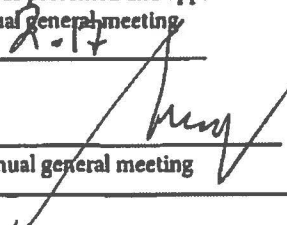




Roche A/S

Annual Report 2016

Registration No. 25 23 05 15
Roche A/S
Industriholmen 57-59
2650 Hvidovre
This report contains 24 pages

The annual report was presented and approved at
the Company's annual general meeting
on 4.05.2017
20 17

Chairman of the annual general meeting



Content

Statement by the Executive Board and Board of Directors	2
Independent auditors' report	3
Management's review	6
Company details	6
Financial highlights	7
Operating review	8
Financial statements for the period 1 January - 31 December	10
Income statement	10
Balance sheet	11
Equity	13



Statement by the Executive Board and Board of Directors

The Executive Board and Board of Directors have considered and approved the annual report for the year 1 January - 31 December 2016 for Roche A/S.

The annual report has been 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.

Moreover, in our opinion, the Management's review includes a fair review of developments in the Company's operations and financial position, profit for the year and the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Hvidovre, 4th May 2016

Executive Board:

Ronald Jeyung Park
Managing director

Board of Directors:

Michael Budtz
Chairman

Ronald Jeyung Park

Luc Dirckx

Beat Krähenmann



Independent auditors' report

To the shareholder of Roche A/S

Opinion

We have audited the financial statements of Roche A/S for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 assets, liabilities and 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.



Independent auditor's report

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.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

Copenhagen, 4th May 2017
KPMG
Statsautoriseret Revisionspartnerselskab
CVR. No. 25 57 81 98

Lau Bent Baun

State Authorised
Public Accountant



Management's review

Company details

Roche a/s
Industriholmen 59
DK-2650 Hvidovre

Telephone: +45 36 39 99 99
Fax: +45 36 39 99 00
Web site: Roche.dk
E-mail: denmark.info@roche.com

Registration No.: 25 23 05 15
Established: 1970
Registered office: Hvidovre

Board of Directors

Michael Budtz
Luc Dirckx
Beat Krähenmann
Ronald Jeyung Park

Executive Board

Ronald Jeyung Park

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Annual general meeting

The annual general meeting is to be held on 4th May 2017



Financial statements for the period 1 January - 31 December

Financial highlights

TDKK	2016	2015	2014	2013	2012
Key figures					
Revenue	869,907	893,694	839,936	689,754	753,564
Gross profit	146,478	161,134	144,300	128,943	140,797
Ordinary operating profit	29,229	36,390	35,673	21,796	28,660
Financial income and expenses	-163	-145	-188	-569	-348
Net profit for the year	25,476	29,179	26,654	14,505	20,687
Total assets					
Equity	311,643	315,590	333,052	302,800	260,841
	124,881	129,405	100,226	88,573	104,067

Financial ratios

Operating margin	3.4%	4.1%	4.2%	3.2%	3.8%
Return on investment	9.3%	11.2%	11.2%	7.6%	11.0%
Gross margin ratio	16.8%	18.0%	17.2%	18.7%	18.7%
Equity ratio	40.1%	41.0%	30.1%	29.3%	39.9%
Return on equity	20.0%	25.4%	28.2%	15.1%	18.2%
Average number of full-time employees					
	125	111	103	103	102

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015 Nordic Edition". For definitions, please see the accounting policies.

The financial ratios have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on investment	$\frac{\text{Operating profit} \times 100}{\text{Average operating assets}}$
Operating assets	Total assets less cash at bank and in hand.
Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$



Operating review

Principal activities

The company's main activity is the sole distribution in Denmark and Iceland of pharmaceuticals delivered by F. Hoffmann-La Roche AG, Basel and other Roche companies.

Development in activities and financial position

Based on the current market conditions the company's result for 2016 is considered very satisfactory. The result is slightly below target because of tender loss to a Parallel Trader.

Outlook

Due to the introduction of biosimilar products into the Danish market competing on two of our largest products in our disease areas, we expect to have a minor decline in revenue in 2017 compared 2016. Midterm the sales decline will be offset by launches of new products in the coming years.

