

# Paranova Diagnostics ApS

Marielundvej 46D, 2730 Herlev

Company reg. no. 25 48 25 14

## Annual report

### 1 January - 31 December 2015

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

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**Erik B. Pfeiffer**  
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Contents

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	<u>Page</u>
<b>Reports</b>	
Management's report	1
The independent auditor's reports	2
<b>Management's review</b>	
Company data	4
Management's review	5
<b>Annual accounts 1 January - 31 December 2015</b>	
Profit and loss account	6
Balance sheet	7
Notes	9
Accounting policies used	11

## **Management's report**

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The managing director has today presented the annual report of Paranova Diagnostics ApS for the financial year 1 January to 31 December 2015.

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

I consider the accounting policies used appropriate, and in my 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.

I am 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**

Erik B. Pfeiffer

## **The independent auditor's reports**

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### **To the shareholder of Paranova Diagnostics ApS**

#### **Report on the annual accounts**

We have audited the annual accounts of Paranova Diagnostics ApS 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**

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### **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.

### **Reports on other legal and regulatory requirements**

#### **Emphasis of matter paragraph on other matters**

Without modifying our opinion, we draw attention to note 1, which states, that the Company has received a letter of support from the parent Company MPA Pharma GmbH, stating that MPA Pharma GmbH guarantees that the Company has the necessary capital resources and liquidity available until at least 31 December 2016.

### **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

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### The company

Paranova Diagnostics ApS

Marielundvej 46D

2730 Herlev

Phone: +45 4466 3200

Fax: +45 4466 3201

Company reg. no.: 25 48 25 14

Established: 1 July 2000

Domicile: Herlev

Financial year: 1 January - 31 December

### Managing Director

Erik B. Pfeiffer

### Auditors

AP | Statsautoriserede Revisorer P/S

Nørre Farimagsgade 11

1364 København K

### Parent company

Paranova Group A/S

## **Management's review**

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### **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 gross profit for the year is DKK 1.133 thousand against DKK -17 thousand last year. The results from ordinary activities after tax are DKK 533 thousand against DKK -462 thousand last year. The management consider the results satisfactory.

The company has lost the entire share capital. The Executive Board expects that the share capital will be re-established through future profit and/or by debt conversion.

Paranova Diagnostics ApS has received a letter of support from the Company's ultimate parent, MPA Pharma GmbH, stating that MPA Pharma GmbH guarantees that the Company has the necessary capital resources and liquidity available until at least 31 December 2016.

### **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

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DKK in thousands.

<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>Gross profit</b>	<b>1.133</b>	<b>-17</b>
Depreciation and writedown relating to tangible fixed assets	<u>-7</u>	<u>0</u>
<b>Operating profit</b>	<b>1.126</b>	<b>-17</b>
Other financial income	0	6
2 Other financial costs	<u>-442</u>	<u>-581</u>
<b>Results before tax</b>	<b>684</b>	<b>-592</b>
Tax on ordinary results	<u>-151</u>	<u>130</u>
<b>Results for the year</b>	<b>533</b>	<b>-462</b>
<b>Proposed distribution of the results:</b>		
Allocated to results brought forward	533	0
Allocated from results brought forward	<u>0</u>	<u>-462</u>
<b>Distribution in total</b>	<b>533</b>	<b>-462</b>



## Balance sheet 31 December

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DKK in thousands.

### Assets

<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>Current assets</b>		
Trade debtors	25.664	0
Deferred tax assets	2.321	2.322
Receivable corporate tax	230	130
Debtors in total	<u>28.215</u>	<u>2.452</u>
Cash funds	<u>7</u>	<u>4</u>
<b>Current assets in total</b>	<u><b>28.222</b></u>	<u><b>2.456</b></u>
<b>Assets in total</b>	<u><b>28.222</b></u>	<u><b>2.456</b></u>

## Balance sheet 31 December

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DKK in thousands.

<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
3 Contributed capital	125	125
4 Results brought forward	-11.801	-12.334
<b>Equity in total</b>	<b>-11.676</b>	<b>-12.209</b>
<b>Liabilities</b>		
Trade creditors	2	0
Debt to group enterprises	39.887	14.664
Other debts	9	1
Short-term liabilities in total	39.898	14.665
<b>Liabilities in total</b>	<b>39.898</b>	<b>14.665</b>
<b>Equity and liabilities in total</b>	<b>28.222</b>	<b>2.456</b>
5 Contingencies		
6 Related parties		

## Notes

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DKK in thousands.

	<u>2015</u>	<u>2014</u>
<b>1. Uncertainties concerning the enterprise's ability to continue as a going concern</b>		
Paranova Diagnostics ApS has received a letter of support from the Company's ultimate parent, MPA Pharma GmbH, stating that MPA Pharma GmbH guarantees that the Company has the necessary capital resources and liquidity available until at least 31 December 2016. We refer to the comment in the Management's review.		
<b>2. Other financial costs</b>		
Financial costs, group enterprises	442	577
Other financial costs	<u>0</u>	<u>4</u>
	<b><u>442</u></b>	<b><u>581</u></b>
<b>3. Contributed capital</b>		
Contributed capital 1 January 2015	<u>125</u>	<u>125</u>
	<b><u>125</u></b>	<b><u>125</u></b>
<b>4. Results brought forward</b>		
Results brought forward 1 January 2015	-12.334	-11.872
Profit or loss for the year brought forward	<u>533</u>	<u>-462</u>
	<b><u>-11.801</u></b>	<b><u>-12.334</u></b>

## Notes

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DKK in thousands.

### 5. Contingencies

#### 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.

### 6. 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**

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The annual report for Paranova Diagnostics ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

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

### **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.

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.

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.

## **Accounting policies used**

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At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

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**

#### **Gross profit**

The gross profit comprises the revenue and external costs.

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

Other external costs comprise costs for administration.

#### **Depreciation, amortisation and writedown**

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

#### **Net financials**

Net financials include interest income and interest expenses. 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.

## **Accounting policies used**

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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**

#### **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.

#### **Available funds**

Available funds comprise cash at bank.

#### **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.

According to the rules of joint taxation, Paranova Diagnostics ApS 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.