must be carefullly evaluated before treatment.

ALK will work in close partnership with allergy specialists to introduce ACARIZAX® to European patients. The launch of the product has the potential to be a catalyst for improving patient access to AIT across the continent. The longer-term adoption of ACARIZAX® by other medical specialities could potentially ease the problem of access in countries where allergy specialists are in short supply.

ACARIZAX®

ACARIZAX® contains standardised allergen extract from the house dust mites *Dermatophagoides pteronyssinus* and *Dermatophagoides farinae* 12 SQ-HDM* per tablet.

* SQ-HDM is the dose unit for ACARIZAX®. SQ is a method for standardisation of biological potency, major allergen content and complexity of the allergen extract. HDM is the abbreviation for house dust mite

ACARIZAX® in asthma

ACARIZAX® is the first and only SLIT-tablet to be broadly approved for use in allergic asthma. Because it addresses the cause of HDM respiratory allergic disease, it has a clinical effect on both the upper and lower airways, and the underlying protection it provides leads to improvement in disease control and improved quality of life through symptom relief, reduced need for other medications and a reduced risk of asthma attacks.

Respiratory diseases

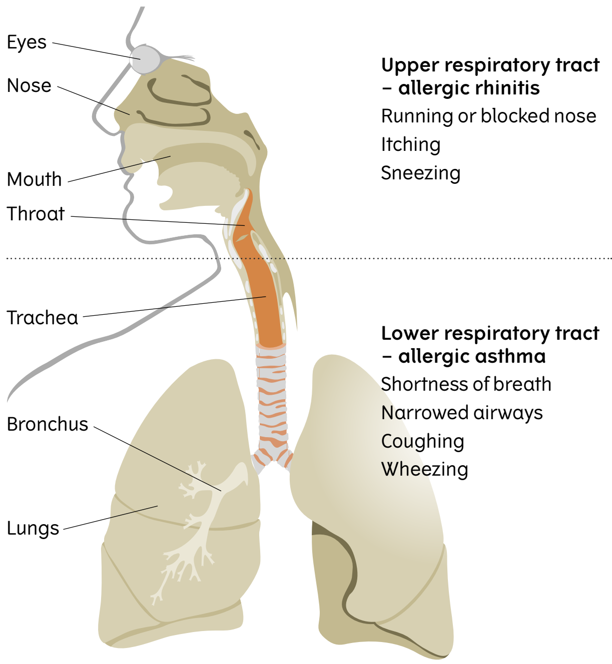
Allergic rhinitis and allergic asthma are respiratory diseases affecting the upper and lower airways.

Allergic rhinitis is an inflammation affecting the upper airways and the membranes of the nose and eyes. The disease is accompanied by nasal symptoms such as sneezing, running nose, nasal congestion and itching. Conjunctivitis (red, watery and itchy eyes) often accompanies this condition. Allergic rhinitis is the most common childhood allergy and can be a strong predictor for developing allergic asthma.

Allergic asthma is a chronic inflammation affecting the lower airways. The bronchial mucosa swells, narrowing the airways and reducing air supply to the lungs. Symptoms include shortness of breath, wheezing, tightness in the chest and coughing. Asthma often starts early in life and is the most common chronic lower respiratory disease in children.

The European Respiratory Health Survey shows that HDM-allergic patients' risk of developing asthma is significantly higher than that of other allergy patients. Approximately 50% of patients with HDM allergic rhinitis also suffer from allergic asthma, while the vast majority of patients who have HDM allergic asthma also have allergic rhinitis. In addition, around 50% of asthmatic patients are reported to be sensitised to HDM.

Symptoms of respiratory allergies, which manifest themselves in the upper and lower respiratory tract



2016 Outlook

Business priorities for 2016

The 2016 business priorities for ALK are dominated by registration and commercialisation activities for ACARIZAX® as well as activities to strengthen the base business.

ACARIZAX® in Europe	ACARIZAX® outside Europe	Base business
Gain acceptance and support for ACARIZAX® among key opinion leaders and in medical guidelines	Support MSD's work towards regulatory approval in the USA and Canada	Secure organic growth in the base business
Drive adoption by convincing prescribers to make ACARIZAX® their product of choice	Support Torii's efforts to achieve a satisfactory capture rate of HDM AIT initiations in Japan	Continue work to simplify the business structure
Achieve a significant capture rate of HDM AIT initiations among adult patients in Germany (from a market total of 20-30,000 annually)	Support Abbott's work towards regulatory filings in Russia and South-East Asia	
Secure satisfactory market access and reimbursement conditions market by market	Support Seqirus in progressing the regulatory review in Australia	
Initiate paediatric development		

2016 financial outlook

Growth rates are shown as organic growth rates in local currencies, unless otherwise stated.

ALK's financial performance in 2016 will be influenced by the unfolding market situation in France, Europe's second largest allergy immunotherapy market where, in December 2015, authorities ordered ALK's main competitor to temporarily suspend production and recall certain products. This has also had ramifications in several European markets and has resulted in an unusually large order intake, especially in France.

ALK has decided to provide a base case financial outlook, which includes an estimated positive impact by the market situation on revenue and earnings in 2016 based, amongst other things, on current order intake. The impact is likely going to be most significant in H1, whereafter the market in H2 is expected to gradually normalise.

For 2016, ALK currently expects base business revenue of approximately DKK 2.6 billion (2015: DKK 2.4 billion). ALK's partnerships are expected to generate additional revenue. Excluding sales royalties and milestone payments from partners, EBITDA before special items is expected at approximately DKK 450 million (2015: DKK 331 million). ALK will provide regular updates during 2016 as the situation in the European markets becomes clearer and its consequences more apparent.

Base business revenue

When including a positive effect from the recent market development in France, in the base case financial outlook, ALK expects to grow its base business revenue organically by approximately 10% in local currencies to approximately DKK 2.6 billion (2015: DKK 2.4 billion).

Revenue from SLIT-tablets in Europe is projected to grow by double-digits, driven by continued higher uptake of GRAZAX® and the introduction of ACARIZAX®. Jext® and diagnostics are expected to be additional sources of growth. SCIT/SLIT-drops revenue is expected to show single digit growth.

In Germany, Europe's largest market, ALK assumes that treatment guidelines will continue to strengthen demand for evidence-based products such as GRAZAX® and ACARIZAX® while simultaneously weakening sales of named-patient products.

Outside Europe, ALK anticipates continued double-digit revenue growth from its North American allergen extracts business which will continue to benefit from attractive growth opportunities. Revenue from International markets is also expected to grow.

Revenue from partnerships

ALK's SLIT-tablet partnerships will generate additional revenue in the form of sales royalties, product supply, R&D service fees and, potentially, milestone payments.

In 2016, overall income from these partnerships is expected to decline (2015: DKK 185 million) due to significantly lower milestone payments compared with last year.

In 2016 and 2017, ALK may receive total milestone payments of around DKK 75 million (2015: DKK 116 million) from the partnerships in North America and Australia as a result of possible registrations of the HDM SLIT-tablet (ACARIZAX®).

Moreover, ALK will recognise income from sales royalties and product supply in Japan following the launch of MITICURE™ and in North America where GRASTEK® and RAGWITEK® are entering their second pollen season.

ALK continues to take a conservative view of SLIT-tablet sales uptake during the first few years after launch. SLIT-tablets represent a new treatment class in Japan, where AIT still is in its infancy. And while AIT is a well-known treatment in North America, the first year after launch showed that the tablets face structural barriers that need to be addressed.

Consistent with its previous practice, ALK is not providing a specific 2016 outlook for sales royalties and milestone payments but intends to provide regular updates in its interim reports.

Production costs

Production costs are expected to increase driven by a number of factors. Most notably, a significant growth in tablet volumes as ALK builds stock to supply the new market introductions. This build-up entails additional staff and operating expenses, such as higher Quality Assurance costs and increased depreciation as new production equipment is put into operation. Furthermore, ALK continues its efforts to rapidly increase its production capacity for SLIT-drops in France to meet demand.

In addition to increased production and depreciation costs, gross margins are expected to be negatively impacted by changes in the sales mix trending towards higher sales of lower-margin products, and by the decline in expected milestone payments.

All in all, this translates into an expected decline in the reported gross margin (2015: 67%) in the base case scenario.

Capacity costs

ALK aims to complete clinical development of the SLIT-tablet portfolio as quickly as possible. R&D expenses are expected to remain largely unchanged at DKK 400 million (2015: DKK 407million). Expenses will mainly be driven by ACARIZAX®, with further registration and clinical activities, as well as activities related to the late-stage clinical development of a tree SLIT-tablet.

2016 outlook in summary

Expectations	Comments	2015 actuals
Base business revenue: approximately DKK 2.6 billion	Organic growth of approximately 10%	DKK 2.38 billion
Milestone payments from SLIT-tablet partnerships: N/A	No guidance provided. 2016-17, potential milestone payments total DKK 75 million	DKK 116 million
Other income from SLIT-tablet partnerships: N/A	No guidance provided as income streams are subject to uncertainty	DKK 69 million
R&D expenses: ~DKK 400 million	Development of SLIT-tablet portfolio	DKK 407 million
EBITDA: approximately DKK 450 million before special items, increase largely driven by revenue growth in base business, sales royalties and milestone payments		DKK 331 million
Special items: approximately DKK 30 million		DKK 1 million
CAPEX: DKK ~200 million	Tablet production capacity and other projects	DKK 199 million
Free cash flow: largely level with 2015		DKK +18 million

Sales and marketing expenses as well as administrative expenses are projected to increase marginally (2015: total of DKK 1,033 million). The increase is partly due to increased promotional activities for ACARIZAX® although these will be somewhat offset by savings under the *Simplify* programme.

Operating income (EBITDA)

ALK expects to see an increased operating income in 2016 primarily as a consequence of improved revenue growth in the base business. Excluding sales royalties and milestone payments from partners, EBITDA before special items is expected at approximately DKK 450 million in the base case financial outlook (2015: 331 million).

ALK will continue its efforts under the *Simplify* programme to improve operational efficiencies and capture cost savings where possible. The simplification of production and business structures is expected to entail minor restructuring costs which will be reported in a special items line. Special items are projected at around DKK 30 million (2015: DKK 1 million which was influenced by a gain from the divestment of ALK's European veterinary business).

Investments and cash flow

CAPEX is projected at around DKK 200 million (2015: DKK 199 million). Major projects include the upscaling of SLIT-tablet production capacity, construction of a new API manufacturing line for the tree SLIT-tablet, expansion of Jext® production capacity, as well as the optimisation of SCIT, SLIT-drops and diagnostics production capabilities.

Free cash flow is expected to be largely level with 2015 (2015: positive free cash flow of DKK 18 million). In 2016, ALK expects to receive significantly lower milestone payments.

The outlook is based on current exchange rates.

Forward-looking statements

This 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 ALK's control, may cause actual results and performance to differ materially from the forecasts made in this report.

Without being exhaustive, such factors include general economic and business-related conditions including legal issues, uncertainty relating to demand, pricing, reimbursement rules, partners' plans and forecasts, fluctuations in exchange rates, reliance on suppliers, as well as changes to market structures. An additional factor would be the consequences of potential side effects from the use of ALK's products, as allergy immunotherapy may be associated with allergic reactions of differing extents, duration and severity.

Risk management

ALK's Board of Management is responsible for the on-going management of risk, including risk mapping, assessment of probabilities and potential consequences, and the introduction of risk-reducing measures. Board of Management has established a Risk Committee to assist it in meeting its overall responsibility for risk management. Risk management reports are given to the Board of Directors' audit committee on an annual basis.

The following risks are of particular significance to ALK:

Commercial risks

Risks related to research and development

Future success depends on ALK's ability to maintain current products and successfully identify, develop and market new, innovative drugs, which involves significant risks. A new pharmaceutical product must be subjected to 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 its research and development programmes throughout the development and registration processes with the objective of risk mitigation to optimise the likelihood of the products reaching the market.

Risks related to market conditions

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 controls by, national authorities. This often results in major price differences between individual markets. Regulatory requirements and intervention, as well as price controls, may therefore have a significant impact on the company's earnings capacity. ALK actively engages in dialogue with the authorities aimed at securing fair pricing and reimbursement agreements.

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 doctors and patients. The degree of market acceptance for a new product depends on a number of factors, including the demonstration of clinical safety and efficacy, cost-effectiveness, convenience and ease of administration, potential advantages 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 doctors and patients. Commercialisation is a crucial part of the company's strategic basis and its strategic activities.

ALK's products may be associated with allergic reactions of varying extents, durations and severities. 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 stringently monitor 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 procedures in place to ensure that this can be managed swiftly and efficiently.

Competition
ALK operates in markets characterised by intense competition. If, for instance, a competitor launches a new and more effective treatment for 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 changes 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 in all important markets with the aim of appropriate risk mitigation.

Risks related to infrastructure

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 affected 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 preventative inventory management; such as the build-up of contingency inventories in order to ensure an unbroken chain of production and supply.

Production and manufacturing processes are also subject 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 license to operate. ALK's production processes and quality standards have been developed and optimised over many years.

