

# **Janssen-Cilag A/S**

**Bregnerødvej 133, 2  
3460 Birkerød**

**CVR no. 19 24 86 15  
Annual report for 2016**

Adopted at the annual general  
meeting on 29 May 2017



---

Lars Johansson  
chairman

## **Contents**

## **Page**

### **Statements**

Statement by management on the annual report	1
Independent auditor's report	2

### **Management's review**

Company details	5
Financial highlights	6
Management's review	7

### **Financial statements**

Accounting policies	12
Income statement   January - 31 December	17
Balance sheet 31 December	18
Statement of changes in equity	20
Notes to the annual report	22

**Statement by management on the annual report**

The Board of directors and executive board have today discussed and approved the annual report of Janssen-Cilag 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 company's financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January - 31 December 2016.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Birkerød, 29 May 2017

**Executive Board**

  
Lars Ake Wjalmar Johansson

**Board of Directors**

  
Sven Dohmann  
chairman

  
Stephanie Didier

  
Inger Sandberg

  
Jette Zoëga

## Independent auditor's report

To the shareholder of Janssen-Cilag A/S

### Opinion

We have audited the financial statements of Janssen-Cilag 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 a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position 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 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.

## **Independent auditor's report**

### **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 these financial statements

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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.
- 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 conclusions are 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 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.

**Independent auditor's report**

**Statement on management's review**

Management is responsible for management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Hellerup, 29 May 2017

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

  
René Otto Poulsen  
Statsautoriseret revisor

  
Henrik Hornbæk  
Statsautoriseret revisor

**Company details**

**The company**

Janssen-Cilag A/S  
Bregnerødvej 133, 2  
3460 Birkerød

Telephone: +4545948282  
Fax: +4545948283  
Website: [www.janssen-cilag.dk](http://www.janssen-cilag.dk)

CVR no.: 19 24 86 15  
Reporting period: 1 January - 31 December  
Domicile: Rudersdal

**Board of Directors**

Sven Dohmann, chairman, chairman  
Stephanie Didier  
Inger Sandberg  
Jette Zoëga

**Executive Board**

Lars Åke Hjalmar Johansson

**Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

**Lawyers**

Novi Attorneys  
Strandgade 52  
1401 Copenhagen

**Bankers**

Nordea Bank Danmark A/S  
Slotsgade 44  
3400 Hillerød

**Financial highlights**

It has not been possible to adjust the comparative figures for the years 2013 and 2012 due to the fact that a significant part of the business activities were not run as a separate legal entity prior to the incorporation in January 2014.

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2016	2015	2014	2013	2012
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	834.738	874.254	875.018	386.423	312.270
Gross profit	261.543	251.744	273.027	107.827	100.763
Operating profit/loss	35.062	25.741	38.672	21.527	27.412
Net financials	-502	-407	-805	-127	-464
Profit/loss for the year	59.607	14.635	27.678	14.237	19.481
<b>Balance sheet</b>					
Balance sheet total	429.165	439.754	457.724	110.952	144.651
Investment in property, plant and equipment	1.411	5.509	9.928	690	-466
Equity	277.884	218.277	203.644	80.862	66.736
Number of employees	109	116	107	49	52
<b>Financial ratios</b>					
Gross margin (%)	31,3	28,8	31,2	27,9	32,3
Profit margin (%)	4,2	3,0	4,4	5,6	8,8
Return on assets (%)	14,0	6,3	10,1	19,4	19,0
Solvency ratio (%)	64,8	51,0	53,3	72,9	46,1
Return on equity (%)	24,0	11,0	19,5	19,3	33,8

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.



## **Management's review**

### **Business activities**

The Company's main activity is the sale and marketing of Pharmaceuticals and Medical Devices on the Danish market. The products are bought from group enterprises.

In our internal structure the sale of medicines and medical equipment are separately conducted with two separate management teams. Thus, we specify the details of our management review below in two separate headings, Pharmaceuticals and Medical Devices.

### **Recognition and measurement uncertainties**

The recognition and measurement of items in the financial statements is not subject to any material uncertainty.

### **Unusual matters**

The Company's financial position at 31 December 2016 and the results of its operations for the financial year ended 31 December 2016 are not affected by any unusual matters.

