
Teva Denmark A/S

Vandtårnsvej 83 A, DK-2860 Søborg

Annual Report for 2016

CVR No 29 63 40 76

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
21/6 2017

Olöf Thorhallsdottir
Chairman



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	9
Balance Sheet 31 December	10
Statement of Changes in Equity	12
Notes to the Financial Statements	13
Notes, Accounting Policies	18

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Teva Denmark A/S for the financial year 1 January - 31 December 2016.

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 financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Søborg, 21 June 2017

Executive Board

Arni Olafur Asgeirsson
CEO

Betina Liliendal

Board of Directors

Olöf Thorhallsdottir
Chairman

Boris Niklas Döbler

Betina Liliendal

Independent Auditor's Report

To the Shareholder of Teva Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Teva Denmark A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities 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.

Independent Auditor's Report

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 21 June 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob F Christiansen
State Authorised Public Accountant

Kaare von Cappeln
State Authorised Public Accountant

Company Information

The Company

Teva Denmark A/S
Vandtårnsvej 83 A
DK-2860 Søborg

CVR No: 29 63 40 76

Financial period: 1 January - 31 December

Municipality of reg. office: Gladsaxe

Board of Directors

Olöf Thorhallsdottir, Chairman
Boris Niklas Döbler
Betina Liliendal

Executive Board

Arni Olafur Asgeirsson
Betina Liliendal

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Danske Bank
Holmens Kanal 2
1092 København K

Citibank
33 Canada Square
London E14 5LB

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
Key figures					
Profit/loss					
Gross profit/loss	31,213	34,809	30,824	28,277	26,315
Operating profit/loss	6,080	7,681	5,737	5,131	3,885
Net financials	-119	-830	-765	-887	-1,634
Net profit/loss for the year	4,797	4,408	3,742	3,124	1,638
Balance sheet					
Balance sheet total	132,489	146,892	127,089	121,824	141,128
Equity	51,052	46,255	41,847	38,105	34,980
Ratios					
Return on assets	4.6%	5.2%	4.5%	4.2%	2.8%
Solvency ratio	38.5%	31.5%	32.9%	31.3%	24.8%
Return on equity	9.9%	10.0%	9.4%	8.5%	4.8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Financial Statements of Teva Denmark A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

With reference to Danish Financial Statements Act § 86, the company has not prepared a cash flow statement.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

The main activity of the company is trading in medicine and similar products.

Development in the year

The income statement of the Company for 2016 shows a profit of DKK 4,797,026, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 51,051,859.

The past year and follow-up on development expectations from last year

The development in the financial year 2016 has been satisfactory within the primary markets and the result is as expected.

Expectations to the future

The company expect the same level of activity and profit before tax as in 2016.

Special risks - operating risks and financial risks

The financial statements are not affected by special risks.

Research and development

The Company is a sales Company and therefore has not specific or substantial research and development.

External environment

The Company is a sales Company and makes no significant impact on the external environment in connection with their activities.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Management's Review

Unusual events

The financial position at 31 December 2016 of the Company and the results of the activities of the Company for the financial year for 2016 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
Gross profit/loss		31,212,521	34,808,955
Staff expenses	1	-25,096,489	-27,087,323
Depreciation, amortisation and impairment of property, plant and equipment	2	-35,727	-41,045
Profit/loss before financial income and expenses		6,080,305	7,680,587
Financial income	3	262,296	0
Financial expenses	4	-381,673	-829,701
Profit/loss before tax		5,960,928	6,850,886
Tax on profit/loss for the year	5	-1,163,902	-2,443,028
Net profit/loss for the year		4,797,026	4,407,858

Distribution of profit

Proposed distribution of profit

Retained earnings	4,797,026	4,407,858
	4,797,026	4,407,858

Balance Sheet 31 December

Assets

	Note	2016 DKK	2015 DKK
Other fixtures and fittings, tools and equipment		16,067	51,794
Property, plant and equipment	6	16,067	51,794
Receivables from group enterprises		7,543,568	0
Deposits		725,014	726,563
Fixed asset investments	7	8,268,582	726,563
Fixed assets		8,284,649	778,357
Inventories		68,910,995	59,251,814
Trade receivables		37,253,100	30,121,415
Receivables from group enterprises		6,450,982	43,844,383
Other receivables		30,000	40,000
Deferred tax asset	8	1,125,087	29,354
Corporation tax		1,137,863	0
Prepayments	9	812,275	205,979
Receivables		46,809,307	74,241,131
Cash at bank and in hand		8,484,311	12,620,721
Currents assets		124,204,613	146,113,666
Assets		132,489,262	146,892,023

Balance Sheet 31 December

Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		501,000	501,000
Retained earnings		50,550,859	45,753,833
Equity		51,051,859	46,254,833
Payables to group enterprises		22,383,835	58,879,200
Long-term debt	10	22,383,835	58,879,200
Trade payables		10,297,469	6,467,340
Payables to group enterprises	10	27,705,664	14,687,885
Corporation tax		0	1,578,418
Other payables		21,050,435	19,024,347
Short-term debt		59,053,568	41,757,990
Debt		81,437,403	100,637,190
Liabilities and equity		132,489,262	146,892,023
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	501,000	45,753,833	46,254,833
Net profit/loss for the year	0	4,797,026	4,797,026
Equity at 31 December	501,000	50,550,859	51,051,859

The share capital consists of 501 shares of a nominal value of DKK 1,000. No shares carry any special rights.

