

# **Novo Nordisk Region Japan & Korea A/S**

c/o Novo Nordisk A/S  
Novo Allé  
2880 Bagsværd  
Denmark

CVR number 25 68 07 66

## **Annual Report 2015**

**The Annual Report has been presented and adopted at the Annual  
General Meeting on 25 April 2016.**



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Chairman of the meeting

**Novo Nordisk Region Japan & Korea A/S**  
**Contents**

	<b>Page</b>
<b>Management statement and Auditor's report</b>	
Statement by the Board of Directors and Executive Management	3
Independent Auditor's reports	4
<b>Management Report</b>	
Company information	5
Management Review	6
<b>Financial Statements 1 January – 31 December 2015</b>	
Income statement	7
Balance sheet	8
Statement of changes in equity	9
Accounting policies	10
Notes	12

**Novo Nordisk Region Japan & Korea A/S**

**Statement by the Board of Directors and Executive Management**

Today, the Board of Directors and Executive Management have approved the Annual Report of Novo Nordisk Region Japan & Korea A/S for the year 2015.

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 financial position of the company at 31 December 2015 and of the results of the company's operations for 2015 in accordance with the Danish Financial Statements Act.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Bagsværd, 25 April 2016

**Executive Management:**

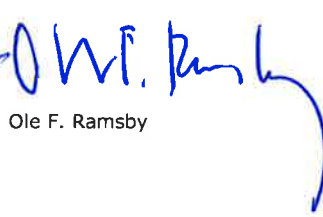


Karsten Munk Knudsen

**Board of Directors:**



Jesper Brandgaard  
Chairman



Ole F. Ramsby



Lars Fruergaard Jørgensen

## **Novo Nordisk Region Japan & Korea A/S Independent Auditor's reports**

**To the shareholders of Novo Nordisk Region Japan & Korea A/S**

### **Report on the Financial Statements**

We have audited the Financial Statements of Novo Nordisk Region Japan & Korea A/S for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, accounting policies 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 audit 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 misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of 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 company'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 evaluating 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.

The audit has not resulted in any qualification.

### **Opinion**

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

### **Statement on the Management Review**

We have read the Management Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in the Management Review is consistent with the Financial Statements.

Bagsværd, 25 April 2016

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Cvr.no.: 33 77 12 31

  
Torben Jensen  
State Authorised Public Accountant

  
Mads Melgaard  
State Authorised Public Accountant

**Novo Nordisk Region Japan & Korea A/S**  
**Company information**

<b>Company</b>	Novo Nordisk Region Japan & Korea A/S c/o Novo Nordisk A/S Novo Allé 2880 Bagsværd Denmark	
	CVR no.:	25 68 07 66
	Founded:	1 October 2000
	Municipality of domicile:	Gladsaxe
	Financial year:	1 January – 31 December
<b>Board of Directors</b>	Jesper Brandgaard, chairman Ole F. Ramsby Lars Fruergaard Jørgensen	
<b>Executive Management</b>	Karsten Munk Knudsen	
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup Denmark	
<b>General meeting</b>	The Annual General Meeting will be held on 25 April 2016 at the company's address.	

## **Novo Nordisk Region Japan & Korea A/S Management Review**

### **Main activities**

The company's main activities are the holding of equity investments in domestic and foreign companies, and other investments, as well as financial activities, and – at the discretion of the Board of Directors – supporting the operations of such companies.

### **Trends during the financial year**

Net profit for Novo Nordisk Region Japan & Korea A/S ended at DKK 224,435 thousand for the year 2015 compared with DKK 145,535 thousand for the year 2014. The increase in net profit is mainly related to profit in subsidiaries.

### **Foreign branches**

The company has a branch in Tokyo, Japan. The name of the branch is Novo Nordisk Region Japan & Korea A/S, Japan Branch Office.

The main task of the branch is to assist the company's subsidiaries in the coordination of marketing and clinical activities as well as financial planning and follow-up. In 2015, this service constituted the majority of the activity of the branch.

### **Events after the balance sheet date**

Due to change of regional structure the two affiliates in Australia and New Zealand have in 2016 been sold back to Novo Nordisk Region Japan & Korea A/S from Novo Nordisk Region International Operations A/S.

