

Paranova Danmark A/S

Marielundvej 46D, 2730 Herlev

Company reg. no. 19 25 21 91

Annual report

1 January - 31 December 2015

The annual report has been submitted and approved by the general meeting on the 29 April 2016.

Erik B. Pfeiffer
Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

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Management's report

The board of directors and the managing director have today presented the annual report of Paranova Danmark A/S for the financial year 1 January to 31 December 2015.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Herlev, 29 April 2016

Managing Director

Dirk Oltersdorf

Board of directors

Erik B. Pfeiffer
Chairman

Hans-Joachim Oltersdorf

Dirk Oltersdorf

The independent auditor's reports

To the shareholder of Paranova Danmark A/S

Report on the annual accounts

We have audited the annual accounts of Paranova Danmark A/S for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as it determines necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts 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 annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

The independent auditor's reports

Opinion

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the management's review

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Copenhagen, 29 April 2016

AP | Statsautoriserede Revisorer P/S

CVR-nr. 34 88 49 35

Jan Nygaard
State Authorised Public Accountant

Company data

The company

Paranova Danmark A/S
Marielundvej 46D
2730 Herlev

Phone: +45 4466 3200

Fax: +45 4466 3201

Company reg. no.: 19 25 21 91

Established: 1 March 1996

Domicile: Herlev

Financial year: 1 January - 31 December

Board of directors

Erik B. Pfeiffer, Chairman
Hans-Joachim Oltersdorf
Dirk Oltersdorf

Managing Director

Dirk Oltersdorf

Auditors

AP | Statsautoriserede Revisorer P/S
Nørre Farimagsgade 11
1364 København K

Parent company

Paranova Group A/S

Financial highlights

DKK in thousands.

2015

2014

Profit and loss account:

Net turnover	399.120	313.106
Gross profit	6.887	6.683
Results from operating activities	584	510
Net financials	-457	24
Results for the year	100	416

Balance sheet:

Balance sheet sum	52.227	53.508
Equity	27.937	27.837

Employees:

Average number of full time employees	6	7
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Key figures in %: *)

Gross margin	1,7	2,1
Profit margin	0,1	0,2
Acid test ratio	190,9	188,4
Solvency ratio	53,5	52,0
Return on equity	0,4	3,0

*) The key figures have been laid out in accordance with the publication "Anbefalinger & Nøgletal 2015" ("Recommendations & Key Figures 2015") published by the CFA Society Denmark. As to definitions, please see the section on accounting policies used.

Management's review

The principal activities of the company

The main activity of the Company is distribution of parallel imported pharmaceuticals.

Development in activities and financial matters

The net turnover for the year is DKK 399.120 thousand against DKK 313.106 thousand last year. The results from ordinary activities after tax are DKK 100 thousand against DKK 416 thousand last year. The management consider the results satisfactory.

Special risks

Price risks

The company is not subjected to special price risks.

Exchange rate risks

The company is not subjected to special exchange rate risks as its activities is based in Denmark.

Interest risks

The company is not subjected to special inteerest risks.

The expected development

Management expects for next year a result at the same level as the current year.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Profit and loss account 1 January - 31 December

DKK in thousands.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Net turnover	399.120	313.106
Raw materials and consumables used	-387.945	-302.398
Other external costs	-4.288	-4.025
Gross results	6.887	6.683
1 Staff costs	-2.505	-2.704
Amortisation and writedown relating to intangible fixed assets	-3.798	-3.469
Operating profit	584	510
Other financial income	0	75
2 Other financial costs	-457	-51
Results before tax	127	534
Tax on ordinary results	-27	-118
Results for the year	100	416
Proposed distribution of the results:		
Dividend for the financial year	10.000	0
Allocated to results brought forward	0	416
Allocated from results brought forward	-9.900	0
Distribution in total	100	416

Balance sheet 31 December

DKK in thousands.

Assets

<u>Note</u>	<u>2015</u>	<u>2014</u>
Fixed assets		
3 Patents and licences	5.846	5.152
Intangible fixed assets in total	5.846	5.152
Fixed assets in total	5.846	5.152
Current assets		
Trade debtors	45.103	47.148
Amounts owed by group enterprises	0	401
Deferred tax assets	1.141	304
Other debtors	0	415
Accrued income and deferred expenses	0	10
Debtors in total	46.244	48.278
Cash funds	137	78
Current assets in total	46.381	48.356
Assets in total	52.227	53.508

Balance sheet 31 December

DKK in thousands.

