
nne pharmaplan®

nne pharmaplan®

# 08 annual report

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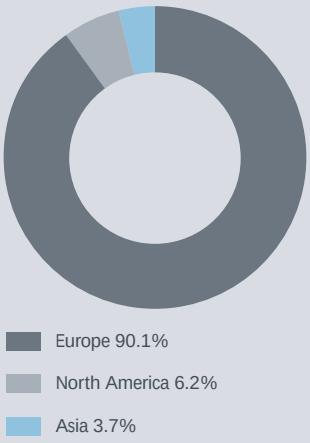
nne pharmaplan®

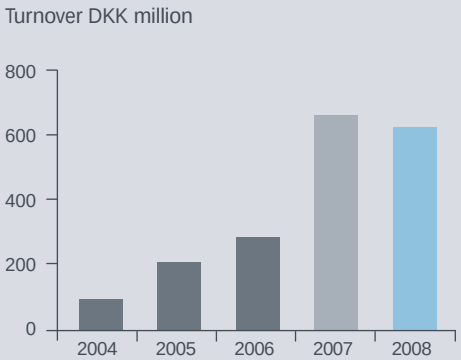
| Key figures | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Income statement (DKK 1,000)** | | | | | |
| Turnover | 1,667,608 | 1,443,841 | 1,173,532 | 1,214,201 | 1,052,258 |
| Operating profit | (26,871) | (20,032) | 40,589 | 50,975 | 51,115 |
| Net profit | (32,091) | (1,812) | 29,921 | 37,554 | 30,620 |
| **Assets & Equity (DKK 1,000)** | | | | | |
| Total assets | 665,672 | 809,121 | 463,292 | 454,508 | 380,595 |
| Total equity | 128,421 | 188,743 | 196,577 | 187,136 | 151,938 |
| **Financial ratios** | | | | | |
| Operating profit margin (EBIT margin) | (1.6%) | (1.4%) | 3.5% | 4.2% | 4.9% |
| Adjusted operating profit margin | 1.8% | 1.9% | - | - | - |
| Return on equity | (20.2%) | (0.9%) | 15.6% | 22.2% | 23.9% |
| Solvency ratio | 19.3% | 23.3% | 42.4% | 41.2% | 39.9% |
| **People** | | | | | |
| Number of employees at end of year (FTE) | 1,524 | 1,463 | 1,062 | 979 | 874 |

2004 to 2006 represent NNE 12 months. 2007 represents NNE 12 months + Pharmaplan 9 months. 2008 represents the NNE Pharmaplan Group.

**Turnover by geographical region (Europe, North America and Asia) in 2008**




**Turnover generated outside Denmark**



# the year at a **glance**

## NNE Pharmaplan in 2008

- Achieved a turnover of DKK 1,668 million, representing a growth of 15% over 2007
- Experienced the advantages of our new strong organisation by winning large and complicated projects based on our global reach
- Was recognised as Company of the Year in 2008 by ISPE (International Society for Pharmaceutical Engineering)
- Had a negative impact from non-recurring expenses of DKK 57 million: a settlement on a major project, restructuring costs and employee shares
- Realised an operating profit of DKK -27 million. Adjusted for the non-recurring expenses, the operating profit was DKK 30 million, corresponding to an operating profit margin of 1.8%

## NNE Pharmaplan in 2009

- Expected turnover of DKK 1,400 million
- Expected operating profit margin of 3-5%

# **management** report

# chairman and ceo **statement**

## – Continued internationalisation – achieving critical mass

**In 2008, we continued to build and develop our business in line with our strategy to be the leading international supplier of engineering and consulting services to the pharma and biotech industries.**

A key element in this strategy was to expand and deepen our geographical footprint and to obtain critical mass in key markets.

Following the merger of NNE and Pharmaplan in April 2007 our geographical reach was extended, and 2008 was our first full year of integrated operation. We have experienced the advantages of our new strong organisation by winning international and complex projects based on our global reach. The acquisition added new talent and technical know-how to our business and complemented our coverage in Europe, North America and Asia.

The recognition of NNE Pharmaplan as Company of the Year in 2008 awarded by ISPE (International Society for Pharmaceutical Engineering) is yet another event underlining our new role and significance in the industry. NNE Pharmaplan was the first engineering company to win this award, following companies like Pfizer (2007), GSK (2006) and Genentech (2005), which have previously received the same recognition.

In 2008 we successfully gained new business in the markets where we hold significant market shares. However, we faced a much more challenging environment in the markets where our position is still at an early stage of development.

### Financial results

Our overall growth in turnover of 15% to DKK 1,668 million in 2008 was in line with our expectations and demonstrates our ability to attract new business. The total growth in turnover was achieved by a broad range of projects and clients across our markets, with turnover generated from clients outside the Novo Nordisk Group rising to DKK 1,114 million – up 15% compared to 2007. In 2008, turnover from work outside the Novo Nordisk Group represented 67% of the total, which was the same level as in 2007. However, turnover from business outside Denmark declined by 6% to DKK 620 million – largely because we had fewer major European projects than in 2007.

Our company's operating profit in 2008 was DKK -27 million (2007: DKK -20 million), which corresponds to an operating profit margin of -1.6%. This result is not satisfactory. The result was impacted by a very challenging market situation that particularly affected us in the US and Germany. In addition, the result was impacted by one-time costs of DKK 57 million. These costs were associated with a decision to restructure some of our offices in order to prepare for a challenging business environment in 2009, a settlement on a major turnkey project acquired in connection with the Pharmaplan acquisition in 2007, and a Novo Nordisk Group decision to offer employee shares to all employees.

Adjusted for the one-time costs, the 2008 result was DKK 30 million, corresponding to an operating profit margin of 1.8% (2007: 1.9%).

We took a number of measures to improve the efficiency and project governance of our operations. We attach great importance to sustaining a broad geographical focus in order to serve our global clients. At the same time we realise that building a brand and creating solid momentum in the markets where we hold a very limited market share is time-consuming and costly. This will affect our short-term operating profit margin, but we strongly believe that these investments will be rewarded in the longer-term perspective.

In our efforts to realise our long-term goals, we pursued a number of strategic initiatives during 2008 to strengthen our business proposition and drive efficiency and value creation in our operations.

A key focus area was to attract, develop and retain the best employees. At the end of 2008, we were a total of 1,587 people at NNE Pharmaplan. We have invested in securing a successful integration of our new employees and, at the same time, we continued to develop our training and career management programmes in order to offer our employees the right development opportunities in the right place at the right time.

For the first time, all NNE Pharmaplan offices worldwide took part in an employee survey in 2008. The survey offered our employees the opportunity to evaluate issues such as working conditions, general management and management coordination. To the statement 'All things considered, I am satisfied being employed at NNE Pharmaplan' the overall rating was 7.6 on a scale from 1 to 10, where 10 represented 'strongly agree'. The feedback serves as a foundation for our future HR initiatives.

### Project governance

To ensure operational excellence, the Project Governance organisation was responsible for two of NNE Pharmaplan's most important development projects in 2008, i.e. the implementation of a global staffing process and a global project governance process. Both projects were completed successfully in accordance with the agreed milestones, resulting in a reduction of the risk related to our major projects.

A global staffing team was established and is functioning well. The staffing team works with staffing of specific projects to ensure optimum utilisation of available resources globally.

The establishment of global project governance included a new global structure for steering committees, a new global project categorisation system, and alignment of project reporting on major projects. Furthermore, a prototype of a new global project execution model was developed. Finally, NNE Pharmaplan achieved global ISO certification.

## Market performance

### Europe

The European market constitutes 90% of our turnover. Our Danish operation continued to be the single largest office, representing 70% of our total turnover. The office remained strong in 2008, enjoying a high level of activity and excellent performance.

Operations in Germany faced fierce competition in the home market and a settlement was agreed on a major project. This led to a significantly negative result in Germany. A number of initiatives aimed at increasing flexibility and focusing sales efforts to fill the pipeline are expected to take full effect in 2009.

NNE Pharmaplan in France continued the positive development from 2007 with continued growth in turnover and operating profit.

In Sweden it was difficult to maintain a sufficient order intake to fill the gap arising from the completion of a major project and the cancellation of a large order. This led to an unsatisfactory financial performance in 2008.

In Switzerland the underlying engineering performance was in line with expectations but the office was impacted by a provision for a potential claim. The financial performance was thus below expectations.

### North America

NNE Pharmaplan's activities in North America experienced a difficult year. Our US offices won a number of major projects in 2008, providing a solid foundation for our global organisation's activities in North America. On the other hand, the US home market was severely affected by the financial crisis and some ongoing orders were cancelled during the year. The unsteady order intake resulted in reduced levels of efficiency within the organisation and the difficult business environment led to significant financial losses in the US organisation. A revised business plan was prepared in the fourth quarter to improve business performance.

### Asia

Our dynamic growth engine – NNE Pharmaplan in China, India and Malaysia – maintained its high momentum during 2008 with growth of over 100%.

Our Chinese offices won a number of new and important projects during the year and have an impressive pipeline. The Chinese market did not experience any significant effect of the financial crisis and our forecast suggests that the market will continue to grow in 2009.

In India and Malaysia, operations were in line with expectations. The Indian market, in particular, continued to grow, representing continued opportunities for further expansion and growth.

## Outlook 2009

We expect the financial crisis to continue affecting business in 2009. The North American and European markets in particular are expected to see reduced activity compared to 2008. In Asia too, we expect that the crisis will affect growth rates, but at a more modest level. We believe that Asia will continue to be one of the fastest growing markets in the world, and NNE Pharmaplan aims to take further advantage of these market dynamics.

Overall, we expect NNE Pharmaplan's 2009 turnover to be affected by a reduction in the investment and activity level in our industry. Our expected turnover is DKK 1,400 million – equivalent to a reduction of 16% compared to 2008. However, we also expect that our restructuring, global project governance and global staffing initiatives will improve our operating profit margin in 2009. Our expectation is to reach an operating margin of 3-5% in 2009. Our long-term aspiration of achieving an operating profit margin of 5-10% remains unchanged.

**We believe that we have created a firm platform for fulfilling our ambitions and look forward to realising the benefits for our clients, employees and owners in 2009.**

Hans Ole Voigt
CEO

Jesper Brandgaard
Chairman

# business **strategy**

*'Each of us contributes to building this company, by integrating and living the principles and values in our daily working life.'*

Hans Ole Voigt, CEO

**NNE Pharmaplan has been at the forefront of engineering for life science industries for 80 years. This has given us a firm foundation of expertise and experience. In building on this foundation, we aim to distinguish ourselves from our competitors and create more value for our clients by harnessing our potential, developing our leadership, communicating our vision, and leveraging the cultural diversity of our organisation.**

### 'Our Way'

NNE Pharmaplan continued to build the platform for international growth throughout 2008. In the coming years we will retain our commitment to our business management concept, 'Our Way', driven by a set of guidelines for our shared vision, mission, values and leadership. In 2009 we will continue the communication of 'Our Way' to support a shared mindset throughout the organisation.

### Internationalisation

'Our Way' leaves room for local management styles – important in the creation of a strong international presence in our global markets. When combined with cross-culture knowledge sharing, it can be empowering. The power of knowledge lies in sharing and acting on that knowledge.

In 2008 our company showed that we are able to make effective use of our Global Staffing programme to release the company's potential worldwide. Also, our global IT cost savings programme will increase our competitiveness in the long-term perspective.

To further improve our competitiveness, we will launch a new Global Project Model, which will enable the entire

NNE Pharmaplan organisation to share a common terminology and understanding of project deliverables. It will allow us to structure and execute projects in a uniform manner and ultimately facilitate offshoring of specific subprojects between our offices. In 2008 the first prototype was created, which will be refined and submitted to review among the technical disciplines in Denmark and selected subsidiaries in 2009.

In general, we will continue to strive for operational excellence and thus we will continue our Lean initiatives as well as our Global Staffing and Project Governance programmes.

### Opportunities for growth

NNE Pharmaplan will capitalise on the growth momentum in markets such as China and India to strengthen our position. And, at the same time, we will accelerate our offshoring activities to improve our competitiveness in the global market. It is important to implement this now before the patents of many blockbuster drugs expire, leading to significant reductions in the turnover and profit margins of major pharma companies. These same companies will need to build new facilities in countries where overheads and running costs are low, or potentially lose markets to low-cost generic drug producers. In addition, the new players entering the market with generic versions of previously patented drugs will also need new production facilities.

### New approach to validation

A new scientific, risk-based approach to validation by regulatory authorities gives us the opportunity to increase our efficiency and become a stronger company by optimising our business processes and engineering methods.

With greater efficiency, it makes sense to seek new business opportunities; and NNE Pharmaplan plans to increase focus on small and mid-sized biotech companies. New, exciting treatments for serious diseases are under development by these companies, increasing the demand and need for our services and giving us more opportunities to improve people's lives.

### More than engineering

NNE Pharmaplan is committed to developing the concept of 'more than engineering' even further, making it a differentiator that creates value for our clients. Behind exceptional performance there is nearly always someone driven by personal leadership, commitment, innovation and team spirit. To exceed expectations, we will need to deliver exceptional performance, create positive experiences for our clients and boost personal and business growth for the benefit of our organisation, our clients and our employees.

### Leadership and development

Personal development is extremely important in a knowledge-based company such as NNE Pharmaplan. And because personal and professional development creates the conditions for optimal growth, effective leadership boils down to enabling people to succeed by developing their professional and personal skills.

Good leaders take personal responsibility for their decisions while trusting their employees to do the same. This requires courage from leaders and ambition from employees. Our company will strive to strengthen our knowledge base and develop our employees – especially our talents and future leaders.

### A positive future

While no one can perfectly predict how the market will develop, NNE Pharmaplan will stay alert to the challenges that lie ahead. Exceptional performance in 2009 requires:

- Winning tenders for projects
- Executing projects excellently
- Increasing our utilisation on a global scale
- Making sure that our clients pay on time

In a world of change, we will adhere to our mission and vision as laid out in 'Our Way'. By delivering services over and above engineering, we will stand out from the competition, enabling our clients to launch new products that can improve the lives of people around the world, fast and effectively.

To achieve this, we will harness our combined knowledge, our presence in the major markets and our ability to deliver exceptional performance in order to distinguish ourselves from the traditional perception of engineering and drive the changes we want to see.

# market **development**

**Like any business, engineering for the pharma and biotech industries experiences fluctuations in supply and demand. Regardless of these fluctuations, NNE Pharmaplan is committed to helping our clients innovate, make processes more efficient and do things smarter.**

More than ever, it is essential that our clients bring their products quickly and successfully to market, ensuring that more and more people throughout the world receive the treatments they need.

### Industry trends

Because the biotech industry is still relatively young, yield is increasing all the time – with more production output from existing facilities. This has, together with a number of other factors, decreased the demand for large, new facilities. Other reasons are that many new biotech products have smaller recipient groups and that new drugs apply single use technology.

The year 2008 saw a moderate number of new blockbuster products (products with a yearly revenue of USD 1 billion plus). Instead, many new products targeted very specific medical challenges. A particular cancer may have only 10,000 sufferers worldwide at any given time, which is a very predictable, but limited, volume. This means there is more demand for smaller production lines and retrofits of existing lines. As a result, NNE Pharmaplan's average project in 2008 required less engineering than the projects our company completed five years ago.

### Drug delivery systems

Drug delivery systems have been available for many years. Novo Nordisk famously boosted its insulin sales by

developing an attractive, easy-to-use pen-like device that replaced the syringe and needle. This, combined with marketing directly to users rather than doctors, proved a formula for success – and the competition soon followed suit.

NNE Pharmaplan played a central role in developing and manufacturing Novo Nordisk's drug delivery systems. This experience and expertise makes us the natural choice for companies looking to bring their own drug delivery system to market. For the coming year, NNE Pharmaplan has some interesting orders within the area of devices.

### Personalised drugs

Another new trend in biotech is so-called 'personalised drugs'. Essentially, these are vaccines produced by taking cells from an individual's body, boosting the cells' resistant properties and then returning them to the body. There is no risk of allergic reaction or of the body rejecting the treatment. Our SentoClone project is a very good example of our work in this area.

Vaccine production is the biotech industry's fastest growing segment. Vaccines can be produced where they are needed to fight and prevent local outbreaks of disease, such as influenza or malaria, and this makes them more than just a commercial proposition – they can also become part of national health policy. Hindustan Latex's multiple vaccine production facility in India and Denmark's polio vaccine project are both partially funded by their respective states.

By developing personalised drugs and new vaccines to treat less common illnesses, the pharma and biotech industries continue to refine their processes and expand into markets with huge populations and growing economies such as China and India. NNE Pharmaplan is perfectly poised to ensure its clients bring essential new treatments to market fast, and in doing so improve the lives of millions of people all around the world.

## ground-breaking GMP for SentoClone

**SentoClone®, originators of a pharmaceutical therapy for the treatment of cancer, asked NNE Pharmaplan to design and build a new Good Manufacturing Practices (GMP) facility in Sundbyberg, just north of Stockholm, Sweden, after out-growing their original premises in an eighteenth century building.**

### New premises for a new treatment

The new 1500 $m^2$ premises house a ground-breaking GMP product unit, research lab and training facilities to support the therapy: a sample of the patient's white blood cells is sent to 'boot camp' in the SentoClone® laboratory and, after 30 days, the boosted cells are injected back into the patient where they fight cancer cells – with no significant side effects. Completed in accordance with new European legislation, the facility provides a new way to produce a unique product, and a new way of adopting GMP.

According to SentoClone® CEO, Johan Järte, 'Good communication and an open attitude to problem-solving played a big part in the success of the project.' And, on the completion of the project, SentoClone® can focus on getting approval in all EU member states. 'There are over 124,000 diagnosed cases of colon cancer each year in Europe,' Johan explains. 'At an estimated market share of 15%, SentoClone® would need to build 19 cleanrooms in Germany or 78 rooms in Europe for colon cancer. And we'll need NNE Pharmaplan to help us out.'

