

**Ferring Lægemidler A/S**  
**Central Business Registration No**  
**16313491**  
**Kay Fiskers Plads 11**  
**2300 Copenhagen**

**Annual report 2015**

The Annual General Meeting adopted the annual report on 16.03.2016

**Chairman of the General Meeting**

Name: \_\_\_\_\_



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## Entity details

### Entity

Ferring Lægemidler A/S  
Kay Fiskers Plads 11  
2300 Copenhagen

Central Business Registration No: 16313491

Founded: 01.08.1992

Registered in: Copenhagen

Financial year: 01.01.2015 - 31.12.2015

### Board of Directors

Gilles Pluntz, Chairman

Claes Peter Marcusson

Kjell Thomas Larsson

### Executive Board

Claes Peter Marcusson, CEO

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

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## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Ferring Lægemidler A/S for the financial year 01.01.2015 - 31.12.2015.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 16.03.2016

### Executive Board



Claes Peter Marcusson  
CEO

### Board of Directors



Gilles Pluntz  
Chairman



Claes Peter Marcusson



Kjell Thomas Larsson

## Independent auditor's reports

### To the owners of Ferring Lægemidler A/S

#### Report on the financial statements

We have audited the financial statements of Ferring Lægemidler A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### Management's responsibility 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.

#### Auditor's responsibility

Our responsibility is to express an opinion on the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the 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 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 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 financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

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## Independent auditor's reports

### Statement on the management commentary

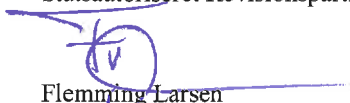
Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 16.03.2016

### Deloitte

Statsautoriseret Revisionspartnerselskab

  
Flemming Larsen  
State Authorised Public Accountant

CVR-nr. 33963556

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## Management commentary

### Primary activities

The company markets and sells pharmaceuticals on both the Danish and the Icelandic markets.

### Development in activities and finances

The income statement of the Company for 2015 shows a profit of DKK 1,902 and, at 31 December 2015, the Company's balance sheet shows an equity of DKK 8,815.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

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## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Equipment, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income and external expenses.

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## Accounting policies

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income from marketing expenses etc.

### Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the equipment.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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## Accounting policies

### Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3 - 10 years
--------------------------------------------------	--------------

Other fixtures and fittings, tools and equipment are written down to the lower of recoverable amount and carrying amount.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Obsolete inventory provisions are recharged and, therefore, the inventory is measured as being 100% sellable.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

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## Accounting policies

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

### Other provisions

Other provisions comprise anticipated costs of returns.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

### Operating leases

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

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

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## Income statement for 2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
<b>Gross profit</b>		<b>17.120</b>	<b>17.117</b>
Staff costs	1	(14.133)	(14.663)
Depreciation, amortisation and impairment losses		<u>(194)</u>	<u>(48)</u>
<b>Operating profit/loss</b>		<b>2.793</b>	<b>2.406</b>
Other financial income		3	60
Other financial expenses	2	<u>(84)</u>	<u>(58)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>2.712</b>	<b>2.408</b>
Tax on profit/loss from ordinary activities	3	<u>(810)</u>	<u>(702)</u>
<b>Profit/loss for the year</b>		<b><u>1.902</u></b>	<b><u>1.706</u></b>
<b>Proposed distribution of profit/loss</b>			
Dividend for the financial year		6.000	0
Retained earnings		<u>(4.098)</u>	<u>1.706</u>
		<b><u>1.902</u></b>	<b><u>1.706</u></b>

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**Balance sheet at 31.12.2015**

<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Other fixtures and fittings, tools and equipment	255	118
Property, plant and equipment in progress	<u>0</u>	<u>307</u>
<b>Property, plant and equipment</b>	<u>255</u>	<u>425</u>
<b>Fixed assets</b>	<u>255</u>	<u>425</u>
Manufactured goods and goods for resale	<u>9.146</u>	<u>3.422</u>
<b>Inventories</b>	<u>9.146</u>	<u>3.422</u>
Trade receivables	6.837	1.999
Receivables from group enterprises	8.020	12.963
Deferred tax assets	26	6
Other short-term receivables	9	12
Prepayments	<u>263</u>	<u>230</u>
<b>Receivables</b>	<u>15.155</u>	<u>15.210</u>
<b>Current assets</b>	<u>24.301</u>	<u>18.632</u>
<b>Assets</b>	<u>24.556</u>	<u>19.057</u>

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**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital		500	500
Retained earnings		2.315	6.413
Proposed dividend		<u>6.000</u>	<u>0</u>
<b>Equity</b>		<b><u>8.815</u></b>	<b><u>6.913</u></b>
Other provisions		<u>1.080</u>	<u>1.165</u>
<b>Provisions</b>		<b><u>1.080</u></b>	<b><u>1.165</u></b>
Trade payables		1.271	749
Debt to group enterprises		6.182	5.499
Income tax payable		830	394
Other payables		<u>6.378</u>	<u>4.337</u>
<b>Current liabilities other than provisions</b>		<b><u>14.661</u></b>	<b><u>10.979</u></b>
<b>Liabilities other than provisions</b>		<b><u>14.661</u></b>	<b><u>10.979</u></b>
<b>Equity and liabilities</b>		<b><u>24.556</u></b>	<b><u>19.057</u></b>
Unrecognised rental and lease commitments	4		
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**Statement of changes in equity for 2015**

	<b>Contri- buted capi- tal DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed dividend DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	500	6.413	0	6.913
Profit/loss for the year	0	(4.098)	6.000	1.902
<b>Equity end of year</b>	<b>500</b>	<b>2.315</b>	<b>6.000</b>	<b>8.815</b>

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## Notes

	<b>2015</b>	<b>2014</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	12.936	13.351
Pension costs	727	820
Other social security costs	270	182
Other staff costs	200	310
	<b>14.133</b>	<b>14.663</b>
	<b>2015</b>	<b>2014</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Other financial expenses</b>		
Financial expenses from group enterprises	61	47
Exchange rate adjustments	5	9
Other financial expenses	18	2
	<b>84</b>	<b>58</b>
	<b>2015</b>	<b>2014</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>3. Tax on ordinary profit/loss for the year</b>		
Current tax	810	394
Change in deferred tax for the year	0	308
	<b>810</b>	<b>702</b>
	<b>2015</b>	<b>2014</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4. Unrecognised rental and lease commitments</b>		
Commitments under rental agreements or leases until expiry	<b>2.651</b>	<b>2.679</b>
Commitments under rental agreements or leases with group enterprises until expiry	<b>1.067</b>	<b>1.047</b>

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## Notes

### 5. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Ferring Pharmaceuticals A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

### 6. Related parties with control

Below-listed companies, performing a management function, have a controlling interest.

Parent foundation:

Dr. Frederik Paulsen Foundation  
Chemin De La Vergognausz 50,  
1162 Saint-Prex, Vaud, Switzerland

Intermediate parent

Ferring Holding S.A., Chemin De La Vergognausz 50,  
1162 Saint-Prex, Vaud, Switzerland

Immediate parent

Ferring B.V., Polarisavenue 144  
2132 JX Hoofddorp, The Netherlands

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## Notes

### 7. Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Ferring B.V.  
Polarisavenue 144  
2132 JX Hoofdorp  
The Netherlands

### 8. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

The Company is included in the consolidated financial statements of the ultimate parent Dr. Paulsen Foundation. As a result of the legislation in Switzerland, the consolidated financial statements are not published.

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