Orifarm Supply A/S

Energivej 15
5260 Odense S

Central Business Registration no. 17 15 36 84

Annual report 2015

The Annual General Meeting adopted the annual report on ___/___ 2016

Chairman of the General Meeting:

____

Contents

Company details

Company
Orifarm Supply A/S
Energivej 15
5260 Odense S
Central Business Registration no. 17 15 36 84
Registered in: Odense

Board of Directors
Ole Michael Friis
Hans Bøgh-Sørensen
Birgitte Bøgh-Sørensen

Executive Board
Erik Sandberg, Chief Executive Officer

Company auditors
Deloitte Statsautoriseret Revisionspartnerselskab

Statement by management

We have today presented the annual report of Orifarm Supply A/S for the financial year 1 January 2015 - 31 December 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 Company's financial position and results. Also, 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.

Odense, 11 May 2016

Executive Board

Erik Sandberg
Chief Executive Officer

Board of Directors

Ole Michael Friis Chairman of the Board	Hans Bøgh-Sørensen	Birgitte Bøgh-Sørensen

Independent auditor's report

To the shareholders of Orifarm Supply A/S

Report on the financial statements
We have audited the financial statements of Orifarm Supply A/S for the financial year 1 January 2015 - 31 December 2015, which comprise the accounting policies, income statement, balance sheet, statement of change 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 judgement, 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 the 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 December 2015 and of the results of their operations for the financial year 1 January 2015 - 31 December 2015 in accordance with the Danish Financial Statements Act.

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 financial statements.

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

Odense, 11 May 2016

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33963556

Lars Knage Nielsen	Allan Dydensborg Madsen
State Authorised Public Accountant	State Authorised Public Accountant

Financial highlights

(mio. DKK)	**2015**	**2014**	**2013**	**2012**	**2011**
Key figures					
Revenue	5.003	5.179	3.364	2.502	2.463
Gross profit	134	115	87	128	166
Operating income	54	50	5	9	59
Net financials	-37	-38	-37	-53	-14
Profit for the year	13	10	-24	-33	34
Inventories	661	555	560	397	367
Equity	203	68	59	83	106
Total Assets	1.000	850	1.009	1.372	764
Ratios					
Gross margin (%)	2,7	2,2	2,6	5,1	6,7
Operating margin (%)	1,1	1,0	0,1	0,4	2,4
Equity ratio (%)	20,3	8,0	5,8	6,0	13,8
Return on equity (%)	9,8	15,0	-34,4	-35,0	36,2

Management's Commentary

Company presentation

Orifarm Supply A/S is a part of Orifarm Group and deals with import, production, repacking and sale of pharmaceuticals. The activities consist of two operating divisions, Orifarm Parallel Import and Orifarm Generics.

Common to the formation and development of both operating divisions is healthcare business model innovation. This is expressed in Orifarm's mission statement, which is *Rethinking the business of healthcare.*

Orifarm's vision - "We want to be No. 1 in making healthcare a better deal" - expresses the general objective. "A better deal" refers not only to savings, but to how Orifarm delivers solutions that meet its stakeholder's needs. Orifarm's operating activities are guided by our values, which are flexibility, ambition, responsibility and customer focus.

Orifarm Parallel Import

Orifarm Parallel Import was established in 1994 in response to the major price differentials for identical pharmaceuticals across the EU Member States. Pharmaceuticals are imported from EU/EEA Member States where original producers sell their preparations at prices that are lower than what they demand for the identical products in e.g. the Nordic countries and Germany. In doing so, Orifarm utilises the principle of free movement of goods within the EU/EEA and hereby create significant savings for the society.

Orifarm Parallel Import's activities have led to lower prices of pharmaceuticals benefitting both patients and society at large in the markets in which it operates.

Despite the principles of free movement of goods within the EU/EEA, and even though Orifarm Parallel Import's activities – and that of its competitors – have led to lower costs of pharmaceuticals, various barriers to the parallel import trade are being tolerated by the EU; see section entitled "Hindrances to healthcare cost savings generated by the Parallel Import trade" below.

Orifarm Generics

Orifarm entered the generic pharmaceuticals trade in the Nordic countries in 2001. Generic pharmaceuticals can be produced and marketed once the original manufacturer's patent expires and its exclusive rights lapse. Generic competition normally lowers prices on medicine significantly, which benefits patients and society at large.