# **markets** and projects

**Following the Food and Drug Administration's (FDA) introduction of the validation paradigm Quality by Design (QbD), which NNE Pharmaplan has been involved actively in developing, NNE Pharmaplan spent much of 2008 implementing this new paradigm in a number of biotech production facilities. It has proven to be of huge benefit to the pharma and biotech industries.**

**Throughout the year, we continued to raise our standards of quality and efficiency, enabling our clients to get more competitive products to market faster so that patients could benefit from less expensive and better products.**

## General outlook

NNE Pharmaplan's order book at the end of 2008 was very promising. By December our company already had orders for DKK 899 million – over 60% of 2009's target revenue. This is a brighter outlook compared to last year when the corresponding figures by the end of 2007 were DKK 796 or approx. 50% of the 2008 target revenue.

Early in 2008 the recession and accompanying credit crisis had little effect on the pharma and biotech business. However, at the end of the year we began to see negative effects of the financial crisis, especially in Europe and the US. Demand for essential medicines, vaccines and medical devices remained high, and biotech companies continued to perform well on the stock exchange throughout the year. However, there was a marked variation in growth rates between markets: our company worked on more projects in China and India and was less active in the US.

Mid-sized companies found it increasingly hard to finance large-scale projects as 2008 wore on, giving rise to speculation over their possible acquisition by companies with more liquidity. However, few big players were willing to risk buying into products that were still in development, or were yet to be approved.

With some major patents set to run out in 2011 and 2012, there will be an increase in cut-price, generic drug production – especially in emerging markets such as China and India. As companies continue to shift their production to the Far East, some significant engineering projects look imminent. And NNE Pharmaplan is well-positioned to help our company's clients supply much needed, high-quality medical supplies to even more patients.

## Client satisfaction

A healthy relationship with our clients is central to the success of our business. From concept to validation, we listen and respond to the unique needs of each client, often offering additional consulting and coaching in facility management and quality assurance.

As part of our company's Quality Management System, our project managers ask clients for detailed feedback on completion of each major milestone in our projects together. Our clients fill in a questionnaire, ranking key performance criteria on a scale of one to five. Over 80% of the 2008 responses awarded us an average score of four or above. This met our client relationship strategy target of >75% – while leaving our company room to become even better.

## Client base retention and expansion

When NNE and Pharmaplan joined forces in 2007, our company became a truly global player – and a real alternative for global clients. US pharma and biotech

companies took notice. NNE Pharmaplan attracted business from large, European pharmaceutical groups, helping our company's clients increase efficiency. And we successfully helped setting up new production facilities in Asia.

In the course of 2008 NNE Pharmaplan introduced a new, long-term strategic goal: to build a sustainable business with at least 70% of the turnover derived from existing clients. Receiving new orders from our existing clients is the best proof of client satisfaction. In 2008 orders from existing clients totalled 71% of orders recieved.

But of course we work at attracting new clients too, also in new market segments. Around the world, our company successfully attracted mid-sized, biotech clients that could take advantage of the full range of our services. And their size meant that their procedures were often very flexible.

NNE Pharmaplan also began to work with more R&D companies bringing new products to market. They recognised and appreciated our company's in-depth process knowledge of both the technologies and standards in the business. And because of our origins in manufacturing, we were able to offer value that goes far beyond 'just' constructing a production facility.

For example, we supplied the British concern Ark Therapeutics with a production facility for an innovative gene-based medicine that prevents the veins from blocking after vascular surgery. We also worked closely with Ark Therapeutics on facility management, production processes and quality management procedures with a view to obtaining FDA approval.

These companies all understand our value proposition: that we can help them make their businesses successful and thus continue to improve people's lives worldwide.

## **Vaccines** for the people of India

**NNE Pharmaplan will be working with HLL (Hindustan Latex Limited), best known for its family welfare and planning products, to build a vaccine production facility in southern India. Labelled as a 'project of national importance' by the Indian government, the facility could save the lives of thousands of people every year.**

**Affordable vaccines for a nation's children**
Once completed, the Integrated Vaccine Complex will produce conventional bacterial and viral vaccines for the Universal Immunisation Programme (diphtheria/pertussis/tetanus (DPT) and tuberculosis (BCG)) alongside new-generation vaccines to combat measles, hepatitis B, rabies, haemophilus influenzae type-b and Japanese encephalitis at prices Indian hospitals and health facilities can afford. 'This project will have a direct impact on the well-being of the Indian people,' says Managing Director of NNE Pharmaplan in India, Dr Singal. 'And we feel privileged to be playing such a key role.'

In addition to these vaccine producing facilities, NNE Pharmaplan will also design, construct and validate an R&D facility to develop new vaccines such as H5N1 to combat bird flu. 'This is one of the biggest technology projects in India,' Dr Singal says. 'And this is only the beginning.' Both HLL and NNE Pharmaplan are ambitious companies – and therefore this partnership promises to be fruitful.

# people **development**

## – 2008 from a Human Resources perspective

**2008 was a year when many NNE Pharmaplan employees could say, 'I got the chance to work abroad.' Our company's workforce became mobile: executing projects, developing professional skills and sharing knowledge across borders, all around the world. We matured as a company, began to act internationally and moved toward our goal of becoming truly global.**

As a player in the international arena in 2008, NNE Pharmaplan needed to draw on in-house expertise and experience to cover projects all over the world. NNE Pharmaplan's Human Resources department offered maximum support to our employees, enabling them to deliver their best, thousands of kilometres from home. As an example, the Danish Human Resources department gathered the experiences of employees working abroad and went through our company's Danish processes and contracts with a fine-toothed comb. 2008 showed that we were able to run large projects effectively and competitively all around the world.

### Number of employees

NNE Pharmaplan finished 2008 with 1,587 employees spread over three continents and 14 countries. With 41% of our full-time employees based outside Denmark, we are fast becoming a truly global company. For example, 14% of our workforce is now based in China, where 69 new people were hired in 2008 – a rise of 43%.

### Employee turnover

During a year characterised by an overheated labour market in which recruiting and retaining people was difficult in many of our offices, we ran several initiatives to make NNE Pharmaplan an attractive place for our people to work and achieve their professional goals. As a result, we managed to meet nearly all of our recruitment needs and ensure we had the right number of people to fulfil our tasks effectively. In 2008 the overall employee turnover was 12.9% for the entire organisation, which is considered satisfactory.

## Distribution of:

- **Age**

The age distribution across the NNE Pharmaplan organisation shows a good balance between youth and experience. This pattern conforms to the profile of a knowledge-based company that relies on the education and experience of its people for success.

- **Seniority**

Globally, a snapshot of our workforce shows a high level of experience – exactly what you would expect in a company that sells its expertise. In China, for example, recently qualified Chinese engineers work alongside experienced Danish engineers. The potential for sharing global and local knowledge and experience makes for a very effective team.

### Our values, culture and identity

The second generation of the NNE Pharmaplan Way of Management was launched in 2008 under its new name, 'Our Way'. The new document was the result of a series of workshops in which all NNE Pharmaplan employees worldwide were encouraged to express their opinions and ideas about NNE Pharmaplan's identity in general, and the NNE Pharmaplan mission, vision, values and guiding principle in particular.

The result, 'Our Way', is crucial to creating a strong common identity and set of values that everyone at NNE Pharmaplan can relate to and be proud of.

### Performance and leadership

NNE Pharmaplan rolled out a number of initiatives in the course of 2008 that focused on developing personal performance and leadership skills.

Our first initiative in 2008 was to replace the Annual Performance Improvement System (APIS) with the PDP system (Performance & Development Process). This will give everyone at NNE Pharmaplan the ability to systematically evaluate their performance.

By the end of 2008, the PDP system had been launched in Denmark, China, the US, France, Sweden and Germany. The plan is for everyone in the organisation to use the new system by the end of 2009.

### Reaching maturity

While Denmark still hosts the majority of our experienced engineers, we successfully improved their mobility during the course of 2008.

Our business depends on getting our expertise where it's needed anywhere in the world. This means that for our employees, working or developing professional skills abroad for NNE Pharmaplan is more than just a possibility. This is a sure sign that NNE Pharmaplan is becoming a global player, and maturing as a company.

## Employee Survey

We introduced a new version of our Employee Survey to the organisation in September. For the first time, the Employee Survey was sent to all NNE Pharmaplan employees, no matter where they worked in the world. Of the employees invited to participate, 81.5% responded. This is our highest response rate ever.

The results of the survey were very positive and in all categories above the 2008 goal of an average score of 7.0 out of 10.

# **leadership** development programme goes global

**In 2008, more than a hundred NNE Pharmaplan Vice Presidents, managers, and project managers participated in a new Leadership Development Programme focused on incorporating company values and leadership practices into daily work. Declared a success for its engaging and effective methods, the programme will be rolled out internationally.**

### Management under the magnifying glass

At the start of the programme, participants review NNE Pharmaplan's eight leadership competencies and undergo individual 360-degree evaluation. Participants then choose training that targets the areas they need to work on, which is far more valuable than a generic training programme.

### Making training relevant

The 2008 participants gave positive feedback. 'Unlike most programmes' says Jørn Duhn, COS and CVP of People and Communication, 'each two-day module is built around relevant, real-life cases and problems the participants bring with them. Everyone exchanges knowledge they can put into practice immediately.'

The training sessions also introduce NNE Pharmaplan's leaders to a basic live-the-values platform with practical suggestions for integrating the values laid out in 'Our Way' into their working days.

### A global roll-out

The programme's ability to make managers pull together and allow them to share experiences is invaluable to NNE Pharmaplan. When the programme is launched worldwide in early 2009, it will help the company's global organisation adopt a common set of key leadership values and competencies.

# nurturing **future** leaders


**NNE Pharmaplan's Greenhouse Programme takes talented employees through an intensive, one-year development plan that equips them to become our company's future leaders. And after its success in 2008, the programme is here to stay.**

### An intense, rewarding year

Any ambitious NNE Pharmaplan employee with a track record of outstanding professional performance can be nominated for the Greenhouse Talent Programme. Once selected by executive management, the 21 talents embark on a year packed with challenges and rewards.

Greenhouse talents from all around NNE Pharmaplan's global organisation are set to work on strategically important business challenges. Meanwhile, HR experts and external consultants evaluate their performance, business understanding and ability to work in teams under pressure.

Besides their normal workload, Greenhouse talents take part in short projects guided by a coach from executive management. At the end of the year, the 21 future leaders reunite for two days of networking and discussion about strategic issues within the company.

### Instant benefits

The Greenhouse Programme has already proven its benefits. Recently a Greenhouse graduate was appointed managing director of NNE Pharmaplan's office in Germany. And the executive team also greatly values the Greenhouse talents' input on NNE Pharmaplan's strategic challenges.

# corporate **governance**

**NNE Pharmaplan is managed according to the guidelines and commitments laid out in 'Our Way'. The concept includes our company's eleven fundamental guidelines for management that all NNE Pharmaplan managers and employees follow, as well as our triple bottom line commitment: to continuously improve our financial, environmental and social performance.**

## Ownership

NNE Pharmaplan complies with the same principles of corporate governance as its parent company, Novo Nordisk A/S. And because NNE Pharmaplan A/S is owned 100% by Novo Nordisk A/S, it is included in the consolidated financial statement of Novo Nordisk A/S[1].
The ultimate parent company is the Novo Nordisk Foundation[2].

## Reporting

NNE Pharmaplan's consolidated financial statements are prepared according to International Financial Reporting Standards (IFRS) as adopted by the EU and the additional disclosures required by the Danish Financial Statements Act and are published in both Danish and English. The financial year covers the period from 1 January to 31 December. As a fully owned subsidiary of Novo Nordisk, NNE Pharmaplan is not obliged to publish interim reports and does not do so at present.

## Board of Directors

NNE Pharmaplan's Board of Directors is elected every year at the Annual General Meeting. The Board is made up of seven people: three who represent the parent company, two external members plus two employee representatives elected by NNE Pharmaplan's employees for a term of four years.

All seven members contribute valuable knowledge and experience in areas such as finance, legislation, pharmaceutical production, the biotech industry and management of professional service companies. Profiles of the Board of Directors are presented in a separate chapter of this report.

The Board of Directors holds at least four meetings a year. The procedures followed by the Board of Directors are reviewed at least once every second year and were last updated in 2007.

A monthly report delivered by the NNE Pharmaplan Management Team keeps the Board of Directors abreast of the company's development and performance.

## Remuneration

External board members receive a fixed fee under the NNE Pharmaplan remuneration policy. All NNE Pharmaplan Management Team members receive a fixed salary, a cash bonus, a pension contribution and a share-based payment.

Any changes to the remuneration policy or share-based programmes have to be approved by the Board of Directors. The 2008 total remuneration is presented in the note to the financial report.

## Risk management

In 2008, our company implemented a new risk management structure, which covers the company's operational and financial risks. See also the chapter named 'enterprise risk management'.

## Audit

At the 2008 Annual General Meeting, Pricewaterhouse-Coopers was re-elected as NNE Pharmaplan's auditor based on the recommendation of the Board of Directors. The auditor participates in the board meeting at which the Annual Report is presented and approved and the Group Audit Plan for the year is presented and discussed.

## Organisation

The NNE Pharmaplan Management Team is based in our Søborg office, Denmark. This office also houses our other group functions, including Finance, Legal & IT and People & Communication. Profiles of the NNE Pharmaplan Management Team are presented in a separate chapter of this report.

[1] To obtain a copy of The Annual Report of Novo Nordisk A/S, contact Novo Nordisk A/S, Novo Allé, DK-2880 Bagsværd, Denmark.

[2] The Novo Nordisk Foundation, Brogårdsvej 70, DK-2820 Gentofte, Denmark.

# **enterprise** risk management

**NNE Pharmaplan's vision is to be the leading international supplier of engineering and consulting services to the pharma and biotech industries. Realising such an ambitious vision implies meeting demanding strategic goals and exposing our company to risks. And as NNE Pharmaplan's portfolio of projects expands and its profile becomes increasingly international, the associated risks grow.**

**It is essential that our company has an overview of the risks that could affect its strategic goals. That is why an Enterprise Risk Management structure was established during 2008: to monitor and systematically assess the risks in each individual business area and help our company take mitigating actions when necessary.**

### Enterprise Risk Management structure

With the help of appointed risk partners in selected business areas, we set out to embed risk management into the fabric of the organisation. Risk Management is responsible for consolidating individual risk profiles across the organisation and developing effective procedures and tools. With clear reporting lines from the organisation to the Management Team and the Board of Directors, NNE Pharmaplan responded to changing market dynamics and defined the necessary mitigating actions that are essential to running a successful, sustainable business.

### Framework and tools

As part of the structured risk management process, we carried out risk mapping throughout our organisation. This involved identifying and evaluating the most significant risks that could reduce our ability to meet objectives. The risks were assessed by considering the likelihood of a financial loss and the impact this could have on operating profit and reputation. Each risk was assessed at both gross and net levels[1].

### Operational risk examples from the current risk profile

NNE Pharmaplan's 2008 risk profile was applied to a broad range of business areas and their associated operations. These included, but were not limited to, the development of core markets, global staffing, project execution and the impact of 2008's financial crisis.

### The development of core markets

NNE Pharmaplan's goal is to build up an international profile with a diverse portfolio of clients. In 2008, we focused on building a strong presence in the US and Central Europe where there is a high concentration of mid-sized clients.

The US and German markets experienced stagnation in 2008, which limited our company's ability to achieve its goals. To sustain a competitive business in the German and US markets, offshoring tasks to cost-efficient resources in China became an integral part of our strategy so we would continue to be perceived as an attractive partner in these countries.

[1] Gross level assessment of risk assumes that no mitigating actions are taken. Net level includes any mitigating actions and their anticipated effects.

## Global staffing

NNE Pharmaplan's profile became increasingly international throughout 2008. Building a strong international position challenged us to serve clients with the right mix of skills and expertise in each market. Meeting these challenges meant combining a highly mobile and flexible workforce with efficient staff allocation.

As a result, NNE Pharmaplan implemented the Global Staffing process to ensure people and resources were allocated where they were needed most across the organisation.

## Project execution

NNE Pharmaplan specialises in providing technologically advanced facilities that require large and complicated engineering projects. Such projects need well-structured project management.

The company carried out projects according to the Project Activity Model (PAM). PAM provides detailed guidelines and a focused project overview, stressing the key activities and milestones that require special attention, from initial design to project handover.

NNE Pharmaplan used its Quality Management System (QMS), which is ISO certified by Lloyd's Register Quality Assurance, to ensure quality throughout all projects.

By combining such well-developed systems with a monthly risk assessment of its projects, our company made sure that it fully responded to the high quality demands required by clients and the industry's regulating bodies.

## Impact of the financial crisis

The financial crisis of 2008 affected financial and credit markets on a global scale. In the light of economic forecasts made at the end of 2008, many companies reassessed their long-term targets for growth and investment.

Dependent on large investments made by pharma and biotech companies, NNE Pharmaplan is affected by the crisis. The market situation reduced our clients' ready access to credit, affecting their ability to invest in new projects and thus making it harder for our company to achieve growth. NNE Pharmaplan adapted to the new market conditions by strengthening the company's credit policy.

# health, safety and **environment**

**NNE Pharmaplan is committed to integrating HSE considerations into all our services and business processes. Worldwide we employ two internationally recognised standards that systematise Health, Safety and Environment (HSE) processes: OHSAS 18001 for working environmental management and ISO 14001 for environmental management. Currently, only NNE Pharmaplan's Danish offices are certified according to the two standards.**

### HSE management in projects

Our clients in the pharma and biotech industries often have ambitious HSE requirements. Using OHSAS 18001 and ISO 14001, we have developed a concept for HSE management that can help clients meet their HSE goals with cost-effective and efficient systems.

