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VJ Investment ApS

Tømrervej 9
6710 Esbjerg V.
Central Business Registration
No 30526872

Annual report 2016

The Annual General Meeting adopted the annual report on 31.05.2017

Chairman of the General Meeting

Name: Jannie Elisabeth Hansen

Contents

Entity details

Entity

VJ Investment ApS
Tømrervej 9
6710 Esbjerg V.

Central Business Registration No: 30526872
Registered in: Esbjerg
Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Dennis Vad Lauridsen, chairman
Martin Busk Andersen
Henrik Bisgaard Jensen
Toke Værndal

Executive Board

Henrik Vestergaard Knudsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of VJ Investment ApS for the financial year 01.01.2016 - 31.12.2016.

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 Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

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.

Esbjerg, 26.04.2017

Executive Board

Henrik Vestergaard Knudsen

Board of Directors

Dennis Vad Lauridsen chairman	Martin Busk Andersen	Henrik Bisgaard Jensen
Toke Værndal		

Independent auditor's report

To the shareholders of VJ Investment ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of VJ Investment ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the consolidated financial statements and the 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.

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

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 26.04.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Palle Jensen
statsautoriseret revisor

Lasse Lynggaard Wolff
statsautoriseret revisor

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000	2013 DKK'000	2012 DKK'000
Financial highlights					
Key figures					
Revenue	634.172	462.799	522.444	464.800	446.314
Gross profit/loss	84.093	64.579	71.682	59.922	62.961
Operating profit/loss	28.502	11.834	20.182	20.580	32.051
Net financials	(3.702)	(2.862)	(3.524)	(5.086)	(2.879)
Profit/loss for the year	19.284	6.474	12.571	11.430	21.770
Total assets	281.363	217.835	214.438	204.051	178.509
Investments in property, plant and equipment	6.597	1.277	1.986	4.624	2.689
Equity incl minority interests	82.984	64.820	76.843	67.349	65.995
Employees in average	170	157	129	91	67
Ratios					
Net margin (%)	3,0	1,4	2,4	2,5	4,9
Return on equity (%)	26,1	9,1	17,4	17,1	38,1
Equity ratio (%)	29,5	29,8	35,8	33,0	37,0

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

Ratios	**Calculation formula**	**Ratios**
Net margin (%)	Profit/loss for the year x 100 / Revenue	The entity's operating profitability.
Return on equity (%)	Profit/loss for the year x 100 / Average equity incl minority interests	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity incl minority interests x 100 / Total assets	The financial strength of the entity.

Management commentary

Primary activities
The company's main activity is the develop, import, production, distribution and exportation of medical products and thus naturally related business.

Development in activities and finances
Profit for the year after tax for 2016 amounts to DKKm 19,3 (2015: DKKm 6,5) The profit for the year is satisfactory given the market conditions, and meets the expectations from 2015.

Outlook
For the financial year 2017 a profit above 2016 is expected.

Particular risks
General risk
When launching new products the group is very dependent on the processing time partly at the healthcare authorities in the countries where the products are sold and partly the central European registration authority, EMA, in London. In a number of countries the processing time still remains long, which limit a fast introduction of new parallel imported goods.

Financial risks
The group is exposed to fluctuations in interest rate levels and foreign exchange rates.

Control of the financial risk and cash flow of the group is conducted from the headquarters of the group. The group pursues a low risk profile within this area.

Equivalently, a tight control of the credit policy is implemented. Thus, the group only has a very limited risk towards customers or co-operators. The majority of sales is done to consolidated pharmaceutical wholesalers.

Intellectual capital resources
The business philosophy of the company contains 3 major thrusts: Innovation, Quality and mutual respect towards business partners in the market. It impose large demands to knowledge resources regarding employees and business processes.

In order to continue delivering solutions it is vital that the company can recruit and maintain employees with a high level of education. It is our aim that our group possesses state-of-the-art knowledge as well as a quick adaptability.

The results of the group are to a great extent impacted by competencies and engagement of the employees. The group continually works on developing knowledge and competencies of the employees with the purpose of supporting the results and developing culture of the group.