Dependence on third parties
ALK has partnership agreements with third parties with a view to commercialising the company's products in a number of markets and with external parties supplying important input to 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 & Co. Inc and Torii Pharmaceutical Co., Ltd entitle ALK to receive certain milestone payments. These payments depend on continuing favourable results in the development of the pharmaceutical products to which ALK's partners hold licensing 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 contracts, thorough planning and monitoring and through joint steering committees that work together with these external parties.

Risks related to key employees

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

Risks related to business ethics and legal issues

Business ethics
ALK's good reputation is essential for operating within the pharmaceutical industry. ALK aims to maintain its standing by acting in compliance with all applicable regulation and legislation. ALK strives to act professionally, honestly and with high integrity throughout the company in relation to stakeholders, from customers, employees and shareholders, to society, suppliers and partners. ALK's Code of Conduct is updated regularly and defines ALK's high standard of ethical behaviour.

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 might infringe patents or trademark rights held by other companies, as well as the risk that other companies may attempt to infringe the patents and/ or trademark rights of ALK, are monitored and, if necessary, suitable measures are taken.

Risks related to financial reporting

ALK's risk management and internal controls relating to financial reporting are designed to effectively control the risk of material misstatements. A detailed description of ALK's internal controls and risk management system in relation to financial reporting processes is included in the Statutory Corporate Governance Statement, cf. section 107b of the Danish Financial Statement Act available at the company's website: http://ir.alk-abello.com/risk.cfm

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 centrally, 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 28 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 flow and thus increase the predictability of the financial results.

The most significant financial risk for ALK relates to exchange rate fluctuations. The greatest exposure is to USD and GBP. In 2015, 16% of ALK's revenue was denominated in USD, 2% in GBP and 73% in EUR. ALK's sales are not deemed to be exposed to EUR due to Denmark's participation in the European exchange rate cooperation.

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

Sensitivities for 2016 in the event of a 10% increase in exchange rates

DKKm	Revenue	EBITDA
USD	Approx. +50	Approx. +5
GBP	Approx. +5	Approx. 0

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

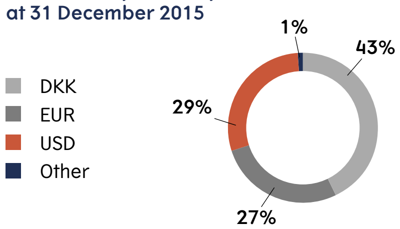
Foreign exchange exposure relating to future transactions and assets and liabilities is evaluated and hedged by instruments such as forward exchange contracts. This serves to limit the impact on the financial results of any exchange rate fluctuations. The exchange rate exposure relating to net investments 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 600 million. A change in the interest rate level by 1 percentage point would, consequently, correspond to a change in interest income of approximately DKK 6 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 of relatively short duration. The liquidity risk is considered to be minimal due to the company's current capital structure.

Net assets by currency as at 31 December 2015



Net assets are defined as assets less liabilities

Credit exposure

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

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

Corporate matters

Corporate governance

ALK's Statutory Corporate Governance Statement for the financial year 2015, pursuant to section 107b of the Danish Financial Statement Act, is available at http://ir.alk-abello.com/risk.cfm

The statement provides a detailed account of ALK's management structure including the Board of Directors' composition, activities, remuneration and self-assessment. The statement furthermore describes key elements of ALK's internal controls and risk management systems relating to financial reporting processes.

As a listed company, ALK is subject to the recommendations of the Danish Committee on Corporate Governance. ALK fulfils this obligation either by complying with the recommendations or by explaining the reason for non-compliance. ALK complies with 46 of the 47 recommendations. The Board of Directors' 'comply or explain' review of all 47 guidelines is available at http://ir.alk-abello.com/guidelines.cfm

At the annual general meeting in March 2015, Steen Riisgaard was re-elected Chairman of the Board of Directors and Lene Skole was elected Vice Chairman of the Board of Directors. The shareholders elected Lars Holmqvist and Per Valstorp as new members of the Board of Directors instead of Christian Dyvig and Thorleif Krarup who did not seek re-election. Anders Gersel Pedersen and Jakob Riis were re-elected.

At the annual general meeting in March 2016, ALK will propose that the remuneration for the members of the Board of Directors remains unchanged.

Corporate Social Responsibility

ALK's Statutory Report on Corporate Social Responsibility for the financial year 2015, pursuant to sections 99a and 99b of the Danish Financial Statements Act, is available at http://www.alk-abello.com/aboutalk/csr/AnnualCSRReports/Pages/home.aspx

The report provides a detailed account of the foundation for Corporate Social Responsibility in ALK, namely the Code of Conduct and the CSR Policy. The Code of Conduct describes the ethical requirements for all employees' behaviour in relation to customers, employees, shareholders, society, suppliers and partners. The Code of Conduct supports and integrates UN Global Compact's 10 principles in the areas of human and labour rights, environment and anti-corruption. Based on the Code of Conduct, and anchored in ALK's core values, the CSR Policy outlines current priorities and focus areas. The CSR Policy is implemented via various policies and procedures, including HR policies, SHE (Safety, Health & Environment) action plans and organisations, quality procedures etc.

The Statutory Report on Corporate Social Responsibility furthermore reviews ALK's actual performance in the focus areas, measured by a number of Key Performance Indicators. In January 2015, Management adopted new global, long-term environmental goals for 2015-18. The new targets continue to focus on energy and CO_2 emission, but efforts have also been extended to encompass water usage.

The objective is that absolute energy consumption by the end of 2018 must not exceed 2014 levels and by the end of 2018, CO_2 emissions must be 5% down on 2014. Reflecting the fact that clean water is particularly scarce in Europe, the goal is that water usage in Europe by the end of 2018 must not exceed 2014 levels.

Shareholder information

The aim is that the share price offers a fair presentation of ALK and reflects the company's actual and expected ability to create shareholder value. ALK would further like the share to be liquid and to have a sound foundation to allow for efficient pricing and trading in the share.

Ownership
At the end of the year, ALK had 14,695 registered shareholders – a slight increase over 2014 (14,203). The registered shareholders own 96% of the share capital (95).

As of 31 December 2015, three shareholders have notified shareholdings of 5% or more: Lundbeckfonden has a 40.3% interest (including A shares), ATP has a 5.1% interest and Invesco Canada has a 6.2% interest. 27 of the 30 largest shareholders are international institutional investors, from North America, the UK and Scandinavia in particular. The international ownership is estimated at approximately 22% (20), representing 39% of the free float of the share capital (36).

ALK's holding of **own shares** was reduced following settlement of share option and

Core data for the share

Share capital	DKK 101,283,600
Nominal value per share	DKK 10
Number of A shares	920,760 units with 10 votes per share
Number of B shares	9,207,600 units with 1 vote per share
Stock Exchange	NASDAQ Copenhagen
Ticker symbol	ALK B
Indices	CX4500 (healthcare), OMXCMCGI (MidCap) and OMXCPI (all)
ISIN	DK0060027142
Bloomberg code	ALKB.DC
Reuters code	ALKB_CO
ADR ticker symbol	AKABY

conditional share programmes. At the end of the year, ALK held 361,051 or 3.6% of own shares (4.6% at the end of 2014) which is considered sufficient to cover current share option obligations.

Return and liquidity
ALK aims to provide long-term shareholder return through an increased share price, the paying-out of dividends and the purchase of own shares.

At the end of 2014, the share price was DKK 651 and the share closed 2015 at DKK 876. Including payment of a dividend of DKK 5 per share, the return on each ALK share was 35%. By comparison, the Danish benchmark OMXC20 index increased by 36% and the Nordic MidCap index by 40%.

Dividend and capital structure
The Board of Directors submits a recommendation for the dividend on the basis of ALK's earnings, risk, strategy, capital resources, investment plans and prospects. At the annual general meeting in March 2016, the Board of Directors proposes an unchanged dividend of DKK 5 per share.

The Board of Directors reviews ALK's capital structure on an ongoing basis. The Board considers that the current capital structure is appropriate, relative to ALK's strategy. ALK is well consolidated, with strong liquidity, reasonable debt obligations and stable earnings. Consequently, ALK is able to make the necessary investments in R&D, supply chain and growth initiatives, and this financial strength also facilitates acquisitions.

Investor Relations
Based on its IR Policy (http://ir.alk-abello.com/policy.cfm) ALK seeks to provide timely, accurate and relevant information on matters of importance to the assessment of the share, including strategy, operations, performance, expectations, pipeline, market development, etc. ALK furthermore continuously works to strengthen the dialogue with all financial stakeholders in accordance with good IR practice and the provisions for companies listed on NASDAQ Copenhagen.

Besides hosting regular telephone conferences, ALK representatives held approximately 250 individual meetings with analysts and investors in 2015 and also presented at various conferences.

During the year, ALK published 24 company announcements (37), including reports on transactions by managerial staff. All announcements are available on the website together with e-newsletters, reports, presentations, telephone conferences, share price information, estimates from the analysts following the share, etc. Registered shareholders are encouraged to sign up at the InvestorPortal.

Lundbeckfonden

Lundbeckfonden is one of the largest industrial foundations in Denmark with a total market value of its commercial activities of approximately DKK 50 billion and an annually spend of DKK 400-500 million in grants to support biomedical research of the highest, international quality. Founded in 1954, Lundbeckfonden is the largest and controlling shareholder of ALK, owning 67% of the votes (40% of the capital). In addition to this, the foundation is the majority shareholder in two large Danish companies, Lundbeck and Falck and manages securities of about DKK 15 billion. Lundbeckfonden also invests in European and American life-science companies and supports a range of early stage investment projects through Lundbeckfonden Emerge.

For further information on the foundation, please visit www.lundbeckfonden.com

Notified shareholdings of 5% or more of the company's shares as of 31 December 2015

	Registered office	Shares, number	Interest	Votes
Lundbeckfonden	Copenhagen, Denmark	920,720 A shares	40.3%	67.2%
		3,158,935 B shares		
Invesco Ltd.*	Toronto, Canada	624,216 B shares	6.2%	3.4%
ATP**	Hillerød, Denmark	515,210 B shares	5.1%	2.8%
ALK – own shares	Hørsholm, Denmark	361,051 B shares	3.6%	-

* On 15 January 2016, Invesco Ltd notified ALK that they had reduced their shareholding to 486,615 B shares, corresponding to 4.8% of the share capital
** The Danish Labour Market Supplementary Pension

Financial calendar 2016

Annual general meeting	10 March
Payment of dividend	15 March
Three-month interim report (Q1)	4 May
Six-month interim report (Q2)	16 August
Nine-month interim report (Q3)	10 November

Board of Directors and Board of Management

Board of Directors

Steen Riisgaard (1951)
Chairman

Board member since 2011
Chairman of the Nomination Committee
Chairman 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
COWI Holding A/S (Chairman)
Egmont International Holding A/S (Chairman)
Xellia Pharmaceutical A/S (Chairman)
The Novo Nordisk Foundation (Vice Chairman)
The Willum Foundation (Vice Chairman)
Novo A/S
VKR Holding A/S
Aarhus University
Corbion N.V., NL
WWF Danmark (Chairman)
Dong Energy A/S (Vice Chairman)
Falck Holding A/S (Vice Chairman)
H. Lundbeck A/S (Vice Chairman)
Tryg A/S

Lene Skole (1959)*
Vice Chairman

CEO, Lundbeckfonden and directorships in two subsidiaries
Board member since 2014
Member of the Audit Committee
Member of the Nomination Committee

Competences
Experience in management, financial and economic expertise and skills in strategy and communication in international companies.

Lars Holmqvist (1959)*
Board member since 2015
Member of the Remuneration Committee

Competences
Experience in management, finance, sales and marketing in international life science companies, including med-tech and pharmaceutical companies.

Directorships
BPL Holdings, UK
H. Lundbeck A/S
Tecan AG, Switzerland
Lundbeckfonden

Andreas Slyngborg Holst (1953)
Board member since 2015
EU QPPV Director of Pharmacovigilance Support
Employee-elected

Jacob Kastrup (1961)
Board member since 2011
Facility Manager
Employee-elected

Anders Gersel Pedersen (1951)
Executive Vice President, H. Lundbeck A/S
Board Member since 2005
Member of the Remuneration Committee
Chairman of the Scientific Committee

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

Directorships
Bavarian Nordic A/S (Vice Chairman)
Genmab A/S (Vice Chairman)

Jakob Riis (1966)
Executive Vice President, Novo Nordisk A/S
Board member since 2013
Chairman of the Audit Committee

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

Directorships
Copenhagen Institute of Interaction Design (Chairman)

Katja Barnkob Thalund (1969)
Board member since 2011
Senior CMC Project Manager
Employee-elected

Per Valstorp (1949)
Board member since 2015
Member of the Audit Committee

Competences
Considerable experience in global production within the pharmaceutical industry and other sectors.

