

**Celgene ApS  
Kristianiagade 8, 3  
2100 Copenhagen  
Denmark**

**Central Business Registration No 30 49 71 47**

**Annual report 2015**

*The Annual General Meeting adopted the annual report on \_\_\_\_\_*

**Chairman of the General Meeting**

  
\_\_\_\_\_

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## **Company details**

### **Company**

Celgene ApS

Central Business Registration No: 30 49 71 47

Registered in: Copenhagen

Internet: [www.Celgene.com](http://www.Celgene.com)

E-mail: [geninfo.dk@celgene.com](mailto:geninfo.dk@celgene.com)

### **Board of Directors**

Nicolas François R. Verbeke (Chairman)

Jürg Oehen

Tuomo Tapani Pätsi

Jonathan Biller

Nakisa Serry

### **Executive Board**

Nicolas François R. Verbeke

### **Company auditors**

KPMG Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28

2100 København Ø

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Celgene ApS for the financial year 1 January to 31 December 2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of its financial performance for the financial year 1 January to 31 December 2015.

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.

Copenhagen, \_\_\_\_\_

### Executive Board



Nicolas François R. Verbeke  
Chief Executive Officer

### Supervisory Board

Nicolas François R. Verbeke



Tuomo Tapani Pätsi

Jürg Oehen

Jonathan Biller

Nakisa Serry

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Copenhagen, \_\_\_\_\_

### Executive Board

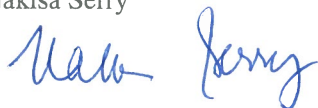
Nicolas François R. Verbeke  
Chief Executive Officer

### Supervisory Board

Nicolas François R. Verbeke

Jürg Oehen

Nakisa Serry



Tuomo Tapani Pätsi

Jonathan Biller

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Copenhagen, \_\_\_\_\_

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Chief Executive Officer

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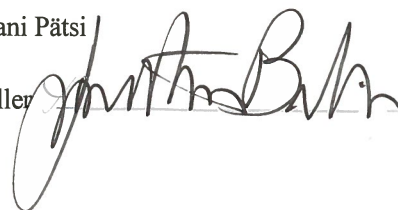
Jürg Oehen

Nakisa Serry



Tuomo Tapani Pääsi

Jonathan Biller



## **Independent auditor's report**

### **To the shareholder of Celgene ApS**

#### **Independent auditors' report on the financial statements**

We have audited the financial statements of Celgene ApS for the financial year 1 January - 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

## Independent auditor's report

### 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.

Copenhagen, 19 May 2016

### KPMG

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No.: 25 57 81 98

  
Joakim Juhl Larsen  
State Authorised Public Accountant



## Management commentary

	2015	2014	2013	2012	2011	2010
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
<b>Financial highlights</b>						
<b>Key figures</b>						
Gross profit	34.799	41.936	36.749	37.066	28.927	26.364
Operating profit/loss	2.605	8.900	6.734	7.972	3.087	3.267
Net financials	145	343	23	-33	-14	-22
Profit/loss for the year	1.811	6.934	4.939	5.791	2.212	2.409
Equity	26.636	24.824	17.891	12.952	7.161	4.949
Balance sheet total	74.652	58.296	56.750	32.529	24.685	17.620
Investments in property, plant and equipment	347	22	71	11	158	7
<b>Ratios</b>						
Return on equity (%)	7,04%	32,46%	32,03%	57,58%	36,53%	64,33%
Solvency ratio (%)	35,68%	42,58%	31,53%	39,82%	29,01%	28,09%

## **Management commentary**

### **Primary activities**

The Company's primary activity consists of trading and distributing pharmaceutical products.

### **Development in activities and finances**

The Company has increase its activity (the revenue as well as the number of employees have increase) during the year. However, the profit has decreased to DKK 1.811.042 (2014: DKK 6.933.620).

Equity at 31 December 2015 amounts to DKK 26.635.540 (2014: DKK 24.824.497).

