

# **SERVIER DANMARK A/S**

Lyngbyvej 2  
2100 København Ø

Annual report  
1 October 2015 - 30 September 2016

**The annual report has been presented and  
approved on the company's general meeting the**

**28/02/2017**

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**Advokat Gyrithe Falck**  
**Chairman of general meeting**

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# Company information

**Reporting company**   SERVIER DANMARK A/S  
Lyngbyvej 2  
2100 København Ø

Phone number:   36442260  
e-mail:            finance.denmark@dk.netgrs.com

CVR-nr:            87148114  
Reporting period: 01/10/2015 - 30/09/2016

**Main financial institution**

Danske Bank A/S  
Holmens Kanal 2-12  
1092 København K  
DK Danmark

**Auditor**            ERNST & YOUNG GODKENDT REVISIONSPARTNERSELSKAB  
Osvald Helmuths Vej 4  
2000 Frederiksberg  
DK Danmark

CVR-nr:            30700228  
P-number:         1013415044

# Statement by Management

## Statement by management

The Management and the Board of Directors have presented the annual report for the year ended 30th September 2016. The Annual Report was discussed and adopted on today's date.

The Annual Report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate and the accounting estimates made reasonable. To the best of our belief, the financial statements include the information that is relevant to an assessment of the Company's financial condition. Against this background, it is our opinion that the financial statements give a true and fair view of the Company's assets and liabilities, financial position and results of operations for the year ended 30th September 2016.

In our opinion the Management's Review includes a true and fair description of the development in the Company's activities, financial conditions, results of operations and financial position. Further, we are of the opinion that the Management's Review includes a description of the most significant risks and uncertainties that the Company faces.

We recommend that the annual report be adopted by the Annual General Meeting of shareholders.

Frederiksberg, the 03/02/2017

### Management

Florent Daniel Texier  
General Manager

### Board of directors

Christian Henri Bazantay  
Board Member

Marie-Christine Madeleine Nadine Larcher  
Board Member

Hugues Constant Guillaume Renault  
Chairman of the Board

# The independent auditor's report on financial statements

To the shareholders of Servier Danmark A/S

## Report on financial statements

We have audited the financial statements of Servier Danmark A/S for the financial year 1st October - 30th September 2016, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### Responsibilities of management 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. Further, management is responsible for such internal control as it 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 according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 an 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 entity's preparation of financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management as well as 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 audit opinion. Our audit has not resulted in any qualification.

## **Opinion on financial statements**

In our opinion, the financial statements give a true and fair view of the company's financial position at 30th September 2016 and of the results of its operations for the financial year 1st October 2015 - 30th September 2016 in accordance with the Danish Financial Statements Act.

Frederiksberg, 03/02/2017

Martin Alsbæk  
State Authorised Public Accountant  
ERNST & YOUNG GODKENDT REVISIONSPARTNERSELSKAB  
CVR: 30700228

# Management's Review

## Main activities

The activities of the Company comprise import and sales of pharmaceuticals.

## Development in activities and economic conditions

The Company's financial position and the result of the Company's activities in the past year are shown in this Annual Report.

Sale has decreased with 2% compared to last year.

The net result of the year amounts to DKK K 706 and the shareholders' equity as at 30th September 2016 amounts to DKK K 2.047. It is proposed that the net result shall be carried forward to next year as shown in the statement of profit distribution.

The Company operates under increasingly tough conditions, in particular due to parallel import and expected new cost containment measures taken by the Medicines Agency, However the Company expects some increase of the turnover due to the satisfactory market access and penetration of the products.

## Events after closing of the accounts

Nothing has occurred after the closing of the accounts, which has affected the company financial wise.

# Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B.

## General

The Company's Annual Report has been prepared in accordance with the articles of the Danish Company Accounts Act concerning class B companies, the Company's articles of association and generally accepted Danish accounting principles, applied on a basis consistent with that of the preceding year. The accounting policies applied by the company are consistent with those of last year.

## Transactions in Foreign Currency

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

## Reporting currency

The financial statements are presented in Danish kroner.

## Income statement

### Revenue Recognition

The Company uses invoiced sales as revenue recognition principle, and accordingly net sales includes the value of goods delivered reduced by value added tax and price reductions directly related to the sales.

### Cost of production

Production costs include expenses incurred to generate the year's revenue. The item includes direct and indirect expenses relating to raw materials, consumables, labour, rent and leasing as well as depreciation of productive equipment.

### Distribution expenses

Distribution expenses include expenses relating to sale and distribution in the year, including expenses relating to promotion management and sales staff, advertising, exhibitions and amortisation/depreciation of assets that are related to sale and distribution of the company's products.

### Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of administering the company, including expenses relating to administrative staff, office premises/expenses as well as amortisation/depreciation of assets used for administrative purposes.

### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

### Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.



**Financial income and expenses**

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

**TAX**

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

**Balance sheet****Fixtures, fittings, tools and equipment**

Fixtures, fittings, tools and equipment improvements are recorded at cost less depreciation. Depreciation is made on a straight-line basis over the expected useful lives of the assets, IT equipment over 3 years, office equipment over 6 to 10 years and leasehold improvements over 10 years.

**Financial Fixed Assets**

Financial fixed assets consist of deposits, which are measured at amortised cost.

**Impairment of fixed assets**

Every year property, plant and equipment as well as investments in subsidiaries and associates are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

**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 expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

**Transactions in Foreign Currency**

Goods and services payable in foreign currencies are recorded at standard exchange rates that do not differ materially from the official exchange rates applicable at the date of purchase. Accounts denominated in foreign currencies are stated at the official exchange rates in effect at yearend. All exchange differences are included in the income statement.

**Receivables**

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

**Cash**

Cash comprises cash balances and bank balances.

**Equity**

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

**Financial Liabilities**

Financial liabilities are measured at amortised cost corresponding to the nominal unpaid debt.

**Tax**

Current tax payables and receivables are recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction

# Income statement 1 Oct 2015 - 30 Sep 2016

	Disclosure	2015/16 kr.	2014/15 kr.
Revenue .....	1	23,928,487	24,266,154
Cost of production .....		-8,440,425	-9,894,135
<b>Gross Result .....</b>		<b>15,488,062</b>	<b>14,372,019</b>
Distribution costs .....	2	-15,001,853	-16,084,707
Administrative expenses .....	3	-2,528,988	-2,535,721
Other operating income .....	4	3,168,200	4,637,500
<b>Profit (loss) from ordinary operating activities .....</b>		<b>1,125,421</b>	<b>389,091</b>
Other finance income .....	5	6,438	0
Other finance expenses .....	6	-57,691	-63,327
<b>Profit (loss) from ordinary activities before tax .....</b>		<b>1,074,168</b>	<b>325,764</b>
Tax expense .....	7	-368,427	-204,554
<b>Profit (loss) .....</b>		<b>705,741</b>	<b>121,210</b>
<b>Proposed distribution of profit (loss)</b>			
Retained earnings .....		705,741	121,210
<b>Gross .....</b>		<b>705,741</b>	<b>121,210</b>

# Balance sheet 30 September 2016

## Assets

	Disclosure	2015/16 kr.	2014/15 kr.
Fixtures, fittings, tools and equipment .....		147,407	232,999
<b>Property, plant and equipment .....</b>	<b>8</b>	<b>147,407</b>	<b>232,999</b>
Other investments .....		156,059	154,704
<b>Investments .....</b>		<b>156,059</b>	<b>154,704</b>
<b>Total non-current assets .....</b>		<b>303,466</b>	<b>387,703</b>
Manufactured goods and goods for resale .....		3,269,667	2,211,629
<b>Inventories .....</b>		<b>3,269,667</b>	<b>2,211,629</b>
Trade receivables .....		1,570,402	1,939,424
Receivables from group enterprises .....		2,500,000	357,400
Current deferred tax assets .....		101,580	30,596
Other receivables .....		77,779	67,397
Deferred income assets .....		383,839	373,413
<b>Receivables .....</b>		<b>4,633,600</b>	<b>2,768,230</b>
Cash and cash equivalents .....		1,353,036	1,207,617
<b>Current assets .....</b>		<b>9,256,303</b>	<b>6,187,476</b>
<b>Total assets .....</b>		<b>9,559,769</b>	<b>6,575,179</b>

# Balance sheet 30 September 2016

## Liabilities and equity

	Disclosure	2015/16 kr.	2014/15 kr.
Contributed capital .....	9	500,000	500,000
Retained earnings .....		1,547,364	841,624
<b>Total equity .....</b>	<b>10</b>	<b>2,047,364</b>	<b>1,341,624</b>
<b>Long-term liabilities other than provisions, gross .....</b>			<b>0</b>
Trade payables .....		1,368,992	834,414
Payables to group enterprises .....		3,204,024	1,434,669
Tax payables .....		381,411	151,770
Other payables, including tax payables, liabilities other than provisions .....	11	2,557,978	2,812,702
<b>Short-term liabilities other than provisions, gross .....</b>		<b>7,512,405</b>	<b>5,233,555</b>
<b>Liabilities other than provisions, gross .....</b>		<b>7,512,405</b>	<b>5,233,555</b>
<b>Liabilities and equity, gross .....</b>		<b>9,559,769</b>	<b>6,575,179</b>

