

Astellas Pharma A/S

Kajakvej 2, 2770 Kastrup

CVR no. 10 88 86 38



Annual report 2016/17

Approved at the annual general meeting of shareholders on **30.8.17**

Chairman:

EY

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Astellas Pharma A/S for the financial year 1 April 2016 - 31 March 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2017 and of the results of the Company's operations for the financial year 1 April 2016 - 31 March 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Kastrup, 30 August 2017
Executive Board:

Jan Anders Martin Nordén

Board of Directors:

Pedro Møllebro
Chairman

Jan Anders Martin Nordén

Niels Waither-Rasmussen



Independent auditor's report

To the shareholders of Astellas Pharma A/S

Opinion

We have audited the financial statements of Astellas Pharma A/S for the financial year 1 April 2016 - 31 March 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2017 and of the results of the Company's operations for the financial year 1 April 2016 - 31 March 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 28 July 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Christian Schwenn Johansen
State Authorised Public Accountant



Management's review

Company details

Name	Astellas Pharma A/S
Address, Postal code, City	Kajakvej 2, 2770 Kastrup
CVR no.	10 88 86 38
Established	1 July 1987
Financial year	1 April 2016 - 31 March 2017
Telephone	+45 43 43 03 55
Board of Directors	Pedro Møllebro, Chairman Jan Anders Martin Nordén Niels Walther-Rasmussen
Executive Board	Jan Anders Martin Nordén
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuhs Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea Danske Bank



Management's review

Financial highlights

EUR'000	2016/17	2015/16	2014/15	2013/14	2012/13
Key figures					
Revenue	144,927	139,307	121,934	97,029	92,965
Gross margin	17,904	21,651	25,848	26,535	23,561
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)	3,488	5,105	8,365	9,752	8,259
Operating profit/loss	3,323	4,905	8,142	10,033	7,758
Net financials	-288	-707	-493	-541	242
Profit from continuing operations before tax	3,035	4,198	7,649	9,492	8,000
Profit/loss for the year	12,189	6,656	5,258	6,989	5,714
Fixed assets	822	991	1,062	1,074	1,313
Non-fixed assets	81,397	84,547	78,511	49,336	43,392
Total assets	82,219	85,538	79,573	50,410	44,705
Investment in property, plant and equipment	18	134	93	10	35
Equity	51,540	45,351	38,695	38,436	34,448
Current liabilities other than provisions	30,679	40,187	40,878	11,974	10,257
Financial ratios					
Operating margin	2.3%	3.5%	6.7%	10.3 %	8.3 %
Gross margin	12.4%	15.5%	21.2%	27.3%	25.3%
EBITDA-margin	2.4%	3.7%	6.9%	10.1%	8.9%
Return on assets	4.0%	5.9%	12.5%	21.1%	17.1%
Current ratio	265.3%	210.4%	192.1%	412.0%	423.0%
Solvency ratio	62.7%	53.0%	48.6%	76.2%	77.1%
Return on equity	25.2%	15.8%	13.6%	19.2%	18.1%
Average number of employees	116	115	117	118	116

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.



Management's review

Management commentary

Business review

The Company sells and markets pharmaceutical products in the Nordic and Baltic markets for the Astellas Group. The Company's share capital is wholly-owned by Astellas Pharma Europe Ltd., 2000 Hillwood Drive, Chertsey, the United Kingdom.

Unusual matters having affected the financial statements

According to Management, the financial statements are not affected by any unusual matters, except for the one time compensation mentioned below.

Financial review

In 2016/17, the Company's revenue amounted to EUR 144,927 thousand against EUR 139,307 thousand last year. The income statement for 2016/17 shows a profit of EUR 12,189 thousand against EUR 6,656 thousand last year, and the balance sheet at 31 March 2017 shows equity of EUR 51,540 thousand.

Special risks

According to Management, the financial statements are not affected by any unusual risks.

Profit/loss for the year compared with previously expressed expectations

The Company's performance in 2016/17 was above the previously expressed revenue forecasts, and profit was also above expectations. This all mainly due to a one time compensation payment in connection with a product portfolio discontinuation, reference is made to discontinued operations.

Research and development activities

The Company did not carry out any significant research and development activities on its own account in 2016/17.

Foreign branches

The Company has branches in Norway and Finland and cooperates with agents in Iceland and the Baltics.

