Orifarm Group A/S

Energivej 15
5260 Odense S

Central Business Registration no. 27 34 72 82

Annual report 2015

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

Chairman of the General Meeting:

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Company details

Company

Orifarm Group A/S
Energivej 15
5260 Odense S
Central Business Registration No: 27 34 72 82
Registered in: Odense

Board of Directors

Niels de Coninck-Smith, Chairman
Ole Michael Friis, Vice chairman
Claudio Albrecht
Frank Dirk Nauert
Lars Monrad Gylling
Peter Burema
Ane Kirstine Schmidt, employee elected representative
Gitte Alhed Poulsen, employee elected representative
Karsten Dybmose Truelsen, employee elected representative

Group executive board

Hans Bøgh-Sørensen, Chief Executive Officer
Erik Sandberg

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Statement by Management on the annual report

We have today presented the annual report of Orifarm Group A/S for the financial year 1. januar - 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 group's financial position and results as well as its cash flow. 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

Hans Bøgh-Sørensen Chief Executive Officer	Erik Sandberg

Board of Directors

Niels de Coninck-Smith Chairman	Ole Michael Friis Vice Chairman	Claudio Albrecht
Frank Dirk Nauert	Lars Monrad Gylling	Peter Burema
Ane Kirstine Schmidt	Gitte Alhed Poulsen	Karsten Dybmose Truelsen

Independent auditor's report

To the shareholders of Orifarm Group A/S

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Orifarm Group A/S for the financial year 1 January to 31 December 2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent 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 consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31. December 2015, and of the results of their operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

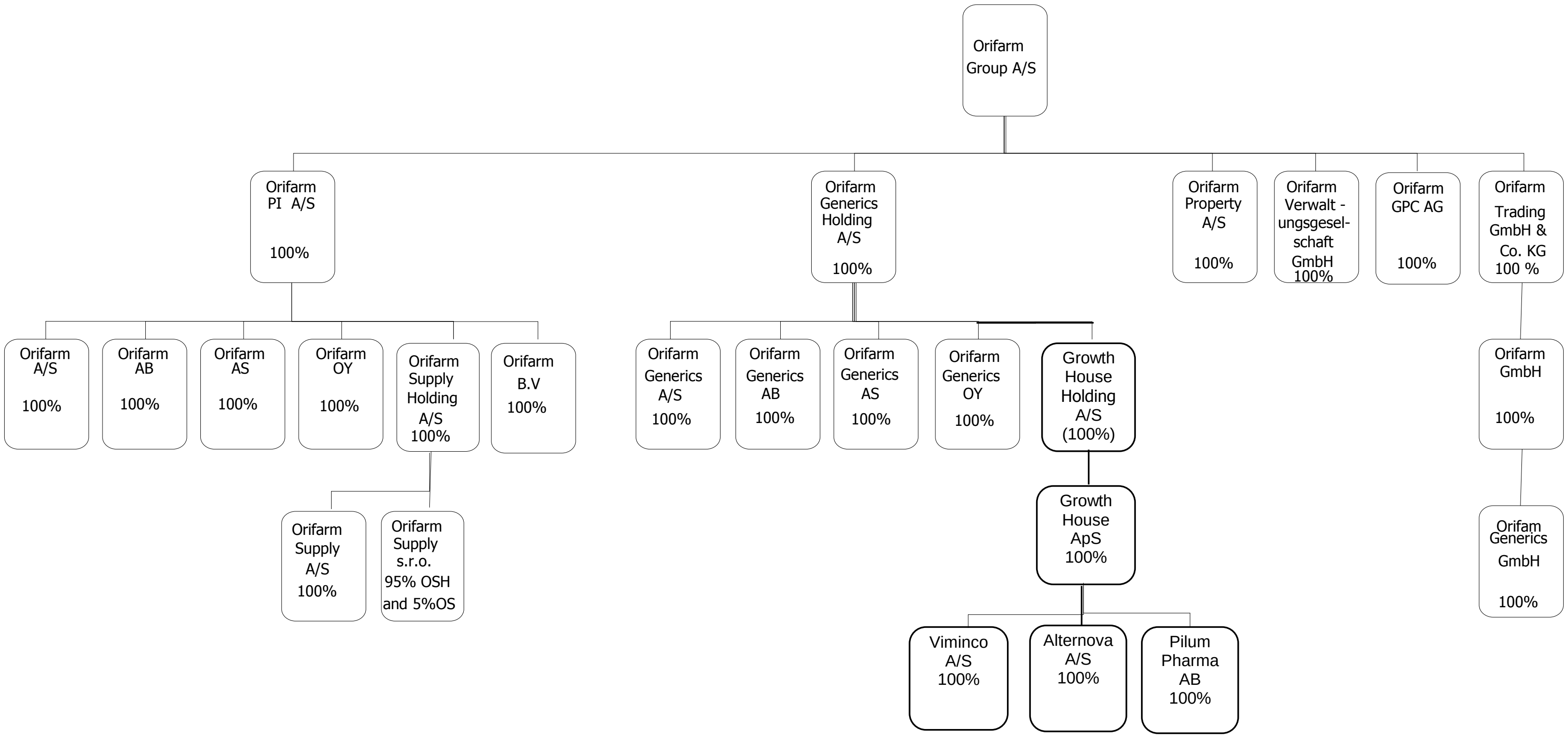
On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Odense, 11. May 2016