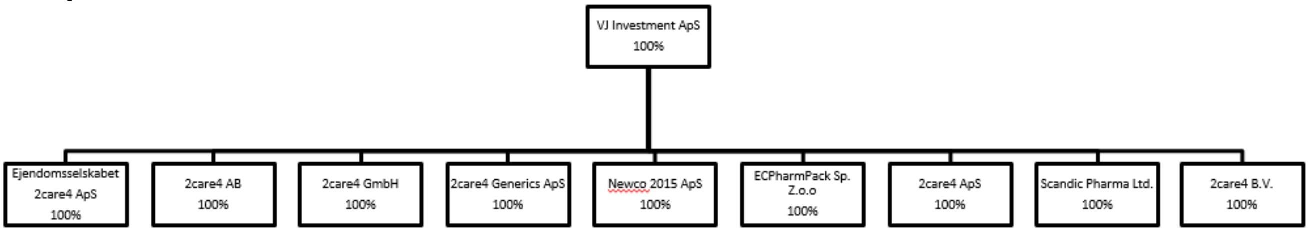
Environmental performance
The group is environmentally responsible and continually works with reducing the environmental impact from the business activities. Pharmaceutical products which are not sold are destructed by a qualified and approved company. Redundant packaging is to the greatest extent sorted and reused in alignment with existing rules in the area.

Management commentary

Research and development activities

The development of the group includes implemented measures that within a few years is expected to generate increased revenue for the group.

Group relations



Statutory report on corporate social responsibility

The group does not have formal policies for voluntary integration of community responsibility as part of the strategy and activities of the group. Besides, no policies exist for human rights and climate impacts. No separate statement is given for community responsibility.

Statutory report on the underrepresented gender

VJ Investment ApS and its subsidiary 2care4 ApS believe diversity among employees, including the distribution of the sexes, have a positive work environment effect and strengthens the performance and competitiveness, and also is an important prerequisite for the company to develop and produce the best results in line with the company's values and cultures.

In consequence, VJ Investment ApS in 2013 stated 20% of the board members in 2017 should be women and a policy to increase the share of women in general in other management levels was adapted in its subsidiary 2care4 ApS.

Today, no board members are female, but VJ Investment ApS and its subsidiary 2care4 ApS has launched a number of initiatives to promote the policy, including both female and male candidates to be represented in relation to changes in the board and other management levels. The ongoing initiatives expect to succeed in 2017.

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.

Consolidated income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	2	634.172	462.799
Cost of sales		(526.663)	(378.959)
Other external expenses	3	(23.416)	(19.261)
Gross profit/loss		**84.093**	**64.579**
Staff costs	4	(42.183)	(41.970)
Depreciation, amortisation and impairment losses	5	(13.408)	(10.775)
Operating profit/loss		**28.502**	**11.834**
Other financial income		12	4
Other financial expenses		(3.714)	(2.866)
Profit/loss before tax		**24.800**	**8.972**
Tax on profit/loss for the year	6	(5.516)	(2.498)
Profit/loss for the year	7	**19.284**	**6.474**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Completed development projects		1.233	662
Acquired licences		11.070	10.882
Development projects in progress		10.064	7.689
Intangible assets	8	**22.367**	**19.233**
Land and buildings		16.513	16.627
Other fixtures and fittings, tools and equipment		4.571	1.578
Leasehold improvements		3	458
Property, plant and equipment in progress		1.626	0
Prepayments for property, plant and equipment		266	0
Property, plant and equipment	9	**22.979**	**18.663**
Other receivables		14	14
Fixed asset investments	10	**14**	**14**
Fixed assets		**45.360**	**37.910**
Raw materials and consumables		86.511	55.086
Manufactured goods and goods for resale		37.889	27.440
Prepayments for goods		13.656	7.032
Inventories		**138.056**	**89.558**
Trade receivables		82.430	74.989
Deferred tax	11	44	68
Other receivables		1.043	196
Income tax receivable		1.469	434
Prepayments	12	285	857
Receivables		**85.271**	**76.544**
Cash		**12.676**	**13.823**
Current assets		**236.003**	**179.925**
Assets		**281.363**	**217.835**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		125	125
Reserve for development expenditure		8.332	0
Retained earnings		50.527	64.695
Proposed dividend		24.000	0
Equity		**82.984**	**64.820**
Other provisions	13	18.960	12.831
Provisions		**18.960**	**12.831**
Mortgage debts		16.474	8.456
Bank loans		0	5.623
Finance lease liabilities		1.353	321
Non-current liabilities other than provisions	14	**17.827**	**14.400**
Current portion of long-term liabilities other than provisions	14	1.152	620
Bank loans		122.693	97.351
Trade payables		20.510	17.148
Other payables		17.237	10.665
Current liabilities other than provisions		**161.592**	**125.784**
Liabilities other than provisions		**179.419**	**140.184**
Equity and liabilities		**281.363**	**217.835**
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Financial instruments	16		
Unrecognised rental and lease commitments	17		
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Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	125	0	64.695	0
Exchange rate adjustments	0	0	(268)	0
Fair value adjustments of hedging instruments	0	0	(852)	0
Transfer to reserves	0	8.332	(8.332)	0
Profit/loss for the year	0	0	(4.716)	24.000
Equity end of year	**125**	**8.332**	**50.527**	**24.000**

