

SERVIER DANMARK A/S

Lyngbyvej 2
2100 København Ø

Annual report
1 October 2016 - 30 September 2017

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

21/02/2018

**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: 01/10/2016 - 30/09/2017

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

The Management and the Board of Directors have presented the annual report for the financial year which ended 30th September 2017. 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 appropriately and the accounting estimates made reasonably. 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 statement gives a true and fair view of the Company's assets and liabilities, financial position and results of operations for the financial year ended 30th September 2017.

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.

Copenhagen, the 24/01/2018

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

Opinion

We have audited the financial statements of Servier Danmark A/S for the financial year 1 October 2016 – 30 September 2017, which comprise an income statement, balance sheet, statement of changes in equity 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 financial position of the Company at 30 September 2017 and of the results of the Company's operations for the financial year 1 October 2016 – 30 September 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 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 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.

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 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 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.

Auditor's responsibility

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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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 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 conclusion is 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 note 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.

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 our procedures, 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24/01/2018

Martin Alsbæk
State Authorised Public Account
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 the Annual Report.

Sale has decreased with 4% compared to last year.

The net result of the year amounts to DKK K 239 and the shareholders' equity as at 30th September 2017 amounts to DKK K 2.286. 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 financially.

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 and elective choice of provisions applying to reporting class C entities, 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 is consistent with those of last year.

Transactions in Foreign Currency

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate on 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 includes expenses related to sale and distribution during the year, including expenses related 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 includes expenses incurred during the year for purposes of administering the company, including expenses related to administrative staff, office premises/expenses as well as amortisation/depreciation of assets 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

Other operating income comprise items of a secondary nature relative to the entity's core activities.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the accounts which 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 which relates to the profit/loss for the year is recognised in the income statement, where as the portion that relates to transactions taken to equity is recognised in equity.

Balance Sheet

Fixures, fittings, tools and equipment

Fixtures, fittings, tools and equipment improvements are recorded at costless 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 indications 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, a loss must 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 year end. 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 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 year's 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 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 2016 - 30 Sep 2017

	Disclosure	2016/17 kr.	2015/16 kr.
Revenue	1	22,998,954	23,928,487
Cost of production		-8,708,269	-8,440,425
Gross Result		14,290,685	15,488,062
Distribution costs	2	-14,876,735	-15,001,853
Administrative expenses	3	-1,866,072	-2,528,988
Other operating income	4	2,944,388	3,168,200
Profit (loss) from ordinary operating activities		492,266	1,125,421
Other finance income	5	12,846	6,438
Other finance expenses	6	-55,401	-57,691
Profit (loss) from ordinary activities before tax		449,711	1,074,168
Tax expense	7	-210,973	-368,427
Profit (loss)		238,738	705,741
Proposed distribution of results			
Retained earnings		238,738	705,741
Gross		238,738	705,741

Balance sheet 30 September 2017

Assets

	Disclosure	2016/17 kr.	2015/16 kr.
Fixtures, fittings, tools and equipment		68,672	147,407
Property, plant and equipment	8	68,672	147,407
Other investments		186,540	156,059
Investments		186,540	156,059
Total non-current assets		255,212	303,466
Manufactured goods and goods for resale		4,643,745	3,269,667
Inventories		4,643,745	3,269,667
Trade receivables		2,369,587	1,570,402
Receivables from group enterprises		2,941,790	2,500,000
Current deferred tax assets		42,671	101,580
Other receivables		40,479	77,779
Deferred income assets		448,328	383,839
Receivables		5,842,855	4,633,600
Cash and cash equivalents		356,629	1,353,036
Current assets		10,843,229	9,256,303
Total assets		11,098,441	9,559,769

Balance sheet 30 September 2017

Liabilities and equity

	Disclosure	2016/17 kr.	2015/16 kr.
Contributed capital	9	500,000	500,000
Retained earnings		1,786,102	1,547,364
Total equity		2,286,102	2,047,364
Trade payables		1,188,587	1,368,992
Payables to group enterprises		5,006,374	3,204,024
Tax payables		91,064	381,411
Other payables, including tax payables, liabilities other than provisions	10	2,526,314	2,557,978
Short-term liabilities other than provisions, gross		8,812,339	7,512,405
Liabilities other than provisions, gross		8,812,339	7,512,405
Liabilities and equity, gross		11,098,441	9,559,769

Statement of changes in equity 1 Oct 2016 - 30 Sep 2017

	Contributed capital	Retained earnings	Total
	kr.	kr.	kr.
Equity, beginning balance	500,000	1,547,364	2,047,364
Profit (Loss)		238,738	238,738
Equity, ending balance	500,000	1,786,102	2,286,102

Disclosures

1. Revenue

	2016-17	2015-16
	kr.	kr.
Net sales Denmark	21.477.826	22.875.964
Net sales Iceland	887.059	710.940
Net sales Norway	634.070	341.619
	22.988.955	23.928.487

2. Distribution costs

Personnel Expenses

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

	2016-17	2015-16
	kr.	kr.
Distribution Cost	6.223.348	6.915.682
Administrative Expenses	787.728	1.069.212
	7.011.076	7.984.894

Total salaries and remuneration etc. consist of the following

	2016-17	2015-16
	kr.	kr.
Other expenses for social security	6.373.780	7.338.495
Pension	574.541	581.230
Other expenses for social security	62.755	65.169
	7.011.076	7.984.894

Fixtures, fittings, tools and equipment depreciations

	2016-17	2015-16
	kr.	kr.
Distribution Costs	31.026	37.968
Administrative expenses	100.207	84.048
	131.233	122.016

3. Administrative expenses

See Disclosure under Distribution Costs

4. Other operating income

	2016/17	2015/16
	kr.	kr.
Promotional support from group companies	2.800.000	2.500.000
Management fee from group companies	144.388	668.200
	<u>2.944.388</u>	<u>3.168.200</u>

5. Other finance income

	2016-17	2015-16
	kr.	kr.
Exchange gains	12.846	6.438
	<u>12.846</u>	<u>6.438</u>

6. Other finance expenses

	2016-17	2015-16
	kr.	kr.
Exchange losses	22.280	28.600
Interest expenses and bank charges	33.121	29.091
	<u>55.401</u>	<u>57.691</u>

7. Tax expense

	2016/17	2015/16
	kr.	kr.
Current tax	152.064	443.806
Changes in deferred tax	58.909	-71.014
Prior year adjustments		-4.365
	<u>210.973</u>	<u>368.427</u>

8. Property, plant and equipment

	Fixtures, fittings, tools and equipment kr.
Cost, beginning of year	898.770
Increase	52.499
Decrease	
Cost, end of year	951.269
Amortization, beginning of year	-751.363
Amortization, this year	-131.233
Amortization, end of year	-882.596
Carrying value, end of year	68.673

9. Contributed capital

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

10. Other payables, including tax payables, liabilities other than provisions

	2016-17 kr.	2015-16 kr.
VAT liabilities	1.124.366	1.069.313
Holiday Allowance Accruals	980.272	984.509
Bonus Accruals	390.629	472.802
Social Contribution Accruals	31.047	31.354
	2.526.314	2.557.978

11. Disclosure of contingent liabilities

Rental and lease commitments expiring at the latest 5 years after 30th September 2017 amount to DKK 2.749.091. No securities have been pledged concerning the commitments.

12. Disclosure of collaterals and assets pledges as security

The company has not provided any security or other collateral in assets at 30th September 2017

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

	2016/17	2015/16
Number of employees, beginning balance	10	10
Average number of employees	10	10
Number of employees, ending balance	9	10