

Pharmanovia A/S

Jægersborg Allé 164
2820 Gentofte

CVR no. 32 28 78 24

Annual report 2016/17

The annual report was presented and approved at the
Company's annual general meeting on

16 August 2017

A. P. Parker

chairman

r.p. A. Parker

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Pharmanovia A/S for the financial period 1 January 2016 – 31 March 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2017 and of the results of the Company's operations for the financial period 1 January 2016 – 31 March 2017.

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


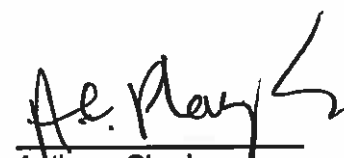
We recommend that the annual report be approved at the annual general meeting.

Gentofte, 16 August 2017

Executive Board:


Svend Aage Johansen

Board of Directors:


Amit Vijaykumar Patel
Chairman
Dipen Vijaykumar
Patel
Vice Chairman
Svend Aage Johansen
Anthony Charles
Playle



Independent auditor's report

To the shareholders of Pharmanovia A/S

Opinion

We have audited the financial statements of Pharmanovia A/S for the financial period 1 January 2016 – 31 March 2017 comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2017 and of the results of the Company's operations for the financial period 1 January 2016 – 31 March 2017 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 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding matters in the financial statements

Without modifying our conclusion we refer to note 8, in which the management describes the Company's capital resources. The company is covered by the capital requirements in the Company's act § 119, as more than half of the share capital is lost.

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 misstatement, whether due to fraud or error.

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.



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.

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.



Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 16 August 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Benny Lyng Sørensen', written over a horizontal line.

Benny Lyng Sørensen
State Authorised
Public Accountant

Pharmanovia A/S
Annual report 2016/17
CVR no. 32 28 78 24

Management's review

Company details

Pharmanovia A/S
Jægersborg Allé 164
2820 Gentofte

CVR no.:	32 28 78 24
Established:	6 July 2009
Registered office:	Gentofte
Financial period:	1 January – 31 March

Board of Directors

Anthony Charles Playle, Chairman
Amit Vijaykumar Patel, Vice Chairman
Svend Aage Johansen
Dipen Vijaykumar Patel

Executive Board

Svend Aage Johansen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Management's review

Operating review

Principal activities

The Company's primary activities comprise sale of products in the pharmaceutical and meditechnical industries.

Development in activities and financial position

The Company's income statement for the year ended 31 March 2017 showed a loss of DKK 7,838,029, and the Company's balance sheet at 31 March 2017 showed negative equity of DKK 4,802,458.

Capital resources

In accordance with the Company Act the Company has prepared a plan of action for how to re-establish the share capital. The Company expects to re-establish the share capital from the future positive results from it's operations.

In order to ensure sufficient liquidity, Atnahs Pharma UK Limited has provided a credit facility which will sufficiently cover the planned activities in the Company until the signing date of the 2017/18 annual report, which is why the Company is considered to be going concern.

Outlook

Profit and an increase in sales activities are expected for the next financial year.

Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 January – 31 March

Income statement

DKK	Note	1 Jan 2016 – 31 Mar 2017	1 Jan 2015 – 31 Dec 2015
Gross profit		1,212,011	1,474,795
Staff costs	2	-5,526,145	-2,129,189
Depreciation, amortisation and impairment		-2,604,473	-786,943
Operating loss		-6,918,607	-1,441,337
Financial income	3	136,940	121,866
Financial expenses	4	-1,056,362	-869,563
Loss before tax		-7,838,029	-2,189,034
Tax on loss for the year		0	0
Loss for the year		-7,838,029	-2,189,034

Proposed distribution of loss

Retained earnings		-7,838,029	-2,189,034
		-7,838,029	-2,189,034

Financial statements 1 January – 31 March

Balance sheet

DKK	Note	31 March 2017	31 December 2015
ASSETS			
Fixed assets			
Intangible assets	5		
Product rights		1,439,574	5,253,265
Prepayment on development projects		4,331,241	0
		<u>5,770,815</u>	<u>5,253,265</u>
Property, plant and equipment			
Fixtures and fittings, tools and equipment		17,574	0
		<u>17,574</u>	<u>0</u>
Investments			
Deposits		177,905	0
		<u>177,905</u>	<u>0</u>
Total fixed assets		<u>5,966,294</u>	<u>5,253,265</u>
Current assets			
Inventories			
Raw materials and consumables		1,048,876	1,371,651
Work in progress		739,342	879,053
Finished goods and goods for resale		6,382,287	3,669,690
		<u>8,170,505</u>	<u>5,920,394</u>
Receivables			
Trade receivables		5,588,285	3,599,172
Receivables from group entities		330,384	3,395,947
Receivables from associates		0	306,765
Other receivables		3,088,085	178,144
Receivables from shareholders and management		70	0
Prepayments		329,987	0
		<u>9,336,811</u>	<u>7,480,028</u>
Cash at bank and in hand		<u>578</u>	<u>2,482</u>
Total current assets		<u>17,507,894</u>	<u>13,402,904</u>
TOTAL ASSETS		<u><u>23,474,188</u></u>	<u><u>18,656,169</u></u>