At the beginning of every project, we carry out an initial HSE evaluation. This clarifies, at a general level, any impact the project will have on health, safety and environment during the lifetime of the facility. The evaluation is then used to find out where our client can reduce emissions, and save energy, water and auxiliaries. We recommend solutions that give our client the most value for money, and suggest measures that will ensure optimal working conditions and safety both during construction and when the facility is fully operational.

### Agreeing on HSE goals

Based on these results the client decides which recommendations to adopt. Clients can choose to do enough to satisfy legislation, or they can follow more of our recommendations and take their HSE achievements much further. Energy consumption and climate change were hot topics throughout 2008, and many of our clients chose to follow our recommendations and were able to reduce their emissions, overheads and operating costs. Once we have agreed on the project's HSE goals with our client, we move on to outline the procedures that will turn these goals into action. An HSE manager is appointed, who will be responsible for all aspects of HSE from concept to validation during the project.

### Health, Safety and Environment in our operations

We have established a Working Environmental Council and an Environmental Committee to help us create safe and healthy places to work and reduce the impact of our activities on the environment – ensuring that HSE remains high on the NNE Pharmaplan agenda.

#### The environment

We carry out an environmental mapping of all NNE Pharmaplan's buildings in Denmark every year to identify significant environmental impacts. In the future, we intend to carry out similar mappings of all our global organisation's premises. Energy consumption is very much in focus.

#### Working environment

NNE Pharmaplan is committed to sustaining a stress-free, healthy and safe working environment.

Firstly, we worked hard to maintain a pleasant climate in our offices. In our biggest office in Denmark, for example, we improved the ventilation and acoustics.

Secondly, we audited the construction sites for some of our large projects. We used the results to benchmark the key resources (required office space, number of portable cabins, and standard of basic amenities) that our employees need to work effectively and in comfort.

Thirdly, we made stress management part of the basic training for project and department managers. We also launched a do-it-yourself stress test. All our employees can take the anonymous test to measure the impact of potential causes of stress, both work-related and personal.

### Membership of the Global Compact

NNE Pharmaplan became a member of the UN Global Compact in 2008. A strategic initiative for companies committed to aligning their operations and strategies with ten universally accepted principles (connected to human rights, labour, the environment and anti-corruption), the Global Compact helps businesses ensure that markets, commerce, technology and finance all advance in ways that benefit economies and societies worldwide.

With over 4,700 corporate participants from more than 130 countries, the Global Compact is the largest corporate citizenship and sustainability initiative in the world.

## Carbon footprint

Going forward we intend to report on our carbon footprint on an annual basis with a view to making ongoing reductions. The first mapping has taken place in Denmark, and subsequently we plan to introduce similar mappings globally in the NNE Pharmaplan organisation. In 2008 we established our baseline footprint for Denmark by the figures for 2008:

| **Greenhouse gas emissions ($tCO_2$) 2008** | |
|---|---|
| Direct emissions (scope 1) | |
| Heating of office buildings | 158 |
| Fugitive emissions from cooling plant | 1 |
| Transport in company-owned cars | 41 |
| Indirect emissions (scope 2) | |
| Purchased electricity | 1,428 |
| Total greenhouse gas emissions ($tCO_2$) | 1,628 |

$tCO_2$ refers to tons of $CO_2$ equivalence

The two largest sources of emissions from our Danish premises are electricity consumption followed by the combustion of natural gas for heating.

### Reduction target

In 2009, we aim to establish realistic targets for future year-by-year reductions.

### Establishing a baseline

We calculated our total 2008 carbon emissions from our Danish offices – in Søborg, Kalundborg and Hillerød – to establish a baseline for four types of emission:

- Natural consumption
  – for heating, based on current consumption according to monthly meter readings.
- Refrigerant leakage
  – from cooling systems according to the official logbooks for refrigerant refilling. The greenhouse gases included in this report are the six gases named in the Kyoto Protocol $CO_2$, $CH_4$, $N_2O$, HFCs, PFCs and $SF_6$.
- Electricity consumption
  – electricity used for heating, based on meter readings at the end of 2008.
- Car miles
  – calculated from bills from the petrol supply company (company cars only).

## Safety and accidents on construction sites

In 2008, the following accidents were recorded in the construction phase of projects where building site safety management was managed or supervised by the Danish Construction Management organisation:

**Accidents on construction sites (contractors and employees)**

| Country | Sites | Working hours (1000) | Accidents w/absence | Frequency |
|---|---|---|---|---|
| China | 5 | 1,982 | 1 | 0.5 |
| Denmark | 13 | 1,622 | 27 | 16.6 |
| France | 1 | 721 | 4 | 5.5 |
| Spain | 1 | 550 | 0 | 0.0 |
| Total | | 4,875 | 32 | |
| Average frequency | | | | 6.6 |

No fatalities occurred at any of these sites. The majority of accidents were caused by a poor awareness of rules and procedures, and a lack of attention paid to safety and responsible behaviour.

### Method used

Accident frequency is equivalent to the number of accidents per million working hours.

The total number of working hours for all employees and contractors was recorded for each project. In addition to this, the number of accidents that led to absence from work (defined as more than one day of absence due to injuries or near misses) and accidents that did not cause absence from work was recorded. The data was gathered by site safety officers who collected it from all the contractors and employees.

### Reduction target

In 2008, the targets set by the registered clients varied from zero accidents to less than 10.

As can be seen from the figures in the table, the frequency of onsite accidents on recorded sites was as low as 6.6 per million working hours.

For 2009, we plan to register all recorded accidents online using our own safety registration system (SAFE). So far only the Danish organisation is OHSAS 18001 certified. The SAFE system will, however, be made available to all our offices to support the further development of safety management activities worldwide.

In 2009 the HSE department will focus even more on raising awareness. We also aim to establish a common target for accident frequency.

## Environment and climate policy

**NNE Pharmaplan will:**

- Integrate environmental considerations into our services and business processes
- Include impact on the climate in environmental considerations
- Deliver environmentally sound services
- Reduce our impact on the environment and climate
- Promote environmental awareness
- Enter into a dialogue with stakeholders
- Report on our environmental efforts
- Comply with the environmental legislation, regulatory requirements and other regulations that we have agreed to follow
- Include environmental issues in our evaluation of suppliers

## Working environmental policy

**NNE Pharmaplan will strive to:**

- Create a safe, healthy and developing working environment for all employees
- Make big demands for and continuously improve the working environmental efforts as a natural part of our social responsibilities
- Motivate and educate our employees to assume responsibility for aspects affecting their own and their colleagues' safety and health, and to act accordingly
- Demand that working environmental considerations are not pushed aside in favour of economic and productivity related interests
- Observe relevant legislation, regulatory requirements and other regulations that we have agreed to follow

# HSE management in **action**

**NNE Pharmaplan's HSE department utilised the latest sustainable production technology for Pronova's new biotech facility in Kalundborg, Denmark.**

For its new production facility, Pronova needed a location close to a harbour with easy access to its existing facility in Sandefjord, Norway. And to produce Omega-3, used in the treatment of elevated levels of triglycerides and the prevention of post-myocardial infarction, the facility also needed a source of workers experienced in biotech. NNE Pharmaplan's HSE department helped Pronova choose a 50,000 $m^2$ green-field site, which met all their criteria. The production facility will cover 10,000 – 12,000 $m^2$ when fully in operation.

Pronova committed to implementing HSE standards much above regulatory requirements:

- Zero operational injuries, with a strong focus on safety during construction
- The incorporation of working environmental considerations into the plant design
- Implementation of environmentally conscious design
- Compliance with HSE policies
- The controlled use of natural resources

Applying sustainable design principles meant bringing in new technology: a compact and scalable waste-water treatment plant that can be upgraded to recycle 100% of the plant's water; energy-saving components and heat exchange systems to reduce the facility's energy consumption; an odour controlling plant to minimise odour emissions; and proactive noise and acoustics abatement in the production areas. 'On completion, Kalomega will showcase NNE Pharmaplan's cost-effective HSE concept,' says Senior HSE specialist, Jeanette Agertved Madsen. 'And show how much real value we can add to our clients' projects.'

# **financial** report

# Financial review 2008

**Turnover and operating performance**

The NNE Pharmaplan growth in turnover of 15% to DKK 1,668 million in 2008 was in line with our expectations and demonstrates our ability to attract new business. The total growth in turnover was achieved by a broad range of projects and clients across our markets, with turnover generated from clients outside the Novo Nordisk Group rising to DKK 1,114 million – up 15% compared to 2007. In 2008, turnover from work outside the Novo Nordisk Group represented 67% of the total, which was the same level as in 2007. However, turnover from business outside Denmark declined by 6% to DKK 620 million – largely because we had fewer major European projects than in 2007. The turnover in 2007 included nine months' contribution from Pharmaplan. If twelve months had been included for Pharmaplan in 2007, the growth in turnover would be 8%.

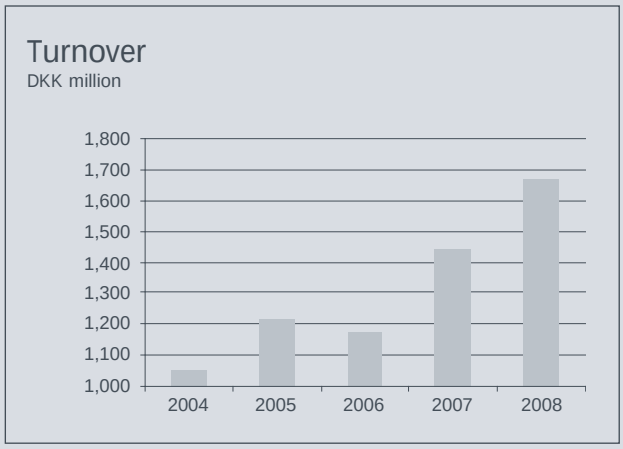
The operating loss in 2008 was DKK -27 million (2007: DKK -20 million), which corresponds to an operating profit margin of -1.6%. This result is not satisfactory. The result was impacted by a very challenging market situation that particularly affected us in the US and Germany. In addition, the result was impacted by one-time costs of DKK 57 million. These costs were associated with a decision to restructure some of our offices in order to prepare for a challenging business environment in 2009, a settlement on a major turnkey project acquired in connection with the Pharmaplan acquisition, and a Novo Nordisk Group decision to offer employee shares to all employees. Adjusted for the one-time costs, the 2008 result was DKK 30 million, corresponding to an operating profit margin of 1.8% (2007:1.9%).

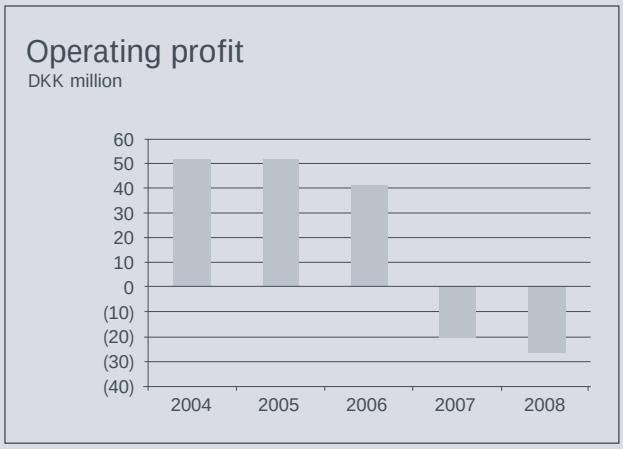
The European market constitutes 90% of our turnover. Our Danish operation continued to be the single largest office, representing 70% of our total turnover. The office remained strong in 2008, enjoying a high level of activity and excellent performance. Operations in Germany faced fierce competition in the home market and a settlement was agreed on a major project. This led to a significantly negative result in Germany. NNE Pharmaplan in France continued the positive development from 2007 with continued growth in turnover and operating profit. In Sweden it was difficult to maintain a sufficient order intake to fill the gap arising from the completion of a major project and the cancellation of a large order. This led to an unsatisfactory financial performance in 2008. In Switzerland the underlying engineering performance was in line with expectations but the office was impacted by a provision for a potential claim. The financial performance was thus below expectations.

NNE Pharmaplan's activities in North America experienced a difficult year. Our US offices won a number of major projects in 2008, providing a solid foundation for our global organisation's activities in North America. On the other hand, the US home market was severely affected by the financial crisis and some ongoing orders were cancelled during the year. The unsteady order intake resulted in reduced levels of efficiency within the organisation and the difficult business environment led to significant financial losses in the US organisation. A revised business plan was prepared in the fourth quarter to improve business performance.

The Chinese offices won a number of new and important projects during the year and have an impressive pipeline.

In India and Malaysia, operations were in line with expectations. The Indian market, in particular, continued to grow, representing continued opportunities for further expansion and growth.



**Net financials and tax**
Net financials showed an income of DKK 7 million in 2008, same as in 2007. The financials are mainly affected by capital gains on Novo Nordisk shares sold to Novo Nordisk A/S and by interest expenses on loans.

Total tax for the year was an expense of DKK 13 million (vs. an income of DKK 11 million in 2007). The income taxes for the year were significantly negatively impacted by the fact that the Group has not recognised deferred tax asset on all tax losses in some subsidiaries. The tax losses have not been recognised as deferred tax asset in 2008 as there is no convincing evidence that the Group will be able to use these tax losses due to local restrictions in connection with mergers and restructurings.

Net profit was DKK -32 million, a decrease of DKK 30 million compared to 2007. This is mainly due to the above mentioned one-time expenses and a very challenging market situation particularly in the US and Germany. Adjusting for the one-time expenses in 2008, the Net Profit would have been DKK 11 million (2007: DKK 33 million).

**Balance sheet**
The total assets at 31 December 2008 amounted to DKK 666 million, a decrease of DKK 143 million compared to 2007.

The trade receivables decreased in 2008 by DKK 68 million to DKK 202 million due to focus on this area and the fact that the receivables was at a high level end of 2007. Completion of fixed price projects in 2008 has reduced the work in progress by DKK 72 million and payment on account for work in progress by DKK 52 million.

The non-current liabilities have increased, primarily because the loan given in 2007 from the parent company Novo Nordisk A/S was renegotiated and the time for repayment extended.

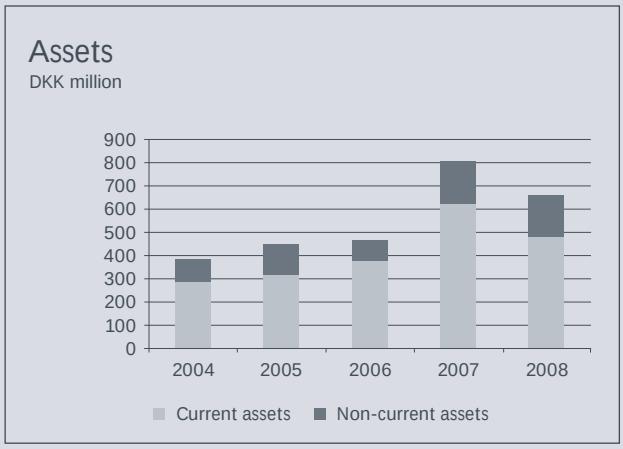
The total liabilities have decreased from DKK 620 million at the end of 2007 to DKK 537 million in 2008 explained primarily by the decrease in payments on account for work in progress and the decrease in the trade payables of DKK 58 million.

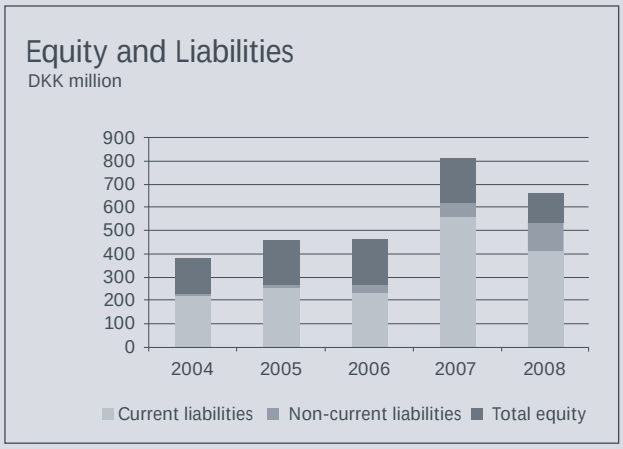
The equity in 2008 in NNE Pharmaplan A/S decreased by DKK 60 million to DKK 128 million reflecting the loss for the year of DKK 32 million, reversal of the reserve for securities available for sale of DKK 19 million, the effect from share-based payments and exchange rate adjustments of DKK 9 million. The solvency ratio is 19.3% at the end of December 2008.

**Cash flow**
The net change in cash and cash equivalents in 2008 is DKK 44 million. Compared to 2007 it is a significant change, mainly derived from a positive contribution from working capital and Novo Nordisk shares sold to Novo Nordisk A/S.

**Proposed dividend**
The Board of Directors recommends no dividend for the year (2007: DKK 0 million). This proposal will be submitted for adoption by the Annual General Meeting.

**Post Balance Sheet Events**
No events have occurred after the end of the financial year that had significant impact on the Company's financial position at 31 December 2008.



