

Merial Norden A/S

Strødamvej 52, 2100 København Ø

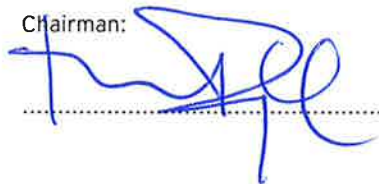
CVR no. 13 52 69 90

Annual report

for the year 1 January - 31 December 2016

Approved at the annual general meeting of shareholders on 31 May 2017

Chairman:

A handwritten signature in blue ink is written over a horizontal dotted line. The signature is stylized and appears to be the name of the chairman.

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Financial highlights	6
Management commentary	7
Financial statements 1 January - 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes to the financial statements	12

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 Merial Norden A/S for the financial year 1 January - 31 December 2016.

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

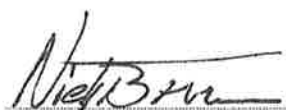
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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.

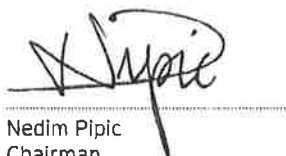
Copenhagen, 31 May 2017

Executive Board:



Niels Berenth From

Board of Directors:



Nedim Pipic
Chairman



Niels Berenth From



Jesper Peulicke

Independent auditor's report

To the shareholders of Merial Norden A/S

Opinion

We have audited the financial statements of Merial Norden A/S for the financial year 1 January - 31 December 2016, 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 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 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, 31 May 2017
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Christian Schwenn Johansen
State Authorised Public Accountant

Management's review

Company details

Name	Merial Norden A/S
Address, Postal code, City	Strødamvej 52, 2100 København Ø
CVR no.	13 52 69 90
Established	1 October 1989
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.merial.com
Board of Directors	Nedim Pipic, Chairman Niels Berenth From Jesper Peulicke
Executive Board	Niels Berenth From
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	BNP Paribas Nordea Bank Danmark A/S

Management's review

Financial highlights

DKK'000	2016	2015	2014	2013	2012
Key figures					
Gross margin	39,000	34,999	36,143	71,869	71,869
Operating profit/loss	6,430	5,948	9,448	10,083	21,933
Net financials	-1,060	-854	-1,089	-932	-1,224
Profit/loss for the year	3,876	3,679	5,823	6,410	15,374
Total assets					
Total assets	105,916	57,744	60,114	55,006	59,358
Investment in property, plant and equipment	44	256	33	82	82
Equity	27,603	23,727	20,048	20,225	18,816
Financial ratios					
Return on assets	7.9%	10.1%	16.4%	17.6%	37.9%
Current ratio	133.5%	165.8%	146.6%	156.8%	144.7%
Solvency ratio	26.1%	41.1%	33.3%	36.8%	31.7%
Return on equity	15.1%	16.8%	28.9%	32.8%	64.1%
Average number of employees					
Average number of employees	31	31	31	35	29

Management's review

Management commentary

Business review

The Company promotes and distributes the Group's veterinary pharmaceutical and vaccine brands across the four Nordic countries.

Unusual matters having affected the financial statements

Please refer to section "Events after the balance sheet date" for change of control of ultimate ownership in 2017 regarding Merial Norden A/S.

Financial review

The income statement for 2016 shows a profit of DKK 3,876 thousand against DKK 3,679 thousand last year, and the balance sheet at 31 December 2016 shows equity of DKK 27,603 thousand. Management considers the Company's financial performance in the year to be on level with prior year and considers the financial performance to be satisfactory.

Events after the balance sheet date

In Q2 2016, Boehringer Ingelheim and Sanofi signed definitive agreements to exchange businesses. The transaction consists of an exchange of Sanofi's animal health business Merial and Boehringer Ingelheim's consumer healthcare business.

In Q4 2016, the European Commission approved the transaction of the Merial animal health business conditional to the divestment of a number of animal health vaccines and pharmaceuticals. Sanofi and Boehringer Ingelheim confirmed the closing of business swap 1 January 2017.

In Q4 2016, Boehringer Ingelheim announced that Ceva will acquire certain animal health vaccines and pharmaceuticals from the Merial portfolio for swine, bovine and companion animals as well as related intellectual property, manufacturing processes and R&D activities. The package contains the following brands: Circovac, Progressis, Mucosiffa, Parvovax, Parvoruvax, Equioxx, Genixine, Ketofen® 1% injection and tablets and Ketofen® 10% injection.

