

MEDA A/S

Solvang 8, 3450 Allerød

CVR NR. 46 03 22 17

Annual report 2016

**Approved by the company's general
meeting on 14.06.2017**



TABLE OF CONTENTS

	Page
Entity details	2
Management Statement	3
Independent auditor's reports	4-6
Management commentary	7
Accounting policies applied	8-11
Income statement	12
Balance sheet	13-14
Notes	15-18

ENTITY DETAILS

Entity

Meda A/S

Solvang 8

3450 Allerød

Central Business Registration No: 46 03 22 17

Registered in: Allerød

Financial year: 01.01.2016-31.12.2016

Board of Directors

Anthonius Matthijs van 't Hullenaar, chairman

Gitte Jürgens

Jan Ulrik Stevnsborg

Executive Board

Jan Ulrik Stevnsborg

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 København S

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and approved the annual report of Meda A/S for the financial year 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 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.

Allerød 14.06.2017

Executive Board

Jan Ulrik Stevnsborg

Board of Directors


Anthonius Matthijs van 't Hullenaar
Chairman

Gitte Jürgens


Jan Ulrik Stevnsborg

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Meda A/S

Opinion

We have audited the financial statements of Meda A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet and notes, including a summary of significant 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 Entity's financial position at 31.12.2016 and of the results of its operations 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 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 this auditor's report. We are independent of the Entity 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 financial statements

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

In preparing the financial statements, Management is responsible for assessing 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 financial statements unless Management either intends to liquidate 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 financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

INDEPENDENT AUDITOR'S REPORT

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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.

Copenhagen 14.06.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Jan Larsen
State-Authorised
Public Accountant

MANAGEMENT COMMENTARY

Main activities

The company markets and sells pharmaceuticals and medical equipment. Most of the products are imported and sold to the health sector in Denmark.

Developments throughout the year

The company's profit and loss account for 2016 shows a profit of DKK 13.905.329 and the company's balance on 31 December 2016 shows an equity of DKK 21.220.548.

The past year and follow-up of the last year's expected developments

The company's expectations of a gradual increase in activity and income for 2016 were met.

Goals and expectations for the coming year.

The company expects activity and earnings in 2017 will be in line with 2016.

External environment

The Meda Group is aware that our actions must be in harmony with economic and ecological needs and must also reflect our responsibility to society as a whole. The central management principles in the Meda Group are therefore, attention to human health and safety, sound economic exploitation of resources, and the maintenance of a clean environment.

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.

ACCOUNTING POLICIES APPLIED

Reporting class

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

The new financial Act of 2015 has been implemented but has no impact on the reported figures.

The financial statements are presented in Danish kroner.

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 at tributable to this financial year.

Foreign currency translation

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

ACCOUNTING POLICIES APPLIED

Income statement

Revenue

Revenue is measured ex. discounts and bonuses etc. and is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end. Revenue is measured ex. VAT and taxes charged on behalf of third parties. Revenue also includes intercompany recharges.

Administrative expenses

Administrative expenses comprise expenses for administrative staff, management, office premises and office expenses, and depreciation.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises dividends etc received on other investments, 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.

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 to entries directly in equity.

The Entity is jointly taxed with all Danish Entities of Mylan inc. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with refund concerning tax losses).

ACCOUNTING POLICIES APPLIED

Balance sheet

Acquired concessions and use rights

Acquired concessions and use rights are measured at cost less accumulated depreciation and impairment or at recoverable amount if this is lower.

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

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

Depreciation is provided on a straight-Line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Acquired concessions and use rights	10 years
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Gain and losses on the disposal of property, plant and equipment are recognised in the income statement as other operating income or on other operation expenses.

Inventories

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

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad and doubtful debts.

Deffered tax

Deffered tax is recognised on all temporary differences between the carryng 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.

ACCOUNTING POLICIES APPLIED

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.

Income tax receivable or payable

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.

Cash flow statement

Pursuant to section 86 (4) of the Danish Financial statement Act the Entity has not prepared any cash flow statement, as its included in the annual report of Mylan Inc.

INCOME STATEMENT FOR 2016

<u>Note</u>		2015	<u>DKK'000</u>
	Gross profit	45.303.743	36.798
1	Staff expenses	<u>-26.489.446</u>	<u>-19.751</u>
	Operating profit	18.814.297	17.047
2	Financial expenses	<u>-798.377</u>	<u>-422</u>
	Profit before tax	18.015.920	16.625
3	Tax on profit for the year	<u>-4.110.591</u>	<u>-4.927</u>
4	Net Profit for the year	<u>13.905.329</u>	<u>11.698</u>

BALANCE SHEET AT 31. DECEMBER 2016

ASSETS

<u>Note</u>	2015 <u>DKK'000</u>	
Acquired concessions and use rights	<u>0</u>	<u>0</u>
5 Intangible assets	<u>0</u>	<u>0</u>
Raw materials and consumables	2.409.350	2.619
Finished goods and trading goods	<u>45.401.946</u>	<u>52.005</u>
Inventories	<u>47.811.296</u>	<u>54.624</u>
Trade receivables	39.040.495	36.142
Receivables from group enterprises	13.092.885	7.952
Short-term trade receivables	304.534	260
6 Deferred tax assets	31.754	35
7 Prepayments	<u>991.358</u>	<u>973</u>
RECEIVABLES	<u>53.461.026</u>	<u>45.362</u>
CASH	<u>12.362.378</u>	<u>1</u>
TOTAL CURRENT ASSETS	<u>113.634.700</u>	<u>99.987</u>
TOTAL ASSETS	<u><u>113.634.700</u></u>	<u><u>99.987</u></u>