**Novo Nordisk Region Japan & Korea A/S**  
**Income statement**

	Note	2015 DKK '000	2014 DKK '000
Income from service activity		61,618	48,759
Expenses from service activity		47,577	37,541
<b>Operating profit from service activity</b>		<b>14,041</b>	<b>11,218</b>
Administrative costs		11,894	9,385
<b>Operating profit/(loss)</b>		<b>2,147</b>	<b>1,833</b>
Profit/(loss) in subsidiaries	4	225,499	153,427
Financial income	2	615	897
Financial expenses	3	4,770	8,819
<b>Profit/(loss) before income taxes</b>		<b>223,491</b>	<b>147,338</b>
Income taxes		(944)	1,803
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		<b>224,435</b>	<b>145,535</b>
<b>Proposed appropriation of net profit:</b>			
Proposed dividends		-	125,000
Retained earnings		6,177	(20,690)
Net revaluation reserve according to the equity method		218,258	41,225
<b>Distribution of net profit</b>		<b>224,435</b>	<b>145,535</b>

**Novo Nordisk Region Japan & Korea A/S**  
**Balance sheet at 31 December**

	Note	2015 DKK '000	2014 DKK '000
<b>ASSETS</b>			
Financial assets	4	1,718,390	1,500,132
Deferred income tax assets		1,143	898
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,719,533</b>	<b>1,501,030</b>
Amounts owed by affiliated companies		76,469	94,060
Tax receivables		2,043	22,193
Other receivables		1,560	2,047
Cash at bank and on hand		4,657	1,010
<b>TOTAL CURRENT ASSETS</b>		<b>84,729</b>	<b>119,310</b>
<b>TOTAL ASSETS</b>		<b>1,804,262</b>	<b>1,620,340</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	5	15,500	15,500
Net revaluation reserve according to the equity method		1,155,990	937,732
Retained earnings		229,608	66,989
Proposed dividends		-	125,000
<b>TOTAL EQUITY</b>		<b>1,401,098</b>	<b>1,145,221</b>
Long-term loan from affiliated company	6	340,000	390,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>340,000</b>	<b>390,000</b>
Amounts owed to affiliated companies		54,464	51,607
Tax payables		3,915	30,000
Other liabilities		4,785	3,512
<b>TOTAL CURRENT LIABILITIES</b>		<b>63,164</b>	<b>85,119</b>
<b>TOTAL LIABILITIES</b>		<b>403,164</b>	<b>475,119</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,804,262</b>	<b>1,620,340</b>



**Novo Nordisk Region Japan & Korea A/S**  
**Statement of changes in equity at 31 December**

	Share capital DKK '000	Net revaluation reserve DKK '000	Retained earnings DKK '000	Proposed dividends DKK '000	Total DKK '000
<b>2015</b>					
Balance at the beginning of the year	15,500	937,732	66,989	125,000	1,145,221
Net profit/(loss) for the year			224,435		224,435
Dividends paid				(125,000)	(125,000)
Transfer of net profit for the year to net revaluation reserve		218,258	(218,258)		-
Exchange rate adjustments of investments in subsidiaries			156,442		156,442
<b>Balance at the end of the year</b>	<b>15,500</b>	<b>1,155,990</b>	<b>229,608</b>	<b>-</b>	<b>1,401,098</b>
<b>2014</b>					
Balance at the beginning of the year	15,500	896,507	89,895	350,000	1,351,902
Net profit/(loss) for the year			145,535		145,535
Proposed dividends			(125,000)	125,000	-
Dividends paid				(350,000)	(350,000)
Transfer of net profit for the year to net revaluation reserve		41,225	(41,225)		-
Exchange rate adjustments of investments in subsidiaries			(2,216)		(2,216)
<b>Balance at the end of the year</b>	<b>15,500</b>	<b>937,732</b>	<b>66,989</b>	<b>125,000</b>	<b>1,145,221</b>

## **Novo Nordisk Region Japan & Korea A/S**

### **Accounting policies**

#### **Accounting basis**

The Annual Report of the company is prepared in accordance with the Danish Financial Statements Act for a class B enterprise.

The Annual Report is presented in DKK 1,000.