Statutory CSR report

The Company does not prepare a local CSR reporting. The Company is included in the Astellas Group CSR policy. The Company has implemented the Group's "Charter of Corporate Conduct", which includes the following ten guidelines:

1. Provide products that benefit consumers and society
2. Maintain high ethical standards
3. Fulfil disclosure and transparency requirements
4. Promote fair and free competition
5. Ensure sustainable benefits for our stakeholders
6. Promote job satisfaction
7. Show respect for different cultures
8. Protect nature and the environment
9. Engage in philanthropic activities
10. Select business partners based on ethical criteria

Management's review

Management commentary

In accordance with the Charter of Corporate Conduct, Astellas initiates proactive philanthropic activities. Inspired by the employees, Astellas has initiated CSR activities through donations and other support to charity organisations.

This includes organisations which actively work for the promotion of organ donation in all Nordic countries, and we have committed us to donate amounts for three years.

Under our CHANGING TOMORROW programme, Astellas' employees can volunteer to take part in and contribute to local charity work.

We make active efforts to enhance job satisfaction, sponsoring sports club memberships for all employees, serving healthy food in our canteen and focusing strongly on work/life balance (all employees have homework stations and work flexible hours).

Human rights

The Company has no local human rights policy, instead Astellas is obliged to follow the Group's CSR policies which include five fields of CSR based management: the economy, employees, society, the environment, and compliance.

Embedded in the CSR policies is Astellas' Charter of Corporate Conduct, which above all respects the human rights, personalities and individuality of all of its employees.

All employees in the Company are obliged to read and confirm that they understand and observe Astellas' Charter of Corporate Conduct.

More specifically, Astellas' Charter of Corporate Conduct strictly enforces adherence with international rules and local laws in its conduct of global scale business, stipulates respect for individual culture and custom, and instills a mutual understanding among all of its group companies of the importance for the respect for human rights.

On a group level, Astellas likewise maintains the Astellas Business Ethics Policy that consists of five ethical principles to be shared among its employees. The policy specifies recognition and tolerance for the views and contributions of each and every employee while stressing the importance of respect for individuality.

For more information about the parent company's CSR policies see site www.astellas.com.

Impact on the external environment

The Company has no local policy regarding impact on environment. Due to the type of operations (sales and marketing activities), the Company's activities have no significant impact on the external environment.

The Company is obliged to follow the global Astellas policies regarding this areas. Therefore, the Company has incorporated a defined policy to minimise this impact on the external environment e.g. defined standard for offices to preferably be housed in green buildings; a CO2 emission policy for company cars and currently, we are preparing for future group reporting on external environmental fingerprints.

In October 2011, Astellas moved to new EU GREEN BUILDING and LEED Platinum-certified premises.

Account of the gender composition of Management

Board of Directors

The Board of Directors has set a target for the under-represented gender at the board at 33% in 2018. At present, the under-represented gender accounts for 0% (2015/16: 0%) of all members of the board of directors having been elected by the Company. In July 2016, the Board of Directors was changed and reduced from 4 to 3 individuals. In addition, the managing director and member of the board of directors, Mats Persson, has been replaced by Jan Anders Martin Nordén.

There has not been identified any suited female candidates for the Board of Directors in 2016/17.



Management's review

Management commentary

Other executive levels

Management has drawn up a policy aiming at increasing the percentage of the under-represented gender at the other executive levels, including the Company's heads of departments and team leaders. The policy sets out structures as to each individual executive officer's career development and mentoring schemes and also includes targets for the percentage of executives among the under-represented gender.

Also, the policy sets out guidelines for recruitment and retention of executives among the under-represented gender in the Company. Specifically, the Company has taken the following initiatives to increase the percentage of the under-represented gender:

- Support for drafting of individual career plans
- Mentoring schemes
- Staff policy promoting equal career opportunities for both genders
- Employment procedures contributing to ensuring uniform recruitment opportunities for both genders.

Based on the above initiatives, the Company expects the percentage of executives among the under-represented gender at the other executive levels to be on the increase in the years to come.

For 2016/17, with regard to gender distribution, Astellas has an 48/52 split if we look at all managers and directors (executives below board of directors). However, we can observe an unsatisfactory distribution at the director level (zero female executives below board of directors). The question is addressed though, and in lower hierarchical layers we see a different distribution. In total, the gender composition in Astellas comprise of 20% males and 80% females.

