

# Ceva Animal Health A/S

Ladegårdsvej 2, 7100 Vejle

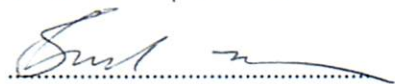
CVR No. 27 21 03 92



## Annual report for the year ended 31 December 2015

Approved at the annual general meeting of shareholders on

Chairman: 11/5 - 2016



Svend Lysdahl Pedersen



Building a better  
working world

## Contents

<b>Management's review</b>	<b>1</b>
Company details	1
Operating review	1
<b>Statement by the Board of Directors and the Executive Board</b>	<b>2</b>
<b>Independent auditors' report</b>	<b>3</b>
<b>Financial statements</b>	
Income statement	4
Balance sheet	5
Statement of changes in equity	7
Notes	
Accounting policies	8
Staff costs	11
Financial expenses	11
Tax for the year	11
Intangible assets	12
Share capital	12
Long-term liabilities	12
Contingent liabilities and other financial obligations	13
Related parties	13

## Management's review

### Company details

Name	Ceva Animal Health A/S
Address, Postal code, City	Ladegårdsvej 2, 7100 Vejle
CVR No.	27 21 03 92
Registered office	Vejle
Financial year	1 January - 31 December
Board of Directors	Marc-Dominique Prikazsky, Chairman Valérie Claire Aline Mazeaud Svend Lysdahl Pedersen Mathieu Fernand Reneaut
Executive Board	Svend Lysdahl Pedersen
Auditors	Ernst & Young, Godkendt Revisionspartnerselskab Kolding Åpark 1, 3. sal, 6000 Kolding, Denmark
Bankers	Handelsbanken Adelgade 14, DK-6000 Kolding

### Operating review

#### The Company's business review

The Company's principal activities are to deliver vaccines, medicine and accessories to the Danish animal production sectors.

#### Financial review

The income statement for 2015 shows a profit of DKK 44 thousand against a profit of DKK 255 thousand last year, and the balance sheet at 31 December 2015 shows equity of DKK 6,732 thousand. Management considers the company's financial performance in the year unsatisfactory.

#### Post balance sheet events

No significant events have occurred subsequent to the financial year.



Building a better  
working world

## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ceva Animal Health A/S for the financial year 1 January - 31 December 2015.

The annual report is 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 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend the adoption of the annual report at the annual general meeting.

Vejle, 21 April 2016

Executive Board:

Svend Lysdahl Pedersen

Board of Directors:

  
Marc-Dominique Prikazsky  
Chairman  
Valérie Claire Aline Mazeaud  
Svend Lysdahl Pedersen  
Mathieu Fernand Reneaut

## Independent auditors' report

To the shareholders of Ceva Animal Health A/S

### Independent auditors' report on the financial statements

We have audited the financial statements of Ceva Animal Health A/S for the financial year 1 January - 31 December 2015, which comprise an 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.

#### 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. Further, Management is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' 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 according to Danish audit regulations. 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 auditors' judgement, including an 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. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, 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 its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

#### 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 other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Kolding, 21 April 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR No. 30 70 02 28



Claus E. Andreasen  
state authorised public accountant



## Income statement for the year ended 31 December

Notes	2015 DKKt	2014 DKKt
<b>Gross profit</b>	5,831	5,412
2 Staff costs	-4,636	-4,785
Amortisation of intangible assets	-979	-162
<b>Operating profit</b>	216	465
Financial income	6	0
3 Financial expenses	-80	-42
<b>Profit before tax</b>	142	423
4 Tax for the year	-98	-168
<b>Profit/loss for the year</b>	<u>44</u>	<u>255</u>
<b>Recommended appropriation of the profit/loss for the year</b>		
Proposed dividend recognised under equity	0	255
Retained earnings	<u>44</u>	<u>0</u>
	<u>44</u>	<u>255</u>

## Balance sheet at 31 December

Notes	2015 DKKt	2014 DKKt
<b>Assets</b>		
<b>Fixed assets</b>		
Acquired intangible assets	1,256	1,228
Goodwill	<u>2,571</u>	<u>0</u>
<sup>5</sup> Intangible assets	<u>3,827</u>	<u>1,228</u>
Other receivables	<u>68</u>	<u>65</u>
Investments	<u>68</u>	<u>65</u>
<b>Total fixed assets</b>	<u>3,895</u>	<u>1,293</u>
<b>Current assets</b>		
Manufactured goods and goods for resale	<u>4,865</u>	<u>4,282</u>
Inventories	<u>4,865</u>	<u>4,282</u>
Trade receivables	8,622	8,144
Receivables from group entities	0	13
Income taxes receivable	356	736
Other receivables	70	50
Prepayments	<u>28</u>	<u>165</u>
<b>Receivables</b>	<u>9,076</u>	<u>9,108</u>
Cash	<u>3,384</u>	<u>5,517</u>
<b>Total current assets</b>	<u>17,325</u>	<u>18,907</u>
<b>Total assets</b>	<u><u>21,220</u></u>	<u><u>20,200</u></u>