Directorships
Orana A/S (Chairman)
DBI Plastics A/S
New Xellia Group A/S
Scanbur A/S

* These board members are not regarded as independent in the sense of the definition contained in the Danish recommendations on Corporate Governance.
** Lene Skole and Lars Holmqvist are affiliated with Lundbeckfonden, which owns 40.3% of ALK
*** Andreas Slyngborg Holst, Jacob Kastrup and Katja Barnkob Thalund were also each granted 10 RSU (restricted stock units) in a restricted stock unit employee programme in March 2015
**** Shares acquired prior to election to the Board of Directors

The Board of Directors' shares in ALK

	Holding as at 31 December 2015	Changes during the year
Steen Riisgaard	0	-
Lene Skole**	250	-
Lars Holmqvist**	0	-
Andreas Slyngborg Holst***	125	125
Jacob Kastrup***	8	-
Anders Gersel Pedersen	0	-
Jakob Riis	550	-
Katja Barnkob Thalund***	24	-
Per Valstorp****	1,000	-
Total	**1,957**	**125**

Board of Management

Jens Bager (1959)
President & CEO

Directorships
Ambu a/s (Chairman)

Søren Niegel (1971)
Executive Vice President, Commercial Operations

Helle Skov (1960)
Executive Vice President, Product Supply

Henrik Jacobi (1965)
Executive Vice President, Research & Development

Flemming Pedersen (1965)
Executive Vice President & CFO

Directorships
MBIT A/S

The Board of Management's ownership interests in ALK as at 31 December 2015

	Shares	Changes during the year	Options	Net changes during the year*	Conditional shares	Net changes during the year**
Jens Bager	11,000	-713	52,250	-4,100	4,115	-760
Henrik Jacobi	533	+525	20,075	-12,450	2,245	-455
Søren Niegel	1,025	+525	18,675	+3,050	2,020	-455
Flemming Pedersen	1,641	+525	35,875	+3,050	2,295	-455
Helle Skov	-	-	3,050	+3,050	1,195	+595
Total	**14,199**	**+862**	**129,925**	**-7,400**	**11,870**	**-1,530**

* The figure indicates the net movement in the course of the year, i.e., options granted less exercised and expired options

** The figure indicates the net movement in the course of the year, i.e., conditional shares granted less conditional shares delivered

Remuneration

Directors' fees
The directors' fees were unchanged in 2015. The fees were approved by the annual general meeting in March. The base fee is DKK 275,000, the Vice Chairman receiving double the amount and the Chairman getting three times the base fee. In addition, the members of the board committees receive a further fee of DKK 100,000, with the Chairman of the Committee receiving DKK 150,000. The Board of Directors recommends to the annual general meeting that the fees be maintained in 2016. The members of the Board of Directors are not offered any share options, conditional shares or other incentive plans.

Board of Management remuneration
The Board of Directors, with the assistance of the Remuneration Committee, determines the remuneration guidelines for ALK. The Committee is of the view that remuneration practices must support the strategic aims of the business and enable the recruitment, motivation, and retention of senior executives.

The remuneration guidelines for ALK's Board of Management, as published on the Company's website, are reviewed and approved by shareholders at the annual general meeting and take account of the views and expectations of shareholders and the 2005 NASDAQ Copenhagen A/S recommendations on corporate governance.

Remuneration is structured to offer a balance between fixed and performance-based pay to ensure ALK is able to attract and retain key personnel. The structure also serves to incentivise management to create long-term value for shareholders.

In addition to a fixed salary, pension and other standard, non-monetary benefits, Board of Management members are eligible for a performance-related cash bonus, capped at the equivalent of nine months' salary for the CEO and six months' salary for other Board of Management members.

In addition, Board of Management members are granted share options and conditional shares, the value of which may not exceed 30% of the combined base salaries and pension of the Board of Management.

Grants to Board of Management members are shown in the table left and are described in detail in note 5. Total Board of Management remuneration appears in note 4.

Financial review*

Revenue grew by 2% in local currencies to DKK 2,569 million (2,433). Developments in exchange rates impacted reported growth positively by approximately 4 percentage points.

Revenue in the base business came out higher than expected at DKK 2,384 million (2,219) following 4% growth. Base business growth was 5% excluding last year's upfront payment from ALK's collaboration partner in China. Conversely, income from the SLIT-tablet partnerships was down, as expected, to DKK 185 million (214) due to lower milestone and upfront payments.

Cost of sales totalled DKK 836 million (736) and **gross profit** was DKK 1,733 million (1,697), which corresponds to a gross margin of 67% (70). The gross margin was, as foreseen, negatively influenced by lower upfront and milestone payments, changes in the base business' sales mix as well as the build-up of capacity to supply partners with SLIT-tablets. The normalised gross margin, excluding milestone payments, was 66% (67).

Capacity costs increased 4% – and 1% in local currencies – to DKK 1,440 million (1,388). Research and development expenses increased slightly by 3% (1% in local currencies) and corresponded to 16% of revenue (16). Administrative expenses were down 5% (6% in local currencies) while sales and marketing expenses rose 6% (3% in local currencies). This reflected the planned step up of market-building activities ahead of the European launch of ACARIZAX® as well as efforts to support ALK's geographical expansion.

Throughout the year, ALK maintained a strong focus on the strategic initiatives under the *Simplify* programme to drive efficiency improvements and reduce costs. As a result, the capacity costs-to-revenue ratio decreased slightly to 56% (57) despite extra allocations to sales, marketing and production build-up.

EBITDA (operating profit before depreciation and amortisation) before special items was DKK 452 million (453). Excluding sales royalties and milestone payments, EBITDA before special items advanced to DKK 331million (273).

After special items of DKK -1 million (-49), reported EBITDA increased to DKK 451 million (404), corresponding to an EBITDA margin of 18% (17%). Special items were mainly costs related to the restructuring of the Product Supply organisation and the commercial organisation in the Netherlands. Special items also included the net gain from the divestment of the European veterinary business.

Operating profit (EBIT) was DKK 292 million (264), corresponding to an EBIT margin of 11% (11).

Net financials were a gain of DKK 108 million (a gain of 36) due to unrealised exchange rate gains on USD and CHF intercompany loans.

Tax on the profit was DKK 56 million (119). The relatively low effective tax rate of 14% (40) was impacted by a one-off positive tax adjustment of DKK 74 million in Q2 following the transfer of activities from the Swiss subsidiary to the Danish parent company.

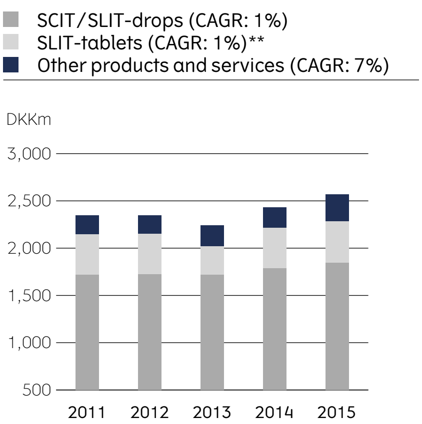
Net profit for the year was DKK 344 million (181).

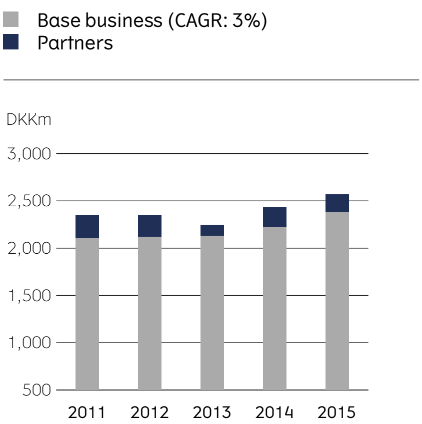
Cash flow from operating activities was an inflow of DKK 183 million (an inflow of 320). Cash flow was negatively impacted by lower milestone and upfront payments as well as by changes in working capital, largely due to build-up of HDM SLIT-tablet inventories.

Cash flow from investment activities was an outflow of DKK 165 million (an outflow of 219) which primarily related to the continued build-up of capacity for tablet production. The cash flow also included the divestment of ALK's European veterinary business.

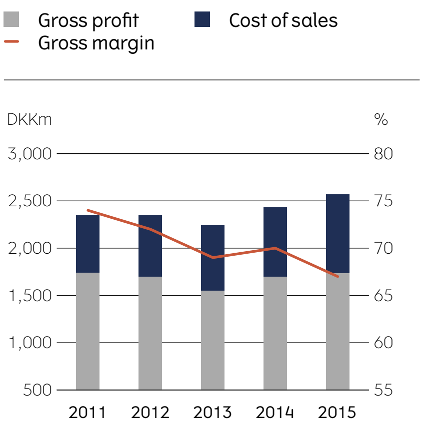
Free cash flow was an inflow of DKK 18 million (an inflow of 101). Lower milestone and upfront payments were only partly offset by gains from the divestment of the European veterinary business.

Revenue





Gross profit



* Comparative figures for 2014 are shown in brackets / Revenue growth rates are stated as growth in local currencies unless otherwise stated
** Including milestone payments and other partner income which has fluctuated year to year

2015 financial guidance history

Date	Guidance	Reason for change
9 February 2015	– Base business revenue of DKK 2.2-2.3 billion based on 0-5% growth – EBITDA of 225-300 million before special items excluding sales royalties and milestone payments	
5 May 2015	– Base business revenue of DKK 2.25-2.35 billion *Otherwise unchanged*	Reflection of current exchange rates
18 August 2015	– Base business revenue of DKK 2.3-2.35 billion based on 3-5% growth – EBITDA of DKK 250-300 million before special items excluding sales royalties and milestone payments	Reflection of year-to-date sales growth
28 September 2015	– EBITDA of DKK 350-400 million before special items excluding sales royalties and additional milestone payments *Otherwise unchanged*	Milestone payment from Torii
12 November 2015	– Group revenue of approximately DKK 2.5 billion – Base business revenue of approximately 2.3 billion based on approximately 3% growth excluding one-offs – EBITDA before special items of approximately 400 million	Guidance updated to include estimated full-year sales royalties and milestone payments etc.
6 January 2016	– Revenue of approximately DKK 2.57 billion – Base business revenue growth of approximately 5% excluding one-offs – EBITDA before special items of approximately 450 million	Q4 sales upturn in Europe, primarily France

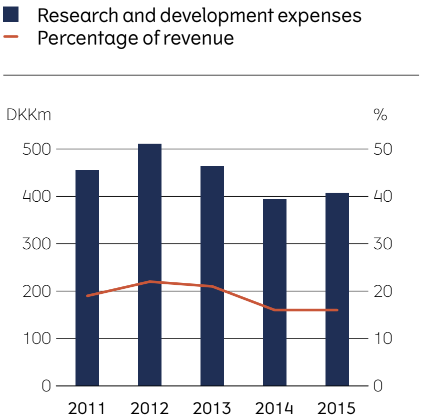
Cash flow from financing saw an inflow of DKK 298 million (an outflow of 124) as dividend payments and net cash settlement of share options were counterbalanced by a new 20-year mortgage-backed loan of DKK 351 million (net) which ALK took out to strengthen its financial position. A minor part of the proceeds from this loan was used to pay back existing loans of DKK 21 million.

ALK's holding of **own shares** was reduced following settlement of share option and conditional share programmes. At the end of 2015, ALK held 361,051 own shares or 3.6% of the share capital (4.6% at the end of 2014).

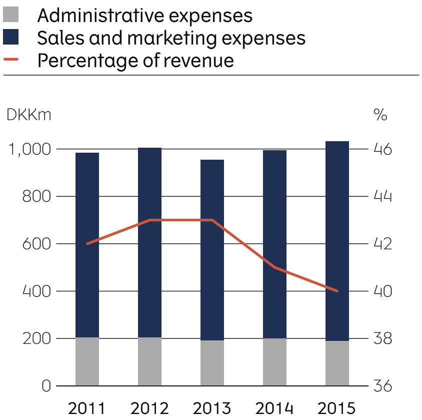
At the end of the year, **cash and marketable securities** totalled DKK 608 million (289).

Equity totalled DKK 2,697 million (2,354) at the end of 2015, and the equity ratio was 63% (69%).

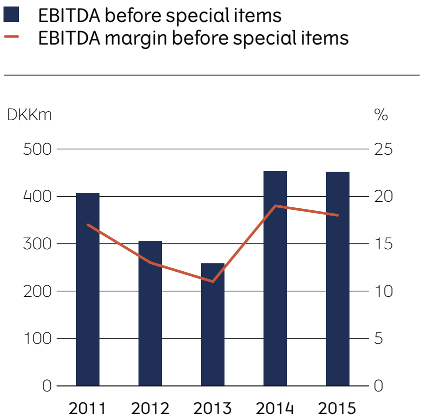
Research and development



Sales, marketing and administration



EBITDA



Statement by Management on the annual report

The Board of Directors and the Board of Management have today considered and approved the annual report of ALK-Abelló A/S for the financial year 1 January to 31 December 2015.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the financial statements of the parent company have been prepared in accordance with the Danish Financial Statements Act. In addition, the annual report has been prepared in accordance with 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 2015 as well as of their financial performance and the Group's cash flow for the financial year 1 January to 31 December 2015.