Included in Orifarm Generics' broad range of generic preparations are a number of generic over-the-counter products, which are marketed under the umbrella brand "Tænk gult" in Denmark and "Tänk Gult" in Sweden.

Review of financial performance in 2015

Orifarm Supply's revenue was slightly lower than last year, and amounting to MDKK 5.003 (2014: MDKK 5.179) which primarily consists of sale to other inter companies.

Management's Commentary

By a continued focus on tight cost control through the purchase and supply chain flow, the gross margin was improved to 2.7% (2014: 2.2%) and operating profit to increase by MDKK 4 to MDKK 54.

As a result of taking over the purchase activity from Orifarm GPC AG during 2015, the inventories has increased by MDKK 105 to MDKK 661 (2014: MDKK 555).

Orifarm Supply's results for 2015 are considered satisfactory.

Hindrances to healthcare cost savings generated by the Parallel Import trade

A series of measures undertaken by original producers and by some EU Member States hamper trade in pharmaceuticals and reduce Orifarm's ability to grow its parallel-import business:

Quota systems
A number of the world's biggest pharmaceutical manufacturers have introduced quota systems for selling pharmaceuticals in the EU. In some cases, pharmaceutical manufacturers have gone even further and stopped making deliveries to wholesalers who are re-exporting pharmaceuticals. That limits Orifarm's purchasing access and thereby also our capacity to increase sales. In Orifarm Group's view, quota systems are in breach of the EU Treaty because they let pharmaceutical manufacturers restrict competition within the EU.

Export ban
Several EU Member States have attempted to introduce bans on exports of pharmaceuticals to other member states, or to hamper exports by imposing obligations onto exporters' notification as regards to regulatory authorities and approval regimens prior to export. Export bans and disproportionate export barriers violate the EU Treaty's provisions on the free movement of goods and may change Orifarm's entire business model. We, therefore, strongly disapprove of such measures. The European Commission is regularly informed about developments with the purpose of potential intervention.

Dual pricing
A number of multinational pharmaceutical manufacturers have established or maintained dual pricing in Spain. Dual pricing lets pharmaceutical manufacturers sell their products at an artificially inflated price to Spanish pharmaceutical wholesalers. However, if the wholesalers can document that the products are intended for sale in the Spanish market and not for re-export, they will receive the 'normal' Spanish price. Dual-pricing, therefore, means that parallel-importers cannot utilise the EU principle of the free movement of goods. In Orifarm's opinion, this violates the competition provisions set out in the EU Treaty.

Direct deliveries
In conclusion, Orifarm's access to procuring pharmaceuticals in the export countries is further restricted by the fact that multinational pharmaceutical companies are establishing direct deliveries to pharmacies. This, in effect, skips the wholesale link, thereby denying parallel-importers the capacity to buy from them. Direct deliveries restrict competition and the availability of goods in the market, and in Orifarm Group's view this measure might also infringe on EU statutory and regulatory laws governing the free movement of goods.

Nonetheless, despite these trade restrictions, Orifarm is in a position to guarantee its customers stability in delivery of goods by cultivating new procurement countries and channels.

Management's Commentary

Special Risks

Operating conditions
To a significant extent, consolidated earnings depend on legislative measures that affect the pricing of pharmaceuticals in both the purchase and the sales countries. Earnings are also affected by measures in the sales countries which are intended to limit the consumption of pharmaceuticals.

It is the company's policy to avoid infringing on trademark rights, and Orifarm is not currently involved in any major pending litigation of this kind.

For the business area Generic Pharmaceuticals, the company policy states that infringing on patent rights should be avoided. However, since patent holders have a significant commercial interest in defending market monopolies that exceed the protections granted by a given patent, disputes and litigation are difficult to avoid. Consequently, Orifarm Supply is involved in pending legal proceedings and the outcome of these may affect the company's earnings.

Financial matters
Orifarm is exposed to fluctuations in foreign exchange rates and interest rate levels. The risks are mitigated through hedge, in accordance with the Group's policy. Exchange rate risks are primarily related to the currencies SEK, CZK and GBP. A 1 percentage point change in the interest rate level affects the company's earnings net by approx. MDKK 3.9m.