	Total DKK'000
Equity beginning of year	64.820
Exchange rate adjustments	(268)
Fair value adjustments of hedging instruments	(852)
Transfer to reserves	0
Profit/loss for the year	19.284
Equity end of year	**82.984**

Consolidated cash flow statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Operating profit/loss		28.502	11.834
Amortisation, depreciation and impairment losses		13.408	10.775
Other provisions		6.129	0
Working capital changes	15	(44.680)	8.077
Cash flow from ordinary operating activities		**3.359**	**30.686**
Financial income received		12	0
Financial income paid		(3.714)	(2.862)
Income taxes refunded/(paid)		(6.527)	(3.888)
Cash flows from operating activities		**(6.870)**	**23.936**
Acquisition etc of intangible assets		(17.215)	(11.604)
Sale of intangible assets		39	0
Acquisition etc of property, plant and equipment		(6.597)	(1.277)
Sale of property, plant and equipment		139	203
Currency changes of subsidiaries		146	30
Cash flows from investing activities		**(23.488)**	**(12.648)**
Loans raised		29.301	19.381
Instalments on loans etc		0	(633)
Dividend paid		0	(18.000)
Cash flows from financing activities		**29.301**	**748**
Increase/decrease in cash and cash equivalents		**(1.057)**	**12.036**
Cash and cash equivalents beginning of year		13.823	1.787
Currency translation adjustments of cash and cash equivalents		(90)	0
Cash and cash equivalents end of year		**12.676**	**13.823**

Notes to consolidated financial statements

1. 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.

	2016 DKK'000	2015 DKK'000
2. Revenue		
Revenue by geographical market		
EU	583.216	427.276
Other world	50.956	35.523
	634.172	**462.799**
Revenue by activity		
Human	634.071	462.507
Veterinary	101	292
	634.172	**462.799**

	2016 DKK'000	2015 DKK'000
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	113	195
Other assurance engagements	0	6
Tax services	8	47
Other services	101	81
	222	**329**

	2016 DKK'000	2015 DKK'000
4. Staff costs		
Wages and salaries	36.145	36.321
Pension costs	3.211	1.559
Other social security costs	1.295	2.396
Other staff costs	1.532	1.694
	42.183	**41.970**
Average number of employees	**170**	**157**

Notes to consolidated financial statements

	Remuneration of management 2016 DKK'000	Remuneration of management 2015 DKK'000
Total amount for management categories	2.735	1.952
	2.735	**1.952**

	2016 DKK'000	2015 DKK'000
5. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	8.335	8.576
Impairment losses on intangible assets	3.342	571
Depreciation of property, plant and equipment	1.829	1.545
Profit/loss from sale of intangible assets and property, plant and equipment	(98)	83
	13.408	**10.775**

	2016 DKK'000	2015 DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	5.732	3.199
Change in deferred tax for the year	(24)	(701)
Adjustment concerning previous years	(192)	0
	5.516	**2.498**

	2016 DKK'000	2015 DKK'000
7. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	24.000	0
Retained earnings	(4.716)	6.474
	19.284	**6.474**