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33963556

Lars Knage Nielsen	Allan Dydensborg Madsen
State Authorised Public Accountant	State Authorised Public Accountant

Group structure



Growth House Holding A/S and subsidiarys are included in the group from 01.07.2016

Management´s Commentary

Financial highlights of the Group

(mio. EUR)	**2015**	**2014**	**2013**	**2012**	**2011**
Key figures					
Revenue	759,1	755,0	727,2	666,5	654,2
Gross profit	96,9	91,2	95,6	93,2	91,8
Operating income	20,2	16,4	16,0	10,8	19,3
Net financials	-8,7	-7,7	-8,3	-12,1	-7,2
Profit for the year	9,1	6,2	6,2	-0,5	9,6
Investments in Tangible fixed assets	2,8	1,4	2,2	3,6	2,2
Inventories	119,2	143,0	142,6	125,1	135,7
Receivables	95,0	78,3	81,8	63,2	60,6
Equity	90,3	60,4	55,8	49,8	48,9
Balance sheet total	319,0	281,2	299,2	253,5	265,9
Cash flows from operating activities	39,7	27,8	-17,2	-2,5	-5,0
Cash flows from investing activities	-57,7	-6,1	-6,6	-6,7	-10,7
Ratios					
Gross margin (%)	12,8	12,1	13,1	14,0	14,0
Operating margin (%)	2,7	2,2	2,2	1,6	2,9
Equity ratio (%)	28,3	21,5	18,6	19,6	18,4
Return on equity (%)	12,1	10,7	11,7	-0,9	20,5

Management's Commentary

In 2015, significant progress was made by both Orifarm Group's business units - Orifarm Parallel Import and Orifarm Generics. The acquisition of Growth House Holding on July 1st marked an important strategic step in the development of Orifarm Generics. And despite continued challenging market conditions Orifarm Parallel Import significantly grew operating income and – through effective inventory management – improved capital efficiency.

- Orifarm Group's revenues rose by 0.5% to MEUR 759 (2014: MEUR 755). Operating income excl. restructuring costs increased by MEUR 6.5 to MEUR 22.9 (2014: MEUR 16.4)
- Orifarm Parallel Import's revenues totalled MEUR 705 (2014: MEUR 720). Operating income excl. restructuring costs increased by MEUR 4.2 to MEUR 18.2 (2014: MEUR 14.0)
- Orifarm Generics' revenues rose to MEUR 54 (2014: MEUR 35). Operating income increased by MEUR 2.6 to MEUR 7.7 (2014: MEUR 5.1)

Company presentation

Orifarm Group consists of two operating divisions: Orifarm Parallel Import and Orifarm Generics.

Common to the formation and development of both operating divisions is healthcare business model innovation. This is expressed in Orifarm Group's mission statement which is *Rethinking the business of healthcare.*

Orifarm Group's vision - "We want to be No. 1 in making healthcare a better deal" - expresses the general objective. "A better deal" refers not only to savings, but also to how Orifarm Group delivers solutions that meet its stakeholder's needs. Orifarm Group's operating activities are guided by our values which are flexibility, ambition, responsibility and customer focus.

Orifarm Parallel Import

Orifarm Parallel Import was established in 1994 in response to the major price differentials for identical pharmaceuticals across the EU Member States. Pharmaceuticals are imported from EU/EEA Member States where original pharmaceutical producers sell their preparations at prices that are lower than what they demand for the identical products in e.g. the Nordic countries and Germany. In doing so, Orifarm Group utilises the principle of free movement of goods within the EU/EEA and hereby creates significant savings for the society.

Orifarm Parallel Import's activities have led to lower prices of pharmaceuticals and thus savings benefitting both patients and society at large in the markets in which it operates.

Despite the principles of free movement of goods within the EU/EEA, and even though Orifarm Parallel Import's activities – and that of its competitors – have led to lower costs of pharmaceuticals, various barriers to the parallel import trade are being tolerated by the EU; see section entitled "Hindrances to healthcare cost savings generated by the Parallel Import trade" below.

Orifarm Group A/S

Management's Commentary

Orifarm Generics

Orifarm Group entered the generic pharmaceuticals trade in the Nordic countries in 2001. Generic pharmaceuticals can be produced and marketed once the original manufacturer's patent expires and its exclusive rights lapse. Generic competition normally lowers prices on medicine significantly which benefits patients and society at large.

Included in Orifarm Generics' broad range of generic preparations is a line of generic over-the-counter products which are marketed under the umbrella brand ”Tænk gult” in Denmark and ”Tänk Gult” in Sweden.

Review of financial performance in 2015

Orifarm Group's revenues rose by 0.5% to MEUR 759 (2013: MEUR 755) driven by increased revenues in Orifarm Generics.

Following the acquisition of Growth House Holding and despite continued challenging market conditions in Parallel Import, Orifarm Group's gross margin increased to 12.8% (2014: 12.1%).