The profit for the period meets Management's expectations.

### **Uncertainty relating to recognition and measurement**

Celgene ApS has no areas where there is uncertainty in recognition and measurement.

### **Unusual circumstances**

Apart from that, there have been no unusual circumstances that have impacted recognition and measurement.

### **Particular risks**

The Company considers that any risk from distribution is not material due to the Limited Risk Distribution model with which the Company is engaged.

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

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

### **Outlook**

The company expects an increase in the gross profit and operating profit in 2016.

## Accounting policies

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

Referring to section 86(4) of the Danish Financial Statements Act, Celgene ApS has not prepared a statement of cash flow, since the entity is included in the statement of cash flow for the group.

The accounting policies used in preparation of the financial statements are consistent with those of last year.

## Foreign currency translation

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

## Income statement

### Gross profit

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

### Revenue

Revenue 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. The revenue consists of trading and distributing pharmaceutical products.

### Cost of sales

The transfer price between Celgene Logistics and Celgene ApS is calculated based on the selling price in order to give Celgene ApS a gross margin.

### Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

### Staff costs

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

### Financial income and expenses

These items comprise interest income and interest expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on securities and transactions in foreign currencies, amortisation premium or allowance on mortgage debt, etc. as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

## Accounting policies

### 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 on equity by the portion attributable to entries directly on equity.

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

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities.

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

### Balance sheet

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when the asset is ready to be put into operation.

The basis of depreciation is cost plus revaluation and minus estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:  
Other fixtures and fittings, tools and equipment : 3-5 years.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less provisions for bad debts.

#### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

#### Other financial liabilities

Other financial liabilities are measured at amortised cost which usually corresponds to nominal value.

## Accounting policies

### Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula
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Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
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Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
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### Ratios reflect

#### Return on equity

The enterprise's return on capital invested in the enterprise by the owners.

#### Solvency ratio

The financial strength of the Entity.

**Income statement for 2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Gross profit		34.799.323	41.936.186
Other external expenses		(13.646.438)	(17.595.398)
Staff costs	1	(18.466.598)	(15.302.113)
Depreciation, amortisation and impairment losses	3	(81.082)	(138.426)
<b>Operating profit+ / loss -</b>		<b>2.605.205</b>	<b>8.900.249</b>
Other financial items		144.591	342.873
<b>Profit+ / loss- before tax</b>		<b>2.749.796</b>	<b>9.243.122</b>
Tax on profit/loss for the year	2	(938.754)	(2.309.502)
<b>Net profit + / loss - for the year</b>		<b>1.811.042</b>	<b>6.933.620</b>
<b>Proposed distribution of profit/loss</b>			
Dividends for the period		-	-
Retained earnings		1.811.042	6.933.620
		<b>1.811.042</b>	<b>6.933.620</b>

**Balance sheet at 31.12.2015**

	Notes	2015 DKK	2014 DKK
Other fixtures and fittings, tools and equipment	3	317.274	51.765
<b>Tangible assets</b>		<b>317.274</b>	<b>51.765</b>
<b>Fixed assets</b>		<b>317.274</b>	<b>51.765</b>
Trade receivables		52.501.911	35.498.016
Receivables from group enterprises		3.335.814	7.996.072
Income tax		76.382	-
Other receivables		2.262.025	258.419
Deferred tax asset	5	40.914	68.553
<b>Receivables</b>		<b>58.217.046</b>	<b>43.821.060</b>
<b>Cash</b>		<b>16.117.941</b>	<b>14.423.527</b>
<b>Current assets</b>		<b>74.334.987</b>	<b>58.244.587</b>
<b>Assets</b>		<b>74.652.261</b>	<b>58.296.352</b>