Notes to the Financial Statements

	2016 DKK	2015 DKK
1 Staff expenses		
Wages and salaries	23,532,035	25,239,734
Pensions	1,813,930	1,985,734
Other social security expenses	-249,476	-138,145
	25,096,489	27,087,323
Including remuneration to the Executive Board	2,802,830	2,687,811
Average number of employees	28	29
<p>Teva Denmark A/S' ultimate parent company Teva Pharmaceutical Industries Limited has established equity settled, sharebased payment programmes, which include key employees of Teva Denmark A/S. At the time the employee vest from the programmes Teva Denmark A/S is invoiced by the ultimate parent company. The potential liability is recognised in the balance sheet as other payables.</p>		
2 Depreciation, amortisation and impairment of property, plant and equipment		
Depreciation of property, plant and equipment	35,727	41,045
	35,727	41,045
3 Financial income		
Interest received from group enterprises	28,086	0
Other financial income	1,314	0
Exchange gains	232,896	0
	262,296	0
4 Financial expenses		
Interest paid to group enterprises	381,670	666,285
Other financial expenses	3	17,775
Exchange loss	0	145,641
	381,673	829,701

Notes to the Financial Statements

	2016 DKK	2015 DKK
5 Tax on profit/loss for the year		
Current tax for the year	1,358,137	1,776,418
Deferred tax for the year	150,762	5,624
Adjustment of tax concerning previous years	901,498	660,986
Adjustment of deferred tax concerning previous years	-1,246,495	0
	1,163,902	2,443,028
6 Property, plant and equipment		Other fixtures and fittings, tools and equipment DKK
Cost at 1 January		1,135,077
Disposals for the year		-200,015
Cost at 31 December		935,062
Impairment losses and depreciation at 1 January		1,083,283
Depreciation for the year		35,727
Reversal of impairment and depreciation of sold assets		-200,015
Impairment losses and depreciation at 31 December		918,995
Carrying amount at 31 December		16,067
7 Fixed asset investments	Receivables from group enterprises DKK	Deposits DKK
Cost at 1 January	0	726,563
Additions for the year	7,543,568	0
Disposals for the year	0	-1,549
Cost at 31 December	7,543,568	725,014
Carrying amount at 31 December	7,543,568	725,014

Notes to the Financial Statements

	<u>2016</u> DKK	<u>2015</u> DKK
8 Deferred tax asset		
Deferred tax asset at 1 January	29,354	34,978
Amounts recognised in the income statement for the year	-150,762	-5,624
Amounts recognised in equity for the year	<u>1,246,495</u>	<u>0</u>
Deferred tax asset at 31 December	<u>1,125,087</u>	<u>29,354</u>

The recognised tax asset comprises temporary differences. As the Company generate taxable income the tax asset is expected to be utilised within the next three to five years.

9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

10 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Payables to group enterprises

Between 1 and 5 years	<u>22,383,835</u>	<u>58,879,200</u>
Long-term part	22,383,835	58,879,200
Other short-term debt to group enterprises	<u>27,705,664</u>	<u>14,687,885</u>
	<u>50,089,499</u>	<u>73,567,085</u>

Notes to the Financial Statements

	<u>2016</u> DKK	<u>2015</u> DKK
11 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,478,814	1,389,878
Between 1 and 5 years	<u>1,079,385</u>	<u>1,501,434</u>
	<u>2,558,199</u>	<u>2,891,312</u>
Rent obligations	2,837,823	4,947,280

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

12 Related parties

	Basis
Controlling interest	
Teva Pharma B.V., The Netherlands	Controlling shareholder
Teva Pharmaceutical Industries Limited, Israel	Ultimate shareholder

Transactions

With reference to section 98 C(7) of the Danish Financial Statements Act, related parties transactions have not been disclosed in the Annual Report.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Teva Pharmaceutical Industries Limited, Israel	

The Group Annual Report of Teva Pharmaceutical Industries Limited, Israel may be obtained at the following address:

5 Basel Street
P.O. Box 3190
Petach Tikva 49131, Israel

Notes, Accounting Policies

Basis of Preparation

The Annual Report of Teva Denmark A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2016 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Teva Pharmaceutical Industries Limited, Israel, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt

Notes, Accounting Policies

arose are recognised in financial income and expenses in the income statement.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Notes, Accounting Policies

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment 3 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits and other long-term receivables.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Notes, Accounting Policies

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes, Accounting Policies

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$