### **Business review**

The Company's income statement for the year ended 31 December shows a profit of DKK 59.607, and the balance sheet at 31 December 2016 shows equity of DKK 277.884.

**The pharmaceuticals:** On the Danish market, Janssen-Cilag A/S sells pharmaceuticals to wholesalers, hospitals and pharmacies. Compared to previous year, the pharmaceuticals market has shown a growth rate of 4,7%, and in comparison Janssen-Cilag A/S has shown a growth rate of 18,2%. In 2016 the Company had a market share of 3.6% (Janssen-Cilag A/S, AIP incl parallel imports). Compared with last year, the market share for Janssen-Cilag A/S has grown +0,5%, which is primarily due to the performance of the products within oncology (hematology). The product for treatment of prostate cancer(Zytiga) has shown satisfactory growth(46,1%). Imbruvica for treatment of CLL(chronic lymphocytic leukemia) shows a growth of 100,7%, Darzalex for treatment of Multiple Myeloma shows promising results (26 mill) in the launch year. Stelara for treatment of Psoriasis and Psoriasis Arthritis shows a growth of 15%, while the neuroscience area (Schizophrenia) is growing 3,7%. Velcade for treatment of Multiple Myeloma is decreasing by 6,8%. Launches during 2016: Darzalex (Multiple Myeloma), Trevicta (Schizophrenia). Source: DLI MI Medicinal Products Statistics.

**Medical Devices:** The market in Denmark is challenging. Increased focus on national tenders put even higher pressure on price. In Denmark, all citizens are entitled to publicly financed healthcare. Total Danish health expenditure is above the OECD average. The national objectives are better quality, coherence and geographical equality.

## Management's review

### Financial review

Pharmaceuticals: Revenue on the market shows an increase of approx. 18 %, according to DLI MI medicinal product statistics, primarily due to an increase in the sales of Zytiga, Imbruvica, Darzalex and Stelara. On this basis, the results must be considered satisfactory. The pharmaceuticals market showed an increase of 4,7% in 2016. This increase comprises an increase in the primary sector of 1,6% and an increase in the hospital sector of 6,9%. The marginal increase in the primary sector is partly due to market competition with price changes every two weeks where the cheapest product is substituted at the pharmacy, and partly to expiration of patents. The increased growth in the hospital sector during 2016 compared to 2015 is due to the introduction of a number of new innovative drugs within Oncology, Neurology and Virology. The agreement between LIF (The Danish Association of the Pharmaceutical Industry) and Ministry of Health within the primary sector has been signed and is due for renegotiation December 2018 (no price decreases). The agreement between LIF and the Ministry of Health within the hospital sector was signed per 1st of April 2016, with renegotiation March 2019. The result was a total of a 10% price decrease over the period. In respect of the hospital sector it should be noted however that through AMGROS tenders the sales prices of hospital products have been reduced with a total of DKK 2,8 billion in 2016, as a result of price decreases of 26,3% ([www.amgros.dk](http://www.amgros.dk)) During 2017 the new launches in 2015 and 2016 within the area CLL (chronic lymphocytic leukemia) and Multiple Myeloma are expected to affect the Company's revenue positively. The following products will be affected by activities commenced by The Medicine Council: Stelara, Prezista, Zytiga, Xeplion, Risperdal Consta, Velcade, Imbruvica and Darzalex which may affect growth both positively and negatively depending on the therapeutic instructions from the vocational committees.

Medical Devices: The decline of sales continued due to price pressure and strong competition.

The division OCD was sold to Carlyle group end of June 2016 and the division Cordis was sold end of November 2016 to Cardinal Health.

To optimize the distribution model, the OrthoKit warehouse were moved to Stockholm to focus on a Nordic standardized process. When the OrthoKit business was moved to Stockholm, all inventory and fixed assets were sold to our European logistic center in Belgium.

The three Johnson & Johnson sectors (Pharmaceuticals, Medical Devices and Consumer(McNeil Denmark ApS) are now located in the same building hence the ultimate parent company of J-C A/S, Johnson & Johnson, made the decision to sell the property at Hammerbakken in Birkerød, Denmark effective August 2016 where the Pharmaceutical employees used to be located.

