

Movianto Nordic ApS
Ventrupvej 27
DK-2670 Greve
Denmark

Annual report 2015

The annual report has been presented and approved
at the Company's annual general meeting

On 19 May 2016


Chairman, Jennie Kondal Christensen

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Movianto Nordic ApS for the financial year 1 January - 31 December 2015.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and its financial position.

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

Greve, 19. May 2016

Executive Board:



Per Rimkjær



Charles Craig Colpo

Independent Auditor's report

To the shareholders of Movianto Nordic ApS

Independent auditor's report on the financial statements

We have audited the financial statements of Movianto Nordic ApS for the financial year 1 January 2015 – 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 misstatement, 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January 2015 – 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's report

Statement on the Management's review

In accordance with the Danish Financial Statements Act, we have read the Management's review. We have not performed any further 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

CVR no. 25 57 81 98



Lau Bent Baun
State Authorised
Public Accountant

Management's review

Company details

Movianto Nordic ApS
Ventrupvej 27
DK-2670 Greve

Telephone:	+45 43 30 02 00
CVR no.:	32 47 14 04
Established:	31 August 2009
Registered office:	Greve
Financial year:	1 January - 31 December

Executive Board

Per Rimkjær
Charles Craig Colpo

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen Ø
Denmark

Management's review

Financial highlights

DKK'000	2015	2014	2013	2012	2011
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Key figures

Gross profit	41.282	41.077	38.235	28.822	-
Ordinary operating result	325	-71	-1.675	-8.854	-
Profit/loss from financial income and expenses	-8.683	-7.946	-7.632	-5.281	-
Profit/loss of the year	-8.358	-8.017	-9.517	-14.840	-

Non-current assets	21.603	26.186	29.657	28.629	-
Current assets	346.475	376.648	355.640	352.468	125
Total assets	368.078	402.834	385.297	381.097	125
Share capital	760	760	760	760	125
Equity	22.893	31.251	39.268	48.785	125
Provisions	4.108	4.108	4.108	2.958	-
Non-current liabilities other than provisions	103.958	103.958	103.958	103.958	-
Current liabilities other than provisions	237.119	263.517	237.963	225.396	-

Portion relating to investment in property, plant and equipment	78	1.731	1.581	1.967	-
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Financial ratios

Solvency ratio	6,2%	7,8%	10,2%	12,8%	100,0%
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The Company was established 31 August 2009.

For accounting purposes, effective from 1 January 2012, activities have been transferred from Tjellesen Max Jenne A/S in a taxable demerger. Comparative figures for 2011 have not been restated as it has not been possible for the Company to provide an adequate detailed basis of data.

For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities of the Company

The principal activity of Movianto Nordic ApS consists in delivering logistics services to pharmaceutical and healthcare manufacturers from the warehouse in Greve to the Nordic countries and the Baltic States.

The Company provides a broad range of services to pharmaceutical and healthcare manufacturers such as storage, pick & pack, order-to-cash, repacking and relabeling services, invoicing and inventory management.

Development in activities and financial position

Activity level in the pharmaceutical market has not increased significantly since 2014.

For internal strategic reasons a large client terminated their contract with the Company beginning of 2015. The impact of this client leaving was significant and efforts have been made to minimize impact both by increasing revenue and implementing cost saving measures. This is the main reason operating result of 2015 is in line with 2014.

The operating result for 2015 is in line with management's expectations.

In order to improve results continuous improvement programs and cost saving activities as well as strategic investments in sales organization have been initiated to improve reduction of costs, increase of GM and operating overall results in 2015/2016.

Loss for the year before tax amounted to DKK 8 million (2014: DKK 8 million.).

Particular risks

The Company's most important operating risk relates to receivables related to sales order processing contracts where the Company does not have the legal option to make a set-off between the pharmaceutical manufacturers (the suppliers) and the buyers. Management assesses that the risk is limited due to the customers' financial standing, etc.

Events after the balance sheet date

No events have occurred after the balance sheet date, which are considered to have significant influence on the Company's financial position at 31 December 2015.

Management's review

Operating review

Outlook

Movianto Nordic operates in a market which, in spite of the general stagnation in Europe, is more robust than many other markets. Management expects activity in the market in 2016 to be in line with 2015 activity.

The Company constantly seeks new markets and tries to improve its cost base.

Regional structure has been enhanced by implementing a regional commercial proactive lead approach and an additional business development function for Nordic business solutions has been added to the sales team starting in 2016.

Management expects to continue to expand within its core services; logistics services to pharmaceutical and healthcare manufacturers, and thereby increasing revenue.

Management will in 2016 be highly focused on internal projects to optimize business processes throughout the Company.

Management expects to improve the operating result in 2016.

Financial statements for the period 1 January - 31 December

Accounting policies

The annual report of Movianto Nordic ApS for 2015 has been prepared in accordance with the provisions applying to medium-sized reporting class C enterprises under the Danish Financial Statements Act.