# Financial Highlights and Ratios for NNE Pharmaplan Group

Financial Highlights (DKK 1,000)

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Income Statement** | | | | | |
| Turnover | 1,667,608 | 1,443,841 | 1,173,532 | 1,214,201 | 1,052,258 |
| Operating profit | (26,871) | (20,032) | 40,589 | 50,975 | 51,115 |
| Profit/loss on net financials | 7,308 | 7,302 | 7,992 | 1,468 | (196) |
| Profit/loss before income taxes | (19,563) | (12,730) | 48,581 | 52,443 | 50,919 |
| Net profit/loss | (32,091) | (1,812) | 29,921 | 37,554 | 30,620 |
| Proposed dividend to shareholders | - | - | - | 19,000 | 20,000 |
| **Assets** | | | | | |
| Non-current assets | 178,809 | 184,713 | 84,332 | 133,892 | 91,130 |
| Current assets | 486,863 | 624,408 | 378,960 | 320,616 | 289,465 |
| Total assets | 665,672 | 809,121 | 463,292 | 454,508 | 380,595 |
| Capital expenditure | 14,248 | 8,320 | 5,187 | 15,566 | 11,328 |
| **Equity and liabilities** | | | | | |
| Total equity | 128,421 | 188,743 | 196,577 | 187,136 | 151,938 |
| Non-current liabilities | 128,760 | 69,204 | 29,571 | 15,201 | 9,163 |
| Current liabilities | 408,491 | 551,174 | 237,144 | 252,171 | 219,494 |
| Total equity and liabilities | 665,672 | 809,121 | 463,292 | 454,508 | 380,595 |
| **Cash flow statement** | | | | | |
| Cash flow from operating activities | 32,751 | (98,364) | 15,971 | (25,171) | 115,819 |
| Cash flow from investing activities | 18,712 | (51,358) | 54,012 | (46,057) | (21,451) |
| Cash flow from financing activities | (7,569) | 82,200 | (19,000) | (20,000) | (40,000) |
| Net change in cash and cash equivalents | 43,894 | (67,522) | 50,983 | (91,228) | 54,368 |
| **Financial ratios** | | | | | |
| Operating profit margin (EBIT margin) | (1.6)% | (1.4)% | 3.5% | 4.2% | 4.9% |
| Before-tax profit margin | (1.2)% | (0.9)% | 4.1% | 4.3% | 4.8% |
| Return on equity | (20.2)% | (0.9)% | 15.6% | 22.2% | 23.9% |
| Solvency ratio | 19.3% | 23.3% | 42.4% | 41.2% | 39.9% |
| Payout ratio | - | - | - | 50.6% | 65.3% |
| Dividend per share (DKK) | - | - | - | 38,000 | 40,000 |
| Number of employees at end of year | 1,524 | 1,463 | 1,062 | 979 | 874 |
| Number of internal consultants at end of year | 252 | 255 | 307 | 385 | 419 |
| Number of employees and internal consultants | 1,776 | 1,718 | 1,369 | 1,364 | 1,293 |

The figures from 2004 – 2006 consist of the former NNE Group and the figures for 2007 consist of NNE Pharmaplan Group, where the figures for the former Pharmaplan Group are included since 1 April 2007.

## Consolidated Income Statement, 1 January – 31 December

(DKK 1,000)

| | Note | 2008 | 2007 |
|---|---|---|---|
| Turnover | 2 | 1,667,608 | 1,443,841 |
| Cost of sales | 3,4 | (1,488,500) | (1,277,065) |
| **Gross profit** | | **179,108** | **166,776** |
| Distribution costs | 3,4 | (49,107) | (41,844) |
| Administrative expenses | 3,4 | (156,872) | (144,964) |
| **Operating profit** | | **(26,871)** | **(20,032)** |
| Financial income | 5 | 22,548 | 21,752 |
| Financial expenses | 6 | (15,240) | (14,450) |
| **Profit before income taxes** | | **(19,563)** | **(12,730)** |
| Income taxes | 7 | (12,528) | 10,918 |
| **Net profit** | | **(32,091)** | **(1,812)** |

## Consolidated Balance Sheet as of 31 December

(DKK 1,000)

| | Note | 2008 | 2007 |
|---|---|---|---|
| **Assets** | | | |
| Intangible assets | 8 | 99,998 | 109,181 |
| Property, plant and equipment | 10 | 36,051 | 39,780 |
| Other investments | 11 | 16,516 | 16,515 |
| Deferred income tax assets | 18 | 24,878 | 17,627 |
| Other financial assets | | 1,366 | 1,610 |
| **Non-current assets** | | **178,809** | **184,713** |
| Work in progress | 12 | 88,793 | 160,830 |
| Trade receivables | 14 | 202,056 | 270,224 |
| Receivables from related parties | 25 | 68,171 | 37,755 |
| Tax receivables | 19 | 8,803 | 6,372 |
| Other receivables and prepayments | 15 | 73,552 | 84,818 |
| Available-for-sale financial assets | 13 | - | 34,170 |
| Cash at bank and in hand | | 45,488 | 30,239 |
| **Current assets** | | **486,863** | **624,408** |
| **Total assets** | | **665,672** | **809,121** |

## Consolidated Balance Sheet as of 31 December

(DKK 1,000)

| | Note | 2008 | 2007 |
|---|---|---|---|
| **Equity and Liabilities** | | | |
| Share capital | 16 | 500 | 500 |
| Retained earnings | | 116,628 | 152,079 |
| Other reserves | | 11,293 | 36,164 |
| **Total equity** | | **128,421** | **188,743** |
| Non-current debt | 17 | 2,780 | 1,299 |
| Loans and payables to related parties | 25 | 58,124 | - |
| Deferred income tax liabilities | 18 | 9,277 | 12,642 |
| Retirement benefit obligations | 21 | 40,068 | 30,532 |
| Provisions | 20 | 18,511 | 24,731 |
| **Non-current liabilities** | | **128,760** | **69,204** |
| Payments on account for work in progress | 12 | 23,709 | 75,869 |
| Trade payables | | 109,175 | 166,712 |
| Short term borrowing | | 34,841 | 31,280 |
| Short term borrowing related parties | 25 | 19,375 | 83,945 |
| Payables to related parties | 25 | 15,309 | 2,727 |
| Tax payables | 19 | 2,112 | - |
| Provisions | 20 | 7,433 | 10,491 |
| Other liabilities | 17 | 196,537 | 180,150 |
| **Current liabilities** | | **408,491** | **551,174** |
| **Total liabilities** | | **537,251** | **620,378** |
| **Total Equity and Liabilities** | | **665,672** | **809,121** |
| Commitments | 22 | | |
| Other notes | 23-30 | | |

# Consolidated Statement of Cash Flow

(DKK 1,000)

| | Note | 2008 | 2007 |
|---|---|---|---|
| **Operating activities** | | | |
| **Operating profit** | | **(26,871)** | **(20,032)** |
| Reversals with no effect on cash flow | 27 | 16,936 | 21,411 |
| (Increase)/decr. in trade receivables, work in progress and prepayments etc | | 103,530 | (134,277) |
| Increase/(decr.) in trade payables and other payables etc | | (28,392) | 32,943 |
| **Cash flow from operating activities before financials** | | **65,203** | **(99,955)** |
| Financial income, received | | 3,630 | 2,929 |
| Financial expenses, paid | | (13,821) | (8,447) |
| **Cash flow from operating activities before tax** | | **55,012** | **(105,473)** |
| Taxes paid | 19 | (22,261) | 7,109 |
| **Cash flow from operating activities** | | **32,751** | **(98,364)** |
| **Investments** | | | |
| Acquistion of subsidiaries, net cash acquired | 24 | - | (77,687) |
| Sale of shares in Novo Nordisk A/S | | 32,960 | 34,649 |
| Purchase of intangible and tangible assets (net) | | (14,248) | (8,320) |
| **Cash flow from investing activities** | | **18,712** | **(51,358)** |
| **Financing** | | | |
| Loan to/from Novo Nordisk A/S (group company) | | (7,569) | 82,200 |
| **Cash flow from financing activities** | | **(7,569)** | **82,200** |
| **Net change in cash and cash equivalents** | | **43,894** | **(67,522)** |
| Cash and cash equivalents at the beginning of the year | | (45,875) | 22,260 |
| Unrealised gain/(loss) on exchange rate on cash and cash equivalents | | (1,004) | (613) |
| **Cash and cash equivalents at the end of the year** | | **(2,985)** | **(45,875)** |
| Net cash and cash equivalents at the end of the year: | | | |
| Cash at bank and in hand | | 45,488 | 30,239 |
| Credit facillities | | (34,840) | (31,280) |
| Cash Pool | 25 | (13,633) | (44,834) |
| **Cash and cash equivalents at the end of the year** | | **(2,985)** | **(45,875)** |
| Maximum drawing facility, including Cash Pool arrangement with the Novo Nordisk Group | | 50,000 | 75,000 |
| **Financial reserves at the end of the year** | | **47,015** | **29,125** |

## Consolidated Statement of Changes in Equity

(DKK 1,000)

| | | | Other reserves | | | |
|---|---|---|---|---|---|---|
| **2008** | **Share Capital** | **Retained earnings** | **Reserve for securities available for sale** | **Reserve for share-based compensation** | **Exchange rate adjustments** | **Total** |
| Equity as of 1 January | 500 | 152,079 | 18,709 | 13,122 | 4,333 | 188,743 |
| Exchange rate adjustments of investment in subsidiaries | - | - | - | - | (5,929) | (5,929) |
| Unrealised loss/profit of securities available for sale | - | - | (18,709) | - | - | (18,709) |
| Options exercised | - | (3,360) | - | (3,350) | - | (6,710) |
| **Net income recognised directly in equity** | **-** | **(3,360)** | **(18,709)** | **(3,350)** | **(5,929)** | **(31,348)** |
| Net profit | - | (32,091) | - | - | - | (32,091) |
| **Total income** | **-** | **(35,451)** | **(18,709)** | **(3,350)** | **(5,929)** | **(63,439)** |
| Cost of share-based payment | - | - | - | 3,117 | - | 3,117 |
| **Equity as of 31 December** | **500** | **116,628** | **-** | **12,889** | **(1,596)** | **128,421** |

Proposed dividend for 2008 is DKK 0.
For information regarding the share capital please refer to note 16.
Share capital cannot be used for dividend declaration. The equity in the Parent Company is the basis for dividend declaration, please refer to the specification of the equity in the Parent Company.

Retained earnings are accumulated earnings.
Reserve for securities available for sale is unrealised value adjustment of securities available for sale.
Reserve for share-based compensation is equity postings related to share-based payment.

| | | | Other reserves | | | |
|---|---|---|---|---|---|---|
| **2007** | **Share Capital** | **Retained earnings** | **Reserve for securities available for sale** | **Reserve for share-based compensation** | **Exchange rate adjustments** | **Total** |
| Equity as of 1 January | 500 | 164,452 | 20,031 | 11,651 | (57) | 196,577 |
| Exchange rate adjustments of investment in subsidiaries | - | - | - | - | 4,390 | 4,390 |
| Unrealised loss/profit of securities available for sale | - | - | (1,322) | - | - | (1,322) |
| Payment to parent company for used options in share-based scheme | - | (10,561) | - | - | - | (10,561) |
| **Net income recognised directly in equity** | **-** | **(10,561)** | **(1,322)** | **-** | **4,390** | **(7,493)** |
| Net profit | - | (1,812) | - | - | - | (1,812) |
| **Total income** | **-** | **(12,373)** | **(1,322)** | **-** | **4,390** | **(9,305)** |
| Cost of share-based payment | - | - | - | 1,471 | - | 1,471 |
| **Equity as of 31 December** | **500** | **152,079** | **18,709** | **13,122** | **4,333** | **188,743** |

Proposed dividend for 2007 is DKK 0.
For information regarding the share capital please refer to note 16.
Share capital cannot be used for dividend declaration. The equity in the Parent Company is the basis for dividend declaration, please refer to the specification of the equity in the Parent Company.

Retained earnings are accumulated earnings.
Reserve for securities available for sale is unrealised value adjustment of securities available for sale.
Reserve for share-based compensation is equity postings related to share-based payment.

## Notes – Consolidated

**Note 1 Group accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with additional Danish disclosure requirements required by the Danish Financial Statements Act. Consolidated Financial Statements are prepared in accordance with the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value in the income statement.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed on page 48-49.

**Statement of compliance**

The Consolidated Financial Statements of NNE Pharmaplan A/S and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

**Effects of new accounting pronouncements**

In 2008 the following new or revised standards and interpretations are relevant to NNE Pharmaplan effective for the accounting period beginning on 1 January 2008.

- IFRIC 14, interpretation to "IAS 19" – The limit on a defined benefit asset, minimum funding requirement and their interaction (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum finding requirement. The interpretation has not had any impact on the Group's accounts.

The following interpretation to published standards is mandatory for accounting periods beginning on or after 1 January 2008 but is not relevant to the Group's operations:

- IFRIC 12, "Service concession arrangements"

**Standards not adopted by the Group**

The following standards and interpretations relevant to NNE Pharmaplan Group have been issued and endorsed by EU as per 31 December 2008 and are mandatory for the Group's accounting periods beginning on or after 1 January 2009. These have not yet been adopted by NNE Pharmaplan:

IAS 1 (Revised) "Presentation of Financial Statements" (effective from 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes of comprehensive income. Revised IAS 1, which becomes mandatory for the Group's 2009 consolidated financial statements, is expected to have significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 consolidated financial statements.

IFRS 2 (Amendment) "Share-based payment – Vesting Conditions and Cancellations" clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. It is not expected to have a material impact on the group's consolidated financial statements.

**Standards not endorsed by EU**

The following standards and interpretations relevant to the NNE Pharmaplan Group have been issued but not endorsed by the EU as per 31 December 2008. Thus they have not yet been adopted by NNE Pharmaplan.

IAS 27 (Amendment) "Consolidated and Separate Financial Statements" (effective from 1 July 2009) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27 which becomes mandatory for the Group's 2010 consolidated financial statements, are not expected to have significant impact on the consolidated financial statements.

IAS 36 (Amendment) "Intangible assets" (effective from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. It is not expected to have a material impact on the group's consolidated financial statements.

IAS 19 (Amendment) "Employee benefits" (effective from 1 January 2009) The amendment clarifies that a plan amendment that results in a change in the extent to which benefits promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to

negative past cost if it results in a reduction in the present value of the defined benefit obligation. Furthermore the definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. The distinction between short-term and long-term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered. The Group will apply the IAS 19 amendment from 1 January 2009.

IFRS 3 (Revised) "Business combinations" (effective from 1 July 2009). The revised standard is not endorsed by the EU. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt or equity subsequently re-measured through the income statement. All acquisition-related costs should be expensed.

IFRS 5 (Amendment), "Non-current assets held-for-sale and discontinued operations" (and consequential amendment to IFRS 1, "First-time adoption" (effective from 1 July 2009). The amendment to the standard is not endorsed by the EU. The amendment clarities that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control.

IAS 38 (Amendment), "Intangible assets" (effective from 1 January 2009). The amendment to the standard is not endorsed by the EU. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. It is not expected to have a material impact on the Group's financial statement.

There are a number of minor amendments to IFRS 7 "Financial instruments: Disclosures, IAS 1 (Amendment), "Presentation of financial statements", IAS 8, "Accounting policies, changes in accounting estimates and errors", IAS 10, "Events after the reporting period", IAS 18, "Revenue". These amendments to the standards are not endorsed by the EU. These amendments are unlikely to have an impact on the Group's accounts and have therefore not been analysed in detail.

FRIC 15, "Agreements for construction of real estates" IFRIC 15 provides quidance on revenue recognition related to real estate constuction contacts. It is not expected to have material impact on the group's consolidated financial statements.

**Interpretations and amendments to existing standards that are not yet effective and not relevant for the Group's operations**
The following interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 but are not relevant for the Group's operations:

- IFRS 1 (Amendment) "First time adoption of IFRS"
- IAS 27 "Consolidated and separate financial statements"
- IAS 8, "Operating Segments"
- IAS 23 (Amendment), "Borrowing costs"
- IAS 16 (Amendment), "Property, plant and equipment" (and consequential amendment to IAS 7, "Statement of cash flows")
- IAS 27 (Amendment), "Consolidated and separate financial statements"
- IAS 28 (Amendment), "Investment in associates", (and consequential amendments to IAS32, "Financial Instruments: Presentation", and IFRS 7, "Financial instruments: Disclosures")
- IAS 29 (Amendment) "Financial reporting in hyperinflationary economies"
- IAS 31 (Amendment), "Interest in joint ventures" (and consequential amendments to IAS 32 and IFRS 7)
- IAS 32 (Amendment), "Financial instruments: Presentation"
- IAS 1 (Amendment), "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation"
- IAS 37, "Provisions, Contingent liabilities and contingent asset"
- IAS 38 (Amendment), "Intangible assets"
- IAS 40 (Amendment), "Investment property" (and consequential amendments to IAS 16)
- IAS 41 (Amendment), "Agricultere"
- IAS 20 (Amendment), "Accounting for government grants and disclosure of government assistance"
- IFRIC 13, "Customer loyalty programmes",
- IFRIC 16, "Hedges of a net investment in a foreign operation"

**Principles of consolidation**
The Consolidated Financial Statements include the Financial Statements of NNE Pharmaplan A/S (the Parent Company) and all the companies in which NNE Pharmaplan A/S directly or indirectly owns more than 50% of the voting rights or in some other way has a controlling influence (subsidiaries). NNE Pharmaplan A/S and the subsidiaries are referred to as the Group.

Companies that are not subsidiaries, but in which the Group holds 20% to 50% of the voting rights or in some other way has a significant influence on the operation and financial management, are treated as associated companies.

The Consolidated Financial Statements are based on the Financial Statements of the Parent Company and of the subsidiaries. It is prepared by combining items of a uniform nature and eliminating intercompany transactions, shareholdings, balances and unrealised intercompany profits and losses. The Consolidated Financial Statements are based on Financial Statements prepared by applying the Group's accounting policies.