Over time, we expect that the distribution will be more even in all layers. Since we are aiming to source from lower hierarchical layers, our aim is to have a distribution within the range 40/60 to 60/40, with no exceptions outside those limits in all layers.

Events after the balance sheet date

No events have occurred after the financial year-end which could significantly affect the Company's financial position.

Outlook

At 1 April 2016, Astellas has divested the dermatology portfolio which has been handed over to a new owner during 2016.

The Company expects limited increase in revenue and profit from continuing operations for 2017/18, based on persistently difficult market conditions, price pressure, parallel imports and generic competition. These factors will, however, partly be partially offset by the recent introduction of new products.



Financial statements for the period 1 April 2016 - 31 March 2017

Income statement

Note	EUR'000	2016/17	2015/16
2	Revenue	144,927	139,307
	Cost of sales	-113,102	-103,401
	Other external expenses	-13,921	-14,255
	Gross margin	17,904	21,651
3	Staff costs	-14,406	-16,546
4	Depreciation and impairment of property, plant and equipment	165	-200
	Other operating expenses	-10	0
	Profit before net financials	3,323	4,905
	Financial income	635	576
	Financial expenses	-923	-1,283
	Profit from continuing operations before tax	3,035	4,198
5	Tax for the year	-1,342	-1,147
	Profit for the year from continuing operations	1,693	3,051
5.6	Profit from discontinued operations	10,496	3,605
	Profit for the year	12,189	6,656



Financial statements for the period 1 April 2016 - 31 March 2017

Balance sheet

Note	EUR'000	2016/17	2015/16
	ASSETS		
	Fixed assets		
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	138	252
	Leasehold improvements	165	209
		<u>303</u>	<u>461</u>
8	Investments		
	Other receivables	519	530
		<u>519</u>	<u>530</u>
	Total fixed assets	<u>822</u>	<u>991</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	46,737	42,632
		<u>46,737</u>	<u>42,632</u>
	Receivables		
	Trade receivables	18,546	17,999
	Receivables from group companies	3,915	4,728
	Deferred tax assets	5	77
	Income taxes receivable	9	1,553
	Other receivables	142	152
9	Prepayments	528	471
		<u>23,145</u>	<u>24,980</u>
	Cash	<u>8,314</u>	<u>9,702</u>
6	Assets relating to discontinued operations	<u>3,201</u>	<u>7,233</u>
	Total non-fixed assets	<u>81,397</u>	<u>84,547</u>
	TOTAL ASSETS	<u>82,219</u>	<u>85,538</u>



Financial statements for the period 1 April 2016 - 31 March 2017

Balance sheet

Note	EUR'000	2016/17	2015/16
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	81	81
	Retained earnings	51,459	45,270
	Total equity	51,540	45,351
	Liabilities		
	Current liabilities		
	Trade payables	1,213	386
	Payables to group companies	14,486	25,836
	Income taxes payable	190	159
	Other payables	14,710	13,806
6	Liabilities relating to discontinued operations	80	0
		30,679	40,187
	Total liabilities other than provisions	30,679	40,187
	TOTAL EQUITY AND LIABILITIES	82,219	85,538

- 1 Accounting policies
- 11 Contractual obligations and contingencies, etc.
- 12 Related parties
- 13 Fee to the auditors appointed by the Company in general meeting



Financial statements for the period 1 April 2016 - 31 March 2017

Statement of changes in equity

EUR'000	Share capital	Retained earnings	Total
Equity at 1 April 2016	81	45,270	45,351
14 Transfer, see "Appropriation of profit"	0	12,189	12,189
Extraordinary dividend distributed	0	-6,000	-6,000
Equity at 31 March 2017	81	51,459	51,540

Financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 Accounting policies

The annual report of Astellas Pharma A/S for 2016/17 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Changes in accounting policies

Effective 1 April 2016, the Company has adopted act no. 738 of 1 June 2015. This implies the following changes in the recognition and measurement:

1. In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's property, plant and equipment. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity. This change does not affect the income statement or the balance sheet for 2016/17 or the comparative figures.
2. As a consequence of the adoption of this new act, in the income statement of the annual report, the Company has presented results of continuing operations and results of discontinued operations separately, also for the comparative year of 2015/16. Key figures for the financial years 2014/15-2012/13 have not been adjusted for this. The change in presentation has no impact on the recognition and measurement of assets and liabilities but only the presentation of the discontinued operations.