In accordance with section 112 of the Danish Financial Statements Act, consolidated financial statements have not been prepared. The consolidated financial statements of the parent company, Novo Nordisk A/S, and the ultimate parent company, Novo Nordisk Foundation, in which Novo Nordisk Region Japan & Korea A/S is fully consolidated, can be ordered from Novo Nordisk A/S (CVR nr. 24 25 67 90), Novo Allé, 2880 Bagsværd, Denmark, and from the Novo Nordisk Foundation (CVR nr. 10 58 29 89), Tuborg Havnevej 19, 2900 Hellerup, Denmark.

#### **Translation of foreign currencies**

Assets and debt in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Financial statements of foreign subsidiaries are translated into Danish kroner at the exchange rates at the balance sheet date for the balance sheet items and at average exchange rates for income statement items.

All exchange rate adjustments are recognised in the income statement except exchange rate adjustments arising from:

- translation of subsidiaries' net assets at the beginning of the year at the exchange rates at the balance sheet date
- translation of subsidiaries' income statements at average exchange rates and translation of their balance sheet items at the exchange rates at the balance sheet date
- translation of non-current intra-Group receivables that are considered a supplement to the net assets of the subsidiaries.

The above currency translation differences are recognised directly in equity.

#### **Income from service activity**

Income from service activity is recognised as earned.

#### **Expenses from service activity**

Expenses from service activity are made up of costs relating to income from service activity.

#### **Administrative costs**

Administrative costs comprise expenses for the management and administration of the company, such as expenses for administrative staff, management, office premises, office costs etc, as well as depreciation, amortisation and impairment losses.

#### **Share based-payment**

The parent company offers incentive schemes to a group of managerial employees in the company's branch and subsidiaries. A provision is recognised concurrently with the employees earning the right, and a corresponding receivable is recognised reflecting the compensation of the share-based payment costs paid by Novo Nordisk A/S via service fees or transfer pricing adjustments. For the subsidiaries both the provision and the receivable are recognised as part of 'Financial assets'.

#### **Financial items**

Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses on securities, debt and transactions in foreign currencies, amortisation of financial assets and liabilities, as well as surcharges and allowances under the tax prepayment scheme etc. Financial income and expenses are recognised by the amounts pertaining to the financial year.

#### **Financial assets**

Equity investments in subsidiaries are recognised at equity value, i.e. at the proportional share of the carrying amount of the equity value of the subsidiary.

The share of profit or loss in subsidiaries is recognised in the income statement of the parent company.

For business combinations in connection with the foundation of the company the acquisition method is used, resulting in a revaluation of the acquired companies' assets and liabilities and recognition of goodwill. This goodwill is amortised over a maximum period of 20 years, based on life expectancy, and an impairment test is conducted annually.

Subsequent internal business combinations are recognised using the pooling of interests method, meaning that assets and liabilities are recognised at the carrying amounts that would have applied if the Group relationship had been established at the beginning of the comparative period, without any subsequent revaluation.

## **Novo Nordisk Region Japan & Korea A/S**

### **Accounting policies**

When using the pooling of interests method, there is no recognition of goodwill. The difference between the amount paid as capital and the equity in the acquired company is recognised directly in equity.

Net revaluation of equity investments in subsidiaries exceeding the declared dividend of the subsidiaries is transferred to equity as net revaluation reserve according to the equity method.

#### **Receivables**

Receivables are stated at amortised cost less write-downs for potential losses on doubtful debts. The write-downs are based on an individual assessment of each debtor, including an evaluation of payment risk associated with individual countries.

#### **Tax**

Deferred tax is provided for using the balance sheet liability method and comprises all temporary differences between the carrying amount and tax base of assets and liabilities, with the exception of goodwill in situations where goodwill is not deducted for tax purposes. The tax value of tax loss carry-forwards is included in the statement of deferred tax if the losses are likely to be utilised in the future. Deferred tax is provided for using the tax rate expected to apply when the temporary differences are expected to be eliminated.

Tax payable/receivable includes tax payable computed on the basis of the expected taxable income for the year and any adjustments of taxes payable for previous years.

Income tax in the income statement comprises current tax for the year and any change in the provision for deferred tax.

The company is jointly taxed with the Danish companies in the Novo A/S Group. The tax effect of the joint taxation with the parent company and other subsidiaries is allocated to the companies in proportion to their taxable incomes (full allocation). The current tax in the joint taxation is paid by the ultimate parent company, Novo A/S, which functions as the tax administration company. The jointly taxed Danish enterprises have adopted the on-account taxation scheme.