Risks

There are no specific uncertainties or unusual conditions in regards to the presentation of the annual report for 2016. As well, the company is not exposed to any special risks besides what are normal risks of the business. The financial risks are covered by various intercompany agreements such as the cash pooling agreement with Roche Pharmholding B.V., Netherlands which ensures daily liquidity and the foreign exchange hedging agreement where the FX-exposure of the cash pool accounts are hedged by Roche Pharmholding B.V., Netherlands.

Corporate Social Responsibility

With reference to the Danish Financial Statements Act § 99a, section 6, separate disclosure of corporate social responsibility is omitted. Instead we refer to the Annual Report for Roche Holding Ltd, where compliance in regards of CSR, impact on human rights, climate and environment can be found. The relevant information is disclosed on page 71-105 in the Annual Report for Roche Holding Ltd, which can be found at www.roche.com/investors/annual_reports.htm.

Gender composition

The target for the gender composition for Board of Directors is 25% women and 75% men by 2019. Four Board Members have been elected on the company's general meeting. The board members are selected based on their position within Roche. Change in gender could occur based on change in those positions. The Board of Directors consists of 100% male in 2016.



Looking at the total management group under the Board of Directors and the top Management, the gender composition is 70% women and 30% men.

We are working on the general gender composition and we have a long-term perspective to secure the availability of a group of qualified male employees who later on can take on a management role. The initiatives in our policy focus on this. Among others our policy focus on recruiting candidates from both genders when we have open positions normally dominated by females. We try to recruit at least one male candidate for a job interview.

Intellectual capital

It is of vital importance when dealing in pharmaceuticals, that the employees of the company possess knowledge of products and market conditions. This knowledge is increased and maintained through further education and by recruiting employees with a high level of education and knowledge.

Subsequent events

Since year-end no events have occurred, which could have a significant impact on the Company's financial position.



Financial statements for the period 1 January - 31 December

Income statement

TDKK	Note	2016	2015
Revenue	2	869,907	893,694
Cost of sales		<u>-723,429</u>	<u>-732,560</u>
Gross profit		146,478	161,134
Marketing & Distribution costs	3	-101,881	-107,656
Administrative costs	3	<u>-15,367</u>	<u>-17,088</u>
Operating profit		29,229	36,390
Other operating income	4	114,285	94,909
Other operating costs	3	<u>-108,075</u>	<u>-90,584</u>
Profit before financial items		35,439	40,715
Financial income	5	116	466
Financial expense	6	<u>-279</u>	<u>-611</u>
Profit before tax		35,277	40,570
Tax on profit	7	<u>-9,801</u>	<u>-11,391</u>
Profit for the year	8	<u>25,476</u>	<u>29,179</u>



Financial statements for the period 1 January - 31 December

Balance sheet

TDKK	Note	2016	2015
ASSETS			
Tangible fixed assets	9		
Tangible fixed assets under construction		0	280
Land and buildings		35,991	37,413
Fixtures and equipment		3,689	3,947
Total non-current assets		39,680	41,640
Current assets			
Inventories		148,999	145,807
		148,999	145,807
Receivables			
Trade receivables		91,926	110,963
Amounts owed by affiliated companies		28,248	13,611
Other receivables		494	623
Prepayments	10	2,104	2,947
Corporation tax		191	0
		122,963	128,144
Cash at bank and in hand		0	0
Total current assets		271,962	273,950
TOTAL ASSETS		311,642	315,590



Financial statements for the period 1 January - 31 December

TDKK	Note	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital	11	4,000	4,000
Retained earnings		120,881	95,405
Proposed dividend		0	30,000
Total equity		124,881	129,405
Provisions			
Other provisions	12	951	2,727
Provision for deferred tax	13	2,779	3,017
Total provisions		3,730	5,744
Current liabilities other than provisions			
Trade payables		23,206	15,348
Debt to affiliated companies		112,363	107,191
Corporation tax		0	310
Other payables	14	47,462	57,591
		183,031	180,440
Total liabilities other than provisions		183,031	180,440
TOTAL EQUITY AND LIABILITIES		311,642	315,590
Contingencies, etc.	15		
Related party disclosures and transactions	16		



Financial statements for the period 1 January - 31 December

Equity

tkr.	Share capital	Retained earnings	Proposed dividends	Total
Equity 1 January 2016	4,000	95,405	30,000	129,405
Dividends	0	0	-30,000	-30,000
Transferred profit appropriation	0	25,476	0	25,476
Equity 31 December 2016	4,000	120,881	0	124,881



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Roche a/s for 2016 has been prepared in accordance with the provisions applying to class C-enterprises (large) under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

With reference to the Danish Financial Statement Act §86, section 4, the cash flow statement is omitted. Instead we refer to the Annual Report for Roche Holding Ltd., Basel, Switzerland. This can be found on www.roche.com.