Notes to consolidated financial statements

	Completed develop-ment projects DKK'000	Acquired licences DKK'000	Develop-ment projects in progress DKK'000
8. Intangible assets			
Cost beginning of year	4.321	33.785	7.689
Exchange rate adjustments	0	(3)	0
Transfers	778	0	(778)
Additions	812	7.654	8.749
Disposals	0	(1.700)	(5.596)
Cost end of year	**5.911**	**39.736**	**10.064**
Amortisation and impairment losses beginning of year	(3.659)	(22.903)	0
Impairment losses for the year	0	(108)	(3.234)
Amortisation for the year	(1.019)	(7.316)	0
Reversal regarding disposals	0	1.661	3.234
Amortisation and impairment losses end of year	**(4.678)**	**(28.666)**	**0**
Carrying amount end of year	**1.233**	**11.070**	**10.064**

Development projects in progress

Development project in progress comprise development and registration of generic pharmaceutical products. Costs essentially consist of external costs to business partners. Costs are registered in an internal project tool. The individual pharmaceutical product will be finished in the years 2017-2021. Afterwards, sales will start up. Overall, the products are expected to contribute with significant competitive advantages and therefore a substantial increase in activity level and result from 2017.

The management has completed impairment test of the current book value of the assets. The recoverabled amount, value in-use, for the remaining assets, exceeds the book value. Value in-use is calculated from expected cashflows based on management approved budgets through 2017-2020.

Completed development projects

Completed development projects include development and registration of pharmaceutical products for humans. Each product has a 3 year depreciation period starting from when the product is launched in the market. The management has not established any indication for impairment of the current book value of the assets.

Notes to consolidated financial statements

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment				
Cost beginning of year	19.328	5.658	2.422	0
Exchange rate adjustments	(331)	(96)	0	(37)
Transfers	2.414	(66)	(2.414)	66
Additions	573	4.155	0	1.597
Disposals	0	(526)	0	0
Cost end of year	**21.984**	**9.125**	**8**	**1.626**
Depreciation and impairment losses beginning of the year	(2.701)	(4.080)	(1.964)	0
Exchange rate adjustments	22	37	0	0
Transfers	(1.960)	0	1.960	0
Depreciation for the year	(832)	(996)	(1)	0
Reversal regarding disposals	0	485	0	0
Depreciation and impairment losses end of the year	**(5.471)**	**(4.554)**	**(5)**	**0**
Carrying amount end of year	**16.513**	**4.571**	**3**	**1.626**
Recognised assets not owned by entity	**-**	**1.854**	**-**	**-**

Notes to consolidated financial statements

	Prepay-ments for property, plant and equipment DKK'000
9. Property, plant and equipment	
Cost beginning of year	0
Exchange rate adjustments	(6)
Transfers	0
Additions	272
Disposals	0
Cost end of year	**266**
Depreciation and impairment losses beginning of the year	0
Exchange rate adjustments	0
Transfers	0
Depreciation for the year	0
Depreciation and impairment losses end of the year	0
Depreciation and impairment losses end of the year	**0**
Carrying amount end of year	**266**
Recognised assets not owned by entity	**-**

	Other receivables DKK'000
10. Fixed asset investments	
Cost beginning of year	14
Cost end of year	**14**
Carrying amount end of year	**14**

	2016 DKK'000
11. Deferred tax	
Changes during the year	
Beginning of year	68
Recognised in the income statement	(24)
End of year	**44**

Deferred tax primarily comprise on inventories, intangible and tangible assets and other provisions.

Notes to consolidated financial statements

12. Prepayments

Prepayments consist of prepaid expenses regarding operational leasing expenses, staff cost, etc.

13. Other provisions

The recognized provision amounts to DKK’000 18,960 (2015: DKK’000 12,831) to cover expected guarantee costs with regard to guaranteed balances with bank institutions for HTO Trading ApS, to cover the estimated reimbursement of price reductions to customers and to cover items at customers and profit on goods that probably will be returned according to cooperation agreements. The provision is recognized based on previous experience regarding the extend of these liabilities.

	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000	Outstanding after 5 years DKK'000
14. Liabilities other than provisions				
Mortgage debts	0	0	16.474	11.555
Bank loans	1.080	520	0	0
Finance lease liabilities	72	100	1.353	0
	1.152	**620**	**17.827**	**11.555**

	2016 DKK'000	2015 DKK'000
15. Change in working capital		
Increase/decrease in inventories	(48.498)	(1.574)
Increase/decrease in receivables	(7.716)	12.757
Increase/decrease in trade payables etc	11.534	(3.106)
	(44.680)	**8.077**

The group has entered currency forward contracts to hedge future cashflow in Swedish and Norwegian kroner, totaling SEK 90,7m and NOK 30m for the first half of the financial year 2017. Compared to the forward exchange rates the contracts hold a negative value of DKK 1,6m. The loss is booked under equity.