## **Management's review**

The year at a glance and follow-up on expectations expressed last year

Special risks apart from generally occurring risks in industry

### *Operating risks*

**Pharmaceuticals:** The price agreement between LIF and the Ministry of Health in respect of hospital products has affected sales negatively in 2016 and will also affect future sales negatively by way of price cuts. Future agreements are not expected to have a positive impact on sales. The introduction of The Medicine Council will impact the market for products for oncology in general. The initial approval process appears to be shorter than before but the transfer of the power of decision to The Therapeutic Areas of The Medicine Council delays the full implementation of new products in the regions considerably. Generally the pressure on the pharmaceutical industry has increased both in respect of cooperation between doctors, patient associations and the industry and the price of new innovative drugs where expensive drugs might be excluded due to the price only.

**Medical Devices:** In general, all health and social services are financed by general taxes and are supported by a system of central government block grants, reimbursements and equalization schemes. The market continues to experience overall price pressure related to cost cutting in the hospital services. The country is open for new innovations which drives efficiency.

## **Management's review**

### **Impact on external environment and measures of preventing, reducing or mitigating damage**

No production takes place in Denmark; most of the products are bought in packaging designed for the Danish market. Some packages are however repacked for the Danish market in a controlled environment. Destruction of expired and surplus drugs is carried out by Kommunekemi.

### **Statutory report on corporate governance**

Based on our "conduct of policy", we develop, register, market and sell high quality products for medical treatment, which improves quality of life by preventing, curing and relieving in the best possible way. We focus on providing our business partners with the best possible conditions. This applies especially to patients, doctors, nurses and other practitioners, but also to suppliers, producers, authorities and the society.

Medical Devices: The Medical Devices segment produces a broad range of innovative products used primarily by health care professionals in the fields of orthopaedics, neurovascular, surgery, diabetes care, infection prevention, cardiovascular disease, sports medicine, and aesthetics. This segment is comprised of our Global Medical Solutions, Global Orthopaedics and Global Surgery Groups. We want to be leading within our focus areas by offering the best products of the highest quality.

### **Statutory report on corporate social responsibility**

The company is committed to continuously improving the social responsibility in all areas. All local laws and regulations are adhered to and in several areas higher goals are defined within the company. The values that guide our decision-making are spelled out in Our Credo. Our Credo challenges the company to put the needs and well-being of the people we serve, our employees and the society in which we live and work first.

### **Policies on environment**

Johnson & Johnson has established global policies and statements, including our Environment, Health & Safety (EHS) Policy, our Climate Friendly Energy Policy, and our statements on the Human Right to Water and Respecting Biodiversity to guide the management of our operations around the globe. These are made actionable by our Environment, Health, Safety and Sustainability standards, which require that our manufacturing and R&D sites have Environment, Health, Safety & Sustainability (EHS&S) management systems in place. Taken together, these documents establish the expectations for managing our environmental performance, for development and implementation of initiatives that promote greater environmental responsibility, and for efforts to continually reduce our environmental impacts.

## **Management's review**

### **Policies on social conditions and labor practices**

To ensure that each Johnson & Johnson operating unit throughout the world follows consistent principles relative to Labor and Employment practices, a set of global guidelines have been established. In every instance, we must first ensure that our policies and actions are in full compliance with the laws and regulations of the respective countries in which we operate.

### **Policies on human rights**

Our Statement on Human Rights articulates our commitments and the efforts that support them, and our Responsibility Standards for Suppliers reflect our values and expectations for our suppliers. Responsibility for human rights follows our management structure and resides in our local operating companies, managed by the relevant corporate and business group functions.

### **Policies on anti-corruption and bribery**

At Johnson & Johnson, we believe acting ethically and responsibly is not only the right thing to do, but also the right thing to do for our business. Our Johnson & Johnson Code of Business Conduct ensures that we hold ourselves and how we do business to a high standard, allowing us to fulfill our obligations to the many stakeholders we serve.

### **Statutory report on the underrepresented gender**

The Company aims to have an equal ratio of women and men in management. Janssen Cilag's goal was to have 40% of the underrepresented by the end of accounting year 2016. The Board notes that this goal has been reached with the board of directors since the underrepresented sex (men) is 40%.

### **Accounting policies**

The annual report of Janssen-Cilag A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statement Act concerning large reporting class C entities as well as selected provisions as regards larger entities.

The annual report for 2016 is presented in TDKK.