Orifarm Group's operating margin increased to 2.7% (2014: 2.2%), levered by the acquisition of Growth House as well as a successfully finalized reduction of the cost level in Parallel Import. Orifarm Group's operating income increased by MEUR 3,8m to MEUR 20.2 (2014: MEUR 16.4).

Orifarm Group's results for 2015 are considered satisfactory and in line with the expectations.

2015 performance highlights – Orifarm Parallel Import

- Orifarm Parallel Import's revenues totalled MEUR 705 (2014: MEUR 720)
- Orifarm Parallel Import's operating income totalled MEUR 18.2 (2014: MEUR 14.0)
- Orifarm Parallel Import maintained its leading position as Europe's largest parallel importer of pharmaceuticals
- In Germany, margins declined as sales prices suffered from competition pressure and cuts in reimbursement on a number of important pharmaceuticals. However, Orifarm still considers the German market commercially important and has initiated a strategic review to restore healthy profit level
- In Sweden, operating income as well as margins were under significant pressure due to the weakening Swedish Krona, which caused the total market to drop by 50%. Our position as market leader was further strengthened
- In Denmark, profitability was increased, and the market share was consolidated at around 50%
- Orifarm decided to enter the UK market. UK is the second biggest PI market in Europe
- Despite the above described market pressure, Orifarm Parallel Import was able to grow the operating income through a reduction of the cost level

Management's Commentary

- Furthermore, an inventory reduction amounting to MEUR 33 was achieved by optimizing inventory management

2015 performance highlights – Orifarm Generics

- Orifarm Generics' revenues increased to MEUR 54 (2014: MEUR 35)

- Orifarm Generics' operating income totalled MEUR 7.7 (2014: MEUR 5.1)

- Orifarm Generics continued the successful development in the financial results in 2015, driven by the acquisition of Growth House Holding which further strengthened Orifarm's ambition to grow in the Nordic market for generic pharmaceuticals.

- Furthermore Orifarm Generics experienced continued growth in both prescribed and over-the-counter pharmaceuticals across the Nordics. This among other due to successful launches of own developed products for the Rx segment in 2015

Hindrances to healthcare cost savings generated by the Parallel Import trade

A series of measures undertaken by original producers and by some EU Member States hamper trade in pharmaceuticals and reduce Orifarm Group's ability to grow its parallel-import business:

Quota systems
A number of the world's biggest pharmaceutical manufacturers have introduced quota systems for selling pharmaceuticals in the EU. In some cases, pharmaceutical manufacturers have gone even further and stopped making deliveries to wholesalers who are re-exporting pharmaceuticals. That limits Orifarm Group's purchasing access and thereby also our capacity to increase sales. In Orifarm Group's view, quota systems are in breach of the EU Treaty because they let pharmaceutical manufacturers restrict competition within the EU.

Export ban
Several EU Member States have attempted to introduce bans on exports of pharmaceuticals to other member states or to hamper exports by imposing obligations onto exporters' notification as regards to regulatory authorities and approval regimens prior to export. Export bans and disproportionate export barriers violate the EU Treaty's provisions on the free movement of goods and may change Orifarm Group's entire business model. We therefore strongly disapprove of such measures. The European Commission is regularly informed about developments with the purpose of potential intervention.

Dual pricing
A number of multinational pharmaceutical manufacturers have established or maintained dual pricing in Spain. Dual pricing lets pharmaceutical manufacturers sell their products at an artificially inflated price to Spanish pharmaceutical wholesalers. However, if the wholesalers can document that the products are intended for sale in the Spanish market and not for re-export, they will receive the 'normal' Spanish price. Dual-pricing, therefore, means that parallel-importers cannot utilise the EU principle of the free movement of goods. In Orifarm Group's opinion, this violates the competition provisions set out in the EU Treaty.

Direct deliveries
In conclusion, Orifarm Group's access to procuring pharmaceuticals in the export countries is further restricted by the fact that multinational pharmaceutical companies are establishing direct

Management's Commentary

deliveries to pharmacies. This, in effect, skips the wholesale link, thereby denying parallel-importers the capacity to buy from them. Direct deliveries restrict competition and the availability of goods in the market, and in Orifarm Group's view this measure might also infringe on EU statutory and regulatory laws governing the free movement of goods.

Nonetheless, despite these trade restrictions, Orifarm Group is in a position to guarantee its customers stability in delivery of goods by cultivating new procurement countries and channels.

Special Risks

Operating conditions
To a significant extent, consolidated earnings depend on legislative measures that affect the pricing of pharmaceuticals in both the purchase and the sales countries. In Orifarm Group's assessment, the manufacturers discount to the private sick funds in Germany violates German law, and Orifarm Group is therefore withholding payment. Provisions have been made to set-off potential costs in this area. Earnings are also affected by measures in the sales countries which are intended to limit the consumption of pharmaceuticals.

It is Orifarm Group's policy to avoid infringing on trademark rights, and Orifarm Group is not currently involved in any major pending litigation of this kind.

For the business area Generic Pharmaceuticals, Orifarm Group policy states that infringing on patent rights should be avoided. However, since patent holders have a significant commercial interest in defending market monopolies that exceed the protections granted by a given patent, disputes and litigation are difficult to avoid. Consequently, Orifarm Group is involved in pending legal proceedings and the outcome of these may affect Orifarm Group's earnings.