The purchase method of accounting is used to account for the acquisition of businesses by the Group. The cost of an acquisition is measured as the fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.
Newly acquired and divested companies are included in the income statement during the period of NNE Pharmaplan's ownership. Comparative figures are not adjusted for disposed or newly acquired companies.

**Changes in the scope of consolidation**
At 1 January 2008 the joint venture in the Czech Republic was bought from the former joint venture partner and from this date became a fully owned subsidiary in the NNE Pharmaplan Group. The company was included in the consolidation from 1 January 2008.

## Significant accounting policies

The Management of NNE Pharmaplan considers the following to be the most critical accounting policies for the Group.

**Turnover**
The Group recognises turnover when the amount of the turnover can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met as described below.

The Group's services are carried out exclusively against customer contracts. The Group has two different kinds of contracts with customers, current account contracts and fixed-price contracts.

Turnover from current account contracts, typically from delivery of engineering services, is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Turnover from fixed-price contracts for delivery of engineering services is recognised under the percentage-of-completion (POC) method. Under the POC method, turnover is generally recognised based on the services performed to date as a percentage of the total services to be performed as also described under work in progress.

If circumstances arise that may change the original estimates of turnover, costs or extent of progress towards completion, estimates are revised. These revisions may result in increases or decreases in estimated turnover or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by Management.

**Work in progress**
Work in progress reflects services carried out against customer contracts that have not yet been finally invoiced. Contracts are recognised at sales value of the completed portion of the contract at the balance sheet date (percentage-of-completion method).

The percentage-of-completion of fixed-price contracts is calculated as the proportion of costs paid to date of the expected total costs of completing the contracts. The calculation of the percentage of completion is supplemented and verified using an individual assessment of the technical progress of each contract.

Any potential loss on contracts is calculated as the total loss on the contract irrespective of the portion actually completed, and the loss is expensed when it is probable and included in work in progress.

Calculations of losses are based on direct production costs, primarily salary and pensions, and indirect production overheads. Indirect production overheads comprise indirect supplies and labour as well as depreciations. The indirect production overheads are measured based on a standard cost method which is reviewed regularly in order to ensure relevant measures.

Amounts invoiced on account for the completed portion of work are deducted from the value of this work, whereas amounts invoiced on account exceeding the completed portion of a contract are recognised as prepayments under current liabilities.

Costs incurred in connection with sales work and contract acquisition are recognised as part of the contract costs.

**Provisions**
Provisions cover warranty obligations for projects in progress and completed projects, non-current employee benefits and provisions regarding business combinations.

Provisions are recognised when a legal or constructive obligation has been incurred as a result of past events and when it is probable that it will lead to an outflow of resources that can be reliably estimated. In that case NNE Pharmaplan makes the estimate based upon an evaluation of the individual most likely outcome of the cases. If a reliable estimate cannot be made, the provisions are disclosed as contingent liabilities.

## Other accounting policies

**Translation of foreign currencies**

Functional and Presentation Currency
Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The Consolidated Financial Statements are presented in Danish kroner (DKK), which is the functional and presentation currency of the Parent Company.

### Translation of Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### Translation of Group Companies

Financial Statements of foreign subsidiaries are translated into Danish kroner (presentation currency) at exchange rates ruling at the balance sheet date for assets and liabilities and at average exchange rates for income statement items.

All exchange rate adjustments are recognised in the income statement with the exception of exchange gains and losses arising from:

- The translation of foreign subsidiaries' net assets at the beginning of the year translated at the exchange rate at the balance sheet date.
- The translation of foreign subsidiaries' income statements using average exchange rates, whereby balance sheet are translated using the exchange rates ruling at the balance sheet date.
- The translation of investments in associated companies.

The above exchange gains and losses are recognised in "Other income" under equity.

**Leases**

Leases of assets whereby the Group assumes practically all the risks and rewards of ownership are capitalised as finance leases under property, plant and equipment and depreciated over the estimated useful lives of the assets, according to the periods listed below in the paragraph regarding tangible assets. The corresponding finance lease liabilities are included in liabilities.

Operating lease costs are charged to the income statement on a straight-line basis over the period of the lease.

**Business combinations**

The purchase method is used for the acquisition of new subsidiaries. The acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or derive from a contractual right, and the fair value can be reliably stated. Deferred tax on revaluations is recognised.
The date of the acquisition is the date when the Group effectively obtains control over the acquired subsidiary.

Any remaining positive balance (goodwill) resulting from the difference between the cost of the entities and the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill under intangible assets. Goodwill is not amortised but impairment-tested annually. Upon acquisition, goodwill is allocated to the cash-generating units which subsequently form the basis for the impairment test.

If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a fair value at the acquisition date that is different from the first assumed value, goodwill is adjusted until 12 months after the acquisition. Subsequently goodwill is adjusted only as a result of changes in estimates of contingent purchase considerations, unless material errors have occurred. However, subsequent realisations of the acquired entity's deferred tax assets not recognised at the acquisition date will entail the recognition of the tax benefit in the income statement and at the same time impairment of the carrying amount of goodwill to the amount which would have been recognised if the deferred tax asset had been recognised as an identifiable asset at the date of acquisition. Please refer to note 24 regarding further details and the financial effect.

**Cost of sales**

The cost of sales comprises all costs, including office rent, depreciations, wages and salaries and pension contributions as well as other costs related to sales.

**Distribution costs**

Distribution costs comprise salaries and pension contributions for sales staff, marketing costs, office rent, car expenses and depreciations.

**Administration expenses**

Administration expenses comprise salaries and pension contributions for administrative staff, management, office rent, office expenses and depreciation.

**Financial items**

Financial items comprise interest income, interest expenses and foreign currency translation adjustments and realised capital gains or losses on shares.

Dividend income is recognised when the right to receive payment is established.

**Tax**

In the income statement, the income taxes include current tax for the year and the change in the provision for deferred tax. The company participates in the joint taxation scheme of the Parent Company Novo Nordisk A/S and other Danish affiliated companies. The tax effect of joint taxation with the Parent Company and other Danish affiliated companies is distributed on the companies accord-

ing to their taxable income (the full costing method). The Danish jointly taxed companies are included in a Danish tax prepayment scheme.

Deferred tax is determined using the liability method and includes all temporary differences between accounting and tax values of the balance sheets of the individual consolidated companies and realisable tax-loss carry-forwards. The tax value of the tax-loss carry-forwards will be included in deferred tax assets to the extent that the tax losses and other tax assets are expected to be utilised in the future taxable income. The deferred tax is measured according to the tax rate expected to be in force on the elimination of the temporary differences.

Tax payable/receivable includes payable tax calculated on the basis of the expected taxable income of the year adjusted for any tax liability from previous years.

**Intangible assets**

Goodwill

Goodwill represents any cost in excess of identifiable net asset, measured at fair value, in acquired companies. Goodwill recognised under intangible assets is related to subsidiaries.

Goodwill is measured at historical cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is not amortised but is allocated to cash-generating units for the purpose of impairment testing.

Other intangibles

Patents, licenses, trademark, contracts and customer lists are measured at historical cost less accumulated amortisation and any impairment loss.

Amortisation is provided under the straight-line method over the estimated useful life of the assets:

| | |
|---|---|
| Patents | 10 years |
| Licenses | 7 years |
| Trademark | 10 years |
| Contract | 3 years |
| Customer list | 3-10 years |

ERP system

The Company's finance and project system (ERP System) includes external and internal costs directly and indirectly allocated to the ERP System. Computer software licenses are included in the costs.

The ERP System is measured at historical cost less accumulated amortisation and any impairment loss. Subsequent costs are included in the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and when the cost of the item can be measured reliably.

Amortisation is provided under the straight-line method over the estimated useful life of the asset set at a period of five years.

**Property, plant and equipment**

Property, plant and equipment are measured at historical cost less accumulated depreciation and any impairment loss. Subsequent costs are included in the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and when the cost of the item can be measured reliably.

Depreciation is carried out by the straight-line method over the expected useful lives of the assets:

| | |
|---|---|
| Leasehold improvements | 10 years |
| IT equipment | 3-5 years |
| Plant, machinery and other equipment | 5-10 years |

Assets with limited expected useful lives are expensed in the income statement in the year of acquisition.

The assets' residual values and useful lives of asset are reviewed, and adjusted if appropriate, at each balance sheet date.

**Impairment of assets**

The carrying amount of intangible and tangible assets is reviewed annually for indication of value decrease beyond the level of normal depreciation. If the asset or group of assets has depreciated in value, write-down is made to a lower recoverable value. The recoverable value is recognised, as the highest value of net sale price and value in use. If the recoverable value cannot be recognised the need for write-down is based on the smallest group of asset for which the recoverable value can be maintained.

Goodwill is tested for impairment at least annually or more frequently if there are indications that the value might be impaired. The test is done based on an evaluation of the cash-generating unit to which goodwill is related. The evaluation is based on a valuation of the discounted future expected cash flows of the cash-generating unit.

For goodwill and other assets, where it is not possible to assess the present value as the assets themselves do not generate future cash flows, the impairment test is done on the basis of the cash-generating unit to which the assets belong.

Impairments are recognised in the income statement in the cost area where asset is present.

**Joint ventures**
A joint venture is managed together with one or more partners, each without a controlling influence. To the extent that the concluded joint venture contracts satisfy the criteria of being a jointly controlled company these joint ventures are consolidated in accordance with the pro rata method. This implies that NNE Pharmaplan's proportion of each item in the income statements and balance sheets of the joint ventures is added to the same items in the Consolidated Financial Statements. Intercompany net sales, balances and unrealised profits are eliminated in the Consolidated Financial Statements according to the ownership interest.

In the joint ventures, the partners are jointly and severally liable for the joint ventures' performance guarantees. The obligations are disclosed in the notes under "Contingent liabilities".

**Financial assets**
The Group classifies its investments in the following categories: Receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and reevaluates this designation at every balance sheet date.

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active marked.

Available-for-Sale financial assets
Available-for-sale financial assets are non-derivative financial assets. They are included in non-current financial assets unless Management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and measurement
Purchases and sales of investments are recognised on settlement date. Investments are initially recognised at fair value plus transaction costs.

Trade receivables and other receivables are stated at amortised cost less allowance for doubtful trade receivables. The allowances are based on an individual assessment of each receivable, which also includes an assessment of payment risk associated with individual countries.

Available-for-sale financial assets are subsequently measured at fair value. The fair values of quoted investments are based on current bid prices.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in the equity. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from available-for-sale financial assets in financial income/expense.

**Dividend**
Dividend is recognised as a liability in the period in which it is declared at the Annual General Meeting.

**Employee benefits**
Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees concerned.

Pensions
The Group operates a number of defined benefit and defined contribution plans in certain countries. The costs for the year for defined benefit plans are determined using the projected unit credit method. This reflects services rendered by employees to the dates of valuation and is based on actuarial assumptions primarily regarding discount rates used in determining the present value of benefits, projected rates of remuneration growth, and long-term expected rates of return for plan assets. Discount rates are based on the marked yields of high-rated corporate bonds in the country concerned.

Differences between assumptions and actual events and effects of changes in actuarial assumptions are allocated through income statement over the estimated average remaining working lives of employees, where these differences exceed a defined corridor. Past service costs are allocated over the average period until the benefits become vested.

Pension assets and liabilities in different defined benefit schemes are not offset unless the Group has a legally enforceable right to use the surplus in one plan to settle obligations in the other plan. Pension assets are only recognised to the extent that the Group is able to derive future economic benefits in the form of refunds from the plan or reduction of future contributions.
The Group's contributions to defined contribution plans are charged to the income statement in the year to which they relate.

Share-based Payment/incentives
On 1 January 2007 NNE Pharmaplan introduced its own incentive programme. The incentive programme converts the granted share appreciation rights into a fixed number of Novo Nordisk shares. The incentive programme is treated as a cash-settled share-based scheme. The fair value of the employee services received in exchange for the grant of share appreciation rights is recognised as an expense and amortised over the vesting period.

The total amount to be expensed over the vesting period is determined by reference to the fair market value based on an option pricing model (Black-Scholes) of the share appreciation rights, excluding the impact of any non-market vesting conditions.

The liability of the share appreciations rights is measured, initially and at each reporting date until settled, at the fair value of the share appreciations rights, by applying an option pricing model (Black-Scholes), taking into account the terms and conditions on which the share appreciation rights were granted and the extent to which the employees have rendered service to date. Any change in the market value of the share appreciation rights from the grant date to the end of each financial year is recognised as financial income/expense in the income statement.

Non-market vesting conditions are included in assumptions about the share appreciations rights. At each balance sheet date the Group revises its estimates of share appreciation rights that are expected to be delivered. The Group recognises the impact of the revision of the original estimates, if any, in the income statement and a corresponding adjustment to the liability over the remaining vesting period. Adjustments relating to prior years are included in the income statement in the year of adjustment.

In previous years the NNE Pharmaplan Group has taken part in a share-based payment plan in the Novo Nordisk Group. The plan entailed that Novo Nordisk A/S granted shares or options to executive Management, Management and employees of NNE Pharmaplan.

The costs related to the previous programme are recognised in the same way as in previous years. The plan is treated as an equity-based scheme. This implies that the value of the scheme calculated at the grant date is charged as a cost over the vesting period of the scheme. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or shares granted, excluding the impact of any non-market vesting conditions. The fair value is fixed at grant date. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. The company recognises the impact of the revision of the original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. Adjustments relating to prior years are included in the income statement in the year of adjustment "truing up".

When employees exercise their option to purchase shares, NNE Pharmaplan pays the Parent Company (Novo Nordisk A/S) the difference between the exercise and the market price. This payment is deducted in the equity.

**Non-current and current financial liabilities**
Non-current and current financial liabilities are measured at their amortised cost.

**Cash flow statement**
The consolidated statement of cash flows and financial reserves is presented in accordance with the indirect method commencing with operating profit. The statement shows cash flows for the year, the net change in cash and cash equivalents for the year, and cash and cash equivalents at the beginning and the end of the year.

Cash and cash equivalents consist of cash at bank and in hand and cash pool, with original maturity of less than three months, less current bank loans.

## Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Estimates and assumptions**
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next year are described below.

**Revenue recognition – percentage of completion of contracts**
Revenue on long-term fixed price contracts is recognised in accordance with the percentage of completion of each contract. The percentage of completion of fixed-price contracts is calculated as the proportion of costs paid to date compared to the expected revaluated total costs of completing the contracts. The calculation of the percentage of completion is supplemented and verified using an individual assessment of the technical progress of each contract. Please refer to note 12 regarding further details and the financial effect.

**Warranties**
As part of normal business NNE Pharmaplan issues 1-5 years' warranties on certain services and thus has an obligation to rectify or replace services that are not satisfactory based on the wording of the contract. Depending on the mix of services provided the warranty provision may fluctuate from year to year.
Provisions are made for guarantees based on Management's best evaluation of the percentage of the notional value of the project including historical experience. This percentage may differ according to specific projects, provided the project management can show that the risk element is estimated to be increased due to extraor-

dinary circumstances. The carrying amount of guarantees at 31 December 2008 is DKK 3.6 million (2007: DKK 7.7 million) Please refer to note 20 regarding further details and the financial effect.

**Impairment of goodwill**
The impairment of goodwill requires an estimation of the value in use of the cash-generation units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit. This estimate is based on budgets and business plans for each cash generating unit. Key parameters are sales growth, operating margin, future capital expenditure and growth expectations beyond the budget period. Management also chooses a suitable after-tax discount rate in order to calculate the present value of this cash flow. The carrying amount of goodwill at 31 December 2008 was DKK 64.8 million (2007: DKK 62.2 million). More details are given in note 9.

**Impairment of trademark and contracts, etc.**
The value of the trademark and contracts acquired and the expected useful life are assessed based on long-term development of the trademark and contracts in the relevant markets and the trademark and contracts profitability of the trademark and contracts.

Measurement is based on expected future cash flows for trademark and contracts on the basis of assumption about expected useful life and royalty rate and sales/licence income and expected useful life and calculated tax effect. The after-tax discount rate reflecting the risk-free interest rate with addition of estimated future risks associated with trademark and contracts is used.

When there is an indication of a reduction in the value or useful life, an impairment test is conducted and the trademark and contracts are written down or the amortisation is increased in line with the shorter useful lives of the trademark and contracts.

The carrying amount of trademark at 31 December 2008 was DKK 10.5 million (2007: DKK 11.8 million). The useful life of trademark is estimated to be 10 years. Please refer to note 8 for more details. The carrying amount of the contracts at 31 December 2008 was DKK 12.3 million (2007: DKK 19.8 million). Please refer to note 8 for more details.

**Allowances for doubtful trade recivables**
Trade receivables are stated at amortised cost less allowances for potential losses on doubtful trade receivables.

NNE Pharmaplan maintains allowances for doubtful trade receivables for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses trade receivables and analyses historical bad debt customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when evaluating the adequacy of the allowance for doubtful trade receivables.

The uncertainty connected with the allowance for doubtful trade receivables is considered limited. The carrying amount of allowances for doubtful trade receivables is DKK 10.5 million at 31 December 2008 (2007: DKK 4.1 million). Please refer to note 14 for further information.

**Deferred taxes**
Management's judgements are required in determining the Group's recognition of deferred tax assets and liabilities. NNE Pharmaplan recognises deferred tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised.

The carrying amount of deferred tax assets and deferred tax liabilities is DKK 24.9 million (2007: 17.6 million) and DKK 9.3 million (2007: 12.6 million) respectively at 31 December 2008. The deferred tax assets of a tax loss of DKK 90.4 million (2007: 21.1 million) have not been recognised in the balance sheet as there is no convincing evidence that the Group will be able to use these tax losses due to local restrictions in connection with mergers and restructurings. More details are given in note 18.