The Company has with reference to the Danish Financial Statements Act § 86 section 4 refrained from preparing a cash flow statement, as the Company is part of the consolidated cash flow statement of the Owens and Minor, Inc.

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

Gross Margin

The company uses the regulations in the Danish Financial Statements Act § 32, after which the company's revenue is not stated.

Recognition and measurement

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

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognizing and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognized in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognized.

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 recognized in the income statement as financial income or financial expenses.

Financial statements for the period 1 January - 31 December

Accounting policies

Income statement

Revenue

The Company's activities consist of inventory management, distribution services, inventory financing as well as sales order processing.

The Company acts as an agent in relation to inventory management, distribution services, inventory financing as well as sales order processing, and therefore, revenue comprises commission income, which is recognized in the income statement, when the services have been delivered.

Tax on profit/loss

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

Financial statements for the period 1 January - 31 December

Accounting policies

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Development costs comprise costs, salaries and amortization directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable, and where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company are evidenced, and where the Company intends to market and use the project, are recognized as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover direct costs, selling costs and administrative expenses and development costs. Other development costs are recognized in the income statement when incurred.

Development costs that are recognized in the balance sheet are measured at cost less accumulated amortization and impairment losses.

Following the completion of the development work, development costs are amortized on a straight-line basis over the estimated useful life. The amortization period is usually 3-5 years.

Software is measured at cost less accumulated amortization and impairment losses and amortized on a straight-line basis, normally 3-5 years.

Gains and losses on the disposal of and software are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as other operating income or other operating costs, respectively.

Financial statements for the period 1 January - 31 December

Accounting policies

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is the cost less any expected residual value after the end of the useful life.

The basis of depreciation is depreciated on a straight-line basis over the expected useful life.
The expected useful lives are as follows:

Leasehold improvements	10-15 years
Fixtures and fittings, tools and equipment	4-15 years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as other operating income or other operating costs, respectively.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an Annual test for indications of impairment other than the decrease in value reflected by amortization or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements for the period 1 January - 31 December

Accounting policies

Trade receivables

Trade receivables

Receivables are measured at amortised cost and consist of commission income etc.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made on an individual basis.

Trade receivables/Trade payables in respect of sales order processing contracts

As part of the sales order processing, the Company charges full payment for sales to customers and subsequently settles the account with the pharmaceutical manufacturers.

Receivables related to sales order processing contracts represent the total selling price for goods delivered by the Company on behalf of pharmaceutical manufacturers (the suppliers) where the Company, as part of the its distribution activities, performs order processing and has the credit risk

Payables related to sales order processing contracts represent payables to pharmaceutical manufacturers (the suppliers) where the Company has supplied products on behalf of pharmaceutical manufacturers and collects payment on behalf of them.

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Other provisions

Other provisions are recognized when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realizable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Financial statements for the period 1 January - 31 December

Accounting policies

Corporation tax and deferred tax

Current tax payable and receivable is recognized 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.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized at the expected value of their utilization.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallize as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
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Financial statements for the period 1 January - 31 December

Income statement

DKK'000	Note	2015	2014
Gross profit		41.282	41.077
Staff costs	1	-35.911	-35.902
Depreciation and impairment of tangible and intangible assets	4,5	-5.046	-5.246
Ordinary operating result		325	-71
Financial income	2	4.462	3.599
Financial expenses	3	-13.145	-11.545
Loss for the year		<u>-8.358</u>	<u>-8.017</u>
 Proposed distribution of loss			
Retained earnings		<u>-8.358</u>	<u>-8.017</u>

Financial statements for the period 1 January - 31 December

Balance sheet

DKK'000	Note	2015	2014
ASSETS			
Non-current assets			
Intangible assets	4		
Software		2.028	3.507
Software under development		385	0
		<u>2.413</u>	<u>3.507</u>
Property, plant and equipment	5		
Leasehold improvements		8.310	9.750
Fixtures and fittings, tools and equipment		10.880	12.929
		<u>19.190</u>	<u>22.679</u>
Total non-current assets		<u>21.603</u>	<u>26.186</u>
Current assets			
Receivables			
Trade receivables		20.448	19.232
Trade receivables in respect of sales order processing contracts		298.671	331.476
Amounts owed by group enterprises	6	14.279	16.314
Other receivables		478	4.649
Prepayments		577	230
		<u>334.453</u>	<u>371.902</u>
Cash at bank and cash equivalents		<u>12.022</u>	<u>12.189</u>
Total current assets		<u>346.475</u>	<u>384.091</u>
TOTAL ASSETS		<u>368.078</u>	<u>410.277</u>