Financial matters
Orifarm Group is exposed to fluctuations in foreign exchange rates and interest rate levels. The risks are mitigated through hedge, in accordance with the Group's policy. Exchange rate risks are primarily related to the currencies SEK, CZK and GBP. A 1 percentage point change in the interest rate level affects the Group's earnings net by approx. MEUR 0.7m.

Orifarm Group's financial risks, including its cash management and extension of credits, are managed centrally. The aim is to maintain a low risk profile.

Culture and Employees

It is Orifarm Group's objective to be a leading supplier of parallel-imported and generic pharmaceuticals in Scandinavia, Germany, Holland and England. We believe that our results and the competencies and commitment of our employees are intertwined. That is why we are constantly seeking to develop our employees' knowledge and competencies, which in turn bolster Orifarm Group's results and growth-oriented culture.

Orifarm Group is aware of its social responsibilities and accordingly, it is important for the company to have a wide variety of employees. Consequently, the company is stressing internal efforts to integrate employees of other ethnic backgrounds as well as disabled employees.

The level of internationalisation in Orifarm Group has increased significantly in recent years, and Orifarm Group has conducted international rotations of employees to ensure integration, knowledge sharing and cultural exchange.

Management's Commentary

Target Figures for Gender Composition of Management

At Orifarm, diversity is considered a strength that opens up access to the most talented employees.

Offering excellent career opportunities to both female and male employees helps ensuring that Orifarm Group has the capacity of appointing the best candidate for a given position. This is also reflected in the gender distribution among our executives in Danish companies where 39% are female and 61% are male.

The policy is to recruit the best candidate for a given position. If more candidates are assessed equal on competencies, the underrepresented gender will be chosen for the position. The ambition is to have at least 40% of both sexes represented on Orifarm's management team.

The Supervisory Board of Orifarm Group A/S currently consists of 6 general elected members of whom none are women. This distribution is deemed to be acceptable based on the small size of the Board. The ambition is over the coming 4 years to include 1 woman on the Supervisory Board concurrently with natural replacement which continues to be contingent on our ability to identify the best candidate. During 2015, one new member has been elected, identified by international experience and professional competencies.

Social Responsibility

Orifarm Group does not have a policy for the area.

Orifarm Group has only very limited impact on the surrounding environment. Unsalable pharmaceuticals are destroyed by a certified company. Superfluous packaging etc. is sorted and reused to the extent possible.

Development Activities

Orifarm Group's two business areas both have significant development activities covering both product and process development.

Events since the End of the Fiscal Year

From the reporting date until today, no events have taken place to change the assessments made in the Annual Report.

Outlook

Orifarm Group expects results for 2016 to be somewhat better than in 2015. Improvements are expected in both Orifarm Parallel Import and in Orifarm Generics.

Accounting policies

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for these financial statements are consistent with those applied last year. The annual report is presented in EUR.

Income statement items are translated at the average rate for the year. Balance sheet items are translated at closing rate. The exchange rate adjustment from the average for the year, respectively, previous year's closing rate are posted directly to equity.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Group 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 Group, 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.

The consolidated financial statements

The consolidated financial statements include Orifarm Group A/S (parent company) and companies (group enterprises) controlled by the parent, see the group overview page 7. The parent company is considered to have control when it directly or indirectly owns more than 50% of the voting rights or in other ways actually exercises controlling influence. Companies in which the Group directly or indirectly owns between 20% and 50% of the voting rights and exercises significant influence, but no controlling influence, are considered as associated companies. See the group overview page 7.

Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements for Orifarm Group A/S and it's subsidiaries. The consolidated financial statements are prepared by aggregation of uniform accounting items. On consolidation, elimination of intercompany revenue and expenses, and dividends as well as gains and losses on transactions between consolidated companies. The accounts used for consolidation are prepared in accordance with the groups accounting policies.

In the consolidated financial statement accounts of the subsidiaries are recognized 100%. Minority interests' proportionate share of net profit and net assets are presented as separate items in the income statement and balance sheet.

Accounting policies

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied in the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities acquired are recognised under intangible assets, and they are amortised systematically in the income statement based on an individual assessment of their useful lives, however, no more than 40 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet as a separate item under deferred income, and they are recognised in the income statement as such adverse development is realised.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated expenses for divestment or winding-up.

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 currencies 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 rate 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

On recognition of foreign subsidiaries which are independent units, all amounts are translated at the year-end rate. Differences in the exchange rate which arise when translating the foreign company’s equity at the beginning of the year using the exchange rates at balance sheet date are recognised directly in equity.

Derivatives

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Accounting policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are classified directly on equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not qualify as hedging instruments, changes in fair market value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign group enterprises or associates are classified directly as equity.

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.

Other income

Other 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.

Use of materials

Use of materials includes the consumption of commodities and freight costs that are incurred to generate the calculated revenue.

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.

Accounting policies

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 is measured based on the tax regulations and tax rates of the relevant countries that will be in effect according to law at the balance sheet date when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

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 Parent is jointly taxed with all Danish subsidiaries and parent companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a re-fund 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

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed on the basis of the experience gained by Management for each business area.
The group has according to the Danish Accounting Act preimplemented the new rules for amortization of goodwill, which now allow an amortization period equaling useful lifetime. As a consequence, the maximum amortization period of goodwill have been changed from 20 to 40 years.
The changes has affected the profit for the year with 365 t.EUR.