**Balance sheet at 31.12.2015**

	Notes	2015	2014
		<u>DKK</u>	<u>DKK</u>
Share capital	4	744.755	744.755
Retained earnings		25.890.785	24.079.742
<b>Equity</b>		<b><u>26.635.540</u></b>	<b><u>24.824.497</u></b>
Trade payables		232.981	741.667
Debt to group enterprises		39.047.092	22.502.401
Income taxes		-	1.713.306
Other payables		8.736.648	8.514.481
<b>Short-term liabilities other than provisions</b>		<b><u>48.016.721</u></b>	<b><u>33.471.855</u></b>
<b>Liabilities other than provisions</b>		<b><u>48.016.721</u></b>	<b><u>33.471.855</u></b>
<b>Equity and liabilities</b>		<b><u><u>74.652.261</u></u></b>	<b><u><u>58.296.352</u></u></b>
Lease commitments	6		
Other notes	7		



**Statement of changes in equity for 2015**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Proposed dividends</b>	<b>Total</b>
	<b>DKK</b>	<b>DKK</b>	<b>DKK</b>	<b>DKK</b>
<b>Equity</b>				
<b>Balance at 01 January 2015</b>	<b>744.755</b>	<b>24.079.743</b>	<b>-</b>	<b>24.824.498</b>
Profit for the year	-	1.811.042	-	1.811.042
<b>Balance at 31 December 2015</b>	<b>744.755</b>	<b>25.890.785</b>	<b>-</b>	<b>26.635.540</b>

## Notes

	<b>2015</b>	<b>2014</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Salaries and wages	13.561.966	15.831.623
Other personal costs	3.196.480	(1.560.933)
Pension contributions	1.110.828	681.328
Other social security costs	597.324	350.095
	<b><u>18.466.598</u></b>	<b><u>15.302.113</u></b>
Average number of employees	<b><u>17</u></b>	<b><u>13</u></b>
No remuneration has been paid to the Executive Board and Board of Directors.		
<b>2. Tax on profit for the period</b>		
Current tax	712.407	2.311.110
Change in deferred tax	27.639	(1.608)
Reduction in tax rate 23,5% to 22%	(2.790)	-
Adjustment to tax relating to previous years	201.498	-
	<b><u>938.754</u></b>	<b><u>2.309.502</u></b>

## Notes

	<b>Tangible assets 2015</b>	<b>Tangible assets 2014</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Tangible assets</b>		
Cost at 1 January	1.881.802	1.860.053
Additions	346.591	21.749
<b>Cost at 31 December</b>	<b>2.228.393</b>	<b>1.881.802</b>
Depreciation and impairment losses at 01.01	(1.830.037)	(1.691.611)
Depreciation for the year	(81.082)	(138.426)
<b>Depreciation and impairment losses at 31 December</b>	<b>(1.911.119)</b>	<b>(1.830.037)</b>
<b>Carrying amount at 31 December</b>	<b>317.274</b>	<b>51.765</b>

## 4. Share capital

Share capital consists of 100 shares at EUR 1.000. The shares have not been divided into classes. There have been no changes in the share capital during the last 5 years.

## Notes

	<u>2015</u> <u>DKK</u>	<u>2014</u> <u>DKK</u>
<b>5. Deferred tax</b>		
Deferred tax is incumbent upon property, plant and equipment		
Deferred tax (asset)/liabilities	<u>(40.914)</u>	<u>(68.553)</u>

	<u>2015</u> <u>DKK</u>	<u>2014</u> <u>DKK</u>
<b>6. Lease commitments</b>		
Operating lease contracts on cars, equipment and rent have been concluded for the year 2016 to 2018		
Total lease payments	<u>1.025.417</u>	<u>1.188.666</u>

## 7. Ultimate parent undertaking and controlling party

The Company is a wholly-owned subsidiary of Celgene B.V.

The ultimate holding company is Celgene Corporation, incorporated in the United States of America.

The results of the Company are consolidated in those of Celgene Corporation.

The consolidated accounts are available to the public and may be obtained from 86 Morris Avenue, New Jersey 07901, USA.