### **Changes in accounting principles**

#### **Share Based Compensation**

A number of the Company's employees are covered by share option schemes. The Schemes were in 2015 accounted for as equity schemes where the fair value of the instruments were recognized as staff expense and offset against equity over the vesting period. In 2016, the Company is changing the accounting principle where the share based instruments are recognized and booked as staff expense when the shares are exercised and invoiced from the mother company in the US.

The change of accounting principle has resulted in a decrease of sales & distribution expenses and the share-based payments in equity for 2015 in the amount of 4182 TDKK.

Comparatives have been restated to reflect the policy change.

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

## **Income Statement**

### **Revenue**

Income from the sale of goods for resale and finished goods is recognized in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

### **Accounting policies**

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

#### **Cost of productions**

Cost of productions comprises costs incurred to achieve revenue for the year.

#### **Other operating income**

Other operating income comprises items of secondary nature relative to the company's activities, including gains on the sale of intangible assets and property, plant and equipment.

#### **Distribution costs**

Distribution costs comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

#### **Administrative costs**

Administrative costs comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, and surcharges and allowances under the advance-payment-of-tax scheme, etc.

#### **Tax on profit/loss for the year**

The company is subject to the Danish rules on compulsory joint taxation.

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

## Accounting policies

### Balance sheet

#### Tangible Assets

Items of Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.'

Straight-line depreciation is provided on the basis of the following estimated useful life of the assets:

Buildings & installations	30	years
Other fixtures, fittings, tools & equipment	3-10	years
Leashold improvements	3-10	years

Assets costing less than DKK 12.900 are expensed in the year of acquisition.

Gains and losses from the disposal of property, plant and equipment are recognized in the income statement as other operating income or other operating expenses.

#### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation on an annual basis.

Where there are indications of impairment, an impairment test is performed for each individual assets or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use(recoverable amount).

The value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of asset after the end of the useful life.

#### Stocks

Stocks are measured using the FIFO method where the net realisable value is lower than the cost, inventories are recognised at this lower value.



### **Accounting policies**

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods equals landed cost.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

#### **Receivables**

Receivables are measured at amortised cost.

#### **Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years.

#### **Provisions**

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, reconstructions etc. Provisions are recognized when as a result of a past event the company's has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

#### **Income tax and deferred tax**

As management company, Janssen-Cilag A/S is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Current tax liabilities and current tax receivables are recognized in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

#### **Liabilities**

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

### **Accounting policies**

#### **Foreign currency translation**

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

#### **Cash Flow Statement**

No cash flow statement has been prepared for the Company as the Company's cash flows are included in the Consolidated Cash Flow Statement of the mother company in the US. C.f Danish Financial Statements Act 86.

#### **Financial Highlights**

Definitions of financial ratios.

Gross Profit X 100 / Revenue

Profit/loss before financials X 100 / Revenue

Profit/loss before financials x 100 / Total assets

Equity at year-end x 100 / Total assets

Net profit for the year x 100 / Average equity

**Income statement 1 January - 31 December**

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Revenue</b>		<b>834.738</b>	<b>874.254</b>
Cost of productions		-573.195	-622.510
<b>Gross profit</b>		<b>261.543</b>	<b>251.744</b>
Distribution costs		-206.431	-211.811
Administrative costs		-20.050	-14.192
<b>Operating profit/loss</b>		<b>35.062</b>	<b>25.741</b>
Other operating income	2	37.449	0
<b>Profit/loss before financial income and expenses</b>		<b>72.511</b>	<b>25.741</b>
Financial income	3	127	1.046
Financial costs	4	-629	-1.453
<b>Resultat før skat</b>		<b>72.009</b>	<b>25.334</b>
Tax on profit/loss for the year	5	-12.402	-10.699
<b>Net profit/loss for the year</b>		<b>59.607</b>	<b>14.635</b>