The goodwill acquired this year is amortized over 40 years which is the estimated useful lifetime.

The determination of the lifetime is decided based on an evaulation of a combined company with Know How, skills and a efficient organization, which is expected to provide development of the business in a long time to come, and because the lifetime of the medicinal products normally are very long.

When goodwill is subject to impairment, goodwill is written down to the lower of recoverable amount and carrying amount.

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 3-12 years.

The amortisation period of application fees regarding other products has been changed from 3 to 5 years due to re-evaluation of the estimated useful lifetime.

The change has affected the profit for the year positivly with 1.270 t.EUR.

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

Accounting policies

Other intangible assets

Cost of development and implementation of major IT systems as well as other intangible assets is measured at cost with deduction of accumulated amortisation and impairment losses. The period of amortisation is usually 3-7 years.

When other intangible assets are subject to impairment, other intangible assets are written down to the lower of recoverable amount and carrying amount.

Property, Leasehold improvements and Plant and equipment

Properties, leasehold improvements and operating equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. Interest expenses are not included in cost.

The basis of depreciation is cost less estimated residual value after the end of useful life. The residual value amounts to 40% of the acquisition price. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Property:	50 years
Leasehold improvements:	5-10 years
Operating equipment:	3-10 years

When property, plant and equipment are subject to impariment, PPE are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement.

Investments in group enterprises

Investments in group enterprises are recognised and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised goodwill or negative goodwill on consolidation and plus or minus unrealised intra-group profits and losses.

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and plus or minus amortisation of positive, or negative, goodwill on consolidation is recognised in the income statement.

Group enterprises with negative equity are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Accounting policies

Net revaluation of investments in group enterprises is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

The purchase method is applied in the acquisition of investments in group enterprises; see above description under consolidated financial statements.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs as well as indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

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

Mortgage debt
At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. The mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

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

Operating lease commitments
Lease payments on operating leases are recognised on an ongoing basis in the income statement over the term of the lease.

Accounting policies

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as acquisition, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

Segment information

Information should be provided for business segments. No information is given in respect of geographical markets as the risk to which the markets are subject is found to be quite similar.

Financial highlights

Financial highlights are calculated as follows:

Gross margin:	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Operating margin:	$\frac{\text{Operating income x 100}}{\text{Revenue}}$
Equity ratio:	$\frac{\text{Equity x 100}}{\text{Total assets}}$
Return on equity:	$\frac{\text{Profit for the year x 100}}{\text{Average equity}}$

Income statement
(1.000 EUR)

Parent company 2014	Parent company 2015		Note	Group 2015	Group 2014
11.395	9.826	Revenue	1	759.051	754.970
110	6	Other income		462	193
		Use of materials		-662.588	-663.956
11.505	**9.832**	**Gross profit**		**96.925**	**91.207**
-5.377	-3.956	Other external expenses		-29.024	-29.803
-5.577	-5.720	Staff costs	2	-39.894	-37.129
551	**156**	**Income before depreciation**		**28.007**	**24.275**
-2.702	-2.792	Depreciation and impairment losses	3	-7.793	-7.879
-2.151	**-2.636**	**Operating income**		**20.214**	**16.396**
9.806	11.960	Income from investments in group enterprises	4		
3.210	2.818	Financial income	5	6.456	8.155
-3.041	-3.239	Financial expenses	6	-15.127	-15.880
7.824	**8.903**	**Profit before tax**		**11.543**	**8.671**
-1.595	217	Tax	7	-2.423	-2.442
6.229	**9.120**	**Profit for the year**		**9.120**	**6.229**

	Distribution of profit
2.015	Proposed dividends
11.960	Reserve for net revaluation of equity holdings
-4.855	Retained earnings
9.120	

Balance sheet
(1.000 EUR)

Parent company 2014	Parent company 2015		Note	Group 2015	Group 2014
		Goodwill		49.919	9.799
		Files and application fees		18.947	9.487
4.910	3.676	Other intangible assets		4.678	4.984
4.910	**3.676**	**Intangible assets**	8	**73.544**	**24.270**
0	0	Property		18.655	18.282
0	0	Leasehold improvements		55	12
1.046	344	Plant and equipment		2.767	2.124
1.046	**344**	**Tangible fixed assets**	9	**21.477**	**20.418**
53.407	104.884	Investments in group enterprises	10		
19.650	19.650	Receivables from group enterprises	10		
0	0	Other stock and equity investment		28	26
73.057	**124.534**	**Financial assets**		**28**	**26**
79.013	**128.554**	**Fixed assets**		**95.049**	**44.714**
6.234	**6.812**	**Inventories**	11	**119.207**	**143.020**
12	40	Trade Receivables		95.020	78.293
71.809	38.800	Receivables from group enterprises		1.477	0
156	191	Other receivables		3.445	11.502
348	449	Prepayments		1.059	780
0	0	Deferred tax assets	13	2.247	720
826	181	Income taxes		579	919
73.151	**39.658**	**Receivables**		**103.827**	**92.214**
11	**9**	**Cash**		**951**	**1.254**
79.396	**46.482**	**Current assets**		**223.985**	**236.488**
158.409	**175.036**	**Total assets**		**319.034**	**281.202**