Apart from the above changes in accounting policy and new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are part of the consolidated cash flow statement for the parent company, Astellas Pharma Inc.

Reference is made to group consolidated financial statements for Astellas Pharma Inc., Nihonbashi-Honcho, Chou-Ku, Tokyo 103-8411, Japan. Group consolidated financial statements are available at: www.astellas.com/en/ir/library/annual_report.html

Reporting currency

As in prior years, the financial statements are presented in euros, based on bookkeeping records (includes branches) expressed in euros, to ensure increased comparability in relation to the Company's European competitors.

Foreign currency translation

Transactions denominated in foreign currencies are translated into euros at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into euros at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset.

Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.



Financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 Accounting policies (continued)

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Income statement

Revenue

Income from the sale of goods held for sale and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably. VAT, indirect taxes and discounts are excluded from revenue.

The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Marketing services rendered to Astellas group functions are remunerated through a cost plus method. Income from the rendering of services is recognised as revenue as the services are rendered.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation and impairment of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, financial expenses related to finance leases, realised and unrealised exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments less the share of the tax for the year that concerns changes in equity.

Current and deferred taxes related to items recognised directly in equity are taken directly to equity.

Balance sheet

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements, plant and machinery, other fixtures, fittings, tools and equipment and IT. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Property, plant and equipment are tested for impairment whenever there is an indication that an asset might be impaired. The impairment test is performed for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Other securities and investments

Investments comprise of other receivables, which includes deposits and are measured at cost.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by provisions for impairment losses.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.



Financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprises bank balances which are subject to an insignificant risk of changes in value.

Balances in the Group's cash pool scheme are not, due to the nature of the scheme, considered cash, but are recognised under 'Receivables from group companies'.

Discontinued operations

Assets relating to discontinued operations comprise fixed assets expected to be sold in connection with the discontinued operations and disposal groups, which are defined as a group of assets which are to be disposed of together as a group in a single transaction. Liabilities associated with assets relating to discontinued operations are liabilities directly associated with these assets and which are to be transferred in the transaction. Assets are classified as assets relating to discontinued operations where Management has drawn up a formal plan to sell, close down or abandon the operations concerned and the relevant assets and liabilities can be separated from the continuing operations.

Where the residual amount of assets classified as discontinued operations exceeds the carrying amount, no further amortisation/depreciation charges are recognised.

Other operating income comprise items of secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Income taxes

Current tax payable and receivable are recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Liabilities

Other payables is measured at amortised cost corresponding to the nominal unpaid debt.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

EUR'000	2016/17	2015/16
2 Segment information		
Urology	28,400	30,243
Oncology	60,260	49,547
Immunology	28,966	27,634
Other	27,301	31,883
	<u>144,927</u>	<u>139,307</u>

Breakdown of revenue by geographical segment:

Denmark	19,856	22,440
Sweden	32,293	19,136
Norway	32,112	34,050
Finland	28,268	24,620
Baltics	5,624	5,352
Iceland	1,867	1,590
Other	24,907	32,119
	<u>144,927</u>	<u>139,307</u>

External sale of goods amounts to EUR 120,020 thousand for 2016/17. In addition to external revenue, cost reimbursements incl. mark-up amounts to EUR 24,907 thousand in 2016/17.

Revenue related to the discontinued operation is presented in the note regarding discontinued operations.

EUR'000	2016/17	2015/16
3 Staff costs		
Wages/salaries	11,321	13,583
Pensions	1,500	1,503
Other social security costs	378	365
Other staff costs	1,207	1,095
	<u>14,406</u>	<u>16,546</u>
Average number of full-time employees	<u>116</u>	<u>115</u>

By reference to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration to Management is not disclosed. For the financial year 2015/16, the total payment to the Executive Board was EUR 1,650 thousand.

Staff costs related to the discontinued operation is presented in the note regarding discontinued operations.

EUR'000	2016/17	2015/16
4 Depreciation of property, plant and equipment		
Depreciation of property, plant and equipment	165	200
	<u>165</u>	<u>200</u>



Financial statements for the period 1 April 2016 - 31 March 2017

Notes to the financial statements

EUR'000	2016/17	2015/16
5 Tax for the year		
Estimated tax charge for the year	3,581	2,206
Deferred tax adjustments in the year	67	50
	<u>3,648</u>	<u>2,256</u>

Of the tax charge for the year 2016/17, EUR 2,306 thousand (2015/16: EUR 1,109 thousand) related to the discontinued operations and EUR 1,342 thousand (2015/16: EUR 1,147 thousand) related to the continuing operations.