## Balance sheet at 31 December

Notes	2015 DKKt	2014 DKKt
<b>Equity and liabilities</b>		
<b>Equity</b>		
6 Share capital	500	500
Retained earnings/Accumulated loss	6,232	6,188
Dividend proposed for the year	<u>0</u>	<u>255</u>
<b>Total equity</b>	<u>6,732</u>	<u>6,943</u>
<b>Provisions</b>		
Provisions for deferred tax	<u>276</u>	<u>289</u>
<b>Total provisions</b>	<u>276</u>	<u>289</u>
<b>Liabilities</b>		
Payables to group entities	<u>3,000</u>	<u>0</u>
7 Long-term liabilities	<u>3,000</u>	<u>0</u>
Trade payables	446	336
Payables to group entities	5,524	7,441
Other payables	<u>5,242</u>	<u>5,191</u>
<b>Short-term liabilities</b>	<u>11,212</u>	<u>12,968</u>
<b>Total liabilities</b>	<u>14,212</u>	<u>12,968</u>
<b>Total equity and liabilities</b>	<u><u>21,220</u></u>	<u><u>20,200</u></u>



## Statement of changes in equity

(DKKt)	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1/1 2015	500	6,188	255	6,943
Dividend distributed			-255	-255
Profit/loss for the year, cf. appropriation of profit/loss		44	0	44
Equity at 31/12 2015	<u>500</u>	<u>6,232</u>	<u>0</u>	<u>6,732</u>

## 1. Accounting policies

The annual report of Ceva Animal Health A/S has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The accounting policies applied by the company are consistent with those of last year.

### Reporting currency

The financial statements are presented in Danish kroner.

### Currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

### Income statement

#### Revenue

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

#### Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

#### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

#### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

## 1. Accounting policies - continued

### Amortisation of intangible assets

The item comprises depreciation of acquired intangible assets.

The estimated useful lives for intangible assets are as follows:

	Useful life (year)
Goodwill	7
Acquired intangible assets	3-15

The useful lives of intangible assets exceed 5 years when it has been estimated that an asset will generate future cash flow in a period exceeding 5 years.

### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The company is included in a joint taxation with all Danish Ceva-owned group entities. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method). The company acts as a management company for all the entities encompassed by the joint taxation arrangement and is thus responsible for ensuring that tax charges, etc. are paid to the Danish tax authorities.

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.



## 1. Accounting policies - continued

### Balance sheet

#### Intangible assets

Acquired intangible assets which include acquired marketing rights and goodwill are measured at costs less accumulated amortisation and impairment losses.

#### Impairment of fixed assets

Intangible assets are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset. The assets are written down to the higher of the value in use and the net selling price of the asset (recoverable amount) if it is lower than the carrying amount.

#### Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

#### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

#### Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

#### Equity

##### *Proposed dividends*

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

#### Corporation tax

Current tax payable and receivable is recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

As management company for all the entities in the joint taxation arrangement, the company is liable for the subsidiaries' income taxes vis-à-vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivables are recognised in the balance sheet as income tax receivable or payable.

#### Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

## Notes

### 2. Staff costs

Analysis of staff costs:

Wages/salaries

Pensions

Other social security costs

Other staff costs

2015 DKKt	2014 DKKt
3,844	4,036
601	591
47	51
144	107
<u>4,636</u>	<u>4,785</u>

### 3. Financial expenses

Interest expenses, group entities

Other financial expenses

56	0
24	42
<u>80</u>	<u>42</u>

### 4. Tax for the year

Estimated tax charge for the year

Deferred tax adjustments in the year

110	83
-12	85
<u>98</u>	<u>168</u>



## 5. Intangible assets

(DKKt)	Acquired intangible assets	Goodwill	Total
<b>Cost</b>			
Balance at 1/1 2015	2,256	0	2,256
Additions in the year	578	3,000	3,578
Disposals in the year	-455	0	-455
<b>Cost at 31/12 2015</b>	<b>2,379</b>	<b>3,000</b>	<b>5,379</b>
<b>Amortisation and impairment losses</b>			
Balance at 1/1 2015	1,028	0	1,028
Amortisation in the year	239	429	668
Impairment losses in the year	311	0	311
Reversal of amortisation and impairment losses, disposals	-455	0	-455
<b>Amortisation and impairment losses at 31/12 2015</b>	<b>1,123</b>	<b>429</b>	<b>1,552</b>
<b>Carrying amount at 31/12 2015</b>	<b>1,256</b>	<b>2,571</b>	<b>3,827</b>

	31/12 2015 DKKt	31/12 2014 DKKt
<b>6. Share capital</b>		
Analysis of the Company's share capital, DKK 500 thousand:		
1,000 share(s) of DKK 500.00 each	500	500
	<u>500</u>	<u>500</u>

The Company's share capital has remained DKK 500 thousand over the past 5 years.

## 7. Long-term liabilities

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

## 8. Contingent liabilities and other financial obligations

### Other financial obligations

The Company has rent contract with a yearly payment of DKK 46 thousand. The rent contract can be cancelled with a 4 month notice.

The Company has signed finance leases of machinery. The current maturity of the contracts are 22 to 36 months and the remaining obligation amounts to DKK 313 thousand.

The Company has a contract for inventory handling with a one year notice which is volume based. As the contract is based on the volume the obligation cannot be calculated.

## 9. Related parties

### Information about consolidated financial statements:

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Ceva Sante Animale	10 Avenue de La Baflastiére, 33501 Libourne, France	<a href="http://www.ceva.com/News-Media/Annual-reports">http://www.ceva.com/News-Media/Annual-reports</a>

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Ceva Sante Animale	10 Avenue de La Baflastiére, 33501 Libourne, France