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, 9 February 2016

Board of Management

Jens Bager
President and CEO

Henrik Jacobi
Executive Vice President
Research & Development

Søren Niegel
Executive Vice President
Commercial Operations

Flemming Pedersen
Executive Vice President
CFO

Helle Skov
Executive Vice President
Product Supply

Board of Directors

Steen Riisgaard
Chairman

Lene Skole
Vice Chairman

Lars Holmqvist

Andreas Slyngborg Holst

Jacob Kastrup

Anders Gersel Pedersen

Jakob Riis

Katja Barnkob Thalund

Per Valstorp

Independent auditor's report

To the shareholders of ALK-Abelló A/S

Report on the consolidated financial statements and parent financial statements
We have audited the consolidated financial statements and parent financial statements of ALK-Abelló A/S for the financial year 1 January to 31 December 2015, which comprise the income statement, balance sheet, statement of changes in equity and notes, including the accounting policies, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements
Management is responsible for the preparation of consolidated 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 as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation 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 give a true and fair view of the Group's financial position at 31 December 2015, and of the results of its operations and cash flows for the financial year 1 January to 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2015, and of the results of its operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the 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, 9 February 2016

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No 33 96 35 56

Erik Holst Jørgensen
State Authorised Public Accountant

Martin Faarborg
State Authorised Public Accountant

Financial statements 2015

Consolidated financial statements

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Income statement

Amounts in DKKm	Note	2015	2014
Revenue	3	2,569	2,433
Cost of sales	4-7,15	836	736
Gross profit		**1,733**	1,697
Research and development expenses	4-7	407	394
Sales and marketing expenses	4-7	843	795
Administrative expenses	4-7	190	199
Other operating income		-	4
Operating profit (EBIT) before special items		**293**	313
Special items	7	(1)	(49)
Operating profit (EBIT)		**292**	264
Financial income	8	122	51
Financial expenses	8	14	15
Profit before tax (EBT)		**400**	300
Tax on profit	9	56	119
Net profit		**344**	181
Earnings per share (EPS)	19		
Earnings per share (EPS) – DKK		35.45	18.74
Earnings per share (DEPS), diluted – DKK		34.95	18.32

Statement of comprehensive income

Amounts in DKKm	Note	2015	2014
Net profit		**344**	181
Other comprehensive income			
Items that will subsequently not be reclassified to the Income statement:			
Actuarial gains/(loss) on pension plans	20	(4)	(26)
Tax related to actuarial profit/(loss) on pension plans		2	8
Items that will subsequently be reclassified to the Income statement, when specific conditions are met:			
Foreign currency translation adjustment of foreign affiliates		(2)	43
Gain on sale of financial assets available for sale recognised in financial income		-	(10)
Tax related to other comprehensive income, that will subsequently be reclassified to the Income statement		(2)	(1)
Other comprehensive income		**(6)**	14
Total comprehensive income		**338**	195

Cash flow statement

Amounts in DKKm	Note	2015	2014
Net profit		**344**	181
Adjustments			
Tax on profit	9	56	119
Financial income and expenses		(108)	(36)
Share-based payments	5	15	11
Reversal of accounting gain on sales of companies and operations	7	(37)	-
Depreciation, amortisation and impairment	6	159	140
Change in provisions		2	3
Changes in working capital	24	(86)	53
Net financial items, paid		(15)	1
Income taxes, paid		(147)	(152)
Cash flow from operating activities		**183**	320
Acquisitions of companies and operations	10	(12)	(24)
Additions, intangible assets	11	(46)	(36)
Additions, tangible assets	12	(153)	(166)
Sale of companies and operations	7	47	-
Change in other financial assets	14	(1)	7
Cash flow from investing activities		**(165)**	(219)
Free cash flow		**18**	101
Dividend paid to shareholders of the parent		(49)	(49)
Sale of treasury shares		68	-
Exercise of share options	5	(41)	(73)
Proceeds from borrowings		349	0
Repayment of borrowings		(29)	(2)
Cash flow from financing activities		**298**	(124)
Net cash flow		**316**	(23)
Cash beginning of year		81	155
Marketable securities beginning of year		208	157
Cash and marketable securities beginning of year		**289**	312
Unrealised gain/(loss) on foreign currency and financial assets carried as cash and marketable securities		3	-
Net cash flow		316	(23)
Cash year end		176	81
Marketable securities year end		432	208
Cash and marketable securities year end	18	**608**	289

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 – Assets

Amounts in DKKm	Note	31 Dec. 2015	31 Dec. 2014
Non-current assets			
Intangible assets			
Goodwill	11	423	415
Other intangible assets	11	336	248
		759	663
Tangible assets			
Land and buildings	12	771	681
Plant and machinery	12	419	328
Other fixtures and equipment	12	59	59
Property, plant and equipment in progress	12	322	481
		1,571	1,549
Other non-currents assets			
Securities and receivables	14	8	7
Deferred tax assets	13	378	168
		386	175
Total non-current assets		**2,716**	2,387
Current assets			
Inventories	15	520	408
Trade receivables	17	273	240
Receivables from affiliates	16	30	1
Income tax receivables		14	13
Other receivables	17	65	53
Prepayments	17	26	28
Marketable securities	18	432	208
Cash	18	176	81
Total current assets		**1,536**	1,032
Total assets		**4,252**	3,419

Balance sheet – Equity and liabilities

Amounts in DKKm	Note	31 Dec. 2015	31 Dec. 2014
Equity			
Share capital	19	101	101
Currency translation adjustment		14	16
Retained earnings		2,582	2,237
Total equity		**2,697**	2,354
Liabilities			
Non-current liabilities			
Mortgage debt	21	327	20
Bank loans and financial loans	21	1	299
Pensions and similar liabilities	20	202	190
Other provisions	22	6	4
Deferred tax liabilities	13	100	28
		636	541
Current liabilities			
Mortgage debt	21	17	2
Bank loans and financial loans	21	300	3
Trade payables	23	81	90
Income taxes		73	6
Other provisions	22	22	32
Other payables	23	426	391
		919	524
Total liabilities		**1,555**	1,065
Total equity and liabilities		**4,252**	3,419

Equity

Amounts in DKKm	Share capital	Currency translation adjustment	Retained earnings	Total equity
Equity at 1 January 2015	**101**	**16**	**2,237**	**2,354**
Net profit	-	-	344	**344**
Other comprehensive income	-	(2)	(4)	**(6)**
Total comprehensive income	**-**	**(2)**	**340**	**338**
Share-based payments	-	-	15	**15**
Share options settled	-	-	(41)	**(41)**
Sale of treasury shares	-	-	68	**68**
Tax related to items recognised directly in equity	-	-	12	**12**
Dividend paid	-	-	(51)	**(51)**
Dividend on treasury shares	-	-	2	**2**
Other transactions	**-**	**-**	**5**	**5**
Equity at 31 December 2015	**101**	**14**	**2,582**	**2,697**
Equity at 1 January 2014	101	(27)	2,175	2,249
Net profit	-	-	181	181
Other comprehensive income	-	43	(29)	14
Total comprehensive income	-	43	152	195
Share-based payments	-	-	11	11
Share options settled	-	-	(73)	(73)
Tax related to items recognised directly in equity	-	-	21	21
Dividend paid	-	-	(51)	(51)
Dividend on treasury shares	-	-	2	2
Other transactions	-	-	(90)	(90)
Equity at 31 December 2014	101	16	2,237	2,354

Notes to the consolidated financial statements

1 Accounting policies

General

The consolidated financial statements for the period 1 January – 31 December 2015 have 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 consolidated financial statements are presented in Danish kroner (DKK), which is also the functional currency of the parent company.

The consolidated financial statements are presented on a historical cost basis, apart from certain financial instruments which are measured at fair value. Otherwise, the accounting policies are as described below. The accounting policies are unchanged from last year.

Effect of new financial reporting standards
The ALK Group has implemented all new and amended standards and interpretations (IFRIC) which are effective for the financial year 2015. A number of IFRS standards, amended standards and IFRIC interpretations which are effective on or after 1 January 2016 have not been implemented. It is estimated that these standards and interpretations are deemed to have no material impact on the consolidated financial statements in the coming years.

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

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

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

Business combinations
Newly acquired or newly established companies and activities 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 or activity 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 or activity 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 or activity 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 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 in-

Notes to the consolidated financial statements

1 Accounting policies (continued)

vestment 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 conditional 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.

The share option agreements entitle ALK to demand cash settlement of the options. Cash-settled share options are recognised as other liabilities and adjusted to fair value when ALK has an obligation to settle in cash. The subsequent adjustment to fair value is recognised in the income statement under financial income or financial expenses.

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 related to equity transactions is recognised in equity.

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 included in national joint taxation with Lundbeckfonden 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.

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 in accordance with the agreements and 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

Notes to the consolidated financial statements

1 Accounting policies (continued)

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.

Special items
Special items include significant income and expenses of a special nature in terms of the ALK Group's revenue-generating operating activities, such as the cost of extensive restructuring, as well as gains or losses arising from disposals in this connection and termination benefits which have a material effect over a given period.

These items are shown separately in order to give a more true and fair view of the ALK Group's operating profit.

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.

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 development of intangible assets are included in cost if they relate to the development period. Other borrowing costs are charged 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.

Notes to the consolidated financial statements

1 Accounting policies (continued)

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

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

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

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

Other financial assets
On initial recognition, securities and investments are measured at cost, corresponding to fair value. They are subsequently measured at fair value at the balance sheet date, and changes to the fair value are recognised under net financials in the income statement.

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 net present value.

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 concerning previous financial years are recognised in other comprehensive income.

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.

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.

Notes to the consolidated financial statements

1 Accounting policies (continued)

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 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 net 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.

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

Segment reporting
Based on the internal reporting used by the Board of Management to assess the results of operations and allocation of resources, the company has identified one operating segment 'Allergy treatment', which is in accordance with the way the activities are organised and managed. In addition, the disclosures in the financial statements include a breakdown of revenue by product line and a geographical breakdown of revenue and non-current assets.

Definitions and ratios
The key ratios have been calculated in accordance with 'Recommendations and Financial Ratios 2015' issued by the Danish Association of Financial Analysts. Key ratios and definitions are shown on page 4 and 73, respectively.

Notes to the consolidated financial statements

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 2015, Management considers the following estimates and related judgements material to the assets and liabilities recognised in the financial statements.

Recoverable amount of goodwill
The assessment of whether goodwill is impaired requires a determination of the value in use of the cash-generating units to which the goodwill amounts have been allocated. The determination of the value in use requires estimates of the expected future cash flows of each cash-generating unit and a reasonable discount rate. At 31 December 2015, the carrying amount of goodwill is DKK 423 million (2014: DKK 415 million).

Indirect production overheads
Indirect production overheads (IPO) are measured on the basis of the standard cost method. The basis of standard costs is reassessed regularly to ensure that standard costs are adjusted for changes in the utilisation of production capacity, production times and other relevant factors. Changes in the method of determining standard costs may significantly affect gross margin and the valuation of inventories. At 31 December 2015, the value of IPO is DKK 165 million (2014: DKK 120 million) on the inventories. The increase is mainly due to HDM-SLIT tablet inventory build up.

Tax
Management is required to make an estimate in the recognition of deferred tax assets and liabilities. The ALK Group recognises deferred tax assets if it is probable that they can be set off against future taxable income. At 31 December 2015, the value of deferred tax assets and liabilities is DKK 278 million (2014: DKK 140 million). The increase is a result of the transfer of the Jext business from the Swiss subsidary to the Danish Parent Company.

Provisions and contingent assets and liabilities
Management assesses provisions, contingent assets and contingent liabilities as well as likely outcome of pending or probable lawsuits etc. on an on-going basic. The result depends on future events, which by nature are uncertain. In assessment of the likely outcome of lawsuits and tax disputes etc., management bases its assessment on established legal precedents and external legal advisors. In connection with restructuring, an assessment of the employee obligations and other liabilities occurring in connection with restructuring has been taken into account.

As at 31 December 2015, other provisions amount to DKK 28 million (2014: DKK 36 million). Other provisions mainly include provisions for restructuring.

Notes to the consolidated financial statements

3 Segment information

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.

	Europe		North America		International markets		Total	
Amounts in DKKm	2015	2014	2015	2014	2015	2014	2015	2014
SCIT/SLIT-drops	1,536	1,530	265	198	44	58	**1,845**	1,786
SLIT-tablets	253	218	44	198	142	16	**439**	432
Other products and services	148	110	133	103	4	2	**285**	215
Total revenue	**1,937**	1,858	**442**	499	**190**	76	**2,569**	2,433
Sale of goods							**2,393**	2,202
Royalties							**5**	2
Milestone and upfront payments							**116**	178
Services							**55**	51
Total revenue							**2,569**	2,433
Base business revenue (i.e. total revenue excluding the SLIT-tablet partnerships in North America and International markets)							**2,384**	2,219
Partner revenue							**185**	214
Total revenue							**2,569**	2,433

Of total revenue, DKK 52 million (2014: DKK 45 million) derived from Denmark.