# Disclosures

## 1. Revenue

	<b>2015-16</b>	<b>2014-15</b>
	<b>kr.</b>	<b>kr.</b>
Net Sales in Denmark	22.875.964	23.515.208
Net Sales on Iceland	710.904	650.701
Net Sales in Norway	341.619	100.245
	<b>23.928.487</b>	<b>24.266.154</b>

## 2. Distribution costs

### Personnel expenses

The total salaries, pensions and employer contribution for the financial year have been included in the following items in the income statement

	<b>2015-16</b>	<b>2014-15</b>
	<b>kr.</b>	<b>kr.</b>
Distribution Costs	6.915.682	8.698.912
Administrative Expenses	1.069.212	1.260.946
	<b>7.984.894</b>	<b>9.959.858</b>

Total salaries and remuneration etc. consist of the following

	<b>2015-16</b>	<b>2014-15</b>
	<b>kr.</b>	<b>kr.</b>
Other expenses for social security	7.338.495	9.292.273
Pension	581.230	590.957
Other expenses for social security	65.169	76.628
	<b>7.984.894</b>	<b>9.959.858</b>

Fixtures, fittings, tools and equipment depreciations

	<b>2015-16</b>	<b>2014-15</b>
	<b>kr.</b>	<b>kr.</b>
Distribution Costs	37.968	17.280
Administrative Expenses	84.048	109.035
	<b>122.016</b>	<b>126.315</b>

## 3. Administrative expenses

See disclosure under Distribution Costs

**4. Other operating income**

	<b>2015-16</b>	<b>2014-15</b>
	<b>kr.</b>	<b>kr.</b>
Promotional support from group companies	2.500.000	3.000.000
Management fee form group companies	668.200	1.637.500
	<u>3.168.200</u>	<u>4.637.500</u>

**5. Other finance income**

	<b>2015-16</b>	<b>2014-15</b>
	<b>kr.</b>	<b>kr.</b>
Exchange gains	6.438	0
	<u>6.438</u>	<u>0</u>

**6. Other finance expenses**

	<b>2015-16</b>	<b>2014-15</b>
	<b>kr.</b>	<b>kr.</b>
Exchange losses	28.600	44.490
Interest expenses and bank charges	29.091	18.837
	<u>57.691</u>	<u>63.327</u>

**7. Tax expense**

	<b>2015-16</b>	<b>2014-15</b>
	<b>kr.</b>	<b>kr.</b>
Current tax	443.806	210.936
Changes in deferred tax	-71.014	-216
Prior year adjustments	-4.365	-6.166
	<u>368.427</u>	<u>204.554</u>

## 8. Property, plant and equipment

	<b>Fixtures, fittings, tools and equipment kr.</b>
Cost, beginning of year	926.737
Increase	36.424
Decrease	-64.391
<b>Cost, end of year</b>	<b>898.770</b>
Amortisation, beginning of year	-693.738
Amortisations, this year	-122.016
Reversal on disposal	64.391
<b>Amortisation, end of year</b>	<b>-751.363</b>
<b>Carrying value, end of year</b>	<b>147.407</b>

## 9. Contributed capital

The share capital consists of 500 shares at nominal DK.K 1,000 and has not been changed the last 5 years.

## 10. Total equity

	<b>Contributed capital kr.</b>	<b>Retained earnings kr.</b>	<b>Total kr.</b>
Balance, beginning of year	500.000	841.623	1.341.623
Profit (loss)	0	705.741	705.741
<b>Equity, end of year</b>	<b>500.000</b>	<b>1.547.364</b>	<b>2.047.364</b>

## 11. Other payables, including tax payables, liabilities other than provisions

	<b>2015-16 kr.</b>	<b>2014-15 kr.</b>
VAT Liabilities	1.069.313	1.182.142
Holiday Allowance Accruals	984.509	965.905
Bonus Accruals	472.802	593.557
Social Contribution Accruals etc.	31.354	71.098
	<b>2.557.978</b>	<b>2.812.702</b>



## 12. Disclosure of contingent liabilities

Rental and lease commitments expiring at the latest 5 years after 30th September 2016 amount to DKK 588.445. No securities have been pledged concerning the commitments.

## 13. Disclosure of ownership

### Ownership

Servier International B.V., Promenadeplein 125, 2711 AB Zoetermeer, Holland, owns the entire share capital.

### Group relations

The group consolidating entity is Servier SAS, 50 Rue Carnot, 92284 Suresnes Cedex, France, where the consolidated group accounts can be obtained.

## 14. Information on average number of employees

	<b>2015/16</b>	<b>2014/15</b>
Number of employees, beginning balance .....	10	12
Average number of employees .....	10	11
Number of employees, ending balance .....	10	10