6 Profit from discontinued operations

The Group has sold the Derma and Qutenza portfolios. Management has concluded that the sale of these products is to be considered a discontinued operation as defined in the Danish Financial Statements Act, and on this basis, the 2016/17 figures and the comparative figures for 2015/16 have been restated to adhere to the new disclosure requirements in respect of results of continuing operations and discontinued operations.

Revenue from discontinued operations relates to the sale of products in the portfolio Derma and Qutenza.

Other income reflects a one-time fee in regard to selling the rights for the Qutenza and Derma portfolios.

Profit from discontinued operations is broken down on main items below:

EUR'000	2016/17	2015/16
Revenue	11,113	16,679
Other income	11,908	0
Cost of sales	-7,526	-9,554
Other external expenses	-1,777	-2,083
Staff costs	-916	-328
Profit before tax	12,802	4,714
Tax on profit/loss	-2,306	-1,109
Profit after tax from discontinued operations	<u>10,496</u>	<u>3,605</u>

Assets and liabilities regarding discontinued operations

Inventories	0	3,109
Receivables from group companies	3,201	4,124
Assets relating to discontinued operations	<u>3,201</u>	<u>7,233</u>
Other payables	80	0
Liabilities relating to discontinued operations	<u>80</u>	<u>0</u>
Net assets relating to discontinued operations	<u>3,121</u>	<u>7,233</u>

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Notes to the financial statements

7 Property, plant and equipment

EUR'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 April 2016	1,152	389	1,541
Additions in the year	11	7	18
Disposals in the year	-2	-22	-24
Cost at 31 March 2017	1,161	374	1,535
Impairment losses and depreciation at 1 April 2016	900	180	1,080
Depreciation in the year	125	40	165
Reversal of depreciation and impairment of disposals	-2	-11	-13
Impairment losses and depreciation at 31 March 2017	1,023	209	1,232
Carrying amount at 31 March 2017	138	165	303

8 Investments

EUR'000	Other receivables
Cost at 1 April 2016	530
Disposals in the year	-11
Cost at 31 March 2017	519
Carrying amount at 31 March 2017	519

9 Prepayments

Prepayments primarily comprise prepaid insurance, membership fees and licences.

EUR'000	2016/17	2015/16
10 Share capital		
Analysis of the share capital:		
600 A shares of DKK 135.00 nominal value each	81	81
	81	81



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11 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

EUR'000	2016/17	2015/16
Rent and lease liabilities	4,484	5,308

Rent obligations total EUR 3,454 thousand (2015/16: EUR 4,239 thousand).

Payments under operating leases regarding cars and IT equipment total EUR 1,030 thousand (2015/16: EUR 1,070 thousand).

Rent and lease obligations due within 1 year amount to EUR 1,029 thousand.

The remaining obligations are due between 1 to 5 years.

12 Related parties

Astellas Pharma A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Astellas Pharma Europe Ltd.	2000 Hillwood Drive, Chertsey, The United Kingdom	Shareholder interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Astellas Pharma Inc.	Nihonbashi-Honcho, Chouku, Tokyo 103-8411, Japan	www.astellas.com/en/ir/ library/annual_report. html

Related party transactions

Astellas Pharma A/S was engaged in the below related party transactions:

EUR'000	2016/17	2015/16
Purchase of goods from the group	109,955	103,401
Income related to management fees, and fees allocated to group companies	24,907	32,119
Costs related to management fees, and fees allocated to group companies	6,366	14,457
Other income, classified under discontinued operations	11,908	0
Receivables from group companies	7,115	8,852
Payables to group companies	14,486	25,836



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Notes to the financial statements

EUR'000	2016/17	2015/16
13 Fee to the auditors appointed by the Company in general meeting		
Statutory audit	75	89
Tax assistance	4	7
Other assistance	27	22
	<u>106</u>	<u>118</u>

The statutory audit includes audit of the Nordic shared service centre.

14 Appropriation of profit		
Recommended appropriation of profit		
Extraordinary dividend distributed in the year	6,000	0
Retained earnings	6,189	6,656
	<u>12,189</u>	<u>6,656</u>