	2016 DKK'000	2015 DKK'000
17. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**705**	**586**

18. Contingent liabilities

The group has entered into operating leases. These obligations amounts to DKK’000 619 per December 2016, of which DKK’000 324 falls due payment next year.

Notes to consolidated financial statements

19. Mortgages and securities
Mortgage debt is secured by way of mortgage on properties.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK'000 1.500 nominal.

The carrying amount of mortgaged properties is DKK'000 9.022.

As collateral for bank loans DKK'000 120,804, the group has issued a floating company charge at nominal value DKK'000 98,000 including the following assets, which on the 31st of December 2016 amounts to DKK'000:

Trade receivables	75,480
Inventories	135,541
Fixture and fittings, tools and equipment (excl. finance leasing)	751
Intangible assets	14,755

20. Subsidiaries	**Registered in**	**Corpo-rate form**	**Equity inte-rest %**
2care4 ApS	Esbjerg	ApS	100,0
Ejendomsselskabet 2care4 ApS	Esbjerg	ApS	100,0
2care4 AB	Nacka Strand, Sweden	AB	100,0
2care4 Generics ApS	Esbjerg	ApS	100,0
Newco 2015 ApS	Esbjerg	ApS	100,0
2care4 GmbH	Heppenheim, Germany	GmbH	100,0
Scandic Pharma, LTD	Riga, Latvia	LTD	100,0
ECPharmPack sp. z o.o.	Pabianice, Poland	sp. z o.o.	100,0
2care4 BV	Groningen, The Netherlands	BV	100,0

Parent income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Other external expenses	2	(110)	(4.651)
Gross profit/loss		**(110)**	**(4.651)**
Staff costs	3	(793)	(420)
Operating profit/loss		**(903)**	**(5.071)**
Income from investments in group enterprises		19.085	9.476
Other financial income	4	1.118	1.237
Profit/loss before tax		**19.300**	**5.642**
Tax on profit/loss for the year	5	(16)	832
Profit/loss for the year	6	**19.284**	**6.474**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Investments in group enterprises		48.577	43.178
Fixed asset investments	7	**48.577**	**43.178**
Fixed assets		**48.577**	**43.178**
Receivables from group enterprises		31.934	22.665
Deferred tax	8	1.012	1.012
Other receivables		100	1
Income tax receivable		771	2.889
Joint taxation contribution receivable		7.908	0
Prepayments	9	98	0
Receivables		**41.823**	**26.567**
Cash		**421**	**471**
Current assets		**42.244**	**27.038**
Assets		**90.821**	**70.216**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		125	125
Reserve for net revaluation according to the equity method		28.725	31.189
Retained earnings		30.134	33.506
Proposed dividend		24.000	0
Equity		**82.984**	**64.820**
Other provisions	10	4.600	5.176
Provisions		**4.600**	**5.176**
Joint taxation contribution payable		2.739	0
Other payables		498	220
Current liabilities other than provisions		**3.237**	**220**
Liabilities other than provisions		**3.237**	**220**
Equity and liabilities		**90.821**	**70.216**
Events after the balance sheet date	1		
Contingent liabilities	11		
Mortgages and securities	12		
Transactions with related parties	13		

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	125	31.189	33.506	0
Exchange rate adjustments	0	(268)	0	0
Value adjustments	0	(852)	0	0
Profit/loss for the year	0	(1.344)	(3.372)	24.000
Equity end of year	**125**	**28.725**	**30.134**	**24.000**

	Total DKK'000
Equity beginning of year	64.820
Exchange rate adjustments	(268)
Value adjustments	(852)
Profit/loss for the year	19.284
Equity end of year	**82.984**

Notes to parent financial statements

1. 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.