Balance sheet

(1.000 EUR)

Parent company 2014	Parent company 2015		Note	Group 2015	Group 2014
268	281	Share capital	12	281	268
27.370	38.646	Reserve for net revaluation of equity holdings			
30.734	49.373	Retained earnings		88.019	58.104
2.015	2.015	Dividend		2.015	2.015
60.387	**90.315**	**Total equity**		**90.315**	**60.387**
0	0	Other provisions		5.164	4.205
926	610	Deferred tax liabilities	13	4.022	4.406
926	**610**	**Provisions**		**9.186**	**8.611**
0	0	Mortgage debt		6.321	6.613
0	0	Payables to group enterprises		33.564	29.858
0	0	Bank debt		27.525	0
70	0	Employee bonds		0	70
70	**0**	**Long-term liabilities**	14	**67.410**	**36.541**
174	70	Short-term portion of long-term liabilities	14	10.884	959
52.963	39.966	Bank debt		62.474	100.277
53	334	Trade payables		38.112	27.354
42.691	40.193	Payables to group enterprises		0	587
0	0	Income taxes		3.681	1.447
1.145	3.548	Other debt		36.972	45.039
97.026	**84.111**	**Short-term liabilities**		**152.123**	**175.663**
97.096	**84.111**	**Liabilities**		**219.533**	**212.204**
158.409	**175.036**	**Total equity, provisions and liabilities**		**319.034**	**281.202**

Pledged assets and contingent liabilites	15
Other Notes	16-21

Statement of changes in equity

(1.000 EUR)

	Group			
	Share capital	Retained earnings	Dividend	Total
Equity at 01.01.2015	268	58.104	2.015	60.387
Exchange rate adjustments, foreign subsidiaries	0	-21	0	-21
Capital increase	13	23.437	0	23.450
Adjustment of hedging instruments	0	-612	0	-612
Exchange rate adjustments	0	6	0	6
Distributed dividend	0	0	-2.015	-2.015
Profit for the year	0	7.105	2.015	9.120
Equity at 31.12.2015	**281**	**88.019**	**2.015**	**90.315**

	Parent company				
	Share capital	Net revaluation, equity method	Retained earnings	Dividend	Total
Equity at 01.01.2015	268	27.370	30.734	2.015	60.387
Exchange rate adjustments, foreign subsidiaries	0	-78	57	0	-21
Capital increase	13	0	23.437	0	23.450
Adjustment of hedging instruments	0	-612	0	0	-612
Exchange rate adjustments	0	6	0	0	6
Distributed dividend in the year	0	0	0	-2.015	-2.015
Profit for the year	0	11.960	-4.855	2.015	9.120
Equity at 31.12.2015	**281**	**38.646**	**49.373**	**2.015**	**90.315**

Cash flow statement

(1.000 EUR)

	Note	Group 2015	Group 2014
Operating income		20.214	16.396
Depreciation and impairment losses		7.793	7.879
Exchange rate and hedging adjustments on equity		-633	-252
Working capital changes	16	23.631	12.133
		51.005	36.156
Interests, net		-8.671	-7.725
Income taxes paid		-2.600	-639
Cash flows from operating activities		**39.734**	**27.792**
Acquisition of intangible assets, property, plant and equipment		-66.645	-6.152
Sale of property, plant and equipment		545	48
Change in deposits, fixed asset investments		-2	-1
Cash flows from investing activities		**-66.102**	**-6.105**
Cash flows from operating and investing activities		**-26.368**	**21.687**
Change in long-term liabilities other than provisions, net		40.864	-807
Change in employee bonds		-70	-143
Capital increase		23.450	0
Dividend paid		-2.015	-1.340
Cash flow from financing activities		**62.229**	**-2.290**
Increase/decrease in cash and cash equivalents		**35.861**	**19.397**
Cash and equivalents 01.01.2015		-99.023	-118.420
Adjustment according to acquisition		1.639	0
Cash and equivalents 31.12.2015	17	**-61.523**	**-99.023**

Notes
(1.000 EUR)

Parent company 2014	Parent company 2015		Group 2015	Group 2014
		1. Segment information		
		Revenue		
		Parallelimport	704.876	720.429
		Generics	54.175	34.541
		Total	**759.051**	**754.970**
		2. Staff costs		
4.911	4.904	Wages and salaries	32.351	30.126
541	556	Pension costs	2.335	1.976
125	260	Other social security costs	5.208	5.027
5.577	**5.720**		**39.894**	**37.129**
80	**80**	Of this, for Board of Directors	**127**	**127**
55	**51**	Average number of employees	**974**	**931**
		Accumulated fees paid to board of directors in the parent company concerning managerial work	**987**	**703**
		3. Depreciation and impairment losses		
		Goodwill	1.034	892
		Files and applications	3.001	3.099
2.153	2.302	Other intangible assets	2.386	2.327
0	0	Buildings	425	288
549	490	Operating equip. and leasehold improvements	947	1.273
2.702	**2.792**		**7.793**	**7.879**
		4. Income from investments in group enterprises		
9.784	11.072	Share of profit/loss after tax		
346	1.212	Adjustment, internal profit on inventory		
-324	-324	Amortization of goodwill		
9.806	**11.960**			
		5. Financial income		
2.613	2.483	Financial income, group enterprises	2.484	2.613
597	335	Other financial income	3.972	5.542
3.210	**2.818**		**6.456**	**8.155**