Orifarm's financial risks, including its cash management and extension of credits, are managed centrally. The aim is to maintain a low risk profile.

Target Figures for Gender Composition of Management

At Orifarm, diversity is considered a strength that opens up access to the most talented employees.

Offering excellent career opportunities to both female and male employees helps ensuring that Orifarm has the capacity of appointing the best candidate for a given position. This is also reflected in the gender distribution among our executives in Danish companies where 60% are female and 40% are male.

The policy is to recruit the best candidate for a given position. If more candidates are assessed equal on competencies, the underrepresented gender will be chosen for the position. The ambition is to have at least 40% of both sexes represented on Orifarm's management team.

The Supervisory Board of Orifarm Supply A/S currently consists of 3 general elected members of whom one is female. This distribution is deemed to be acceptable based on the small size of the Board.

Culture and Employees

It is Orifarm's objective to be a leading supplier of parallel-imported and generic pharmaceuticals in Scandinavia, Germany, Holland and England. We believe that our results and the competencies and commitment of our employees are intertwined. That is why we are constantly seeking to

Management’s Commentary

develop our employees’ knowledge and competencies, which in turn bolster Orifarm’s results and growth-oriented culture.

Orifarm is aware of its social responsibilities and accordingly, it is important for the company to have a wide variety of employees. Consequently, the company is stressing internal efforts to integrate employees of other ethnic backgrounds as well as disabled employees.

The level of internationalisation in Orifarm has increased significantly in recent years, and Orifarm has conducted international rotations of employees to ensure integration, knowledge sharing and cultural exchange.

Social Responsibility

Orifarm does not have a policy for the area.

The company has only very limited impact on the surrounding environment. Unsalable pharmaceuticals are destroyed by a certified company. Superfluous packaging etc. is sorted and reused to the extent possible.

Development Activities

Orifarm Group’s two business areas both have significant development activities covering both product and process development.

Events since the End of the Fiscal Year

From the reporting date until today, no events have taken place to change the assessments made in the Annual Report.

Outlook

Orifarm Supply expects results for 2016 to be somewhat better than in 2015.

Accounting policies

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

Referring to section 86 (4) of the Danish Financial Statements Act, Orifarm Supply A/S has not prepared any cash flow statements.

The accounting policies applied for these financiel 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 benefit will flow to the Company, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Company 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 Company, and the value of the liabilities 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 currency 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

On recognition of foreign subsidiaries, which are separate entities, all amounts are translated at the closing rates. Exchange differences arising from translation of foreign subsidiaries' equity at the balance sheet date are recognized directly in equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Accounting policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are classified directly on equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not qualify as hedging instruments, changes in fair market value are recognised currently in the income statement as financial income or financial expenses.

Income statement

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 determined consideration.

Cost of sales

Cost of sales includes direct and indirect costs incurred to generate revenue. The cost of sales is recognized raw materials, consumables and cost of production staff.

Other external expenses

Other external expenses comprise expenses for distribution, sale, advertising, administration, premises, etc.

Staff costs

Staff costs comprise wages and salaries, social security costs, pension contributions, etc. for the Company's staff.

Financial income and expenses

These items comprise interest income and interest expenses, realised as well as unrealised capital gains and losses on liabilities and transactions in foreign currencies.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit/loss for the year and recognized directly in equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

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

Deferred tax is recognized 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 is measured based on the tax regulations and tax rates at the balance sheet date to apply when the deferred tax is expected realized as current tax. Changes in deferred tax due to change in tax rates is recognized in the income statement.

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

The Company is jointly taxed with the ultimative Parent company and all the ultimative Parent company's Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

The jointly taxed companies are subject to the rules of section 11B of the Danish Companies Act governing interest deduction limitation. It has been agreed in the joint taxation that reduced interestdeduction is recognized in the company in which the interestdeduction has been reduced.

Balance sheet

Goodwill

The period of amortisation is usually five years, however, it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer period of amortisation is considered to give a better reflection of the benefit from the relevant resources. Goodwill is written down to the lower of recoverable amount and carrying amount.

Goodwill is amortised straight-line over its estimated useful life which is fixed on the basis of the experience gained by Management for each business area. The period of amortisation is 20 years.