**Financial ratios**
Financial ratios have been calculated using the "Recommendations & Financial Ratios" of the Danish society of financial analysts.

| | |
|---|---|
| Operating profit margin | Operating profit x 100 / Sales |
| Profit margin before tax | Profit before tax x 100 / Sales |
| Return on equity | Net profit x 100 / Average equity |
| Solvency ratio | Equity at year end x 100 / Total assets |
| Payout ratio | Total dividend x 100 / Net profit |
| Dividend per share | Dividend / Number of shares |

**Financial definitions**
Internal consultants are consultants hired on a temporary contract for a period of up to 3 months.

# Notes – Consolidated

(DKK 1,000)

| | 2008 | 2007 |
|---|---|---|
| **Note 2 Turnover** | | |
| Sales value of completed contracts during the year | 1,546,591 | 1,069,870 |
| Sales value of other service sales | 216,520 | 112,697 |
| Sales value of work in progress, end of year | 375,547 | 471,050 |
| Sales value of work in progress, beginning of year | (471,050) | (209,776) |
| **Total** | **1,667,608** | **1,443,841** |

Turnover consists of 33% (33% in 2007) to companies in the Novo Nordisk Group, 5% (5% in 2007) to the Novozymes Group and 62% (62% in 2007) to other customers.
The distribution is 63% (55% in 2007) in Denmark and 37% (45% in 2007) abroad.

The Group supplies projects, engineering and consulting services to the pharma and biotech industries.

| | | |
|---|---|---|
| **Note 3 Employee costs** | | |
| Wages and salaries | 758,202 | 670,803 |
| Pensions defined contribution plans | 64,347 | 56,740 |
| Pensions defined benefit plans (note 21) | 4,775 | 4,218 |
| Share-based payment cost (note 26) | 18,687 | 3,171 |
| Other contributions to social security | 31,688 | 35,484 |
| Other employee costs | 38,577 | 35,242 |
| **Total** | **916,276** | **805,658** |
| Included in the income statement under the following headings: | | |
| Cost of sales | 804,401 | 711,139 |
| Distribution costs | 20,964 | 18,352 |
| Administrative expenses | 90,911 | 76,167 |
| **Total** | **916,276** | **805,658** |

# Notes – Consolidated

(DKK 1,000)

| | 2008 | 2007 |
|---|---|---|
| **Note 3 Employee costs (continued)** | | |
| Average number of full-time employees | 1,504 | 1,443 |
| At the end of the year the group had 1,524 full time employees compared to 1,463 at year end 2007. | | |
| Management's remuneration and share-based payments: | | |
| Fees to Board of Directors | 387 | 384 |
| Salary, cash bonus etc to Executive Management | 4,232 | 2,354 |
| Pension contribution to Executive Management | 759 | 485 |
| Share-based payment to Executive Management (note 26) | 361 | 162 |
| Salary, cash bonus etc to Management | 1,854 | 4,050 |
| Pension contribution to Management | 168 | 382 |
| Share-based payment to Management | 30 | 324 |
| **Total** | **7,791** | **8,141** |

The fee to the Board of Directors is a fixed amount applying only to members outside the Novo Nordisk Group.

The significant change in salaries etc. to Executive Management from 2007 to 2008 is due to the fact that Executive Management has been expanded by one person. At the same time Mangement has been decreased from three persons to two persons.

If members of Executive Management are terminated by the company they are entitled to a severance payment of 12-24 months' salary plus pension contribution.

| | | |
|---|---|---|
| **Note 4 Depreciation, amortisation and impairment losses** | | |
| Depreciation and amortisation are derived from: | | |
| Intangible assets | 17,261 | 16,566 |
| Property, plant and equipment | 11,416 | 10,583 |
| **Total** | **28,677** | **27,149** |
| Included in the income statement under the following headings: | | |
| Cost of sales | 23,962 | 23,455 |
| Distribution costs | 404 | 157 |
| Administrative expenses | 4,311 | 3,537 |
| **Total** | **28,677** | **27,149** |

# Notes – Consolidated

(DKK 1,000)

| | 2008 | 2007 |
|---|---|---|
| **Note 5 Financial income** | | |
| Interest income on loan to related parties (note 25) | 424 | 569 |
| Dividend from shares from related parties (note 25) | 387 | 357 |
| Interest income on short-term bank deposits | 1,205 | 1,715 |
| Unrealised/realised foreign exhange gains | 2,629 | 3,312 |
| Capital gains on available-for-sale financial assets | 17,499 | 14,564 |
| Other financial income | 404 | 1,235 |
| **Total** | **22,548** | **21,752** |

Dividend from Novo Nordisk A/S shares respectively amounts to DKK 387k (357k in 2007).

| | | |
|---|---|---|
| **Note 6 Financial expenses** | | |
| Interest expenses on loan to related parties (note 25) | 5,050 | 3,812 |
| Interest expenses bank borrowings | 2,114 | 962 |
| Other interest expenses | 146 | 331 |
| Discounted amount on provision on stay-on and relocation | 945 | 679 |
| Unrealised/realised foreign exhange loss | 5,754 | 5,934 |
| Other financial expenses | 1,231 | 2,732 |
| **Total** | **15,240** | **14,450** |

| | | |
|---|---|---|
| **Note 7 Income taxes** | | |
| Current tax on profit for the year | 22,072 | 9,754 |
| Deferred tax on profit for the year | (10,621) | (17,056) |
| **Tax on profit for the year** | **11,451** | **(7,302)** |
| Adjustment related to previous years – deferred tax | 479 | (1,342) |
| Adjustment related to previous years | 598 | (2,274) |
| **Tax for the year, total** | **12,528** | **(10,918)** |

The tax effect of joint taxation with the Parent Company Novo Nordisk A/S and affiliated companies is distributed on the companies according to their taxable income (the full costing method). The Danish jointly taxed companies are included in a Danish tax prepayment scheme.

| | 2008 | 2007 |
|---|---|---|
| **Note 7 Income taxes (continued)** | | |
| Computation of effective tax rate: | | |
| Statutory corporate income tax rate in Denmark | 25.0% | 25.0% |
| Adjustment to previous year | (5.5%) | 27.5% |
| Non-tax income less non-tax deductible expenses | 3.1% | 87.7% |
| Tax loss carry-forward, not booked | (88.6%) | (48.3%) |
| Changes in tax rate from 2007 to 2008 | (0.5%) | (11.8%) |
| Deviation in foreign subsidiaries' tax rates compared to Danish tax rate | 2.4% | 5.6% |
| **Effective tax rate** | **(64.1%)** | **85.7%** |

The change in the effective tax rate from 85.7% in 2007 to -64.1 % in 2008 is mainly due to tax loss carry-forward that has not been recognised as deferred tax asset. The main reason that these tax losses have not been booked as deferred tax asset is that there is no convincing evidence that the Group will be able to use these tax losses due to local restrictions in connection with mergers and restructurings.

# Notes – Consolidated
(DKK 1,000)

**Note 8 Intangible assets**

| 2008 | Goodwill | Patents/ certificates | Contracts | Customer lists | Trademark | Software ERP system | Total |
|---|---|---|---|---|---|---|---|
| Cost at 1 January | 62,169 | 3,003 | 25,325 | 7,718 | 13,164 | 39,102 | 150,481 |
| Additions on acquisitions of companies | 2,235 | - | - | - | - | 143 | 2,378 |
| Additions related to last year's acquisition | 2,772 | - | - | - | - | - | 2,772 |
| Additions during the year | - | - | - | - | - | 5,410 | 5,410 |
| Reversals during the year | (2,352) | (216) | - | - | - | 33 | (2,535) |
| Exchange rate adjustments | - | 17 | (20) | 63 | - | 3 | 63 |
| **Cost at 31 December** | **64,824** | **2,804** | **25,305** | **7,781** | **13,164** | **44,691** | **158,569** |
| Depreciation and impairment losses at 1 January | - | 787 | 5,557 | 3,630 | 1,317 | 30,009 | 41,300 |
| Depreciation for the year | - | 297 | 7,408 | 1,271 | 1,317 | 6,968 | 17,261 |
| Disposals during the year | - | - | - | - | - | - | - |
| Exchange rate adjustments | - | (3) | (8) | (2) | - | 23 | 10 |
| **Depreciation and impairment losses at 31 December** | **-** | **1,081** | **12,957** | **4,899** | **2,634** | **37,000** | **58,571** |
| **Carrying amount at 31 December** | **64,824** | **1,723** | **12,348** | **2,882** | **10,530** | **7,691** | **99,998** |

| 2007 | Goodwill | Patents/ certificates | Contracts | Customer lists | Trademark | ERP system | Total |
|---|---|---|---|---|---|---|---|
| Cost at 1 January | 11,005 | 3,920 | - | 3,525 | - | 35,441 | 53,891 |
| Additions on acquisitions of companies | 51,961 | 248 | 25,325 | 4,662 | 13,164 | 683 | 96,043 |
| Additions during the year | - | - | - | - | - | 3,310 | 3,310 |
| Disposals during the year | - | - | - | - | - | (325) | (325) |
| Exchange rate adjustments | (797) | (1,165) | - | (469) | - | (7) | (2,438) |
| **Cost at 31 December** | **62,169** | **3,003** | **25,325** | **7,718** | **13,164** | **39,102** | **150,481** |
| Depreciation and impairment losses at 1 January | - | 1,296 | - | 1,521 | - | 23,036 | 25,853 |
| Depreciation for the year | - | 274 | 5,557 | 2,367 | 1,317 | 7,051 | 16,566 |
| Disposals during the year | - | - | - | - | - | (49) | (49) |
| Exchange rate adjustments | - | (783) | - | (258) | - | (29) | (1,070) |
| **Depreciation and impairment losses at 31 December** | **-** | **787** | **5,557** | **3,630** | **1,317** | **30,009** | **41,300** |
| **Carrying amount at 31 December** | **62,169** | **2,216** | **19,768** | **4,088** | **11,847** | **9,093** | **109,181** |

**Note 9 Impairment testing of goodwill**

Goodwill acquired through business combinations has been allocated to two individual cash-generating units for impairment testing:

NNE Pharmaplan AB (Sweden)

Former Pharmaplan Group – consisting of NNE Pharmaplan GmbH, NNE Pharmaplan AG, NNE Pharmaplan India Ltd., NNE Pharmaplan OOO, NNE Pharmaplan North America Inc., NNE Pharmaplan Flaval Inc., NNE Pharmaplan Inc.

In previous years the goodwill related to the purchase of CCT in the US was allocated separately to a part of NNE Pharmaplan Inc. In 2008 it is no longer possible to separate the cash flows in NNE Pharmaplan Inc. related to the former Pharmaplan US and the former CCT US and thus the Pharmaplan and CCT goodwill are allocated to the cash generating unit former Pharmaplan Group.

In the beginning of 2008 NNE Pharmaplan GmbH (part of the Pharmaplan Group) bought the last 50% of the joint venture in The Czech Republic.

Carrying amount of goodwill allocated to each of the cash-generating units:

| | Pharmaplan Group | | NNE Pharmaplan AB | | Total | |
|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| **Carrying amount of goodwill** | **61,427** | **56,751** | **3,397** | **5,418** | **64,824** | **62,169** |

**Pharmaplan Group**

The recoverable amount of the former Pharmaplan Group unit is determined by a value-in-use calculation using cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period. The pre-tax discount rate applied to the cash flow is 9.4%. The operating profit margin is 2-8%. The growth rate used to extrapolate the cash flows of the Pharmaplan Group beyond the five-year period is 0%.

**NNE Pharmaplan AB (Sweden)**

The recoverable amount of the NNE Pharmaplan AB unit is also determined by a value-in-use calculation using cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 9.4%.
The operating profit margin is 5-11%. The growth rate used to extrapolate the cash flows of NNE Pharmaplan AB beyond the five-year period is 2%.

**Note 10 Property, plant and equipment**

| 2008 | Land and buildings | Leasehold improvements | Other equipment | Total |
|---|---|---|---|---|
| Cost at 1 January | 11,374 | 10,896 | 44,420 | 66,690 |
| Additions on acquisitions of companies | - | - | 318 | 318 |
| Additions during the year | 90 | - | 8,956 | 9,046 |
| Disposals during the year | (143) | - | (3,419) | (3,562) |
| Exchange rate adjustments | (76) | (1) | (9) | (86) |
| **Cost at 31 December** | **11,245** | **10,895** | **50,266** | **72,406** |
| Depreciation and impairment losses at 1 January | 1,487 | 1,718 | 23,705 | 26,910 |
| Depreciation for the year | 832 | 1,142 | 9,442 | 11,416 |
| Disposals during the year | (50) | - | (1,902) | (1,952) |
| Exchange rate adjustments | (44) | 1 | 24 | (19) |
| **Depreciation and impairment losses at 31 December** | **2,225** | **2,861** | **31,269** | **36,355** |
| **Carrying amount at 31 December** | **9,020** | **8,034** | **18,997** | **36,051** |
| **Financially leased assets amount to** | **1,514** | **-** | **-** | **1,514** |

The group leases buildings, office equipment and IT-equipment under non-cancellable finance lease agreements. The lease terms are between 1-3 years.

| 2007 | Land and buildings | Leasehold improvements | Other equipment | Total |
|---|---|---|---|---|
| Cost at 1 January | 3,899 | 10,957 | 40,488 | 55,344 |
| Additions on acquisitions of companies | 7,438 | - | 4,383 | 11,821 |
| Additions during the year | 55 | 4 | 7,417 | 7,476 |
| Disposals during the year | - | - | (7,090) | (7,090) |
| Exchange rate adjustments | (18) | (65) | (778) | (861) |
| **Cost at 31 December** | **11,374** | **10,896** | **44,420** | **66,690** |
| Depreciation and impairment losses at 1 January | 804 | 576 | 20,875 | 22,255 |
| Depreciation for the year | 631 | 1,155 | 8,797 | 10,583 |
| Disposals during the year | 55 | - | (5,774) | (5,719) |
| Exchange rate adjustments | (3) | (13) | (193) | (209) |
| **Depreciation and impairment losses at 31 December** | **1,487** | **1,718** | **23,705** | **26,910** |
| **Carrying amount at 31 December** | **9,887** | **9,178** | **20,715** | **39,780** |
| **Financially leased assets amounts to** | **2,305** | **-** | **297** | **2,602** |

# Notes – Consolidated

(DKK 1,000)

| | 2008 | 2007 |
|---|---|---|
| **Note 11 Investments** | | |
| Joint ventures | | |
| Aggregated financial information of pro rata consolidated joint ventures: | | |
| Sales | 118 | 20,293 |
| Costs | 39 | 20,018 |
| Net profit | 79 | 275 |
| Non-current assets | - | - |
| Current assets | 489 | 6,670 |
| Non-current liabilities | - | - |
| Current liabilities | 225 | 4,462 |

Ownership in joint ventures:

| Name | Domicile | Share of ownership, % |
|---|---|---|
| Geanne I/S (Joint venture) | Skanderborg, Denmark | 50% |

Investments in Geanne I/S is consolidated by the pro rata method. The Joint venture Monnet I/S was closed in 2008.

From the 1 January 2008 the joint venture in The Czech Republic became a fully owned subsidiary in the NNE Pharmaplan Group.

| | | |
|---|---|---|
| **Other investments** | | |
| Value at 1 January | 16,515 | - |
| Addition due to business combinations | - | 16,530 |
| Disposals during the year | - | - |
| Exchange rate adjustments | 1 | (15) |
| **Value at 31 December** | **16,516** | **16,515** |

Other investments relate primarily to shares in Abu Dhabi Medical of DKK 16 million (2007: DKK 16 million).

# Notes – Consolidated

(DKK 1,000)

| | 2008 | 2007 |
|---|---|---|
| **Note 12 Work in progress and payments on account for work in progress** | | |
| **Current account contracts** | | |
| Work in progress | 70,535 | 68,236 |
| Prepayments on account | (5,135) | (2,533) |
| **Total** | **65,400** | **65,703** |
| **Fixed-price contracts** | | |
| Work in progress | 305,012 | 402,814 |
| Prepayments on account | (305,328) | (383,556) |
| **Total** | **(316)** | **19,258** |
| **Total** | **65,084** | **84,961** |

This is classified in the balance as shown below:

| | Current Account | Fixed Price | Total | Total |
|---|---|---|---|---|
| Current assets | 69,909 | 18,884 | 88,793 | 160,830 |
| Current liabilities | (4,509) | (19,200) | (23,709) | (75,869) |
| **Total** | **65,400** | **(316)** | **65,084** | **84,961** |

Work in progress includes an unrealised profit of DKK 22.4 million at 31 December 2008 against an unrealised profit of DKK 35.3 million at 31 December 2007.

# Notes – Consolidated

(DKK 1,000)

| | 2008 | 2007 |
|---|---|---|
| **Note 13 Available-for-sale financial assets** | | |
| Fair value at the end of the year | - | 34,170 |
| Original acquisition cost | - | 15,461 |
| Total number of shares | - | 102,000 |
| Non-current | - | - |
| Current | - | 34,170 |
| **Total** | **-** | **34,170** |

The share portfolio consisted of shares in Novo Nordisk A/S. The shares were sold in 2008.

| | | |
|---|---|---|
| **Note 14 Trade receivables** | | |
| Trade receivables (gross) | 212,597 | 274,286 |
| Allowance for doubtful trade receivables: | | |
| Balance at the beginning of the year | (4,062) | (3,061) |
| Change in allowance during the year | (6,448) | (1,016) |
| Realised losses during the year | - | - |
| Currency adjustments | (31) | 15 |
| Balance at the end of the year | (10,541) | (4,062) |
| **Total trade receivables** | **202,056** | **270,224** |

As at 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

| | | |
|---|---|---|
| Neither past due nor impaired | 121,428 | 140,665 |
| Past due but not impaired: | | |
| Between 1 and 90 days | 64,021 | 89,382 |
| Between 91 and 180 days | 12,362 | 23,200 |
| Between 181 and 270 days | 1,335 | 1,215 |
| Between 271 and 360 days | 1,825 | 14,586 |
| More than 360 days | 1,085 | 1,176 |
| **Total trade receivables** | **202,056** | **270,224** |

Historically the Group has only had minor losses on debtors.