Notes
(1.000 EUR)

Parent company 2014	Parent company 2015		Group 2015	Group 2014
		6. Financial expenses		
1.146	1.767	Financial expenses, group enterprises	7.326	7.283
1.895	1.472	Other financial expenses	7.801	8.597
3.041	**3.239**		**15.127**	**15.880**
		7. Tax		
-512	-481	Current tax	3.117	1.851
0	-313	Change in deffered tax	-1.313	78
2.171	846	Foreign tax regarding activity in group companies	0	0
-64	-269	Adjustments concerning previous years	619	513
1.595	**-217**		**2.423**	**2.442**

	Group			
8. Intangible assets	**Goodwill**	**Files and applications**	**Other intangible assets**	**Total**
Cost at 01.01.2015	17.818	22.681	19.214	59.713
Additions	41.161	12.823	2.117	56.101
Exchange rate adjustments	-16	-23	-47	-86
Disposals	0	-638	-5.951	-6.589
Cost at 31.12.2015	**58.963**	**34.843**	**15.333**	**109.139**
Amortization 01.01.2015	8.018	13.194	14.231	35.443
Amortization for the year	1.034	3.001	2.386	6.421
Exchange rate adjustments	-8	-1	-38	-47
Reversal relating to disposals	0	-298	-5.924	-6.222
Amortization 31.12.2015	**9.044**	**15.896**	**10.655**	**35.595**
Carrying amount 31.12.2015	**49.919**	**18.947**	**4.678**	**73.544**
Carrying amount 31.12.2014	9.799	9.487	4.984	24.270

Notes
(1.000 EUR)

8. Intangible assets (continued)	Parent company Other intangib-le assets	Total
Cost at 01.01.2015	18.370	18.370
Additions	982	982
Exchange rate adjustments	-47	-47
Disposals	-5.825	-5.825
Cost at 31.12.2015	**13.480**	**13.480**
Amortization 01.01.2015	13.460	13.460
Amortization for the year	2.302	2.302
Exchange rate adjustments	-33	-33
Reversal relating to disposals	-5.925	-5.925
Amortization 31.12.2015	**9.804**	**9.804**
Carrying amount 31.12.2015	**3.676**	**3.676**
Carrying amount 31.12.2014	4.910	4.910

Notes
(1.000 EUR)

9. Tangible fixed assets	Group			
	Buildings	Leasehold improve-ments	Opera-ting equip-ment	Total
Cost at 01.01.2015	20.886	1.334	8.682	30.902
Additions	842	56	1.880	2.778
Exchange rate adjustments	-53	3	-20	-70
Disposals	0	0	-1.103	-1.103
Cost at 31.12.2015	**21.675**	**1.393**	**9.439**	**32.507**
Depreciation 01.01.2015	2.604	1.322	6.558	10.484
Depreciation for the year	425	14	933	1.372
Exchange rate adjustments	-9	2	-19	-26
Reversal relating to disposals	0	0	-800	-800
Depreciation 31.12.2015	**3.020**	**1.338**	**6.672**	**11.030**
Carrying amount 31.12.2015	**18.655**	**55**	**2.767**	**21.477**
Carrying amount 31.12.2014	18.282	12	2.124	20.418

	Parent company	
	Opera-ting equip-ment	Total
Cost at 01.01.2015	4.183	4.183
Additions	15	15
Exchange rate adjustments	-11	-11
Disposals	-457	-457
Cost at 31.12.2015	**3.730**	**3.730**
Depreciation 01.01.2015	3.137	3.137
Depreciation for the year	490	490
Exchange rate adjustments	-9	-9
Reversal relating to disposals	-232	-232
Depreciation 31.12.2015	**3.386**	**3.386**
Carrying amount 31.12.2015	**344**	**344**
Carrying amount 31.12.2014	1.046	1.046

Notes
(1.000 EUR)

	Parent company	
	Invest-ments in group enter-prises	**Recei-vables, group enter-prises**
10. Financial asset investment		
Cost at 01.01.2015	26.037	19.720
Capital increase	40.201	0
Cost at 31.12.2015	**66.238**	**19.720**
Net revaluation at 01.01.2015	27.370	-70
Net share of profit/loss for the year	11.072	0
Amortization goodwill	-324	0
Adjustment of internal profit on inventory, net	1.212	0
Adjustment of hedging on equity	-612	0
Exchange rate adjustments	-72	0
Net revaluation 31.12.2015	**38.646**	**-70**
Carrying amount 31.12.2015	**104.884**	**19.650**
Carrying amount 31.12.2014	53.407	19.650

Unamortised share of group goodwill on consolidation amounts 3.233 t.EUR.

