BEIERHOLM
VI SKABER BALANCE

Paranova Danmark A/S

Marielundvej 46 D, 2.tv., 2730 Herlev
CVR no. 19 25 21 91

Annual report for 2016

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 31.05.17

Erik Bernhard Pfeiffer
Dirigent

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Company information etc.

The company

Paranova Danmark A/S
Marielundvej 46 D, 2.tv.
2730 Herlev
Tel.: 44 66 32 00
Fax: 44 66 32 01
Registered office: Herlev
CVR no.: 19 25 21 91
Financial year: 01.01 - 31.12

Executive Board

Rasmus Helt Poulsen

Board Of Directors

Erik Bernhard Pfeiffer
Hans-Joachim Oltersdorf
Dirk Andreas Oltersdorf

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Parent company

Paranova Group A/S

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.16 - 31.12.16 for Paranova Danmark A/S.

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

In our opinion, the financial statements give a true and fair view of the the company's assets, liabilities and financial position as at 31.12.16 and of the results of the the company's activities for the financial year 01.01.16 - 31.12.16.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Herlev, May 22, 2017

Executive Board

Rasmus Helt Poulsen

Board Of Directors

Erik Bernhard Pfeiffer Chairman	Hans-Joachim Oltersdorf	Dirk Andreas Oltersdorf

To the Shareholder of Paranova Danmark A/S

Opinion

We have audited the financial statements of Paranova Danmark A/S for the financial year 01.01.16 - 31.12.16, which comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.16 and of the results of the company's operations for the financial year 01.01.16 - 31.12.16 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing 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.

Statement regarding the 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 Acts. We did not identify any material misstatement of management’s review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing 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.

Soeborg, Copenhagen, May 31, 2017

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jan Nygaard
State Authorized Public Accountant

FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2016	2015	2014
Profit/loss			
Operating profit/loss	755	584	510
Indeks	148	115	100
Total net financials	-1.094	-457	-24
Indeks	4.558	1.904	100
Profit/loss for the year	-265	100	416
Indeks	-64	24	100
Balance			
Total assets	64.354	52.227	53.508
Indeks	120	98	100
Equity	17.672	27.937	27.837
Indeks	63	100	100

Ratios

	2016	2015	2014
Profitability			
Gross margin	2%	2%	0%
Profit margin	0%	0%	0%
Equity ratio			
Equity interest	27%	53%	52%
Others			
Number of employees (average)	7	6	0

Gross margin:	$\frac{\text{Gross result x 100}}{\text{Revenue}}$
Profit margin:	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Equity interest:	$\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

The company's main activities is distribution of parallel imported pharmaceuticals.

Development in activities and financial affairs

The income statement for the period 01.01.16 - 31.12.16 shows a profit/loss of DKK'000 -265 against DKK'000 100 for the period 01.01.15 - 31.12.15. The balance sheet shows equity of DKK'000 17,672.

Outlook

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

Special risks

Price risks

The company is not subjected to special price risks.

Currency risks

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

Interest rate risks

The company is not subjected to special interest risks.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2016 DKK '000	2015 DKK '000
	Gross profit	**8.719**	**6.888**
1	Staff costs	-4.108	-2.506
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**4.611**	**4.382**
	Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment	-3.856	-3.798
	Profit/loss before net financials	**755**	**584**
2	Financial expenses	-1.094	-457
	Profit/loss before tax	**-339**	**127**
	Tax on profit or loss for the year	74	-27
	Profit/loss for the year	**-265**	**100**