The Ceva transaction has been completed 19 January 2017.

None of the above-mentioned events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Due to the sales of products to CEVA, the sales will be at a lower level in 2017. The results are still expected to be at a satisfying level in 2017.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
	Gross margin	39,000	34,999
4	Staff costs	-32,066	-28,610
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-504	-441
	Profit before net financials	6,430	5,948
	Financial income	104	120
6	Financial expenses	-1,164	-974
	Profit before tax	5,370	5,094
7	Tax for the year	-1,494	-1,415
	Profit for the year	3,876	3,679

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Non-current assets		
8	Intangible assets		
	Acquired intangible assets	1,343	1,492
		<u>1,343</u>	<u>1,492</u>
9	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	188	245
		<u>188</u>	<u>245</u>
	Financial assets		
	Other receivables	203	111
		<u>203</u>	<u>111</u>
	Total non-current assets	<u>1,734</u>	<u>1,848</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	50,076	34,847
		<u>50,076</u>	<u>34,847</u>
	Receivables		
	Trade receivables	17,352	16,411
	Receivables from group entities	3,920	3,111
	Income taxes receivable	1,216	449
	Other receivables	242	577
	Prepayments	576	424
		<u>23,306</u>	<u>20,972</u>
	Cash	30,800	77
	Total current assets	<u>104,182</u>	<u>55,896</u>
	TOTAL ASSETS	<u>105,916</u>	<u>57,744</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	1,000	1,000
	Retained earnings	22,727	22,727
	Dividend proposed for the year	3,876	0
	Total equity	27,603	23,727
	Non-current liabilities		
11	Deferred tax	278	313
	Total non-current liabilities	278	313
	Current liabilities		
	Bank debt	0	230
	Trade payables	2,712	3,155
	Payables to group entities	62,910	19,226
	Other payables	12,413	11,093
	Total current liabilities	78,035	33,704
	Total liabilities	78,313	34,017
	TOTAL EQUITY AND LIABILITIES	105,916	57,744

- 1 Accounting policies
- 2 Events after the balance sheet date
- 12 Contractual obligations and contingencies, etc.
- 13 Collateral
- 14 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Dividend proposed for the year</u>	<u>Total</u>
Equity at 1 January 2016	1,000	22,727	0	23,727
15 Transfer, see "Appropriation of profit"	<u>0</u>	<u>0</u>	<u>3,876</u>	<u>3,876</u>
Equity at 31 December 2016	<u>1,000</u>	<u>22,727</u>	<u>3,876</u>	<u>27,603</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Merial Norden A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Omission of a cash flow statement

The cash flow statement has not been presented, cf. section 86(4) of the Danish Financial Statements Act. The cash flow statement is included in the consolidated financial statements for Sanofi Aventis Participations SA which can be obtained from the following homepage: www.sanofi.com.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

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 the revenue.

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

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

Acquired intangible assets	3 years
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Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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	5 years
Leasehold improvements	5 years

The residual value is determined at the time of acquisition and is 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 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, realised and unrealised exchange gains and losses 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.

All Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets comprise software licences and other acquired rights.

Intangible assets are measured at cost less accumulated amortisation and write downs.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements and other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write downs.

Gains or losses are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating costs.

Impairment of non-current assets

Every year, intangible assets and property, plant and equipment as well as investments in subsidiaries and associates are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. 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. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at the lower of cost under the FIFO method and net realisable value.

The cost of goods for resale includes the cost of acquisition plus costs of delivery.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write downs for bad debts.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Prepayments

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

Cash

Cash and cash equivalents comprise cash.

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 entities'.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the 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 goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

2 Events after the balance sheet date

In Q2 2016, Boehringer Ingelheim and Sanofi signed definitive agreements to exchange businesses. The transaction consists of an exchange of Sanofi's animal health business Merial and Boehringer Ingelheim's consumer healthcare business.

In Q4 2016, the European Commission approved the transaction of the Merial animal health business conditional to the divestment of a number of animal health vaccines and pharmaceuticals. Sanofi and Boehringer Ingelheim confirmed the closing of business swap 1 January 2017.