#### **Dividend**

Proposed dividends (not yet declared) for the accounting period are recognised in retained earnings.

#### **Retirement benefit obligations**

Costs for defined benefit plans are determined on the basis of the projected unit credit method. Actuarial gains and losses reflecting adjustments arising due to experience and changes in assumptions are recognised in the income statement in the period in which they occur.

#### **Long- and short-term debt**

Long- and short-term debt are measured at amortised cost.

**Novo Nordisk Region Japan & Korea A/S**  
**Notes**

**1 - Employee costs**

Average number of full-time employees (incl. branch)	14	16
Number of full-time employees at year-end (incl. branch)	13	15

According to the Danish Financial Statements Act §98b (3) executive management remuneration is not disclosed.

**2 - Financial income**

	<b>2015</b>	2014
	DKK '000	DKK '000
Interest income relating to affiliated companies	77	896
Foreign exchange rate gain (net)	535	-
Other financial income	3	1
<b>Total financial income</b>	<b>615</b>	<b>897</b>

**3 - Financial expenses**

	<b>2015</b>	2014
	DKK '000	DKK '000
Interest expenses relating to affiliated companies	4,746	6,833
Foreign exchange rate loss (net)	-	1,964
Other financial expenses	24	22
<b>Total financial expenses</b>	<b>4,770</b>	<b>8,819</b>

**4 - Financial assets**

	<b>2015</b>	2014
	DKK '000	DKK '000
<b>Capital investments in subsidiaries</b>		
Cost at the beginning of the year	562,400	562,400
<b>Cost at the end of the year</b>	<b>562,400</b>	<b>562,400</b>
Value adjustments at the beginning of the year	937,732	896,507
Profit/(loss) before tax	378,496	321,089
Income taxes on profit for the year	(145,472)	(160,137)
Amortisation and write-down of goodwill	(7,525)	(7,525)
Dividends	(163,683)	(109,986)
Effect of exchange rate adjustment	156,442	(2,216)
<b>Value adjustments at the end of the year</b>	<b>1,155,990</b>	<b>937,732</b>
<b>Carrying amount at the end of the year</b>	<b>1,718,390</b>	<b>1,500,132</b>

The carrying amount of equity investments in subsidiaries includes goodwill of DKK 55 million (2014: DKK 62 million), which occurred in connection with the acquisition of subsidiaries. Amortisation of goodwill amounts to DKK 7.5 million (2014: DKK 7.5 million).

A list of capital investments in subsidiaries is shown in note 9.

**5 - Share capital**

The share capital consists of 155,000 shares of nominal value DKK 100. No shares carry any special rights.

## Novo Nordisk Region Japan & Korea A/S Notes

### 6 - Long-term loan from affiliated company

The company's long-term loans from Group enterprises fall due for payment within the following periods from the balance sheet date:

	2015 DKK '000	2014 DKK '000
Within 1 year	50,000	50,000
Between 2 and 5 years	224,000	216,000
After 5 years	116,000	174,000
<b>Total long-term amounts owed to subsidiaries</b>	<b>390,000</b>	<b>440,000</b>
Long-term part of loan from affiliates company	340,000	390,000

### 7 - Contingencies

The company is jointly taxed with the Danish companies in the Novo A/S Group. The joint taxation also covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

The company has no other contingent liabilities.

### 8 - Related parties and ownership

#### Controlling interests

Novo Nordisk A/S, Novo Allé, 2880 Bagsværd, Denmark  
Novo A/S, Tuborg Havnevej 19, 2900 Hellerup, Denmark  
Novo Nordisk Fonden, Tuborg Havnevej 19, 2900 Hellerup, Denmark

#### Basis

Principal shareholder, owns 100%  
Controls Novo Nordisk A/S  
Ultimate parent of the Group

### 9 - Subsidiaries

	Country	Percentage of shares owned	Activity			
			Production	Sales and marketing	Research and development	Service/investments
<b>Subsidiaries</b>			▲	■	•	□
Novo Nordisk Pharma Ltd.	Japan	100	▲	■		
Novo Nordisk Pharma Korea Ltd.	South Korea	100		■		