3 Distribution of net profit

Balance sheet

ASSETS

Note		31.12.16 DKK '000	31.12.15 DKK '000
	Acquired rights	6.762	5.846
4	**Total intangible assets**	**6.762**	**5.846**
	Total non-current assets	**6.762**	**5.846**
	Trade receivables	55.733	45.103
	Receivables from group enterprises	358	137
6	Deferred tax asset	1.501	1.141
	Total receivables	**57.592**	**46.381**
	Total current assets	**57.592**	**46.381**
	Total assets	**64.354**	**52.227**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.16 DKK '000	31.12.15 DKK '000
5	Contributed capital	500	500
	Retained earnings	17.172	17.437
	Proposed dividend for the financial year	0	10.000
	Total equity	**17.672**	**27.937**
	Trade payables	726	1.706
	Payables to group enterprises	37.292	15.919
	Income taxes	1.787	1.501
	Other payables	6.877	5.164
	Total short-term payables	**46.682**	**24.290**
	Total payables	**46.682**	**24.290**
	Total equity and liabilities	**64.354**	**52.227**

7 Contingent liabilities

Statement of changes in equity

Figures in DKK '000	Share capital	Retained earnings	Proposed dividend for the financial year
Statement of changes in equity for 01.01.15 - 31.12.15			
Balance pr. 01.01.15	500	27.337	0
Net profit/loss for the year	0	-9.900	10.000
Balance as at 31.12.15	500	17.437	10.000
Statement of changes in equity for 01.01.16 - 31.12.16			
Balance pr. 01.01.16	500	17.437	10.000
Dividend paid	0	0	-10.000
Net profit/loss for the year	0	-265	0
Balance as at 31.12.16	500	17.172	0

Notes

	2016 DKK '000	2015 DKK '000

1. Staff costs

Wages and salaries	3.659	2.234
Pensions	371	230
Other social security costs	48	32
Other staff costs	30	10
Total	4.108	2.506
Average number of employees during the year	7	6

2. Financial expenses

Interest, group enterprises	1.086	448
Foreign currency translation adjustments	2	6
Other financial expenses	6	3
Other financial expenses total	8	9
Total	1.094	457

3. Distribution of net profit

Proposed dividend for the financial year	0	10.000
Retained earnings	-265	-9.900
Total	-265	100

4. Intangible assets

Figures in DKK '000	Acquired rights
Cost pr. 01.01.16	13.499
Additions during the year	4.772
Disposals during the year	-4.476
Cost as at 31.12.16	13.795
Amortisation and impairment losses pr. 01.01.16	-7.653
Amortisation during the year	-3.856
Reversal of amortisation of and impairment losses on disposed assets	4.476
Amortisation and impairment losses as at 31.12.16	-7.033
Carrying amount as at 31.12.16	6.762

5. Share capital

The share capital consists of:

	500	500

The share capital consists of 500 shares, each with a nominal value of DKK 1.000. No shares hold particular rights.

6. Deferred tax

Additions relating to mergers and acquisition of enterprises pr. 01.01.16	1.141	304
Deferred tax recognised in the income statement	360	837
Additions relating to mergers and acquisition of enterprises as at 31.12.16	1.501	1.141

7. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 35 months and average lease payments of DKK 8,5k, a total of DKK 298k.

8. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C.

Change in accounting policies

The company has changed its accounting policies in the following areas:

Cash pool accounts classified as Receivables and payables to and from group enterprises
Previously, cash pool accounts were classified as Cash and Payables to other credit institutions in the balance sheet. In future, cash pool accounts is held under Receiveables from group enterprises, recommending to the real ownership. The comparative figures have been restated in accordance with the new accounting policy. The change in accounting policy has no impact net profit or loss, equity or balance sheetdue 31.12.16

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

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 depreciation, amortisation, impairment losses and write-downs, 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, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

8. Accounting policies - continued -

LEASES

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

INCOME STATEMENT

Gross profit

Gross profit comprises revenue and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

8. Accounting policies - continued -

Depreciation, amortisation and impairment losses

The amortisation and depreciation of intangible assets aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated/amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful life, year	Residual value DKK '000
Acquired rights	3	0

The basis of depreciation/amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation/amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

8. Accounting policies - continued -

BALANCE SHEET

Intangible assets

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

8. Accounting policies - continued -

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.
Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Cash

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

8. Accounting policies - continued -

Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.