	2016 DKK'000	2015 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	24	33
Other services	35	15
	59	**48**

	2016 DKK'000	2015 DKK'000
3. Staff costs		
Wages and salaries	771	420
Other social security costs	22	0
	793	**420**
Average number of employees	**0**	**0**

	Remuneration of management 2016 DKK'000	Remuneration of management 2015 DKK'000
Total amount for management categories	771	420
	771	**420**

	2016 DKK'000	2015 DKK'000
4. Other financial income		
Financial income arising from group enterprises	1.118	1.237
	1.118	**1.237**

	2016 DKK'000	2015 DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	59	180
Change in deferred tax for the year	0	(1.012)
Adjustment concerning previous years	(43)	0
	16	**(832)**

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	24.000	0
Transferred to reserve for net revaluation according to the equity method	(1.344)	5.026
Retained earnings	(3.372)	1.448
	19.284	**6.474**

	Investments in group enterprises DKK'000
7. Fixed asset investments	
Cost beginning of year	11.989
Additions	7.863
Cost end of year	**19.852**
Revaluations beginning of year	31.189
Exchange rate adjustments	(268)
Share of profit/loss for the year	18.898
Adjustment of intra-group profits	187
Dividend	(16.942)
Investments with negative equity depreciated over receivables	(2.911)
Investments with negative equity transferred to provisions	(576)
Fair value adjustments	(852)
Revaluations end of year	**28.725**
Carrying amount end of year	**48.577**

	2016 DKK'000
8. Deferred tax	
Changes during the year	
Beginning of year	1.012
End of year	**1.012**

Deferred tax primarily comprise on other provisions.

9. Prepayments

Prepayments consist of prepaid expenses regarding staff cost.

Notes to parent financial statements

10. Other provisions

The recognized provision amounts to DKK’000 4,600 (2015: DKK’000 5,176) to cover expected guarantee costs with regard to guaranteed balances with bank institutions for HTO Trading ApS.

	2016 DKK'000	2015 DKK'000
11. Contingent liabilities		
Recourse and non-recourse guarantee commitments	121.789	89.151
Contingent liabilities in total	**121.789**	**89.151**
Recourse and non-recourse guarantee commitments	121.789	89.151
Hereof contingent liabilities to group enterprises	**121.789**	**89.151**

The parent company has guaranteed balances with bank institutions for subsidiaries. The guarantee comprises net bank debt at the end of 31st of December 2016 and amounts to DKK’000 121,789.

The parent company has given a letter of support to 2care4 Generics ApS, to support the future operation with required financial resources.

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident in the parent balance sheet.

12. Mortgages and securities

The parent company has provided the share capital in 2care4 ApS, Ejendomsselskabet 2care4 ApS and 2care4 Generics ApS as collateral for balances with bank institutions of the parent company as well as payment guarantee, cf. note 10. The guarantee comprises net bank debt at the end of 31st of December 2016 and amounts to DKK’000 121,068.

13. Transactions with related parties

According to section 98c(7) of the Danish Financial Statements Act, only non-arm’s-length related party transactions are disclosed. However, all transactions have been made on arm’s length basis in the financial year.

Accounting policies

Reporting class

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

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, and the value of the liability 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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Accounting policies

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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments
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.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging 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.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in 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 comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Accounting policies

Income statement

Revenue

Revenue from the sale of goods 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 consideration fixed. All discounts granted are recognised in revenue.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff. Refunds received from public authorities are deducted from staff costs.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Accounting policies

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
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 for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with Danish subsidiaries. The parent company is the administrative company for the joint taxation and consequently settles all corporation tax payments with the tax authorities. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, patents and licenses.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 10 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Property, plant and equipment
Land and buildings, other fixtures and fittings, tools and equipment and leasehold improvements 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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less 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:

Buildings	25 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

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

Investments in subsidiaries with negative net asset values are measured at DKK 0, and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation in equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report are not recognised in the reserve for net revaluation.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

Accounting policies

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in 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 and is determined taking into account marketability, obsolescence and development in expected selling price.

Deferred tax
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 assets, including the tax base of tax loss carry forwards, 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.

Income tax payable or receivable
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.

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management’s proposal for distribution of profit/loss.

Other provisions
Other provisions comprise price reductions to customers and profit on goods returned.

Other provisions are recognised, when, as a result of a past event, implies a legal or constructive obligation and it is probable that the obligation will cause an outflow of financial resources.

Accounting policies

Other provisions are measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable 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.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and 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 purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed 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.