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

	Europe		North America		International markets		Total	
Amounts in DKKm	2015	2014	2015	2014	2015	2014	2015	2014
Non-current assets	**1,778**	1,722	**553**	490	**-**	-	**2,331**	2,212

Of total non-current assets, DKK 910 million are assets in Denmark (2014: DKK 616 million). The geographical information on assets is based on asset location.

Notes to the consolidated financial statements

4 Staff costs

Amounts in DKKm	2015	2014
Wages and salaries	985	931
Pensions, cf. note 20	86	85
Other social security costs, etc.	132	122
Share-based payments, cf. note 5	15	7
Total	**1,218**	1,145
Staff costs are allocated as follows:		
Cost of sales	392	326
Research and development expenses	214	206
Sales and marketing expenses	400	388
Administrative expenses	146	148
Included in the cost of assets	36	39
Special items cf. note 7	30	38
Total	**1,218**	1,145
Remuneration to Board of Management		
Salaries	16	15
Cash bonuses (paid)	6	5
Pensions	2	2
Termination benefits	-	5
Calculated costs regarding share-based payments, cf. note 5	5	2
Total	**29**	29
Remuneration to Board of Directors		
Remuneration to the Board of Directors[1]	4	4
Employees		
Average number	1,854	1,809
Number year end	1,896	1,844

[1] The total remuneration to the Board of Directors includes remuneration for participation in the Audit Committee DKK 350 thousand (2014: DKK 350 thousand), the Remuneration Committee DKK 350 thousand (2014: DKK 350 thousand) and the Scientific Committee DKK 150 thousand (2014: DKK 150 thousand).

5 Share-based payments

Amounts in DKKm	2015	2014
Cost of share-based payments	15	11
Total	**15**	11
Cost for the year regarding share-based payments are recognised as follows:		
Cost of sales	4	1
Research and development expenses	3	2
Sales and marketing expenses	4	2
Administrative expenses	4	2
Financial expenses	-	4
Total	**15**	11

In 2015 an income of DKK 1 million related to adjustment in the number of conditional shares expected to vest is included in the cost of share based payments (2014: income of DKK 4 million).

In 2014 the total costs of share-based payment included a financial expense of DKK 4 million due to the exercise and cash settlement of share option plans.

5 Share-based payments (continued)

Share option plans
The ALK Group has established share option plans for the Board of Management and a number of key employees as a part of a retention programme.

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.

Specification of outstanding options:

2015	Board of Manage-ment Units	Other key personnel Units	Total Units	Weighted average exercise price DKK
Outstanding options at 1 January	137,325	240,250	**377,575**	454
Additions	18,100	26,050	**44,150**	836
Exercised	(25,500)	(90,500)	**(116,000)**	403
Expired		(1,750)	**(1,750)**	585
Cancellations		(3,525)	**(3,525)**	552
Outstanding at 31 December	**129,925**	**170,525**	**300,450**	**470**

At 31 December 2015 the total number of vested share options amounts to 127,675 units.

The Board of Directors decided for three open windows in 2015 that share options were to be settled by cash settlement and a total of 95,450 share options were exercised and total cash payments amounted to DKK 41 million. For one open window the Board of Directors decided that share options were settled by shares and a total of 20,550 were exercised.

2014	Board of Manage-ment Units	Other key personnel Units	Total Units	Weighted average exercise price DKK
Outstanding options at 1 January	243,000	321,475	564,475	416
Additions	21,300	32,100	53,400	758
Exercised	(104,750)	(100,075)	(204,825)	438
Expired	(5,500)	(12,400)	(17,900)	854
Cancellations	(16,725)	(850)	(17,575)	538
Outstanding at 31 December	137,325	240,250	377,575	454

At 31 December 2014 the total number of vested share options amounts to 155,225 units.

Notes to the consolidated financial statements

5 Share-based payments (continued)

Outstanding options have the following characteristics:

	Options Units	Weighted average exercise price DKK	Vested as per	Exercise periode
2009 Plan	2,600	546	1 Nov 2012	1 Nov 2012 1 Nov 2016
2010 Plan	8,000	400	1 Nov 2013	1 Nov 2013- 1 Nov 2017
2011 Plan	61,950	366	1 Nov 2014	1 Nov 2014- 1 Nov 2018
2012 Plan	55,125	452	1 May 2015	1 May 2015- 1 May 2019
2013 Plan	80,775	475	1 Mar 2016	1 Mar 2016- 1 Mar 2020
2014 Plan	47,850	758	1 Mar 2017	1 Mar 2017- 1 Mar 2021
2015 Plan	44,150	836	1 Mar 2018	1 Mar 2018- 1 Mar 2022
Outstanding at 31 December	**300,450**			

	2015	2014
Average remaining life of outstanding share options at year end (years)	4.1	4.4
Exercise prices for outstanding share options at year end (DKK)	352 - 867	344 - 795

The calculated market price at the grant date 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:

	2015 Plan	2014 Plan
Average share price (DKK)	747	669
Expected exercise price (DKK)[1]	825	739
Expected volatility rate	28% p.a.	25% p.a.
Expected option life	5 years	5 years
Expected dividend per share	5	5
Risk-free interest rate	0.16% p.a.	1.20% p.a.
Calculated fair value of granted share options (DKK)	145	123

The expected volatility rate is based on the historical volatility.

[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.

5 Share-based payments (continued)

Conditional shares

The ALK Group has established conditional share plans for the Board of Management and a number of key employees as a part of a retention programme. Conditional shares will be available three years after the date of grant, provided that ALK achieves the targets for vesting.

2015	Board of Management Units	Other key personnel Units	Total Units
Outstanding conditional shares at 1 January	13,400	22,625	**36,025**
Additions	3,520	5,090	**8,610**
Exercised	(2,525)	(4,400)	**(6,925)**
Cancellations	(2,525)	(5,010)	**(7,535)**
Outstanding conditional shares at 31 December	**11,870**	**18,305**	**30,175**

2014	Board of Management Units	Other key personnel Units	Total Units
Outstanding conditional shares at 1 January	11,925	17,275	29,200
Additions	3,525	5,350	8,875
Cancellations	(2,050)	-	(2,050)
Outstanding conditional shares at 31 December	13,400	22,625	36,025

The conditional shares have been granted at the average market price of the company's share for the five trading days immediately preceding the date of grant. The conditional shares have been granted at DKK 747 per share (2014: DKK 738). Conditional shares are considered sufficiently covered by treasury shares.

Outstanding conditional shares have the following characteristics:

	Conditional share units	Vested as per
2013 Plan	13,300	1 Mar 2016
2014 Plan	8,405	1 Sep 2017
2015 Plan	8,470	1 Mar 2018
Outstanding at 31 December	**30,175**	

Restricted Stock Units

In 2015, Board of Directors decided to grant Restricted Stock Units to all employees not included in the conditional shares plan. The programme granted 10 Restricted Stock Units to employees permanently employed at ALK as of 31 March 2015. A Restricted Stock Unit (RSU) is a right to receive one share or the value of one share in ALK upon vesting.

The programme will run for three years and vesting will be no later than 31 March 2018.

A total of 18,150 RSU's were granted in 2015. The costs of the programme were calculated based on a share price of DKK 746 and in total amounted to DKK 14 million, which are expensed over the vesting period.

As of 31 December, outstanding RSU's were 18,100 and are considered sufficiently covered by treasury shares.

Notes to the consolidated financial statements

6 Depreciation, amortisation and impairment

Amounts in DKKm	2015	2014
Depreciation and amortisation are allocated as follows:		
Cost of sales	97	82
Research and development expenses	9	10
Sales and marketing expenses	24	22
Administrative expenses	29	26
Total	**159**	140

In 2015, an impairment loss of DKK 1 million on minor assets was recognised in research and development expenses.

In 2014, an impairment loss on minor assets was recognised. DKK 1 million in cost of sales and DKK 2 million in administrative expenses.

7 Special items

Amounts in DKKm	2015	2014
Severance and other restructuring expenses	38	49
Net gain on sales of companies and operations	(37)	0
Total	**1**	49
Severance and other restructuring expenses		
Severance pay etc.	30	38
Other restructuring expenses	8	11
Total	**38**	49
If severance and other restructuring expenses had been recognised in operating profit before special items, they would have been included in the following items:		
Cost of sales	13	11
Research and development expenses	-	2
Sales and marketing expenses	16	20
Administrative expenses	9	16
Total	**38**	49

Severance and other restructuring expenses represent one-off costs from 2012 to 2016 associated with the initiatives to streamline the business structure under the *Simplify* programme.

7 Special items (continued)

Net gain on sales of companies and operations
In December 2015, ALK sold its European veterinary business, including related production facilities in The Netherlands, to the investment company Fidelio Capital. The divestment is part of the Focus 2018 *Simplify* strategy and was made with effect as of 30 December 2015. The activities were previously an integrated part of ALK's subsidiaries in the Netherlands.

ALK's European veterinary business specialised in the development, manufacturing and marketing of immunotherapy products for veterinary use.

Amounts in DKKm	2015
Sales price	**54**
Book value of sold net assets	
Land and buildings	7
Plant and machinery	1
Deferred tax asset	1
Inventories	3
Receivables	4
Provision for pension obligation	(2)
Deferred tax liability	(1)
Current liabilities	(3)
Sold net assets	**10**
Transaction cost	7
Net gain on sales of companies and operations	**37**

Out of the ALK Group's revenue of DKK 2,569 million in 2015, DKK 33 million is attributable to the European veterinary operations in 2015.

Notes to the consolidated financial statements

8 Financial income and expenses

Amounts in DKKm	2015	2014
Interest income	3	2
Gains on avaliable-for-sale financial assets	-	10
Financial income from financial assets not measured at fair value in the income statement	**3**	12
Currency gains, net	119	39
Total financial income	**122**	51
Interest expenses	14	11
Other financial expenses	-	4
Financial expenses relating to financial liabilities not measured at fair value in the income statement	14	15
Total financial expense	**14**	15

9 Tax on profit for the year

Amounts in DKKm	2015	2014
Current income tax	190	130
Adjustment of deferred tax	(120)	(9)
Prior year adjustments	(14)	(2)
Total	**56**	119
Profit before tax	400	300
Income tax, tax rate of 23.5%	94	74
Effect of deviation of foreign subsidiaries' tax rate relative to Danish tax rate	45	42
Non-taxable income	(8)	(2)
Non-deductible expenses	4	11
Other taxes and adjustments	9	(3)
Prior year adjustments	(14)	(3)
Effect of transfer of adrenaline activities[1]	(74)	0
Tax on profit for the year	**56**	119

[1] In 2015, ALK decided to dissolve the adrenaline business unit in Switzerland and transfer all adrenaline activities into other areas and locations. As a consequence ALK recorded a one-off positive tax adjustment of DKK 74 million.

Tax related to equity and other comprehensive income comprises DKK 9 million (2014: income DKK 28 million).

Tax related to the disposal of ALK's Dutch veterinarian business to a third party is included in current income tax with an amount of DKK 11 million.

10 Acquisitions of companies and operations

In June 2015, ALK took over the allergy immunotherapy activities of its former distributor in Turkey, Albio Allerji Ürünleri Ith. Ve Tic. Ltd. Şti. (Albio) with a view to facilitating growth in the Turkish market. The acquisition was made through ALK's Turkish subsidiary.

The transaction was accounted for using the purchase method.

The total purchase value of DKK 12 million was settled in cash.

Intangible assets in the form of customer lists and distribution rights represented DKK 7 million. After recognition of identifiable assets and liabilities at fair value, goodwill related to the acquisition has been calculated at DKK 5 million. Goodwill represents the value of the future growth potential and the value of acquired employees.

The purchase agreement includes a contingent consideration corresponding to a minor part of the purchase price covering the period until 2017.

Out of the ALK Group's revenue of DKK 2,569 million for the full year 2015, DKK 3 million is attributable to sales generated by the acquired operations after the acquisition date.

Had the activities in Albio been consolidated from 1 January 2015, the contribution to revenue and profit would have been DKK 5 million and less than DKK 1 million respectively.

Notes to the consolidated financial statements

11 Intangible assets

Amounts in DKKm	Goodwill	Software	Patents, trademarks and rights	Other	Total
2015					
Cost beginning of year	435	273	225	70	**1,003**
Currency adjustments	4	2	6	7	**19**
Additions	-	38	1	7	**46**
Acquisitions of companies and operations	5	-	7	-	**12**
Disposals	-	(3)	(6)	-	**(9)**
Transfer to/from other groups	-	4	-	63	**67**
Cost year end	**444**	**314**	**233**	**147**	**1,138**
Amortisation and impairment beginning of year	20	211	90	19	**340**
Currency adjustments	1	-	2	1	**4**
Amortisation for the year	-	13	22	6	**41**
Amortisation on disposals	-	(1)	(5)	-	**(6)**
Amortisation and impairment year end	**21**	**223**	**109**	**26**	**379**
Carrying amount year end	**423**	**91**	**124**	**121**	**759**

Amounts in DKKm	Goodwill	Software	Patents, trademarks and rights	Other	Total
2014					
Cost beginning of year	427	253	199	98	977
Currency adjustments	2	-	5	1	8
Additions	-	22	4	10	36
Acquisitions of companies and operations	6	-	17	-	23
Disposals	-	(2)	-	-	(2)
Transfer to/from other groups	-	-	-	(39)	(39)
Cost year end	435	273	225	70	1,003
Amortisation and impairment beginning of year	20	197	72	14	303
Amortisation for the year	-	15	18	5	38
Amortisation on disposals	-	(1)	-	-	(1)
Transfer to/from other groups					-
Amortisation and impairment year end	20	211	90	19	340
Carrying amount year end	415	62	135	51	663

Goodwill has been subject to an impairment test and submitted to the Audit Committee for subsequent approval by the Board of Directors. The impairment test performed in 2015 revealed no need for impairment of goodwill.
Goodwill has been tested at an aggregated level. ALK Group is considered as one CGU as the individual companies and business units in ALK cannot be evaluated separately because the value-adding processes are generated across corporations and entities.