**Balance sheet 31 December**

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Assets</b>			
Other fixtures and fittings, tools and equipment		762	19.236
Leasehold improvements		1.304	1.400
<b>Tangible assets</b>	7	<u>2.066</u>	<u>20.636</u>
Other receivables	8	1.387	1.350
<b>Fixed asset investments</b>		<u>1.387</u>	<u>1.350</u>
<b>Fixed assets total</b>		<u>3.453</u>	<u>21.986</u>
<b>Stocks</b>	9	<u>0</u>	<u>29.768</u>
Trade receivables		136.252	193.641
Receivables from subsidiaries		272.730	181.764
Other receivables		3.928	1.807
Land & buildings for sale		0	3.431
Deferred tax asset	10	1.206	5.273
Corporation tax		6.010	0
Prepayments		768	934
<b>Receivables</b>		<u>420.894</u>	<u>386.850</u>
<b>Cash at bank and in hand</b>		<u>4.818</u>	<u>1.150</u>
<b>Current assets total</b>		<u>425.712</u>	<u>417.768</u>
<b>Assets total</b>		<u>429.165</u>	<u>439.754</u>

**Balance sheet 31 December**

	<u>Note</u>	<u>2016</u>	<u>2015</u>
		TDKK	TDKK
<b>Liabilities and equity</b>			
Share capital		2.300	2.300
Retained earnings		<u>275.584</u>	<u>215.977</u>
<b>Equity</b>	11	<u><b>277.884</b></u>	<u><b>218.277</b></u>
Banks		0	4.555
Trade payables		13.353	11.218
Payables to subsidiaries		74.007	132.446
Corporation tax		0	37.989
Other payables		<u>63.921</u>	<u>35.269</u>
<b>Short-term debt</b>		<u><b>151.281</b></u>	<u><b>221.477</b></u>
<b>Debt total</b>		<u><b>151.281</b></u>	<u><b>221.477</b></u>
<b>Liabilities and equity total</b>		<u><b>429.165</b></u>	<u><b>439.754</b></u>
Staff	12		
Operating lease commitments	13		
Contingent assets, liabilities and other financial obligations	14		
Related parties and ownership	15		

## Janssen-Cilag A/S

### Equity

	Share capital	Reserves in accordance with the Artic- les of Associa- tion	Retained earnings	Total
Equity at 1 January	2.300	4.182	211.795	218.277
Net effect from change of accounting policy	0	-4.182	4.182	0
Adjusted equity at 1 January	2.300	0	215.977	218.277
Net profit/loss for the year	0	0	59.607	59.607
<b>Equity at 31 December</b>	<b>2.300</b>	<b>0</b>	<b>275.584</b>	<b>277.884</b>

## Janssen-Cilag A/S

### Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1. januar 2015	2.300	201.342	203.642
Net profit/loss for the year	0	14.635	14.635
<b>Equity 31. december 2015</b>	<b><u>2.300</u></b>	<b><u>215.977</u></b>	<b><u>218.277</u></b>

**Notes to the annual report**

**1 Information on segments**

**Activities - Primary segments**

TDKK	Medical Devices	Pharma- ceutical	Total
Revenue	434.835	399.903	834.738

**Geographic - secondary segment**

TDKK	Island	Færøern e	Danmar k	Total
Revenue	1.655	2.011	831.072	834.738

	2016 TDKK	2015 TDKK
<b>2 Other operating income</b>		
Other operating income	527	0
Income from sale of division	33.418	0
Income sale of building	3.504	0
	<u>37.449</u>	<u>0</u>

	2016 TDKK	2015 TDKK
<b>3 Financial income</b>		
Interest received from subsidiaries	0	8
Other financial income	0	124
Exchange adjustments	127	914
	<u>127</u>	<u>1.046</u>

	2016 TDKK	2015 TDKK
<b>4 Financial costs</b>		
Interest paid to subsidiaries	0	1
Other financial costs	427	22
Exchange adjustments costs	202	1.430
	<u>629</u>	<u>1.453</u>



**Notes to the annual report**

**5 Tax on profit/loss for the year**

Current tax for the year	14.398	7.892
Deferred tax for the year	4.066	-89
Adjustment of tax concerning previous years	-6.062	2.896
	<u>12.402</u>	<u>10.699</u>

**6 Distribution of profit**

	2016 TDKK	2015 TDKK
Overført resultat	<u>59.607</u>	<u>14.635</u>
	<u>59.607</u>	<u>14.635</u>

**7 Tangible assets**

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January	104.877	3.757	108.634
Additions for the year	1.411	0	1.411
Disposals for the year	-96.952	0	-96.952
Cost at 31 December	<u>9.336</u>	<u>3.757</u>	<u>13.093</u>
Impairment losses and depreciation at 1 January	85.641	2.357	87.998
Depreciation for the year	5.327	96	5.423
Reversal of impairment and depreciation of sold assets	-82.394	0	-82.394
Impairment losses and depreciation at 31 December	<u>8.574</u>	<u>2.453</u>	<u>11.027</u>
<b>Carrying amount at 31 December</b>	<u>762</u>	<u>1.304</u>	<u>2.066</u>
Depreciated over	<u>3-10 år</u>	<u>10 år</u>	