Equity and liabilities		
<u>Note</u>	<u>2015</u>	<u>2014</u>
Equity		
4 Contributed capital	500	500
5 Results brought forward	17.437	27.337
6 Proposed dividend for the financial year	10.000	0
Equity in total	27.937	27.837
Liabilities		
Trade creditors	1.670	1.219
Debt to group enterprises	15.919	22.958
Corporate tax	1.501	881
Other debts	5.200	613
Short-term liabilities in total	24.290	25.671
Liabilities in total	24.290	25.671
Equity and liabilities in total	52.227	53.508
 7 Contingencies		
8 Related parties		

Notes

DKK in thousands.

	2015	2014
1. Staff costs		
Salaries and wages	2.237	2.339
Pension costs	230	295
Other costs for social security	32	45
Other staff costs	6	25
	2.505	2.704
Average number of employees	6	7
2. Other financial costs		
Financial costs, group enterprises	448	0
Other financial costs	9	51
	457	51
3. Patents and licences		
Cost 1 January 2015	12.334	16.947
Additions during the year	4.496	4.526
Disposals during the year	-3.332	-9.139
Cost 31 December 2015	13.498	12.334
Amortisation and writedown 1 January 2015	-7.182	-12.852
Amortisation for the year	-3.800	-3.469
Disposals	3.330	9.139
Amortisation and writedown 31 December 2015	-7.652	-7.182
Book value 31 December 2015	5.846	5.152

Notes

DKK in thousands.

	<u>31/12 2015</u>	<u>31/12 2014</u>
4. Contributed capital		
Contributed capital 1 January 2015	<u>500</u>	<u>500</u>
	<u>500</u>	<u>500</u>
The share capital consists of 500 shares, each with a nominal value of DKK 1.000. No shares hold particular rights.		
5. Results brought forward		
Results brought forward 1 January 2015	27.337	26.921
Profit or loss for the year brought forward	<u>-9.900</u>	<u>416</u>
	<u>17.437</u>	<u>27.337</u>
6. Proposed dividend for the financial year		
Dividend for the financial year	<u>10.000</u>	<u>0</u>
	<u>10.000</u>	<u>0</u>

Notes

DKK in thousands.

7. Contingencies

Operational leasing

The company has entered into operational leasing contracts with an average annual leasing payment of DKK 68 thousand. The leasing contracts have 24 months left to run, and the total outstanding leasing payment is DKK 136 thousand.

Joint taxation

Paranova Group A/S, company reg. no 18139480 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The liability relating to obligations in connection with corporation tax represents an estimated maximum of DKK 0 thousand. The liability relating to obligations in connection with withholding taxes represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

8. Related parties

Ownership

According to the company's list of shareholders, the following shareholders own a minimum of 5 % of the voting rights or a minimum of 5 % of the share capital:

Paranova Group A/S, Marielundvej 46D, 2730 Herlev, Denmark

Accounting policies used

The annual report for Paranova Danmark A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the consolidated annual accounts of Paranova Group A/S.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Accounting policies used

Debtors, creditors, and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

Exchange rate adjustments of current accounts with foreign group enterprises, which are considered an addition or a deduction in the equity of independent group enterprises, are recognised directly in the equity. Likewise, capital profits and losses on loans and derived financial instruments for hedging independent foreign group enterprises are recognised in the equity.

The profit and loss account

Net turnover

The revenue is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The revenue is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales

Cost of sales include costs for the purchase of materials and consumables less discounts.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Accounting policies used

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Intangible fixed assets include applications costs relating to marketing authorizations.

Marketing authorizations are measured at cost inclusive direct labour costs, less accumulated depreciations.

Depreciation is performed over 3 years period.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity - dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Accounting policies used

According to the rules of joint taxation, Paranova Danmark A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

Liabilities

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

The key figures

The key figures have been laid out in accordance with the publication "Anbefalinger & Nøgletal 2015" ("Recommendations & Key Figures 2015") published by the CFA Society Denmark.

The key figures in the survey appear as follows:

Gross margin	$\frac{\text{Gross results} \times 100}{\text{Net turnover}}$
Profit margin (EBIT margin)	$\frac{\text{Results from primary activities (EBIT)} \times 100}{\text{Net turnover}}$
Acid test ratio	$\frac{\text{Current assets} \times 100}{\text{Short-term liabilities}}$
Equity share	$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$
Return on equity	$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$