In the calculation of the value in use of cash-generating units, future free net cash flow is estimated based on Board of Directors-approved budget, ALK's Focus 2018 strategy and projections for subsequent years.

The budget and the strategy plan are based on specific future business initiatives for which the risks relating to key parameters have been assessed and recognised in estimated future free cash flows. The key parameters in the calculation of the value in use are revenue, earnings, working capital, capital expenditure, discount rate and the preconditions for the terminal value. Estimates are based on historical data and expectations on future changes in the markets and products. These expectations are based on a number of assumptions including expected product launches, volume forecasts and price information regarding ALK's partnerships for the SLIT-tablet programmes, ALK's sales projections from base business including SLIT-tablets and adrenaline auto-injectors as well as geographical expansions. The Focus 2018 strategy including the guiding principles of *Grow*, *Innovate* and *Simplify* is described on pages 14-17.

For financial years after the strategy period, the cash flows in the most recent period have been extrapolated adjusted for a growth factor of 1.5% during the terminal period.

The calculated value-in-use shows that future earnings and cash flows fully support the book value of total net assets, including goodwill.
The discount rate used is 9% after tax, 11% before tax (2014: 9% after tax, 11% before tax).

Other intangible assets concern minor finished development projects and development projects in progress.
The additions for the year include software development in progress DKK 32 million at 31 December 2015 (2014: DKK 21 million).

Notes to the consolidated financial statements

12 Property, plant and equipment

Amounts in DKKm	Land and buildings*	Plant and machinery	Other fixtures and equipment	Property, plant and equipment in progress	Total
2015					
Cost beginning of year	1,013	634	251	481	**2,379**
Currency adjustments	35	20	5	20	**80**
Additions	5	34	10	104	**153**
Acquisitions of companies and operations	-	-	-	-	**-**
Sale of companies and operations	(23)	(9)	(3)	-	**(35)**
Disposals	(5)	(9)	(12)	-	**(26)**
Transfer to/from other groups	104	106	6	(283)	**(67)**
Cost year end	**1,129**	**776**	**257**	**322**	**2,484**
Depreciation and impairment beginning of year	332	306	192	-	**830**
Currency adjustments	6	7	4	-	**17**
Depreciation for the year	40	60	17	-	**117**
Sale of companies and operations	(16)	(8)	(3)	-	**(27)**
Depreciation of disposals	(4)	(8)	(12)	-	**(24)**
Depreciation and impairment year end	**358**	**357**	**198**	**-**	**913**
Carrying amount year end	**771**	**419**	**59**	**322**	**1,571**
of which financing costs	-				
of which assets held under finance leases	113				
Value of land and buildings subject to mortgages	270				

Amounts in DKKm	Land and buildings*	Plant and machinery	Other fixtures and equipment	Property, plant and equipment in progress	Total
2014					
Cost beginning of year	900	517	238	470	2,125
Currency adjustments	23	8	2	22	55
Additions	2	10	6	148	166
Acquisitions of companies and operations	-	-	1	-	1
Disposals	-	(3)	(4)	-	(7)
Transfer to/from other groups	88	102	8	(159)	39
Cost year end	1,013	634	251	481	2,379
Depreciation and impairment beginning of year	290	252	178	-	720
Currency adjustments	6	5	2	-	13
Depreciation for the year	36	50	16	-	102
Depreciation of disposals	-	(1)	(4)	-	(5)
Depreciation and impairment year end	332	306	192	-	830
Carrying amount year end	681	328	59	481	1,549
of which financing costs	-				
of which assets held under finance leases	117				
Value of land and buildings subject to mortgages	146				

* Land and buildings in Denmark include buildings on land leased from Scion DTU A/S, Hørsholm. The lease period for this land is unlimited.

Notes to the consolidated financial statements

13 Deferred tax

Amounts in DKKm	Intangible assets	Tangible assets	Current assets	Liabilities	Tax losses carried forward	Total
2015						
Carrying amount beginning of year	(13)	(23)	63	71	42	**140**
Adjustment to prior years deferred tax	-	4	-	-	-	**4**
Currency adjustments	-	-	-	-	5	**5**
Recognised in the income statement, net	98	(14)	4	6	26	**120**
Recognised in other comprehensive income, net	-	-	(3)	-	-	**(3)**
Recognised in equity, net	-	-	-	12	-	**12**
Carrying amount year end	**85**	**(33)**	**64**	**89**	**73**	**278**

Amounts in DKKm	Intangible assets	Tangible assets	Current assets	Liabilities	Tax losses carried forward	Total
2014						
Carrying amount beginning of year	(19)	(17)	88	27	24	103
Recognised in the income statement, net	6	(6)	(32)	23	18	9
Recognised in other comprehensive income, net	-	-	7	-	-	7
Recognised in equity, net	-	-	-	21	-	21
Carrying amount year end	(13)	(23)	63	71	42	140

Deferred tax at 31 December 2015 consists of deferred tax assets of DKK 378 million (2014: DKK 168 million) and deferred tax liabilities of DKK 100 million (2014: DKK 28 million).

Deferred tax 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.

ALK-Abelló A/S is included in national joint taxation with Lundbeckfonden and its Danish subsidiaries.

Notes to the consolidated financial statements

14 Securities and receivables

Amounts in DKKm	2015	2014
Beginning of year	7	14
Additions	1	1
Disposals	-	(8)
Year end	**8**	7
Revaluation and impairment beginning of year	-	10
Revaluation for the year	-	0
Disposals	-	(10)
Revaluation and impairment year end	**-**	-
Carrying amount year end	**8**	7

15 Inventories

Amounts in DKKm	2015	2014
Raw materials and consumables	178	151
Work in progress	195	124
Manufactured goods and goods for resale	147	133
Total	**520**	408
Amount of write-down of inventories during the year	14	19
Amount of reversal of write-down of inventories during the year	1	1

The total consumption of materials included in cost of sales amounted to DKK 236 million (2014: DKK 200 million).

16 Receivables from affiliates

Amounts in DKKm	2015	2014
Beginning of year	1	57
Additions	30	1
Received	(1)	(57)
Year end	**30**	1
Carrying amount year end	**30**	1

17 Receivables and prepayments

Amounts in DKKm	2015	2014
Trade receivables (gross)	282	251
Allowances for doubtful trade receivables:		
Balance beginning of year	11	11
Change in allowances during the year	1	1
Realised losses during the year	(3)	(1)
Provision for doubtful trade receivables year end	9	11
Trade receivables (net)	**273**	240
Allowances for doubtful trade receivables are based on an individual assesment of receivables.		
Trade receivables (net) can be specified as follows:		
Not due	218	183
Overdue by:		
Between 1 and 179 days	52	51
Between 180 and 360 days	3	3
More than 360 days	-	3
Trade receivables (net)	**273**	240
Other receivables		
VAT and other taxes	18	26
Miscellaneous receivables	47	27
Total	**65**	53
Prepayments		
Operating expenses	17	19
Insurance	5	4
Other prepayments	4	5
Total	**26**	28

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

18 Cash and marketable securities

Amounts in DKKm	2015	2014
Marketable securities	432	208
Cash and bank deposits	176	81
Cash and marketable securities	**608**	289

Notes to the consolidated financial statements

19 Share capital and earnings per share

Amounts in DKKm	2015	2014
Share capital		
The share capital consists of:		
A shares, 920,760 shares of DKK 10 each	9	9
B shares, 9,207,600 shares of DKK 10 each	92	92
Total nominal value	**101**	101
Each A share carries 10 votes, whereas each B share carries 1 vote.		
Treasury shares[1]		
Treasury shares beginning of year (B-shares), units	468,349	468,349
Purchase of treasury shares, units	-	-
Sale of treasury shares, units	107,298	-
Treasury shares year end (B-shares), units	**361,051**	468,349
Proportion of share capital year end	3.6%	4.6%
Nominal value year end	3.6	4.7
Market value year end	318	305
Earnings per share		
The calculation of earnings per share is based on the following:		
Net profit	344	181
Number in units:		
Average number of issued shares	10,128,360	10,128,360
Average number of treasury shares	(423,927)	(468,349)
Average number of shares used for calculation of earnings per share	**9,704,433**	9,660,011
Average dilutive effect of outstanding share options	139,490	218,055
Average number of shares used for calculation of diluted earnings per share	**9,843,923**	9,878,066
Earnings per share (EPS)	**35.45**	18.74
Earnings per share (DEPS), diluted	**34.95**	18.32

[1] According to a resolution passed by the company in annual general meeting, the company is allowed to purchase treasury shares, equal to 10% of the share capital. The company has purchased treasury shares in connection with the issuance of share-based payments.

20 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. The ALK Group has defined benefit plans in Germany, The Netherlands and Switzerland.

Amounts in DKKm	2015	2014
Costs related to defined contribution plans	**72**	71
Costs related to defined benefit plans	**11**	14

Notes to the consolidated financial statements

20 Pensions and similar liabilities (continued)

Amounts in DKKm	2015	2014
Present value of funded pension obligations	71	58
Fair value of plan assets	(63)	(52)
Funded pension obligations, net	**8**	6
Present value of unfunded pension obligations	165	154
Pension obligations	**173**	160
Anniversary liabilities	9	9
Pension related to bonus	17	17
Indemnity fund	2	2
Similar liabilities	1	2
Pension obligations and similar obligations, year end	**202**	190
The principal assumptions used for the purposes of the actuarial valuations were as follows		
Discount rate range 1% - 2% (weighted average rate)	2.2%	2.5%
Expected future rate of salary increase range 1% - 3% (weighted average rate)	2.9%	2.6%
Assumed life expectations on retirement age for current pensioners (years)*:		
Males	19.5	19.4
Females	21.6	21.5
Assumed life expectations on retirement age for current employees (future pensioners) (years)*:		
Males	21.8	21.7
Females	23.7	23.6
Sensitivity analysis**		
Sensitivity of the gross pension obligation to changes in the key assumptions (weighted average rates used)		
Sensitivity related to discount rate, effect in range of 0.25% - 1% increase	(35)	(33)
Sensitivity related to discount rate, effect in range of 0.25% - 1% decrease	46	43
Sensitivity related to salary increase, effect in range of 0.25% - 0.5% increase	5	5
Sensitivity related to salary increase, effect in range of 0.25% - 0.5% decrease	(5)	(5)
Sensitivity related to life expectancy, effect if +1 year*	6	6
The calculation of the pension liability is prepared by external independent actuary agents. The latest actuarial calculation related to the defined benefit plans was made at 31 December 2015.		
The fair value of the plan assets break down as follows		
Other assets	63	52
Total	**63**	52

Plan assets solely consist of assets placed in pension companies. Assets are placed in investments classified as other assets than shares, bonds and property by the pension companies, and are not measured at quoted prices.

* Life expectancy is based on national statistics for mortality.
** The analysis is based on several actuarial reports with different rates, therefore the effects are shown in ranges.

Notes to the consolidated financial statements

20 Pensions and similar liabilities (continued)

Amounts in DKKm	2015	2014
Movements in the present value of the defined benefit obligation in the current year were as follows		
Opening defined benefit obligation	58	43
Sale of companies and operations	(2)	-
Current service costs	5	4
Interest costs	1	1
Actuarial gains / lossess from changes in financial assumptions	3	15
Actuarial gains / lossess arising from experience adjustments	1	(3)
Actuarial gains / lossess arising from demographic assumptions	-	1
Contribution from plan participants	1	1
Benefits paid	-	(5)
Currency translation adjustment	4	1
Closing defined benefit obligation	**71**	58
Movements in the fair value of the plan assets in the current year were as follows		
Opening fair value of plan assets	52	38
Administration cost	(1)	(1)
Interest income	2	2
Return on plan assets	4	13
Contribution from plan participants	4	5
Benefits paid	(1)	(5)
Currency translation adjustment	3	-
Closing fair value of plan assets	**63**	52
Movements in present value of unfunded pension obligations in the current year were as follows		
Opening present value of unfunded pension obligations	154	121
Current service costs	5	5
Interest costs	4	4
Actuarial gains / lossess from changes in financial assumptions	7	30
Actuarial gains / lossess arising from experience adjustments	(3)	(5)
Benefits paid	(2)	(1)
Closing present value of unfunded pension obligations	**165**	154
Amount recognised as staff expenses in the income statement		
Current service costs	10	9
Gains/losses on settlements	(2)	-
Past service cost	-	1
Net interest expense	3	4
Total	**11**	14
Amount recognised in comprehensive income in respect of defined benefit plans		
Actuarial (gains)/losses	4	26
Total	**4**	26

The expected contribution for 2016 for the defined benefit plans is DKK 12 million (2015: DKK 14 million).