With reference to the Danish Financial Statement Act §96, section 3, fee paid to auditors appointed at the annual general meeting is not disclosed.

Recognition and measurement

All sales are recognized in the profit and loss account as earned based on the following criteria:

Delivery has been made before year end, a binding sales agreement has been made, the sales price has been determined, and payment has been received at the time of sale or may with reasonable certainty be expected to be received.

Based on the above, sales are recognized in the profit and loss account as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortized cost. Furthermore, all expenses incurred to achieve the earnings for the year are recognized in the profit and loss account, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the profit and loss account.

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

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or expense.

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 at the date at which the receivable or payable arose or was recognized in the latest consolidated and parent company financial statements is recognized in the income statement as financial income or expense.

Income Statement

Revenue

Revenue from sales of the company's products is recognized in the profit and loss account by the time of invoicing. Revenue from commission sales is also recognized in the profit and loss account by the time of invoicing. Taxes and rebates are deducted from the gross turnover.

Marketing and Distribution expenses

Marketing expenses include wages for marketing staff, promotion material, warehouse- and distribution costs etc.

General and Administration expenses

Administrative expenses include wages for administrative staff, depreciation of office machines and other office costs.

Other operating income

Other operating income includes redebited expenses in connection with clinical trials



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Other operating costs

Other operating costs include clinical trial costs.

Financial income and expenses

Financial income and expenses comprise interest, realized and unrealized exchange adjustment etc.

Tax on profit/loss for the year

Tax on profit/loss for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit for the year is recognized in the income statement.

Balance

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	10-40 years
Furniture and fixtures	3-15 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognized prospectively.

Land is not depreciated.

Depreciation is recognized in the income statement as administrative costs.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement as other operating income or other operating costs, respectively.

Leases

Payments relating to operating leases and other leases are recognized in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc

Impairment of tangible fixed assets

The carrying amount of tangible fixed assets is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognized write-downs are reversed when the basis for the write-down no longer exists

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Receivables

Receivables are measured at amortized cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Prepayments

Prepayment assets, comprise costs incurred concerning subsequent financial years.

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

The Company is covered by the Danish rules of compulsory joint taxation of the Roche Groups Danish affiliates. The Company is the administration company for the joint taxation and as such, settles all payments of corporate taxes towards tax authorities.

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

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to be liable as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

Provisions

Provision comprise anticipated costs related to sales return, restructurings etc. Provisions are recognized when, as a result of past events, the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realizable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Segment information

Information is provided on geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

tkr.	<u>2016</u>	<u>2015</u>
2 Segment information		
Geographic		
Sales domestic	822,409	850,563
Export	47,498	43,131
	<u>869,907</u>	<u>893,694</u>



Financial statements for the period 1 January - 31 December

Notes to the financial statements

3 Staff Costs		
Wages and salaries	105,522	95,000
Pensions	8,388	7,465
Other social security costs	892	816
Other staff costs	8,451	8,147
	<u>123,253</u>	<u>111,428</u>
Staff costs are recognized as follows in the financial statements:		
Marketing and distribution	64,378	60,094
Administration	13,877	14,256
Other operating costs	44,998	37,078
	<u>123,253</u>	<u>111,428</u>
Average number of full-time employees	<u>125</u>	<u>111</u>

Remuneration to the Board of Directors and Executive Board are included in the staff costs:

Wages and salaries	2,116	1,903
Pensions	0	0
Other social security costs	8	7
Other staff costs	190	290
	<u>2,314</u>	<u>2,200</u>

Long-term award program

Costs related to a long-term award program DKK 2,528 thousand (2015: DKK 1,870 thousand) are included in staff costs. The program includes Stock Appreciation Rights issued and granted by the Roche Group to the employees of Roche A/S.