BALANCE SHEET AT 31. DECEMBER 2016

EQUITY AND LAIBILITIES

<u>Note</u>		2015
		<u>DKK'000</u>
	Contributed capital	2.100.000 2.100
	Retained earnings	9.120.548 5.215
	Proposed dividend	10.000.000 25.000
8	EQUITY	<u>21.220.548</u> <u>32.315</u>
	Trade payables	11.745.440 11.222
	Debt to group enterprises	67.118.648 49.850
	Corporation tax	2.027.008 66
	Other payables	11.523.056 6.534
	SHORT-TERM LIABILITIES OTHER THAN PROVISIONS	<u>92.414.152</u> <u>67.672</u>
	LIABILITIES OTHER THAN PROVISIONS	<u>92.414.152</u> <u>67.672</u>
	LIABILITIES AND EQUITY	<u><u>113.634.700</u></u> <u><u>99.987</u></u>
9	Unrecognised rental and lease commitments	
10	Contingent liabilities	
11	Transaction with related parties	
12	Group Relations	

NOTER

	2015	
	<u>DKK'000</u>	
1 Staff costs		
Wages and salaries	22.954.104	16.666
Pension costs	1.552.790	1.572
Other social security costs	204.858	212
Other staff costs	1.777.694	1.300
	<u>26.489.446</u>	<u>19.750</u>
Number of employees at balance sheet date	32	32
In accordance with the Danish Financial Statements Act section 98B (3), remuneration to the Executive Board has not been disclosed.		
2 Financial expenses		
Interest paid to group enterprises	786.499	411
Other financial expenses	11.878	11
	<u>798.377</u>	<u>422</u>
3 Tax on profit for the year		
Current tax for the year	4.115.008	4.114
Adjustments concerning prior years	-7.642	0
Adjustments concerning deferred tax	3.225	914
	<u>4.110.591</u>	<u>5.028</u>
4 Proposed distribution of profit/loss		
Retained earnings	3.905.329	-13.302
Dividend	10.000.000	25.000
	<u>13.905.329</u>	<u>11.698</u>

NOTER

	<u>Acquired concessions and use rights</u>	
5 Intangible assets		
Cost beginning of year	<u>47.557.689</u>	
Cost end of year	<u>47.557.689</u>	
Depreciation and impairment losses beginning of the year	<u>-47.557.689</u>	
Depreciation and impairment losses end of the year	<u>-47.557.689</u>	
Carrying amount end of year	<u>0</u>	
	2016	2015
6 Deferred tax assets	<u>DKK</u>	<u>DKK'000</u>
Equipment	<u>31.754</u>	<u>35</u>
	<u>31.754</u>	<u>35</u>
Changes during the year		
Beginning of year	-34.979	
Recognised in the income statement	<u>3.225</u>	
	<u>-31.754</u>	
7 Prepayments		
Prepayments comprise prepaid expenses.		

NOTER

8 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Pro-posed dividend</u>	<u>Total</u>
2016				
Equity at 1 January 20156	2.100.000	5.215.219	25.000.000	32.315.219
Paid regular dividends	0	0	-25.000.000	-25.000.000
Net profit/loss for the year		3.905.329	10.000.000	13.905.329
Equity at 31 December 2016	<u>2.100.000</u>	<u>9.120.548</u>	<u>10.000.000</u>	<u>21.220.548</u>

2015

Equity at 1 January 2015	2.100.000	18.517.498	12.600.000	33.217.498
Paid regular dividends	0	0	-12.600.000	-12.600.000
Net profit/loss for the year	0	-13.302.279	25.000.000	11.697.721
Equity at 31 December 2015	<u>2.100.000</u>	<u>5.215.219</u>	<u>25.000.000</u>	<u>32.315.219</u>

The share capital consists of:

10 shares at DKK 100, 49 shares at DKK 1.000, 35 shares at DKK 10.000,
4 shares at DKK 50.000 5 shares at DKK 100.000, 1 share at DKK 1.000.000.

Movements in share capital:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contributed capital 01.01.	2.100.000	2.100.000	2.100.000	2.100.000	2.000.000
Increase of capital	0	0	0	0	100.000
Contributed capital 31.12.	<u>2.100.000</u>	<u>2.100.000</u>	<u>2.100.000</u>	<u>2.100.000</u>	<u>2.100.000</u>

NOTER

9 Unrecognised lease commitments		<u>DKK'000</u>
Commitments under leases until expiry	2.000	<u>2.227</u>

10 Contingent liabilities

The Entity participate in a Danish Joint taxation arrangement in which Meda A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore jointly and severally liable with the other jointly taxed companies for income taxes etc. for the jointly taxed companies, and for obligation, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies. The jointly taxed companies total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

Meda A/S is 100% owned by Meda AB , Box 906 17009 Solna, Sweden.

Information concerning related parties is according to the Danish Financial Statement Act not disclosed, because all transactions are concluded at arm's length.

11 Transaction with related parties

Referring to section 98 c (7) of the Danish Financial Statements Act, Meda A/S has not disclosed transactions with related parties.

12 Group Relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group
Mylan N.V., The Netherlands, Building 4, Trident Place Mosquito Way, Hatfield, Hertfordshire AL10 9J

Name and registered office of the Parent preparing consolidated financial statements for the smallest group
Meda AB, Box 906, 17009 Solna, Sweden.