In Q4 2016, Boehringer Ingelheim announced that Ceva will acquire certain animal health vaccines and pharmaceuticals from the Merial portfolio for swine, bovine and companion animals as well as related intellectual property, manufacturing processes and R&D activities. The package contains the following brands: Circovac, Progressis, Mucosiffa, Parvovax, Parvoruvax, Equioxx, Genixine, Ketofen® 1% injection and tablets and Ketofen® 10% injection.

The Ceva transaction has been completed 19 January 2017.

None of the above-mentioned events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
3 Other operating income		
Intercompany recharges (Merial Inc. and others)	6,892	1,909
	<u>6,892</u>	<u>1,909</u>
4 Staff costs		
Wages/salaries	28,785	25,360
Pensions	2,824	2,835
Other social security costs	205	240
Other staff costs	252	175
	<u>32,066</u>	<u>28,610</u>
Average number of full-time employees	<u>31</u>	<u>31</u>
By reference to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
DKK'000	2016	2015
5 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	405	400
Depreciation of property, plant and equipment	99	41
	<u>504</u>	<u>441</u>
6 Financial expenses		
Interest expenses, group entities	22	39
Exchange losses	1,038	731
Other financial expenses	104	204
	<u>1,164</u>	<u>974</u>
7 Tax for the year		
Estimated tax charge for the year	1,531	1,556
Deferred tax adjustments in the year	-35	-117
Tax adjustments, prior years	-2	-24
	<u>1,494</u>	<u>1,415</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Intangible assets

DKK'000	<u>Acquired Intangible assets</u>
Cost at 1 January 2016	2,025
Additions in the year	257
Cost at 31 December 2016	<u>2,282</u>
Impairment losses and amortisation at 1 January 2016	533
Amortisation/depreciation in the year	406
Impairment losses and amortisation at 31 December 2016	<u>939</u>
Carrying amount at 31 December 2016	<u>1,343</u>

9 Property, plant and equipment

DKK'000	<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 January 2016	633
Additions in the year	44
Cost at 31 December 2016	<u>677</u>
Impairment losses and depreciation at 1 January 2016	388
Amortisation/depreciation in the year	101
Impairment losses and depreciation at 31 December 2016	<u>489</u>
Carrying amount at 31 December 2016	<u>188</u>

10 Share capital

Share capital is made up of 10 class A-shares of DKK 100,000 each.

The Company's share capital has remained unchanged over the past 5 years.

DKK'000	<u>2016</u>	<u>2015</u>
11 Deferred tax		
Deferred tax at 1 January	313	430
Adjustment of the deferred tax charge for the year	<u>-35</u>	<u>-117</u>
Deferred tax at 31 December	<u>278</u>	<u>313</u>

Deferred tax liability related to timing differences on accounting and tax values of intangible assets and PPE.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

12 Contractual obligations and contingencies, etc.

Contingent liabilities

Other contingent liabilities

The Company is jointly taxed with its sister company, Sanofi-aventis Denmark A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2016	2015
Rent and lease liabilities	2,757	3,048

Rent and lease liabilities include liabilities relating to operating leases for cars and IT equipment, totalling DKK 1,291 thousand (2015: DKK 1,302 thousand) within 1 year and DKK 1,466 thousand (2015: DKK 1.746 thousand) between 1 and 5 years.

13 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2016.

14 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Sanofi SA	France	www.sanofi.com (direct link: http://en.sanofi.com/images/49288_20-F_2016.pdf)

Related party transactions

Merial Norden A/S was engaged in the below related party transactions:

DKK'000	2016	2015
Purchase of goods, Parent Company	139,371	127,175
Purchase of employee-related services, Danish sister company	2,712	3,086
Purchase of employee-related services, other sister companies	216	409
Reimbursement of employee-related expenses, Parent Company	7,351	1,951
Reimbursement of employee-related expenses, Danish sister company	287	500
Receivables from Parent Company	1,361	5,657
Receivables from sister companies	2,581	4,597
Payables to Parent Company	26,634	18,883
Payables to sister companies	717	343
Payables to Danish sister company	35,559	0

Financial statements for the period 1 January - 31 December

Notes to the financial statements

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Merial SAS	29 Avenue Tony Garnier, 69007 Lyon, France

	<u>2016</u>	<u>2015</u>
15 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	3,876	0
Retained earnings	<u>0</u>	<u>3,679</u>
	<u>3,876</u>	<u>3,679</u>