Financial statements 1 January – 31 March

Balance sheet

DKK	Note	31 March 2017	31 December 2015
EQUITY AND LIABILITIES			
Equity	6		
Share capital		1,000,001	500,000
Share premium		14,382,642	0
Retained earnings		-20,185,101	-12,847,072
Total equity		<u>-4,802,458</u>	<u>-12,347,072</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Other credit institutions, current liabilities		8,814,551	9,146,373
Trade payables		1,820,475	7,590,081
Payables to group entities		16,615,641	0
Payables to associates		0	13,429,063
Other payables		1,025,979	837,724
		<u>28,276,646</u>	<u>31,003,241</u>
Total liabilities other than provisions		<u>28,276,646</u>	<u>31,003,241</u>
TOTAL EQUITY AND LIABILITIES		<u>23,474,188</u>	<u>18,656,169</u>
Contractual obligations, contingencies, etc.	7		
Capital resources	8		
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Financial statements 1 January – 31 March

Notes

1 Accounting policies

The annual report of Pharmanovia A/S for 2016/17 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The Company has changed its financial year end from 31 December to 31 March which means that the annual report for 2016/17 covers a 15 month period.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016/17 or for the comparative figures.

The depreciation period for intangible assets has been reduced from 10 years to 5 years, as management has reassessed the useful life of the intangible assets.

The effect of the change of the accounting estimate in the financial year amounts to DKK 1,597,952.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 January – 31 March

Notes

1 Accounting policies (continued)

Income statement

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of products, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Expenses for raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external costs

Other external costs comprise costs related to sales, administration, premises and bad debt.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January – 31 March

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Intangible assets are initially measured at cost.

Subsequently, product rights acquired are measured at cost less accumulated amortisation. Products right are amortised on a stright-line basis over the estimated useful life.

Licenses are amortised over the individual contract period, and rights are amortised over the expected useful life in which the future economic benefits of the asset are expected to be used. Amortisation of rights commences when the product has been approved by the authorities and when the rights are available for use and expected to generate economic benefits.

The estimated useful life cannot exceed 5 years.

Gains and losses on the disposals of the intangible assets are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposals. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost, which corresponds to nominal value. The value is reduced by write-down for bad debts.

Financial statements 1 January – 31 March

Notes

1 Accounting policies (continued)

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration). The expected dividends payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Prepayment received

Prepayment received comprises payments received in respect of income in subsequent years.

Financial statements 1 January – 31 March

Notes

2 Staff costs

DKK	1 Jan 2016 – 31 Mar 2017	1 Jan 2015 – 31 Dec 2015
Wages and salaries	5,480,657	2,103,453
Other social security costs	45,488	25,736
	<u>5,526,145</u>	<u>2,129,189</u>
Average number of full-time employees	<u>6</u>	<u>4</u>

3 Financial income

Interest income from group entities	0	121,866
Other interest income	136,940	0
	<u>136,940</u>	<u>121,866</u>

4 Financial expenses

Interest expense to group entities	-513,038	-479,661
Other financial expenses	-495,779	-389,902
Foreign exchange losses	-47,545	0
	<u>-1,056,362</u>	<u>-869,563</u>

5 Intangible assets

DKK	Product rights	Prepay- ments on developmen ts projects	Total
Cost at 1 January 2016	7,131,248	0	7,131,248
Additions	119,398	2,997,603	3,117,001
Reclassification	-1,333,638	1,333,638	0
Cost at 31 March 2017	<u>5,917,008</u>	<u>4,331,241</u>	<u>10,248,249</u>
Amortisation and impairment losses at 1 January 2016	-1,877,983	0	-1,877,983
Amortisation	-2,599,451	0	-2,599,451
Amortisation and impairment losses at 31 March 2017	<u>-4,477,434</u>	<u>0</u>	<u>-4,477,434</u>
Carrying amount at 31 March 2017	<u>1,439,574</u>	<u>4,331,241</u>	<u>5,770,815</u>

Financial statements 1 January – 31 March

Notes

6 Equity

DKK	Share capital	Share premium	Retained earnings	Total
Equity at 1 January 2016	500,000	0	-12,847,072	-12,347,072
Loss for the year	0	0	-7,838,029	-7,838,029
Capital increase	1,000,001	14,382,642	0	15,382,643
Capital reduction	-500,000	0	500,000	0
Equity at 31 March 2017	1,000,001	14,382,642	-20,185,101	-4,802,458

7 Contractual obligations, contingencies, etc.

The Company has a rental obligation amounting to DKK 170 thousand.

8 Capital resources

In accordance with the Company Act the Company has prepared a plan of action for how to re-establish the share capital. The Company expects to re-establish the share capital from the future positive results from its operations.

In order to ensure sufficient liquidity, Atnahs Pharma UK Limited has provided a credit facility which will sufficiently cover the planned activities in the Company until the signing date of the annual report in 2017/18, why the Company is considered to be going concern.

9 Related party disclosures

Pharmanovia A/S' related parties comprise the following:

Control

Pharmanovia A/S is part of the consolidated financial statements of Atnahs Pharma UK Limited, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Atnahs Pharma UK Limited can be obtained by contacting the Company.