Property, plant and equipment

PPE 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.

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

Other fixtures and fittings, tools and equipment: 3-5 years.

When property, plant and equipment are subject to impairment, PPE are written down to the lower of recoverable amount and carrying amount.

Profit and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling cost and carrying amount at the time of sale. Profit and losses are recognized in the income statement.

Inventories

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

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs as well as indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

Accounting policies

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

Receivables

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

Prepayments

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

Other financial liabilities

Other financial liabilities are measured at amortized cost, usually equaling nominal value of the liability.

Information regarding segments

Referring to section 96 (1) in the Danish Financial Statements Act the entity has decided not to show revenue allocated on segments on accounts of competitive consideration, because the revenue essentially is internal revenue. Reference is made to the information regarding segments for the Group in the consolidated financial statements for Orifarm Group A/S.

Financial highlights

Financial highlights and ratios are calculated in as follow:

Gross margin:	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Operating margin:	$\frac{\text{Operating income x 100}}{\text{Revenue}}$
Equity ratio:	$\frac{\text{Equity x 100}}{\text{Total assets}}$
Return on equity:	$\frac{\text{Profit for the year x 100}}{\text{Average equity}}$

Income statement

(1.000 DKK)

	Note	2015	2014
Revenue		5.003.362	5.178.537
Other operating income		278	2.554
Use of materials		-4.869.885	-5.066.397
Gross profit		**133.755**	**114.694**
Other external expenses		-57.784	-41.993
Staff costs	1	-19.975	-21.755
Income before depreciation		**55.996**	**50.946**
Depreciation and impairment losses	2	-1.685	-515
Operating income		**54.311**	**50.431**
Financial income	3	23.662	18.731
Financial expenses	4	-60.609	-56.371
Profit before tax		**17.364**	**12.791**
Tax	5	-4.049	-3.234
Profit for the year		**13.315**	**9.557**
Distribution of profit			
Retained earnings		**13.315**	

Balance sheet

(1.000 DKK)

	Note	2015	2014
Goodwill		63.668	0
Other intangible assets		315	5
Intangible assets	6	**63.983**	**5**
Equipment		26	301
Tangible fixed assets	7	**26**	**301**
Fixed assets		**64.009**	**306**
Raw materials and consumables		542.961	414.632
Manufactured goods and goods for resale		117.675	140.702
Inventories		**660.636**	**555.334**
Receivables from group enterprises		268.729	229.610
Trade receivables		2.565	1.251
Deferred tax assets	10	0	2.605
Other receivables		3.563	61.295
Accruals		89	4
Receivables		**274.946**	**294.765**
Current assets		**935.582**	**850.099**
Total assets		**999.591**	**850.405**

Balance sheet

(1.000 DKK)

	Note	2015	2014
Share capital	9	10.000	10.000
Retained earnings		193.236	58.322
Total equity		**203.236**	**68.322**
Deferred tax liabilities	10	359	0
Provisions		**359**	**0**
Payables to group enterprises		250.471	222.249
Long-term liabilities		**250.471**	**222.249**
Trade payables		171.826	56.853
Payables to group enterprises		278.961	404.916
Income taxes		474	3.767
Other debt		94.264	94.298
Short-term liabilities		**545.525**	**559.834**
Liabilities		**795.996**	**782.083**
Total equity, provisions and liabilities		**999.591**	**850.405**
Pledged assets and contingent liabilites etc.	11		
Other Notes	12-15		

Statement of changes in equity for 2015

(1.000 DKK)

	Share capital	Retained earnings	Total
Equity at 1 January 2015	10.000	58.322	68.322
Fair value adjustment of hedging instruments	0	-4.360	-4.360
Deferred tax on equity adjustments	0	959	959
Group contribution	0	125.000	125.000
Profit for the year	0	13.315	13.315
Equity at 31 December 2015	**10.000**	**193.236**	**203.236**

Notes

(1.000 DKK)