Notes to the consolidated financial statements

21 Mortgage debt, bank loans and financial loans

Amounts in DKKm	2015	2014
Debt to mortgage credit institutions secured by real property		
Mortgage debt is due as follows:		
Within 1 year	17	2
From 1-5 years	87	9
After 5 years	240	11
Total	**344**	22
Bank loans and financial loans		
Bank loans and financial loans are due as follows:		
Within 1 year	300	3
From 1-5 years	1	299
After 5 years	-	-
Total	**301**	302

Amounts in DKKm	Currency	Expiry date	Fixed/ Floating	Effective interest rate %	Carrying amount DKKm	Fair value DKKm
31 December 2015						
Mortgage debt						
Mortgage debt[1]	DKK	2035	Floating	1.2	344	345
Total					**344**	**345**
Bank loans and financial loans						
Leasing debt	EUR, USD	2016-2020	Floating	1.3 - 4.0	3	3
Other bank loans and financial loans	EUR	2016	Fixed	3.1	298	298
Total					**301**	**301**
31 December 2014						
Mortgage debt						
Mortgage debt	DKK	2026	Floating	2.0	22	23
Total					**22**	**23**
Bank loans and financial loans						
Leasing debt	EUR, USD	2016-2020	Floating	3.5 - 4.0	4	4
Other bank loans and financial loans	EUR	2016	Fixed	3.1	298	298
Total					**302**	**302**

[1] Fair value is measured by listed prices in an efficient market.

Notes to the consolidated financial statements

22 Other provisions

Amounts in DKKm	2015	2014
Other provisions beginning of year	36	49
Provisions made during the year	28	32
Used during the year	33	45
Reversals during the year	3	-
Other provisions, year end	**28**	36
Other provisions are recognised as follows:		
Non-current liabilities	6	4
Current liabilities	22	32
Other provisions, year end	**28**	36

23 Other current liabilities

Amounts in DKKm	2015	2014
Trade payables	**81**	90
Other payables		
Salaries, holiday payments, etc.	218	200
VAT and other taxes	22	35
Miscellaneous payables	186	156
Total	**426**	391

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

24 Changes in working capital

Amounts in DKKm	2015	2014
Change in inventories	(93)	(68)
Change in receivables	(39)	58
Change in short-term payables	46	63
Cash flow from changes in working capital	**(86)**	53

25 Contingent liabilities and commitments

Contingent liabilities
The Board of Management assesses that the outcome of pending claims and other disputes will have no material impact on the ALK Group's financial position.

Liabilities relating to research and development projects and asset acquirements are estimated at DKK 12 million as at 31 December 2015 (31 December 2014: DKK 5 million).

Joint taxation scheme
ALK-Abelló A/S is part of a Danish joint taxation scheme with Lundbeckfonden. As from the 2013 financial year, the company has partly a joint and several liability and partly a secondary liability with respect to income taxes etc. for the jointly-taxed companies, and as from 1 July 2012 it also has partly a joint and several liability and partly a secondary liability with respect to any obligations to withhold tax on interest, royalties and dividends for these companies. However, in both cases the secondary liability is capped at an amount equal to the share of the capital of the company directly or indirectly owned by the ultimate parent company. The total commitment for the joint taxation companies are included in the annual report of Lundbeckfonden.

Commitments
For information on land and buildings provided as security vis-à-vis credit institutions, see note 12.

Amounts in DKKm	2015	2014
Collaterals and guarantees	**10**	9

26 Operating lease liabilities

Amounts in DKKm	2015	2014
Minimum lease payments recognised in the income statement	**49**	48
Total future minimum lease payments cf. interminable lease agreements:		
Within 1 year	59	46
From 1-5 years	87	107
After 5 years	10	24
Total	**156**	177

27 Finance lease liabilities

Amounts in DKKm	2015	2014
Finance lease liabilities are due as follows:		
Within 1 year	2	2
From 1-5 years	1	2
After 5 years	-	-
Total	**3**	4
Amortisation premium for future expensing	-	-
Present value of finance lease liabilities	**3**	4

Finance lease concern lease of building.

Notes to the consolidated financial statements

28 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 rate, interest rate and credit exposure see page 22-23. 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 rate exposure through matching of payments received and paid in the same currency and through forward exchange rate 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 2015 in the event of a 10% increase in exchange rates

Amounts in DKKm	Revenue	EBITDA	Equity
31 December 2015			
USD	approx. + 50	approx. + 5	approx. + 25
GBP	approx. + 5	approx. 0	approx. 0
31 December 2014			
USD	approx. + 50	approx. + 20	approx. + 40
GBP	approx. + 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 marketable securities, receivables and financial liabilities.

Amounts in DKKm	Cash and marketable securities	Receivables	Liabilities	Amount hedged	Net position
31 December 2015					
DKK	344	45	(621)	-	(232)
USD	41	69	(55)	-	55
EUR	125	208	(778)	-	(445)
GBP	50	13	(15)	-	48
SEK	1	16	(14)	-	3
Other	47	39	(72)	-	14
Total	**608**	**390**	**(1,555)**	**-**	**(557)**
31 December 2014					
DKK	193	17	(220)	-	(10)
USD	23	58	(55)	-	26
EUR	23	192	(750)	-	(535)
GBP	2	8	(15)	-	(5)
SEK	23	13	(11)	-	25
Other	25	26	(14)	-	37
Total	289	314	(1,065)	-	(462)

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.

The ALK Group has no open exchange rate hedging contracts as of 31 December 2015 and 31 December 2014.

Notes to the consolidated financial statements

28 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.

	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 2015						
Securities and receivables	-	2	6	**8**	-	-
Trade receivables	273	-	-	**273**	-	-
Other receivables	109	-	-	**109**	-	-
Cash and marketable securities	608	-	-	**608**	-	-
Financial assets	**990**	**2**	**6**	**998**	**-**	**-**
Mortgage debt, bank loans and financial loans	321	105	258	**684**	3.1	1.2 - 3.1
Trade payables	81	-	-	**81**	-	-
Other financial liabilities	499	-	-	**499**	-	-
Financial liabilities	**901**	**105**	**258**	**1,264**	**-**	**-**
31 December 2014						
Securities and receivables	-	2	5	7	-	-
Trade receivables	240	-	-	240	-	-
Other receivables	67	-	-	67	-	-
Cash and marketable securities	289	-	-	289	-	-
Financial assets	596	2	5	603	-	-
Mortgage debt, bank loans and financial loans	5	327	10	342	-	1.3 - 3.5
Trade payables	90	-	-	90	-	-
Other financial liabilities	397	-	-	397	-	-
Financial liabilities	492	327	10	829	-	-

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

An increase in interest rate by 1 percentage point on mortgage debt, bank loans and financial loans will reduce profit and loss and equity by less than DKK 1 million.

An increase in interest by 1 percentage point on cash and marketable securities would concequently increase profit and loss and equity approximatly DKK 6 million.

Credit exposure
The ALK Group's primary credit exposure is related to trade receivables and cash and marketable securities. 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.

Notes to the consolidated financial statements

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

Amounts in DKKm	2015	2014
Categories of financial instruments		
Receivables from affiliates	30	1
Securities and receivables	8	7
Trade receivables	273	240
Marketable securities	432	208
Other receivables	65	53
Loans and receivables	**808**	509
Mortgage debt	344	22
Bank loans and financial loans	301	302
Trade payables	81	90
Other payables	426	391
Financial liabilities measured at amortised cost	**1,152**	805

29 Fees to the ALK Group's auditors

Amounts in DKKm	2015	2014
Fees to the auditors, Deloitte, appointed at the annual general meeting:		
Audit	2	2
Audit related services	-	1
Tax advisory services	1	1
Other services	1	-
Total	**4**	4

30 Related parties

Related parties exercising control
Parties exercising control are ALK's principal shareholder, Lundbeckfonden.

Other related parties comprise ALK'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 Holding A/S and their affiliates.

Transactions and balances
Transactions and balances with the parent company's principal shareholder:

- ALK has paid dividends to Lundbeckfonden in 2015 constituting DKK 20 million (2014: DKK 20 million)
- ALK received DKK 8 million (2014: DKK 54 million) concerning outstanding company tax from Lundbeckfonden
- Receivables from affiliates in the ALK Group relates to outstanding company tax of DKK 30 million (2014: DKK 1 million)

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.

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

31 Events after the reporting period

No events have occured after the reporting period.

32 Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 9 February 2016.

List of companies in the ALK Group

31 December 2015 (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
Varennes-en-Argonne

Germany

ALK-Abelló Arzneimittel GmbH — EUR 1,790
Hamburg

Austria

ALK-Abelló Allergie-Service GmbH — EUR 73
Linz

Switzerland

ALK-Abelló AG — CHF 100
Volketswil

ALK AG
Volketswil — CHF 1,000

Turkey

ALK İlaç ve Alerji Ürünleri Ticaret Anonim Şirketi — TRY 50
Istanbul

Netherlands

ALK-Abelló B.V. — EUR 23
Nieuwegein

Artu Biologicals Europe B.V. — EUR 182
Nieuwegein
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

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

ALK Medical Consulting
Services Company Limited
Shanghai

Slovakia

ALK Slovakia s.r.o. — EUR 5
Bratislava

Czech Republic

ALK Slovakia s.r.o. – od štěpný závod (branch)
Prague

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	Net asset value / Number of shares end of period
ROIC incl. goodwill – %	Operating profit x 100 / Average invested capital incl. goodwill
Return on equity (ROE) – %	Net profit/(loss) for the period x 100 / Average equity
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 (EPS), diluted	Net profit/(loss) for the period / Average number of outstanding shares diluted
Cash flow per share (CFPS)	Cash flow from operating activities / Average number of outstanding shares diluted
Price earnings ratio (PE)	Share price / Earnings per share
CAGR	Compound annual growth rate
Markets	Geographical markets (based on customer location): • Europe comprises the EU, Norway and Switzerland • North America comprises the USA and Canada • International Markets comprise Japan, China and all other countries

Key figures are calculated in accordance with "Recommendations and Ratios 2015" issued by the Danish Society of Financial Analysts.

Parent company financial statements

Contents

Parent company financial statements

Notes to the parent company financial statements

Income statement

Amounts in DKKm	Note	2015	2014
Revenue		911	941
Cost of sales	2	404	344
Gross profit		**507**	597
Research and development expenses	2	373	361
Sales and marketing expenses	2	222	153
Administrative expenses	2, 15	95	92
Other operating income		-	2
Operating profit (EBIT)		**(183)**	(7)
Income from investments in subsidiaries	8	432	44
Financial income	3	140	83
Financial expenses	3	14	12
Profit before tax (EBT)		**375**	108
Tax on profit	4	(37)	2
Net profit		**412**	106
Proposed appropriation of net profit:			
Retained earnings		361	55
Dividends		51	51
		412	106

Balance sheet – Assets

Amounts in DKKm	Note	31 Dec. 2015	31 Dec. 2014
Non-current assets			
Intangible assets			
Goodwill	5	817	-
Intangible assets	5	160	66
		977	66
Tangible assets			
Land and buildings	6	351	369
Plant and machinery	6	244	188
Other fixtures and equipment	6	11	11
Property, plant and equipment in progress	6	170	158
		776	726
Other non-currents assets			
Investment in subsidaries	8	776	803
Receivables from affiliates		668	980
Securities and receivables		6	5
		1,450	1,788
Total non-current assets		**3,203**	2,580
Current assets			
Inventories	9	179	86
Receivables			
Trade receivables		3	12
Receivables from affiliates		353	238
Other receivables		40	24
Prepayments		2	6
		398	280
Cash		4	12
Marketable securities		432	208
Total cash and marketable securities		**436**	220
Total current assets		**1,013**	586
Total assets		**4,216**	3,166

Balance sheet – Equity and liabilities

Amounts in DKKm	Note	31 Dec. 2015	31 Dec. 2014
Equity			
Share capital		101	101
Retained earnings		2,253	1,851
Proposed dividend		51	51
Total equity		**2,405**	2,003
Deferred tax liabilities	7	14	18
Other provisions	13	3	12
Provisions		**17**	30
Liabilities			
Mortgage debt	10	327	20
Bank loans and financial loans	10	-	298
Non-current liabilities		**327**	318
Mortgage debt	10	17	2
Bank loans and financial loans	12	298	-
Trade payables		40	27
Payables to affiliates		948	652
Other payables		164	134
Current liabilities		**1,467**	815
Total liabilities		**1,794**	1,133
Total equity and liabilities		**4,216**	3,166

Equity

Amounts in DKKm	Share capital	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2015	**101**	**1,851**	**51**	**2,003**
Appropriated from net profit	-	361	51	**412**
Share-based payments	-	12	-	**12**
Share options settled	-	(41)	-	**(41)**
Sale of treasury shares	-	68	-	**68**
Dividend paid	-	-	(51)	**(51)**
Dividend on treasury shares	-	2	-	**2**
Other transactions	**-**	**402**	**-**	**402**
Equity at 31 December 2015	**101**	**2,253**	**51**	**2,405**

Please refer to note 19 in the consolidated financial statements for information on treasury shares.