# Notes – Consolidated
(DKK 1,000)

| | 2008 | 2007 |
|---|---|---|
| **Note 15 Other Receivables and Prepayments** | | |
| Non-current | - | - |
| Current | 73,552 | 84,818 |
| **Total** | **73,552** | **84,818** |
| Other receivables and prepayments can be specified as follows: | | |
| Prepaid rent | 7,752 | 7,098 |
| Prepaid IT costs | 4,081 | 4,774 |
| Other prepaid costs | 7,676 | 18,496 |
| Reimbursable cost in connection with business combination | 34,759 | 32,783 |
| Accrued income | 5,814 | 9,913 |
| Deposits | 2,858 | 1,770 |
| Reimbursable costs from employees | 408 | 1,520 |
| Other receivables | 10,204 | 8,464 |
| **Total other receivables and prepayments** | **73,552** | **84,818** |

| | | |
|---|---|---|
| **Note 16 Share capital** | | |
| Share capital at the end of the year: | | |
| A share capital (167 shares of DKK 1,000) | 167 | 167 |
| B share capital (333 shares of DKK 1,000) | 333 | 333 |
| **Total share capital** | **500** | **500** |

The share capital in NNE Pharmaplan A/S is divided into A shares and B shares. The A shares have 10 votes per DKK 500 of the A share capital, whereas the B shares have one vote per DKK 500 of the B share capital. There are no transferability restrictions on the B shares, while the owners of the A shares have a right of first refusal in case of any transfer of A shares.

The share capital has been unchanged for the last 5 years.

# Notes – Consolidated

(DKK 1,000)

| | 2008 | 2007 |
|---|---|---|
| **Note 17 Non-current debt and other liabilities** | | |
| Employee costs payable | 128,868 | 112,834 |
| VAT, taxes and other contributions to social security | 21,503 | 38,578 |
| Accruals | 42,204 | 24,560 |
| Financial lease commitments | 4,585 | 2,170 |
| Other payables | 2,157 | 3,307 |
| **Total** | **199,317** | **181,449** |
| Other liabilities | 196,537 | 180,150 |
| Non-current debt | 2,780 | 1,299 |
| **Total** | **199,317** | **181,449** |
| The debt is payable within the following periods as from the balance sheet date: | | |
| Within one year | 196,537 | 180,150 |
| Between one and two years | 1,827 | 820 |
| Between two and three years | 953 | 479 |
| Between three and four years | - | - |
| Between four and five years | - | - |
| After five years | - | - |
| **Total** | **199,317** | **181,449** |
| Other liabilities are denominated in the following currencies: | | |
| CNY | 5,972 | 2,167 |
| USD | 3,834 | 3,268 |
| EUR | 31,538 | 29,934 |
| SEK | 4,043 | 5,193 |
| CHF | 5,933 | 5,171 |
| INR | 8,209 | 2,408 |
| MYR | 678 | 682 |
| RUB | 336 | 1,416 |
| CZK | 138 | - |
| DKK | 135,856 | 129,911 |
| **Total** | **196,537** | **180,150** |
| Non-current debt is denominated in the following currencies: | | |
| EUR | 604 | 1,205 |
| DKK | 2,176 | - |
| RUB | - | 94 |
| **Total** | **2,780** | **1,299** |

There is only an insignificant difference between nominel amounts and amortised amount and thus only the amortised amounts have been presented.

| | 2008 | 2007 |
|---|---|---|
| **Note 18 Deferred tax assets/Deferred tax liabilities** | | |

Deferred tax is determined using the liability method and includes all temporary differences between accounting and tax values of the balance sheets of the individual consolidated companies and realisable tax-loss carry-forwards. The tax value of the tax-loss carry-forwards will be included in deferred tax assets to the extent that the tax losses are expected to be utilised in the future taxable income. The deferred tax is measured according to the tax rate expected to be in force on the elimination of the temporary differences.

| | | |
|---|---|---|
| Balance at 1 January | (4,985) | 6,886 |
| Deferred tax on profit for the year | (10,621) | (17,056) |
| Adjustments related to previous years | 479 | (1,342) |
| Addition on acquisition of companies | - | 6,585 |
| Exchange rate adjustments | (473) | (58) |
| **Balance at 31 December** | **(15,600)** | **(4,985)** |

| | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| **Specification:** | **Assets** | **Liabilities** | **Total** | **Assets** | **Liabilities** | **Total** |
| Intangible assets | - | 6,628 | 6,628 | - | 1,285 | 1,285 |
| Property, plant and equipment | (4,913) | - | (4,913) | (1,581) | - | (1,581) |
| Accrrued expenses incl. work in progress | - | (2,141) | (2,141) | - | (85) | (85) |
| Tax loss carry-forwards | (11,944) | - | (11,944) | (4,807) | - | (4,807) |
| Provisions | 205 | - | 205 | 54 | - | 54 |
| Other | - | (3,436) | (3,436) | - | 149 | 149 |
| **Balance at 31 December** | **(16,652)** | **1,051** | **(15,601)** | **(6,334)** | **1,349** | **(4,985)** |
| Offset of deferred tax assets and deferred tax liabilities related to income tax levied by the same tax authority | (8.226) | 8.226 | - | (11,293) | 11,293 | - |
| | **(24.878)** | **9.277** | **(15.601)** | **(17,627)** | **12,642** | **(4,985)** |

**Tax-loss carry-forward**
Deferred tax assets are recognised on tax loss carry-forward that represents income likely to be realised in the future. The deferred tax assets of a tax loss of DKK 90.4 million (2007: DKK 21.1 million) have not been recognised in the balance sheet as there is no convincing evidence that the Group will be able to use these tax losses due to local restrictions in connection with mergers and restructurings.

# Notes – Consolidated

(DKK 1,000)

| | 2008 | 2007 |
|---|---|---|
| **Note 19 Tax payables/tax receivables** | | |
| Balance at 1 January | 6,372 | 21,229 |
| Additon on acquisition of companies | - | (59) |
| Corporation tax paid during the year | (2,316) | (18,470) |
| Prepaid tax | 24,577 | 11,361 |
| Adjustments related to previous years | (598) | 2,274 |
| Dividend tax | 63 | 63 |
| Current tax for the year | (22,072) | (9,754) |
| Exchange rate adjustments | 665 | (272) |
| **Balance at 31 December** | **6,691** | **6,372** |
| This can be specified as follows | | |
| Current assets | 8,803 | 6,372 |
| Current liabilities | (2,112) | - |
| **Total** | **6,691** | **6,372** |

| | 2008 | 2007 |
|---|---|---|

**Note 20 Provisions**

NNE Pharmaplan gives 1-5 years' warranties on certain services and thus has an obligation to rectify or replace services that are not satisfactory.

Provisions regarding business combinations covered debt (stay-on and earn-out) to seller (the US and Sweden).

The calculation of employee benefits is based on certain benefit, economic and demografhic assumptions.

The provision regarding the dilapidation is expected to be used within the next 8 years and is based on Management's best estimate.

Other provisions consist of various types of provisions including provisions for restricted stock units/awards (DKK 3.5 million), employee restricted stock award plan 2008 (DKK 2.1 million) and severance pay etc.

As interest rate of 6% has been used.

| | Warranties | Stay-on and earn-out | Long-term employee benefits | Dilapidation | Other | Total | Total |
|---|---|---|---|---|---|---|---|
| Other provisions at 1 January | 7,699 | 6,801 | 5,585 | 10,814 | 4,323 | 35,222 | 32,051 |
| Additions during the year | 778 | - | - | - | 5,466 | 6,244 | 6,195 |
| Additon on acquisition of companies | - | - | - | - | - | - | 8,856 |
| Unused amounts reversed | (4,306) | (2,140) | (1,759) | - | (1,401) | (9,606) | (8,703) |
| Used during the year | (615) | (5,334) | (105) | - | (982) | (7,036) | (3,498) |
| Increase in discounted amount | - | 516 | - | 429 | - | 945 | 679 |
| Exchange rate adjustment | 19 | 157 | - | - | (1) | 175 | (358) |
| **Provisions at 31 December** | **3,575** | **-** | **3,721** | **11,243** | **7,405** | **25,944** | **35,222** |

| | | |
|---|---|---|
| Specification of provisions: | | |
| Current | 7,433 | 10,491 |
| Non-current | 18,511 | 24,731 |
| **Total** | **25,944** | **35,222** |

| | | |
|---|---|---|
| Current is denominated in the following currencies: | | |
| USD | - | 508 |
| SEK | 23 | 6,320 |
| EUR | 3,164 | 2,486 |
| CHF | 996 | 269 |
| INR | 252 | 289 |
| MYR | 30 | 33 |
| DKK | 2,968 | 586 |
| **Total** | **7,433** | **10,491** |

| | | |
|---|---|---|
| Non-current is denominated in the following currencies: | | |
| EUR | - | 6,223 |
| SEK | 53 | - |
| DKK | 18,458 | 18,508 |
| **Total** | **18,511** | **24,731** |

| | 2008 | 2007 |
|---|---|---|
| **Note 21 Retirement benefit obligations** | | |
| Most employees in the Group are covered by retirement plans primarily in the form of defined contribution plans or alternatively defined benefit plans either directly or by contributing to indepently administered funds. The nature of such plans varies according to the legal regulations, fiscal requirements and economic conditions of the countries in which the employees are employed, and the benefits are generally based on the employees' remuneration and years of service. | | |
| The obligation relates both to existing retirees' pensions and to pension entitlements of future retirees. | | |
| **Balance sheet obligations for:** | | |
| Defined benefit pension plans | 40,068 | 30,532 |
| **Income statement charge for:** | | |
| Pension benefit | 4,775 | 4,218 |
| **The amounts recognised in the balance sheet are determined as:** | | |
| Present value of funded obligations | 49,355 | 27,739 |
| Fair value of plan asset | (14,758) | (332) |
| Present value of unfunded obligations | 101 | 174 |
| Unrecognised actuarial gains/losses | 5,370 | 2,951 |
| **Net liability in the balance sheet** | **40,068** | **30,532** |
| Amounts recognised in the balance sheet for post-employment defined benefit plans are predominantly non-current and are reported as either non-current assets or non-current liabilities. | | |
| **Movements in the retirement obligation of the year:** | | |
| Beginning of the year | 27,913 | - |
| Addition regarding acquisition | - | 31,385 |
| Addition regarding prior year acquisition incl. adjustment of pensionsobligation beginning of year | 16,979 | - |
| Current service cost | 3,286 | 2,821 |
| Interest cost on pension obligation | 2,047 | 1,417 |
| Actuarial gains/losses | (3,373) | (2,949) |
| Past service cost | - | - |
| Benefits paid to employees | 1,921 | (246) |
| Other | 761 | (4,515) |
| Exchange rate adjustments | (78) | - |
| **End of year** | **49,456** | **27,913** |

| | 2008 | 2007 |
|---|---|---|
| **Note 21 Retirement benefit obligations (continued)** | | |
| **Movements in the fair value of plan assets of the year:** | | |
| Beginning of the year | 332 | - |
| Addition regarding acquisition | - | 248 |
| Addition regarding prior year acquisition | 11,003 | - |
| Expected return on plan assets | 544 | 20 |
| Actuarial gains/losses | (1,281) | 2 |
| Employer contributions | 1,279 | 62 |
| Benefits paid from employees | 2,209 | - |
| Other | 723 | - |
| Exchange rate adjustments | (51) | - |
| **End of year** | **14,758** | **332** |

The Group expects to contribute DKK 4.7 million to its defined benefit pension plans in 2009 (2008: DKK 3.5 million).

| | | |
|---|---|---|
| **Weighted average asset allocation of funded retirement obligations** | | |
| Goverment-owned Corporation | 100% | 100% |
| **Amounts recognised in the income statement for the year:** | | |
| Current service cost | 3,286 | 2,821 |
| Interest cost on pension obligation | 2,047 | 1,417 |
| Expected return on plan asset | (544) | (20) |
| Actuarial gains/losses recognised in the year | (14) | - |
| **Total expenses included in employee costs** | **4,775** | **4,218** |

| | 2008 | 2007 |
|---|---|---|
| **Note 21 Retirement benefit obligations (continued)** | | |
| Included in the income statement under employee costs under the following headings: | | |
| Cost of sales | 4,200 | 3,678 |
| Distribution costs | 108 | 107 |
| Administrative expenses | 467 | 433 |
| **Total** | **4,775** | **4,218** |
| **Actual return on plan assets** | **(737)** | **22** |
| The weighted average assumptions used for computation and valuation of defined benefit plans and post-employment medical benefits are as follows: | | |
| Discount rate | 5% | 8% |
| Projected return on plan assets | 4% | 8% |
| Projected future remuneration increases | 3% | 5% |
| Inflation rate | 1% | 2% |
| For all major defined benefit plans actuarial computations and valuations are performed annually. | | |
| The following shows a summary reflecting the funding of retirement obligations and the impact of historical deviations between expected and actual return on plan assets and actuarial adjustment on plan liabilities. | | |
| Retirement obligations | 49,456 | 27,913 |
| Plan assets | (14,758) | (332) |
| **Deficit/surplus** | **34,698** | **27,581** |
| Difference between expected and actual return of plan assets | (1,281) | 2 |
| Actuarial adjustments on plan liabilities | (5,370) | (3,292) |

# Notes – Consolidated

(DKK 1,000)

| | 2008 | 2007 |
|---|---|---|
| **Note 22 Commitments and contingencies** | | |
| **Operating leases** | | |
| The operating lease commitments are related to non-cancellable operating leases, covering office rent, company cars and copying machines. Expenses related to lease rentals amount to DKK 50.2 million in 2008 and DKK 41.2 million in 2007. | | |
| The duration period for NNE Pharmaplan Group's rental leases varies. However; the longest commitment is for the office building in Søborg, DK. | | |
| This leasing is non-cancellable for 8 years for NNE Pharmaplan. | | |
| Operating leases are payable within the following periods as from the balance sheet date: | | |
| Within one year | 51,352 | 41,702 |
| Between one and two years | 36,640 | 34,662 |
| Between two and three years | 32,289 | 26,122 |
| Between three and four years | 28,413 | 22,196 |
| Between four and five years | 25,797 | 20,665 |
| After five years | 72,213 | 69,629 |
| **Total** | **246,704** | **214,976** |
| **Other commitments** | | |
| The internal consultants have a notice period of 3 months or less. | | |
| Other commitments are payable within the following periods as from the balance sheet date: | | |
| Within one year | 17,391 | 13,850 |
| **Total** | **17,391** | **13,850** |
| **Guarantees** | | |
| Guarantees for lease commitments | 11,445 | 11,273 |
| Bank guarantees | 40,978 | 41,011 |
| Other guarantees | 10,381 | 11,141 |
| **Total** | **62,804** | **63,425** |
| **Guarantees given through joint ventures** | **3,333** | **3,333** |

**Other**

NNE Pharmaplan A/S has a joint liability for 2004 and previous years with Novo Nordisk A/S and the other jointly taxed companies for the tax payable under the joint taxation scheme.

**Pending litigation against NNE Pharmaplan**

NNE Pharmaplan Group is engaged in some litigation proceedings. In the opinion of the Management, settlement or continuation of these proceedings are not expected to have a material effect on the financial position.

# Notes – Consolidated

(DKK 1,000)

| | 2008 | 2007 |
|---|---|---|
| **Note 23 Fees to statutory auditors** | | |
| Statutory audit fee to PricewaterhouseCoopers | 2,173 | 2,221 |
| Audit-related services | 1,165 | 2,389 |
| Tax advisory services | 70 | - |
| Other services | 3 | 11 |
| **Total** | **3,411** | **4,621** |

**Note 24 Business combinations**

On 1 January 2008 NNE Pharmaplan GmbH acquired 50% of the share capital of NNE Pharmaplan s.p.o.l. As NNE Pharmaplan GmbH already owned 50% of the company, NNE Pharmaplan s.p.o.l. became a fully owned subsidiary of NNE Pharmaplan GmbH at the acquisition date. Goodwill represents the value of the workforce and expected synergies. The purchase prise was paid in December 2007.

As the balance sheet shows there was no fair value adjustment in connection with the acquisition.

**Subsequent changes to the acquisition in 2007**

In the beginning of 2008 the fair value of the reimbursable amount from seller was changed. Furthermore it was determined that a pension obligation in the Swiss company had to be provided for. These two changes in the acquired fair value of the acquired assets and liability resulted in an adjustment of the cost price and goodwill of DKK 0.9 million.

The adjustments to the fair values are recognised as at the acquisition date.