	2015	2014
1. Staff costs		
Salaries and wages	17.184	18.644
Pension costs	2.324	2.486
Other social security costs	467	625
	19.975	**21.755**
Of this, total remuneration for Executive Board	**362**	**311**
Average number of employees	**44**	**51**
2. Depreciation and impairment losses		
Other intangible assets	41	75
Goodwill	1.632	0
Equipment	58	440
Profit from sale of equipment	-46	0
	1.685	**515**
3. Financial income		
Financial income from group enterprises	4.373	902
Other financial income	19.289	17.829
	23.662	**18.731**
4. Financial expenses		
Financial expenses to group enterprises	43.572	41.039
Other financial expenses	17.037	15.332
	60.609	**56.371**
5. Tax		
Current tax	474	3.767
Change in deferred tax	2.879	-439
Effect of changed tax rates	86	71
Adjustment concerning previous years	610	-165
	4.049	**3.234**

Notes

(1.000 DKK)

	Goodwill	Other intangible assets
6. Intangible assets		
Cost at 01.01.2015	0	2.109
Additions	65.300	350
Cost at 31.12.2015	**65.300**	**2.459**
Depreciation at 01.01.2015	0	2.103
Depreciation of the year	1.632	41
Depreciation at 31.12.2015	**1.632**	**2.144**
Carrying amount at 31.12.2015	**63.668**	**315**

	Equipment
7. Tangible fixed assets	
Cost at 01.01.2015	9.707
Disposals	-419
Cost at 31.12.2015	**9.288**
Depreciation at 01.01.2015	9.406
Depreciation of the year	58
Reversal relating to the disposals	-202
Depreciation at 31.12.2015	**9.262**
Carrying amount at 31.12.2015	**26**

	Investments in group enterprises
8. Financial assets	
Cost at 01.01.2015	25
Cost at 31.12.2015	**25**
Net revaluation at 01.01.2015	-25
Net revaluation at 31.12.2015	**-25**
Carrying amount at 31.12.2015	**0**

Investments in group enterprises comprises:	Registred office:	Owner's share
Orifarm Supply s.r.o.	Czech Republic	5,00%

Notes

(1.000 DKK)

9. Share capital

The share capital is divided into multipla of 1.000 DKK.
The shares is not divided into share classes.
There has not been changes in share capital in the past five financial years.

	2015	2014
10. Deferred tax		
Deferred tax are due to following financial statement items:		
Goodwill	1.693	0
Intangible assets	69	1
Provisions	-175	-1.757
Tangible fixed assets	-269	-369
Carryforward of tax loss including reduced interest deduction	-959	-480
	359	**-2.605**
The net asset value is recorded as follows:		
Deferred tax assets	359	-2.605
	359	**-2.605**

11. Pledged assets and contingent liabilities etc.

The Group has provided guarantees under which the guarantors assume joint and several liability for group enterprises' net debt with bank and credit institution. The Groups total net debt in relation to this guarantee is booked at 623 m.DKK at 31.12.2015.

The Company is a party to litigations regarding alleged infringement of trademark rights. Management believes that these legal proceedings will not lead to significant losses.

The company is jointly taxed with all Danish subsidiaries, with Habico Holding A/S as the administration company. The Company therefore held liable under the Corporation Tax Act rules for income taxes, and if any obligations to withhold tax on interest, royalties and dividends for the jointly taxed companies.

12. Related parties

Related parties with controlling interest in Orifarm Supply A/S:
The Parent company Orifarm Supply Holding A/S, Odense, Central Business Registration No 27 34 72 58.

Other related parties and Orifarm Supply A/S have had transactions within 2015.
All transactions with related parties are eliminated in the overlying consolidated statements.

13. Ownership

The company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:
Orifarm Supply Holding A/S, Energivej 15, 5260 Odense S.

Notes
(1.000 DKK)

14. Consolidation
Orifarm Supply A/S are included in the consolidated financial statements of Orifarm Group A/S, Odense, Central Business Registration No 27 34 72 82.
Orifarm Supply A/S are additionally included in the ultimative consolidated financial statements of Habico Holding A/S, Odense, Central Business Registration No 27 34 71 34.

15. Exchange rate risk and financial instruments
As part of the hedge of recognized and unrecognized transactions, the company uses hedging instruments in the form of forward exchange contracts and currency options. Hedge of recognized transactions primarily comprise receivables and payables. As at 31.12.2015 unrealized net losses on derivative financial instruments for currency hedging amounts TDKK 4.360 . The amount is in the balance sheet included under other debt.