Financial statements for the period 1 January - 31 December

Balance sheet

DKK'000	Note	2015	2014
EQUITY AND LIABILITIES			
Equity			
Share capital	7	760	760
Retained earnings		22.133	30.491
Total equity		<u>22.893</u>	<u>31.251</u>
Provisions			
Other provisions	8	4.108	4.108
Liabilities other than provisions			
Non-current liabilities			
Amounts owed to group enterprises	9	103.958	103.958
Current liabilities			
Trade payables in respect of sales order processing contracts		206.641	244.575
Trade payables		1.718	2.390
Amounts owed to group enterprises	10	10.229	14.945
Other payables		18.531	9.050
		<u>237.119</u>	<u>270.960</u>
Total liabilities other than provisions		<u>341.077</u>	<u>374.918</u>
TOTAL EQUITY AND LIABILITIES		<u>368.078</u>	<u>410.277</u>
Contractual obligations and contingencies, etc.	11		
Related party disclosures	12		

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	Note	2015	2014
1 Staff cost			
Wages and salaries		32.287	32.045
Pensions		2.829	3.025
Other social security costs		592	536
Other staff costs		203	296
		<u>35.911</u>	<u>35.902</u>
Average number of full-time employees		<u>79</u>	<u>84</u>
In 2015 only one member of the Management received remuneration, and therefore pursuant to section 98b of the Danish Financial Statements Act, no remuneration to Management is disclosed.			
2 Financial income			
Capital gains		4.462	3.575
Interest income, group enterprises		0	24
		<u>4.462</u>	<u>3.599</u>
3 Financial expenses			
Interest expenses, group enterprises		7.290	7.273
Capital losses		5.118	4.110
Interest expenses and fees		737	162
		<u>13.145</u>	<u>11.545</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

4 Intangible assets

DKK'000	Software	Total
Cost at 1 January 2015	7.018	7.018
Addition of assets	0	0
Disposals during the year	0	0
Cost at 31 December 2015	7.018	7.018
Impairment losses and amortisation at 1 January 2015	3.511	3.511
Amortisation	1.479	1.479
Disposals during the year	0	0
Impairment losses and amortisation at 31 December 2015	4.990	4.990
Carrying amount at 31 December 2015	2.028	2.028

5 Property, plant and equipment

DKK'000	Leasehold improvements	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015	13.651	19.676	33.327
Addition of assets	0	78	78
Disposals during the year	0	0	0
Cost at 31 December 2015	13.651	19.754	33.405
Impairment losses and depreciation at 1 January 2015	3.901	6.747	10.648
Depreciation	1.440	2.127	3.567
Disposals during the year	0	0	0
Impairment losses and depreciation at 31 December 2015	5.341	8.874	14.215
Carrying amount at 31 December 2015	8.310	10.880	19.190

Financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Amounts owed by group enterprises

Cash pool arrangement with group enterprise amounts to DKK 14.278 thousand at 31. December 2015 (31. December 2014: 14.300 thousand)

7 Equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2015	760	30.491	31.251
Transferred, cf. Distribution of loss	0	-8.358	-8.358
Equity at 31 December 2015	760	22.133	22.893

The recent 5-year changes of the share specified as follows:

DKK'000	2015	2014	2013	2012	2011
Share capital 1 January	760	760	760	125	125
Capital increase	0	0	0	635	0
Share capital 31 December	760	760	760	760	125

8 Other provisions

DKK'000	2015	2014
Other provisions at 1 January	4.108	4.108
Provisions for the year	0	0
Other provisions at 31 December	4.108	4.108

Provisions are recognised based on specific estimates, and amounts may vary as these are uncertain.

9 Non-current liabilities

Non-current liabilities to group enterprises amount to DKK 103.958 thousand which are payable at 1 October 2022.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

10 Amounts owed to group enterprises

Cash pool arrangement with group enterprise amounts to DKK 7.465 thousand at 31. December 2015 (31. December 2014: 7.443 thousand)

11 Contractual obligations and contingencies, etc.

Lease obligations (operating lease) amounts to DKK 92.852 thousand at 31 December 2015 (31 December 2014: DKK 106.474 thousand), of which DKK 13.557 thousand falls due within one year, DKK 56.798 thousand falls due within 2-5 years, and DKK 22.497 thousand falls due after five years.

Lease obligations mainly consist of operating lease related to the lease of the warehouse in Greve. A provision of DKK 1,150 thousand has been recognised at 31 December 2015 in respect of the expected future costs for re-establishment.

12 Related party disclosures

Movianto Nordic ApS related parties comprise the following:

Ownership

Movianto Nordic ApS is 100% owned by:

O&M-Movianto UK Holding Ltd., Broadwalk House 5, Appold Street, London EC2A 2HA.

Movianto Nordic ApS is included in the consolidated financial statements of Owens & Minor, Inc. The consolidated financial statements are available at the Company's web site: www.owens-minor.com