**8 Fixed asset investments**

	Other receiv- ables
Cost at 1 January	1.350
Additions for the year	37
Cost at 31 December	1.387
<b>Carrying amount at 31 December</b>	<u>1.387</u>

**Notes to the annual report**

	<u>2016</u>	<u>2015</u>
	TDKK	TDKK
<b>9 Stocks</b>		
Finished goods and goods for resale	<u>0</u>	<u>29.768</u>
	<u><b>0</b></u>	<u><b>29.768</b></u>
<b>10 Provision for deferred tax</b>		
<b>Provisions for deferred tax on:</b>		
Intangible assets	0	679
Property, plant and equipment	1.206	624
Inventories	0	2.638
Other liabilities	0	152
Share base payment	0	1.180
Transferred to deferred tax asset	<u>1.206</u>	<u>5.273</u>
	<u><b>0</b></u>	<u><b>0</b></u>
Deferred tax has been provided at 22% per the current tax rate. 22,0%		
<b>Deferred tax asset</b>		
Calculated tax asset	<u>1.206</u>	<u>5.273</u>
<b>Carrying amount</b>	<u><b>1.206</b></u>	<u><b>5.273</b></u>

**11 Equity**

The share capital consists of 4.600 shares of a nominal value of 500. No shares carry any special rights.

**Notes to the annual report**

	<u>2016</u>	<u>2015</u>
	TDKK	TDKK
<b>12 Staff</b>		
Wages and Salaries	95.374	106.573
Pensions	3.218	4.000
Other social security expenses	0	-226
Other staff expenses	0	50
	<u>98.592</u>	<u>110.397</u>
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
Distribution expenses	84.707	96.208
Administrative expenses	13.885	14.189
	<u>98.592</u>	<u>110.397</u>
Average number of employees	<u>109</u>	<u>116</u>

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

Management and other employees are included in Johnson & Johnson's share based compensation programme. Warrants are granted with a vesting period of 4 years. There is performance conditions in connection with the programme. Payment to the parent company regarding shares delivered to employees according to the programme are recognized as expense in the income statement.

**Notes to the annual report**

	<u>2016</u>	<u>2015</u>
	TDKK	TDKK
<b>13 Operating lease commitments</b>		
Operating lease commitments:		
Total future lease payments:		
Within 1 year	2.285	7.874
Between 1 and 5 years	<u>10.846</u>	<u>11.839</u>
	<u><u>13.131</u></u>	<u><u>19.713</u></u>

The future leasing payments consist of office rental and leased company cars and the remaining period to maturity is up to 60 months.

Operating lease commitments:

Total future lease payments:

**14 Contingent assets, liabilities and other financial obligations****Contingent liabilities**

The company is part of a Danish joint taxation with Danish companies in the Johnson & Johnson Group. Accordingly, the Company is liable also for income taxes of the jointly taxes companies in accordance with the Danish Companies Tax Code from the 2013 financial year. From 1 July 2012 the Company is also liable for any obligation including withholding tax on interest, royalties and dividends for jointly taxed companies.

**15 Related parties and ownership****Controlling interest**

Janssen-Cilag AB, Solna, Sweden  
Immediate Parent Company

Johnson & Johnson, New Jersey, USA  
Ultimate parent company

**Transactions**

All transactions with group companies are in accordance with market value.

**Notes to the annual report**

**15 Related parties and ownership (continued)**

**Ownership**

According to the Company's register of shareholder, the following shareholders hold a minimum of 5% of the voting rights of minimum 5% of the share capital:

Janssen-Cilag AB

Solna

Sweden

**Consolidated financial statements**

The Company is included in the group annual report of Johnson & Johnson, New Jersey, US

The group annual report of Johnson & Johnson, New Jersey, US may be obtained at the following address:

<http://www.investor.jnj.com/secfiling.cfm?filingID=200406-17-6&CIK=200406>