Investments in group enterprises:	Country	Share
Orifarm PI A/S	Denmark	100%
Orifarm Generics Holding A/S	Denmark	100%
Orifarm Property A/S	Denmark	100%
Verwaltungsgesellschaft Carefarm Deutschland GmbH	Germany	100%
Orifarm Trading GmbH & Co. KG	Germany	100%
Orifarm GPC AG	Switzerland	100%

See Group structure page 7

Notes

(1.000 EUR)

Parent company 2014	Parent company 2015		Group 2015	Group 2014
		11. Inventories		
		Raw materials and consumables	48.395	55.736
6.234	6.812	Manufactured goods and goods for resale	70.812	87.284
6.234	**6.812**		**119.207**	**143.020**
		12. Share capital		
		The share capital consists of 2.100 shares at EUR 134.		
		The shares have not been divided into classes.		
134	134	1.000 Contribution from demerger 01.01.2003		
134	134	1.000 Capital increase 09.12.2003		
	13	100 Capital increase 07.07.2015		
268	**281**	**Share capital 31.12.2015**		
		13. Deferred tax		
		Deferred tax is incumbent on the following financial statement items:		
1.187	995	Intangible assets	1.011	2.624
-208	-92	Tangible fixed assets	1.362	1.179
		Inventories	151	581
		Other provisions	-152	0
-53	-293	Tax loss carryforwards	-597	-698
926	**610**		**1.775**	**3.686**
		Net value is recognised in the balance sheet as follows:		
		Deferred tax assets	-2.247	-720
926	610	Deferred tax liabilities	4.022	4.406
926	**610**		**1.775**	**3.686**

Notes
(1.000 EUR)

	Group			
	Due for payment within 1 year	**Due for payment after 1 year**	**Amortized debt in total**	**Nominal debt in total**
14. Long-term debt				
Mortgage debt	818	6.321	7.139	7.139
Payables to group enterprises	0	33.564	33.564	33.564
Bank Debt	9.996	27.525	37.521	37.521
Employee bonds	70	0	70	70
Long-term debt 31.12.2015	**10.884**	**67.410**	**78.294**	**78.294**
Long term debt 31.12.2014	959	36.541	37.500	37.500
Due for payment after 5 years:				
Mortgage debt		3.888		
Payables to group enterprises		0		
Employee bonds		0		
		3.888		

	Parent company			
	Due for payment within 1 year	**Due for payment after 1 year**	**Amortized debt in total**	**Nominal debt in total**
Employee bonds	70	0	70	70
Long-term debt 31.12.2015	**70**	**0**	**70**	**70**
Long term debt 31.12.2014	174	70	244	244
Due for payment after 5 years:				
Employee bonds		0		
		0		

Notes

(1.000 EUR)

Parent company 2014	Parent company 2015		Group 2015	Group 2014
		15. Pledged assets and contingent liabilities		
		Mortgage debt is secured by way of mortgage on properties.		
		Indemnity Letter in property	**5.588**	**6.448**
0	**0**	Carrying amount of mortgaged properties	**15.270**	**14.750**
		Certain operating equipment have been financed by means of finance leases.		
208	**217**	Total lease obligation until contracts expire	**439**	**588**
		Leasehold liabilities	**8.206**	**6.511**

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 MEUR 83.6 at 31 December 2015.

Companies in Orifarm Group has provided receivables from sales of goods and services, TEUR 61.594, as security for debt to the Group's banks and credit institutions. In addition, there are also security for the debt to banks and credit institutions, pledged unlisted shares in certain foreign subsidiaries with a total book value per. 31. December 2015 of TEUR 4.621.

The group companies are a party to litigation regarding alleged infringements of trademark and patent rights. Management believes that these legal proceedings will not lead to significant losses for the company.

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.

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

	Group 2015	Group 2014
16. Working capital changes		
Change in inventories (- = increase)	23.814	-455
Change in receivables (- = increase)	-9.086	14.680
Change in trade payables etc. (- = decrease)	2.102	-2.092
Adjustment according to acquisition	6.801	0
	23.631	**12.133**
17. Cash and cash equivalents		
Cash	951	1.254
Short-term bank debt	-62.474	-100.277
	-61.523	**-99.023**

Notes

(1.000 EUR)

18. Related parties

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

The companies parent company Habico A/S, Central Business Registration No 75 12 85 17, Odense.

Other related parties Orifarm Group A/S has had transactions with in 2015:
The companies Board of Directors and Executive Board.

Fees etc. are separately disclosed in note 2, Staff costs.

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

19. 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:
Habico A/S, Energivej 15, 5260 Odense S.

20. Consolidation

Orifarm Group A/S and subsidiaries are included in the consolidated fianancial statement of Habico Holding A/S, Central Business Registration No 27 34 71 34.

Parent company			Group	
2014	**2015**		**2015**	**2014**
		21. Fees to auditors appointed at the Company's general meeting		
		Fees are recognized under Other external expenses with:		
19	19	Audit	168	140
154	109	Other services	285	316
173	**128**		**453**	**456**

21. Exchange rate risk and financial instruments

As part of the hedge of recognized and unrecognized transactions, the Group uses hedging instruments in the form of forward exchange contracts and currency options. Hedge of recognized transactions primarily comprise receivables and payables. As at 31.12.2015 unrealized net losses on derivative financial instruments for currency hedging on Group level in total amounts TEUR 612. The amount is in the balance sheet included under other debt.