

Orifarm Generics A/S

**Energivej 15
5260 Odense S**

Central Business Registration no. 25 67 40 30

Annual report 2015

The Annual General Meeting adopted the annual report on ____/____ 2016

Chairman of the General Meeting:



Orifarm Generics A/S

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Company details

Company

Orifarm Generics A/S

Energivej 15

5260 Odense S

25 67 40 30

Registered in: Odense

Board of Directors

Hans Bøgh-Sørensen

Birgitte Bøgh-Sørensen

Erik Sandberg

Executive Board

Ulrik Rasmussen, Chief Executive Officer

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Statement by management

We have today presented the annual report of Orifarm Generics A/S for the financial year 1 January 2015 - 31 December 2015.

The annual report is presented 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 and results. Also, we believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Odense, 11 May 2016

Executive Board

Ulrik Rasmussen
Chief Executive Officer

Board of Directors

Hans Bøgh-Sørensen
Chairman of the Board

Birgitte Bøgh-Sørensen

Erik Sandberg

Independent auditor's report

To the shareholders of Orifarm Generics A/S

Report on the financial statements

We have audited the financial statements of Orifarm Generics A/S for the financial year 1 January 2015 - 31 December 2015, which comprise the accounting policies, income statement, balance sheet, statement of change in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements 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 financial statements are free from material misstatement.

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of their operations for the financial year 1 January 2015 - 31 December 2015 in accordance with the Danish Financial Statements Act.

Odense, 11 May 2016

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR-nr. 33963556

Lars Knage Nielsen

State Authorised Public Accountant

Allan Dydensborg Madsen

State Authorised Public Accountant

Accounting policies

This annual report has been presented in accordance with the Danish Financial Statements Act governing reporting class B enterprises with additional notes from class C.

The annual report is prepared using the same accounting policies as last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefit will flow to the Company, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currency that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the determined consideration.

Cost of sales

Cost of sales includes direct and indirect costs incurred to generate revenue. The cost of sales is recognized raw materials, consumables and cost of production staff.

Accounting policies

Other operating income

Other operating income comprises income of a secondary nature to the Group's primary activities.

Other external expenses

Other external expenses comprise expenses for distribution, sale, advertising, administration, premises, etc.

Staff costs

Staff costs comprise wages and salaries, social security costs, pension contributions, etc. for the Company's staff.

Financial income and expenses

These items comprise interest income and interest expenses, realised as well as unrealised capital gains and losses on liabilities and transactions in foreign currencies.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and recognised directly in equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable values, either as a set-off against deferred tax liabilities or as net tax assets.

The Company is jointly taxed with the ultimate Parent company and all the ultimate Parent company's Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

The jointly taxed companies are subject to the rules of section 11B of the Danish Companies Act governing interest deduction limitation. It has been agreed in the joint taxation that reduced interest deduction is recognised in the company in which the interest deduction has been reduced.

Balance sheet

Files and application fees

Files and application fees are measured at cost less accumulated amortisation and impairment losses.

Files and application fees regarding a specific product in relation to which a potential future market can be demonstrated and where the intention is to market the product in question are recognised as intangible assets. Other costs relating to applications are recognised as cost in the income statement as incurred.

Files and application fees regarding generic products are amortised straight-line over their expected useful lives calculated from the date when the product to which the files and application fees relate is introduced to the market. The amortisation period is 5 years.

Accounting policies

When the files and applications fees are subject to impairment, files and application fees are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad receivables.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other financial liabilities

Other financial liabilities are measured at amortized cost, usually equaling nominal value of the liability.

Income statement

(1.000 DKK)

	Note	2015	2014
Gross profit		40.010	32.083
Staff costs	2	-35.905	-28.384
Income before depreciation		4.105	3.699
Depreciation and impairment losses	3	-3.135	-2.618
Operating income		970	1.081
Financial income	4	249	12
Financial expenses	5	-251	-327
Profit before tax		968	766
Tax	6	-363	-216
Profit for the year		605	550
Distribution of profit			
Retained earnings		605	

Balance sheet

(1.000 DKK)

	Note	2015	2014
Files and application fees		5.278	10.797
Intangible assets	7	5.278	10.797
Fixed assets		5.278	10.797
Receivables from group enterprises		12.955	5.070
Trade receivables		23.930	13.782
Other receivables		4.292	1.447
Prepayments		0	194
Receivables		41.177	20.493
Current assets		41.177	20.493
Total assets		46.455	31.290