Notes to the parent company financial statements

1 Accounting policies

General

The financial statements of the parent company ALK-Abello A/S for the period 1 January – 31 December 2015 have been prepared in accordance with the Danish Financial Statements Act for reporting class D enterprises.

The financial statements are presented in Danish kroner (DKK), which is also the functional currency of the company.

The accounting policies are as described below. The accounting policies are unchanged from last year.

Differences relative to the Group's accounting policies
The parent company's accounting policies for recognition and measurement are in accordance with the Group's accounting policies with the following exceptions:

Income statement

Results of investments in subsidiaries
Dividends from investments in subsidiaries are recognised in the parent company's 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 less any write-downs at the investments.

Balance sheet

Acquisition of activities from subsidiaries
Acquisition of activities from subsidiaries is accounted for using the purchase method. On initial recognition, goodwill is measured and recognised as the excess of the consideration transferred over the fair value of the acquisition-date amounts of the net assets acquired.

Goodwill
Goodwill is amortised on a straight-line basis over the useful life, which is determined to be 10 years based on Management's expectations to the related business activities. Goodwill is written down to its recoverable amount if this is lower than its carrying amount.

Investments in subsidiaries
Investments in subsidiaries are measured at cost.

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

In addition, cost is written down to the extent that dividends distributed exceed the accumulated earnings in the company since the acquisition date. In the event of indications of impairment, an impairment test is performed of investments in subsidiaries.

Other accounting information

Cash flow statement
As allowed under section 86 (4) of the Danish Financial Statements Act, no cash flow statement is presented, as this is included in the consolidated cash flow statement.

Statement of changes in equity
Pursuant to the requirements of the Danish Financial Statements Act, entries recognised in the statement of comprehensive income in the consolidated financial statements are recognised directly in the statement of change in equity in the parent company's financial statements except for entries concerning other financial assets.

Notes to the parent company financial statements

2 Staff costs

Amounts in DKKm	2015	2014
Wages and salaries	458	431
Pensions	44	41
Other social security costs, etc.	19	16
Share-based payments	12	5
Total	**533**	493
Staff costs are allocated as follows:		
Cost of sales	192	160
Research and development expenses	193	201
Sales and marketing expenses	42	35
Administrative expenses	81	80
Included in the cost of assets	25	17
Total	**533**	493
Remuneration to Board of Management		
See note 4 Staff cost in the consolidated financial statements		
Remuneration to Board of Directors		
See note 4 Staff cost in the consolidated financial statements		
Employees		
Average number	711	675
Number year end	723	701

3 Financial income and expenses

Amounts in DKKm	2015	2014
Interest on receivables from affiliates	27	25
Other interest income	3	2
Currency gain, net	110	56
Total financial income	**140**	83
Other interest expenses	14	12
Total financial expenses	**14**	12

4 Tax on profit for the year

Amounts in DKKm	2015	2014
Current income tax	(20)	-
Adjustment of deferred tax	-	2
Prior year adjustments	(17)	-
Total	**(37)**	2
Profit before tax	375	108
Income tax, tax rate of 23.5%	88	26
Non-taxable income	(110)	(10)
Non-deductible expenses	2	(14)
Prior year adjustments	(17)	-
Tax on profit for the year	**(37)**	2

5 Intangible assets

Amounts in DKKm	Goodwill	Software	Patents, trademarks and rights	Other	2015	2014
Cost beginning of year	-	212	27	4	243	221
Additions	867	5	69	36	977	23
Disposals	-	4	(6)	(6)	(8)	(1)
Cost year end	**867**	**221**	**90**	**34**	**1,212**	243
Amortisation and impairment beginning of year	-	151	26	-	177	165
Amortisation for the year	50	11	4	-	65	12
Amortisation on disposals	-	(2)	(5)	-	(7)	-
Amortisation and impairment year end	**50**	**160**	**25**	**-**	**235**	177
Carrying amount year end	**817**	**61**	**65**	**34**	**977**	66

Goodwill relates to the transfer of adrenaline activities from ALK's Swiss subsidiary to the Danish parent company.
The carrying amount of the adrenaline related assets totals to DKK 920 million at 31 December 2015, including goodwill of DKK 817 DKKm.

Notes to the parent company financial statements

6 Property, plant and equipment

Amounts in DKKm	Land and buildings	Plant and machinery	Other fixtures and equipment	Property, plant and equipment in progress	2015	2014
Cost beginning of year	574	377	43	158	1,152	1,110
Additions	-	19	3	88	110	48
Disposals	(4)	(8)	(3)	-	(15)	(6)
Transfer to/from other groups	1	73	2	(76)	-	-
Cost year end	**571**	**461**	**45**	**170**	**1,247**	1,152
Depreciation and impairment beginning of year	205	189	32	-	426	379
Depreciation for the year	19	33	4	-	56	52
Depreciation of disposals	(4)	(5)	(2)	-	(11)	(5)
Depreciation and impairment year end	**220**	**217**	**34**	**-**	**471**	426
Carrying amount year end	**351**	**244**	**11**	**170**	**776**	726
of which assets held under finance leases	95				95	100
Value of land and buildings subject to mortgages	270				270	146

Land and buildings in Denmark include buildings on land leased from Scion DTU A/S, Hørsholm. The lease period for this land is unlimited.

7 Deferred tax

Amounts in DKKm	Intangible assets	Tangible assets	Current assets	Liabilities	Tax losses carried forward	Total
2015						
Carrying amount beginning of year	(10)	(21)	3	8	2	**(18)**
Adjustment to prior years	-	4	-	-	-	**4**
Recognised in the income statement, net	(30)	(8)	(4)	(2)	44	**-**
Carrying amount year end	**(40)**	**(25)**	**(1)**	**6**	**46**	**(14)**
2014						
Carrying amount beginning of year	(11)	(17)	3	7	2	(16)
Recognised in the income statement, net	1	(4)	-	1	-	(2)
Carrying amount year end	(10)	(21)	3	8	2	(18)

Deferred tax in ALK-Abelló A/S 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.

ALK-Abelló A/S is included in national joint taxation with Lundbeckfonden and its Danish subsidiaries.

Notes to the parent company financial statements

8 Investments in subsidiaries

Amounts in DKKm	2015	2014
Cost beginning of year	905	905
Cost year end	**905**	905
Write-down at the beginning of the year	102	102
Write-down during the year	27	-
Write-down year end	**129**	102
Carrying amount year end	**776**	803

Income from investments in subsidiaries are dividends, which amounted to DKK 459 million (2014: Dividend DKK 44 million) and write-down which amount to DKK 27 million (2014: DKK 0 million).

For an overview of all subsidiaries refer to page 62 in the consolidated financial statements.

9 Inventories

Amounts in DKKm	2015	2014
Raw materials and consumables	48	30
Work in progress	112	30
Manufactured goods and goods for resale	19	26
Total	**179**	86
Amount of write-down of inventories during the year	8	3
Amount of reversal of write-down of inventories during the year	-	1

10 Mortgage debt, bank loans and financial loans

Amounts in DKKm	2015	2014
Debt to mortgage credit institutions secured by real property		
Mortgage debt is due as follows:		
Within 1 year	17	2
From 1-5 years	87	9
After 5 years	240	11
Total	**344**	22
Bank loans and financial loans		
Bank loans and financial loans are due as follows:		
Within 1 year	298	-
From 1-5 years	-	298
After 5 years	-	-
Total	**298**	298

11 Operating lease liabilities

Amounts in DKKm	2015	2014
Minimum lease payments recognised in the income statement	17	17
Total future minimum lease payments cf. interminable lease agreements:		
Within 1 year	16	14
From 1-5 years	15	32
After 5 years	-	-
Total	**31**	46

12 Contingent liabilities and commitments

For information on contingent liabilities and commitments, refer to note 25 in the consolidated financial statements.

13 Other provisions

Amounts in DKKm	2015	2014
Other provisions beginning of year	12	15
Provisions made during the year	-	10
Used during the year	8	13
Reversals during the year	1	-
Total	**3**	12

14 Related parties

ALK-Abelló A/S is included in Lundbeckfonden's consolidated financial statements.

15 Fees to the ALK-Abelló A/S auditors

Amounts in DKKm	2015	2014
Fees to the auditors, Deloitte, appointed at the annual general meeting:		
Audit	1	1
Audit related services	-	-
Tax advisory services	1	-
Other services	-	-
Total	**2**	1

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

Amounts in DKK/EURm	2015	Q4 unaudited	Q3 unaudited	Q2 unaudited	Q1 unaudited
Income statement					
Revenue	**2,569**	687	667	565	650
Cost of sales	**836**	203	206	217	210
Research and development expenses	**407**	124	91	101	91
Sales and marketing expenses	**843**	236	193	215	199
Administrative expenses	**190**	45	46	50	49
Operating profit (EBIT) before special items	**293**	79	131	(18)	101
Special items	**(1)**	25	(7)	(9)	(10)
Operating profit (EBIT)	**292**	104	124	(27)	91
Net financial items	**108**	60	(12)	(8)	68
Profit/(loss) before tax (EBT)	**400**	164	112	(35)	159
Net profit	**344**	139	62	54	89
Operating profit before depreciation and amortisation (EBITDA) before special items	**452**	123	171	20	138
Operating profit before depreciations (EBITDA)	**451**	148	164	11	128
Average number of employees	**1,854**	1,877	1,853	1,835	1,833
Revenue (Growth in revenue in local currency %)					
Europe	**1,937 (4)**	561 (10)	428 (0)	422 (1)	526 (4)
– SCIT/SLIT-drops	**1,536 (2)**	449 (5)	338 (-3)	326 (-2)	423 (0)
– SLIT-tablets	**253 (16)**	78 (42)	44 (7)	59 (7)	72 (9)
– Other products and services	**148 (33)**	34 (30)	46 (20)	37 (27)	31 (73)
North America	**442 (-26)**	107 (3)	113 (24)	116 (-44)	106 (-45)
– SCIT/SLIT-drops	**265 (14)**	71 (10)	66 (14)	68 (14)	60 (17)
– SLIT-tablets	**44 (-82)**	1 (-90)	14 (510)	12 (-90)	17 (-85)
– Other products and services	**133 (10)**	35 (7)	33 (7)	36 (15)	29 (9)
International markets	**190 (127)**	19 (31)	126 (533)	27 (-16)	18 (-4)
– SCIT/SLIT-drops	**44 (-35)**	7 (-27)	7 (-48)	19 (-34)	11 (-31)
– SLIT-tablets	**142 (793)**	9 (205)	119 (1,758)	7 (125)	7 (98)
– Other products and services	**4 (31)**	3 (74)	- (-48)	1 (461)	-
Total revenue	**2,569 (2)**	687 (9)	667 (24)	565 (-13)	650 (-9)
– SCIT/SLIT-drops	**1,845 (0)**	527 (5)	411 (-2)	413 (-2)	494 (1)
– SLIT-tablets	**439 (-4)**	88 (37)	177 (255)	78 (-53)	96 (-46)
– Other products and services	**285 (21)**	72 (19)	79 (13)	74 (22)	60 (36)
Balance sheet					
Total assets	**4,252**	4,252	4,014	3,909	3,581
Invested capital	**2,434**	2,434	2,462	2,354	2,360
Equity	**2,697**	2,697	2,546	2,485	2,450
Cash flow and investments					
Depreciation, amortisation and impairment	**159**	44	40	38	37
Cash flow from operating activities	**183**	187	1	(36)	31
Cash flow from investing activities	**(165)**	(20)	(49)	(62)	(34)
– of which investment in tangible and intangible assets	**(199)**	(100)	(34)	(31)	(34)
– of which acquisitions of companies and operations	**(12)**	-	-	(12)	-
Free cash flow	**18**	167	(48)	(98)	(3)
Information on shares					
Dividend	**49**	-	-	-	49
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 period – DKK	**876**	876	764	780	746
Net asset value per share – DKK	**266**	266	251	245	242
Key figures					
Gross margin – %	**67**	69	69	62	68
EBITDA margin – % before special items	**18**	18	26	4	21
EBITDA margin – %	**18**	22	25	2	20
Earnings per share (EPS) – DKK	**35.5**	14.3	6.4	5.6	9.2
Diluted earnings per share (DEPS) – DKK	**35.0**	14.2	6.3	5.4	9.0
Cash flow per share (CFPS) – DKK	**18.86**	19.26	0.10	(3.50)	3.00
Share price/Net asset value	**3.3**	3.3	3.0	3.2	3.1

* Management's review comprises pages 1-29 as well as Financial highlights and key ratios for the ALK Group on page 73.

Definitions: see page 63

Graphic production: meyer & bukdahl as

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