4 Other Operating Income

Other Operating Profit consists of income from services provided to group companies.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

tkr.	2016	2015
5 Financial income		
Interest income from affiliated companies	39	2
Other financial income	77	464
	<u>116</u>	<u>466</u>
6 Financial expenses		
Interest expenses to affiliated companies	50	202
Other financial expenses	229	409
	<u>279</u>	<u>611</u>
7 Tax on the profit for the year		
Current tax for the year	9,851	11,342
Deferred tax adjustment for the year	-238	161
Adjustment to previous years	188	-112
	<u>9,801</u>	<u>11,391</u>
8 Proposed profit appropriation		
Proposed dividend	0	30,000
Retained earnings	25,476	-821
	<u>25,476</u>	<u>29,179</u>



Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Tangible fixed assets

tkr.	Tangible assets under construction	Land and buildings	Fixtures and equipment	Total
Cost at 1 January 2016	281	65,334	14,256	79,871
Additions	0	150	331	481
Transferred	-281	281	0	0
Disposals	0	0	-395	-395
Cost at 31 December 2016	0	65,765	14,192	79,957
Depreciation at 1 January 2016	0	27,921	10,310	38,232
Depreciation	0	1,853	559	2,411
Impairment	0	0	0	0
Disposals	0	0	-366	-366
Depreciation at 31 December 2016	0	29,774	10,503	40,277
Carrying amount at 31 December 2016	0	35,991	3,689	39,680
Depreciated over		10-40 years	3-15 years	-



Financial statements for the period 1 January - 31 December

Notes to the financial statements

tkr.	2016	2015
10 Prepayments		
Prepaid congresses	908	848
Other prepaid expenses	1,196	2,099
Prepayments at 31 December	2,104	2,947
11 The share capital comprises:		
2 shares of DKK 1,200 thousand each		
1 shares of DKK 600 thousand each		
2 shares of DKK 400 thousand each		
1 shares of DKK 200 thousand each		
All shares rank equally		
The share capital has not changed for the past five years		
12 Other provisions		
Provision for restructuring expenses	622	1,773
Provision for sales returns	329	954
Other Provisions	0	0
Other provisions at 31 December	951	2,727
13 Deferred tax liability		
Deferred tax at 1 January	3,017	2,856
Adjustment to previous years	0	0
Adjustment of deferred tax	-238	161
Deferred tax liability at 31 December	2,779	3,017
Deferred tax relates to		
Property, plant and equipment	3,076	3,380
Provisions	-297	-363
	2,779	3,017



Financial statements for the period 1 January - 31 December

Notes to the financial statements

14 Other payables		
Holiday allowance	11,001	10,516
Payable VAT	10,767	18,892
Payable staff costs	14,326	15,669
Other	11,368	12,514
Other payables at 31 December	47,462	57,591

15 Contingencies, etc.

Lease obligations

The Company has operating lease obligations of DKK 8,601 thousand as per 31st December 2016 (2015: DKK 7,217 thousand), of which DKK 3,683 thousand is due within the next twelve months (2015: DKK 3,816 thousand).

Rent obligations

The Company has rent obligations regarding expatriate employees. The obligation amounts to DKK 1,942 thousand per 31st December 2016 (2015: DKK 2,056 thousand). Cancellation of the contracts before end date will result in payment of DKK 363 thousand (2015: DKK 469 thousand).

Other obligations

The Company has lease obligations regarding copying machines. The obligation amounts to DKK 376 thousand per 31st December 2016 (2015: DKK 573 thousand), of which DKK 196 thousand is due within the next twelve months (2015: DKK 196 thousand).

Tax obligations

The Company is jointly taxed with other Danish companies in the Roche group. As the administrative company and a wholly owned subsidiary of Roche Holding Ltd. the Company is unlimited and solidarity liable with the other companies in the joint taxation regarding Danish corporation taxes and withholding taxes on dividends, interests and royalties in the joint taxation. At 31 December 2016, the jointly taxed companies' net liabilities to SKAT amounted to DKK 0. Any subsequent corrections of the taxable income in the joint taxation or withholding taxes could lead to the Company's liability being higher.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

16 Related party disclosures and transactions

The Company is a 100% owned subsidiary. The Company is part of the consolidated financial statements of Roche Holding AG, Grenzacherstrasse 124, 4002 Basel, Switzerland, in which the Company is included as a subsidiary.

The consolidated financial statements of Roche Holding AG can be obtained by contacting the Company or at the following website: <http://www.roche.com/investors.htm>

Transactions with related parties consist exclusively of purchasing goods, purchasing services and selling services to group companies.

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.