Balance sheet

(1.000 DKK)

	Note	2015	2014
Share capital	8	800	800
Retained earnings		7.238	6.633
Total equity		8.038	7.433
Deferred tax liabilities	9	1.161	2.455
Provisions		1.161	2.455
Bank debt		6.707	11.260
Trade payables		2.032	2.020
Payables to group enterprises		16.343	1.133
Income taxes		1.633	542
Other debt		10.541	6.447
Short-term liabilities		37.256	21.402
Liabilities		37.256	21.402
Total equity, provision and liabilities		46.455	31.290
Pledged assets and contingent liabilities etc.	10		
Other Notes	11-13		

Statement of changes in equity for 2015

(1.000 DKK)

	Share capital	Retained earnings	Total
Equity at 1 January 2015	800	6.633	7.433
Profit for the year	0	605	605
Equity at 31 December 2015	800	7.238	8.038

Notes

(1.000 DKK)

1. Main activity

Orifarm Generics A/S is manufacturing and selling generics pharmaceuticals in Denmark.

	2015	2014
2. Staff costs		
Salaries and wages	31.748	24.709
Pension costs	3.816	3.335
Other social security costs	341	341
	35.905	28.385
Of this, total remuneration for Executive Board	737	720
Average number of employees	53	48
3. Depreciation and impairment losses		
Application fee	3.135	2.618
	3.135	2.618
4. Financial income		
Financial income from group enterprises	217	10
Other financial income	32	2
	249	12
5. Financial expenses		
Financial expenses to group enterprises	69	103
Other financial expenses	182	224
	251	327
6. Tax		
Current tax	1.633	542
Change in deferred tax	-1.214	-417
Effect of changed tax rate	-81	-95
Adjustment concerning previous years	25	186
	363	216

Notes

(1.000 DKK)

	Files and application fees
7. Intangible assets	
Cost at 01.01.2015	16.989
Additions	2.338
Disposal	-6.946
Write down	-545
Cost at 31.12.2015	11.836
Depreciation at 01.01.2015	6.192
Depreciation of the year	2.589
Reversal relating to disposals	-2.223
Depreciation at 31.12.2015	6.558
Carrying amount at 31.12.2015	5.278

In the year the estimate amortization period for application fees been changed from 3 to 5 years. The positiv effect in this year is 495 t.DKK

8. Share capital

The share capital consists of 800 shares at DKK 1.000.

The shares have not been divided into classes.

There has not been any changes in share capital in the past 5 years.

	2015	2014
9. Deferred tax		
Deferred tax is incumbent on the following financial statement items:		
Intangible assets	1.161	2.456
Tax losses carried forward	0	-1
	1.161	2.455

Notes

(1.000 DKK)

10. Pledged assets and contingent liabilities

The Group has provided guarantees under which the guarantors assume joint and several liability for group enterprises' net debt with bank and credit institution. The Groups total net debt in relation to this guarantee is booked at 623 m.DKK at 31.12.2015.

The Company has provided receivables from sales of goods and services, 23.930 t.DKK, as security for debt to the Group's banks and credit institutions.

The Company is a party to litigation regarding alleged infringement of patent rights. Management believes that these legal proceedings will not lead to significant losses for the company.

The group has normal trade obligations on returned goods, and no significant losses are expected.

The company is jointly taxed with all Danish subsidiaries, with Habico Holding A/S as the administration company. The Company therefore held liable under the Corporation Tax Act rules for income taxes, and if any obligations to withhold tax on interest, royalties and dividends for the jointly taxed companies.

11. Related parties

Related parties with controlling interest in Orifarm Generics A/S:

The Parent company Orifarm Generics Holding A/S, Odense, Central Business Registration No 27 34 72 23.

Other related parties and Orifarm Generics A/S have had transactions within 2015.

All transactions with related parties are eliminated in the overlying consolidated statements.

12. Ownership

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Orifarm Generics Holding A/S, Energivej 15, 5260 Odense S.

13. Consolidation

Orifarm Generics A/S is included in the consolidated financial statements of Orifarm Group A/S, Odense, Central Business Registration No 27 34 72 82.

Orifarm Generics A/S is additionally included in the ultimative consolidated financial statements of Habico Holding A/S, Odense, Central Business Registration No 27 34 71 34.