**Note 24 Business combinations (continued)**

| | 2008 | | | 2007 | | 2007 | |
|---|---|---|---|---|---|---|---|
| | Carrying amount prior to acquisition, 100% | Fair value at acquisition, 100% | Fair value at acquisition date 50% | Carrying amount prior to acquisition | Fair value at acquisition date | Adjustments to fair value at acquisition date | Adjusted fair value at acquisition date |
| Contract, license agreement etc | - | - | - | - | 25,325 | - | 25,325 |
| Brand and customer lists | - | - | - | - | 16,850 | - | 16,850 |
| Fixed assets | 461 | 461 | 231 | 25,474 | 31,348 | - | 31,348 |
| Goodwill | - | - | - | 42,822 | - | - | - |
| Work in progress carried out against customer contracts | 2,451 | 2,451 | 1,225 | 2,401 | 2,401 | - | 2,401 |
| Receivables | 472 | 472 | 236 | 81,737 | 81,737 | - | 81,737 |
| Other non-interest bearing current assets | 1,510 | 1,510 | 755 | 47,496 | 47,496 | - | 47,496 |
| Cash and other interest bearing assets | - | - | - | 14,634 | 14,634 | - | 14,634 |
| Accounts payable | - | - | - | (61,056) | (61,056) | - | (61,056) |
| Provisions | - | - | - | (8,856) | (8,856) | - | (8,856) |
| Pension obligations | - | - | - | (31,385) | (31,385) | (2,493) | (33,878) |
| Other payables | (2,572) | (2,572) | (1,286) | (104,334) | (104,334) | | (104,334) |
| Deferred tax | 42 | 42 | 21 | 5,390 | (6,585) | 642 | (5,943) |
| **Net assets acquired** | **2,364** | **2,364** | **1,182** | **14,323** | **7,575** | **(1,851)** | **5,724** |
| Goodwill | | | 2,235 | - | 51,961 | 2,772 | 54,733 |
| **Acquisition cost** | | | **3,417** | **14,323** | **59,536** | **921** | **60,457** |

On 1 April 2007 the former NNE A/S acquired 100% of the share capital of Pharmaplan GmbH, a German-based pharmaceutical engineering group. This German company operated through subsidiaries in many countries around the world.

| | | | | |
|---|---|---|---|---|
| **Specification of cost price:** | | | | |
| Cash payment | 3,417 | 80,529 | - | 80,529 |
| Work in progress and trade receivables reimbursable from seller | - | (32,785) | 921 | (31,864) |
| Direct costs in relation to the acquisitions | - | 11,792 | - | 11,792 |
| | **3,417** | **59,536** | **921** | **60,457** |
| Fair value of net assets acquired | 1,182 | 7,575 | (1,851) | 5,724 |
| **Goodwill (note 9)** | **2,235** | **51,961** | **2,772** | **54,733** |
| Purchase consideration settled in cash (paid in December 2007) | **3,417** | **92,321** | | **92,321** |
| Cash and cash equivalents in Pharmaplan Group | - | (14,634) | | (14,634) |
| **Cash outflow on acquisition** | **3,417** | **77,687** | | **77,687** |

**Acquisitions of entities after the balance date**
No acquisitions were made after the balance sheet date.

| | 2008 | 2007 |
|---|---|---|
| **Note 25 Transactions with related parties** | | |
| Other related parties are considered to be the Executive Management and the Board of Directors of the company, the Novo Nordisk Group, the Novo Nordisk Foundation, Novo A/S, the Novozymes Group, associated companies and members of the management of these entities. | | |
| **Transactions and balances** | | |
| In 2007 and 2008 the NNE Pharmaplan Group had the following transactions and balances with related parties: | | |
| **Value of services sold** | | |
| The Novo Nordisk Group | 561,658 | 488,502 |
| The Novozymes Group | 78,157 | 66,821 |
| Novo A/S | 17 | 85 |
| **Total** | **639,832** | **555,408** |
| **Value of services acquired** | | |
| The Novo Nordisk Group | 12,665 | 14,351 |
| **Total** | **12,665** | **14,351** |
| **Financial income** | | |
| The Novo Nordisk Group | 811 | 926 |
| **Total** | **811** | **926** |
| **Financial expenses** | | |
| The Novo Nordisk Group | 5,050 | 3,812 |
| **Total** | **5,050** | **3,812** |
| **Receivables** | | |
| The Novo Nordisk Group | 59,251 | 26,357 |
| The Novozymes Group | 8,920 | 11,398 |
| **Total** | **68,171** | **37,755** |

At 31 December 2008, NNE Pharmaplan A/S had a payable of DKK 13.6 million from Novo Nordisk A/S related to a cash pool scheme.
At 31 December 2007, NNE Pharmaplan A/S had a payable of DKK 44.8 million to Novo Nordisk A/S. The amount carries interest at market rate.
The cash pool is included in the Cash Flow Statement as Cash and Cash equivalents.

# Notes – Consolidated

(DKK 1,000)

| | 2008 | 2007 |
|---|---|---|
| **Note 25 Transactions with related parties (continued)** | | |
| **Payables** | | |
| The Novo Nordisk Group | 15,309 | 2,727 |
| **Total** | **15,309** | **2,727** |
| **Loans** | | |
| Non-current | 58,124 | - |
| Current | 19,375 | 83,945 |
| **Total** | **77,499** | **83,945** |
| **Shares (sold)** | | |
| The Novo Nordisk Group | 34,649 | 34,649 |
| **Total** | **34,649** | **34,649** |
| **Share-based payment (acquired)** | | |
| The Novo Nordisk Group | 6,709 | 10,561 |
| **Total** | **6,709** | **10,561** |

**Ownership**

NNE Pharmaplan A/S is a wholly owned subsidiary of Novo Nordisk A/S and included in the Consolidated Financial Statements of Novo Nordisk. The Consolidated Financial Statements of Novo Nordisk A/S are available on request from Novo Nordisk A/S, Novo Allé, DK-2880 Bagsværd. The ultimate parent is the Novo Nordisk Foundation, Brogaardsvej 70, DK-2820 Gentofte.

## Note 26 Share-based payment schemes

The share-based payment schemes consist of two different schemes; A scheme for the years up to and including 2006 and a scheme for the year 2007 and onwards. Furthermore a general employee share programme was implemented in the Novo Nordisk Group in 2008, please refer to the Novo Nordisk Annual Report 2008.

### The scheme for the year 2007 and onwards

As from 2007, the Executive Management and Senior executives of the NNE Pharmaplan Group participated in a share-based incentive programme set up by NNE Pharmaplan A/S. This programme replaced a previous share option programme. The Long-term Incentive Programme is linked entirely to the performance of the NNE Pharmaplan Group. A maximum of 5 to 8 months' base salary per participant per year can be earned in the year.

The elements included in the programme are applied to reward focus on the profitability of NNE Pharmaplan.

Once a year, the NNE Pharmaplan Board of Directors approves the financial targets for the coming calendar year, to ensure alignment of targets and the long-term business plan.

For 2008, it was decided by the Board of Directors that no allocation or claw back was to be made.

### The scheme until 2006

From 2004 to 2006, the Executive Management of the company participated in a share-based incentive programme set up by the Parent Company Novo Nordisk A/S. This programme replaced a previous share option programme. The incentive programme was based on an annual calculation of shareholder value compared to the planned performance for the year for the Novo Nordisk Group. The bonus pool operated with a maximum contribution per participant equal to eight months of salary. For further information on the incentive programme, please refer to Novo Nordisk's Annual Report 2008.

The Parent Company, Novo Nordisk A/S, had established share option schemes with the purpose of motivating and retaining a qualified management group and to ensure common goals for management and the shareholders. The granting of share options was subject to the achievement of financial and non-financial goals decided by the Board of Directors of the Parent Company Novo Nordisk A/S aligned with the Novo Nordisk Group's long-term targets. Options granted prior to the demerger of Novozymes in 2000 have been split into one Novo Nordisk option and one Novozymes option.

### Assumptions

The market value of the Novo Nordisk B share options has been calculated using the Black-Scholes option pricing model.

The assumptions used are shown in the table below:

**Novo Nordisk A/S**

| Calculation of the restricted stock units/awards value at year-end | 2008 | 2007 |
|---|---|---|
| Expected life of the right in years (average) | 3 | 3 |
| Expected volatility (based on one-year historical volatility) | 29% | 21% |
| Expected dividend per share (in DKK) | 6.0 | 4.5 |
| Risk-free interest rate (based on Danish government bonds) | 3.00% | 4.25% |
| Novo Nordisk B share price at the day of grant | 318.0 | 256.5 |
| Novo Nordisk B share price at 31 December | 271 | 335 |

**Note 26 Share-based payment schemes (continued)**

**Outstanding share options in Novo Nordisk A/S**

| | Executive Management Number | Senior executives Number | Total Number | Average exercise price (DKK 1,000) | Market value (DKK 1,000) |
|---|---|---|---|---|---|
| Outstanding at 1 January 2008 | 47,670 | 413,184 | 460,854 | 144 | 85,181 |
| Granted in 2008 | - | - | - | - | - |
| Exercised in 2008 | (4,000) | (77,634) | (81,634) | 119 | (11,947) |
| Value adjustment | - | - | - | - | (26,710) |
| **Outstanding at 31 December 2008** | **43,670** | **335,550** | **379,220** | **150** | **46,524** |
| | | | | | |
| Outstanding at 1 January 2007 | 77,420 | 529,664 | 607,084 | 136 | 32,413 |
| Granted in 2007 | - | - | - | - | - |
| Exercised in 2007 | (29,750) | (116,480) | (146,230) | 105 | (18,402) |
| Value adjustment | - | - | - | - | 71,170 |
| **Outstanding at 31 December 2007** | **47,670** | **413,184** | **460,854** | **144** | **85,181** |

**Outstanding share options in Novozymes A/S**

| | Executive Management Number | Senior executives Number | Total Number | Average exercise price (DKK 1,000) | Market value (DKK 1,000) |
|---|---|---|---|---|---|
| Outstanding at 1 January 2008 | - | 3,033 | 3,033 | 101 | 1,459 |
| Granted in 2008 | - | - | - | - | - |
| Exercised in 2008 | - | (1,533) | (1,533) | 101 | (737) |
| Value adjustment | - | - | - | - | (246) |
| **Outstanding at 31 December 2008** | **-** | **1,500** | **1,500** | **101** | **476** |
| | | | | | |
| Outstanding at 1 January 2007 | - | 6,733 | 6,733 | 97 | 1,652 |
| Granted in 2007 | - | - | - | - | - |
| Exercised in 2007 | - | (3,700) | (3,700) | 88 | (824) |
| Value adjustment | - | - | - | - | 631 |
| **Outstanding at 31 December 2007** | **-** | **3,033** | **3,033** | **101** | **1,459** |

**Note 26 Share-based payment schemes (continued)**

**Exercisable and outstanding share options in Novo Nordisk A/S**

| | Issued share options Number | Exercised share options Number | Outstanding exercisable share options number | Exercise price (DKK) | Exercise period |
|---|---|---|---|---|---|
| Share option plan for 1999 | 79,332 | (79,332) | - | 99.0 | 24/3 2003 - 23/3 2008 |
| Share option plan for 2000 | 111,560 | (98,385) | 13,175 | 99.0 | 22/2 2004 - 21/2 2009 |
| Share option plan for 2001 | 69,880 | (35,880) | 34,000 | 166.0 | 8/2 2005 - 7/2 2010 |
| Share option plan for 2003 | 129,750 | (83,575) | 46,175 | 97.5 | 6/2 2007 - 5/2 2012 |
| Share option plan for 2004 | 109,000 | (46,500) | 62,500 | 133.5 | 31/1 2008 - 30/1 2013 |
| **Exercisable share option plan at 31 December 2008** | **499,522** | **(343,672)** | **155,850** | | |
| Share option plan for 2005 | 95,684 | - | 95,684 | 153.0 | 31/1 2009 - 30/1 2014 |
| Share option plan for 2006 | 127,686 | - | 127,686 | 175.0 | 31/1 2010 - 30/1 2015 |
| **Outstanding share option plan at 31 December 2008** | **722,892** | **(343,672)** | **379,220** | | |

**Exercisable and outstanding share options in Novozymes A/S**

| | Issued share options Number | Exercised share options Number | Outstanding exercisable share options number | Exercise price (DKK) | Exercise period |
|---|---|---|---|---|---|
| Share option plan for 1999 | 7,534 | (7,534) | - | 101 | 24/3 2003 - 23/3 2008 |
| Share option plan for 2000 | 6,900 | (5,400) | 1,500 | 101 | 22/2 2004 - 21/2 2009 |
| **Exercisable share option plan at 31 December 2008** | **14,434** | **(12,934)** | **1,500** | | |
| **Outstanding share option plan at 31 December 2008** | **14,434** | **(12,934)** | **1,500** | | |

| | 2008 | 2007 |
|---|---|---|
| **Note 26 Share-based payment schemes (continued)** | | |
| Employee shares | 13,810 | - |
| Shared-based payment | 4,877 | 3,171 |
| **Total** | 18,687 | 3,171 |
| **Share-based payment amounts to the following** | | |
| Total cost of share-based payment for the year | 18,687 | 3,171 |
| Included in the income statement under the following headings: | | |
| Cost of sales | 16,405 | 2,790 |
| Distribution costs | 428 | 64 |
| Administrative expenses | 1,854 | 317 |
| **Total** | **18,687** | **3,171** |
| This amount can be specified as follow | | |
| Executive management | 361 | 162 |
| Other employees | 18,326 | 3,009 |
| **Total** | **18,687** | **3,171** |
| Costs related to the equity share-based payment scheme amounts to DKK 3.1 million (2007: DKK 1.5 million) | | |
| The liability of the restricted stock units/awards | 3,494 | 2,109 |
| **The liability of the restricted stock units/awards regarding the cash-settled scheme** | **3,494** | **2,109** |

| | | |
|---|---|---|
| **Note 27 Reversals with no effect on cash flow** | | |
| Depreciation, including loss on fixed assets sold | 30,043 | 29,222 |
| Options amount reclassified to salaries and paid share-based payments | (3,592) | (9,090) |
| Change in provisions | (9,278) | 3,172 |
| Other | (237) | (1,893) |
| **Total reversals with no effect on the cash flow** | **16,936** | **21,411** |

**Note 28 Financial risk management**

NNE Pharmaplan's business model is to serve as an engineering and consulting company with great expertise within the pharmaceutical and biopharmaceutical industries. The portfolio of large and medium size projects as well as the company's increasing international profile are the main reasons why the company's profitability and cash flows are exposed to financial risks. The financial risks include foreign exchange risk, interest rate risk, counterpart risk and project risk. NNE Pharmaplan's objective and policies for financial risk management follow the Novo Nordisk risk management guideline. It is NNE Pharmaplan's policy to monitor and mitigate all major financial risks affecting the financial performance. A risk profile with all identified significant risks is presented to the Board of Directors on a monthly basis.

**Foreign exchange risk**
The company's foreign exchange exposure is related to transactions and net investments in foreign operations. In relation to transactions the major part of sales is in DKK, EUR, USD and CNY. NNE Pharmaplan's foreign exchange risk is therefore most significant in USD and CNY, as the foreign exchange risk on EUR is regarded as limited due to the Danish fixed-rate policy to the EUR.

As the income and cost are predominately carried in the same currency on the individual projects, the foreign exchange risk on USD and CNY from the company's activities is low. A 10% change in USD and CNY currencies, other things being equal, will have a full-year impact on operating profit of appr.

| DKK million | 2008 | 2007 |
|---|---|---|
| USD | 3.3 | 1.4 |
| CNY | 1.7 | 0.6 |

NNE Pharmaplan's investment in foreign operations are managed primarily through borrowings denomitated in the relevant foreign currency. Net investments in the US, China, France, Germany, Ireland and Sweden amount to a total of DKK -45 million.

| DKK million | 2008 | 2007 |
|---|---|---|
| EUR | (7.3) | 30.2 |
| USD | (69.4) | (21.7) |
| CNY | 27.2 | 8.8 |
| SEK | 4.6 | 6.5 |

**Interest rate risk**
NNE Pharmaplan's interest rate risk consists of the sensitivity of net interest bearing item to changes in the interest rate. In the current market situation with significant fluctuations in the interest rate, the interest rate risk is increased. The net interest bearing debt in NNE Pharmaplan amounts to DKK 80 million (2007: DKK 129 million).

At the end of 2008 a one percentage point increase in the interest rate level, everything else being equal, is estimated to have an isolated effect on the operating profit before tax of DKK 0.8 million (2007: DKK 1.3 million)

**Counterpart risk**
In order to minimise the counterpart risk exposure NNE Pharmaplan limits its use of financial institutions to counterparties with satisfactory long-term credit rating. Furthermore, the majority of the transactions occur with top 20 companies in the markets where NNE Pharmaplan operates.

Credit rating, supplied by a leading provider, are used in order to evaluate major clients and manage credit risk on an ongoing basis. In 2008 the five largest clients accounted for 60% of the total project portfolio resulting in a strict focus on this client group.

Counterpart risk related to supply is limited through the use of back-to-back contracts and supplier guarantees. Performance bonds (guarantees) are imposed in all other significant supply contracts thereby minimising the Group's risk on counterparts.

**Project risk**
The Group's risk on large projects is managed through a continuous risk assessment of the projects, hereunder conducting risk profiles of the individual projects. The projects are evaluated at monthly risk committee meetings.

**Note 28 Financial risk management (continued)**

**Liquidity**

The Group's underlying business is based on projects. To ensure adequated liquidity and maintain flexibility in operation, liquidity is managed through the use of consultancy services agreements and short-term credit facilities with Novo Nordisk.

The table below analyses the Group's financial liabilities and assets into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| 2008 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Short-term borrowing | (34,841) | - | - | - | (34,841) |
| Payments on account for work in progress | (23,709) | - | - | - | (23,709) |
| Trade payables | (109,175) | - | - | - | (109,175) |
| Borrowing related parties* | (19,375) | (19,375) | (38,749) | - | (77,499) |
| Payables to related parties | (15,309) | - | - | - | (15,309) |
| Other liabilities | (196,537) | (1,827) | (953) | - | (199,317) |
| **Financial liabilities** | **(398,946)** | **(21,202)** | **(39,702)** | **-** | **(459,850)** |
| Work in progress | 88,793 | - | - | - | 88,793 |
| Trade receivables | 202,056 | - | - | - | 202,056 |
| Receivables from related parties | 68,171 | - | - | - | 68,171 |
| Other receivables | 54,043 | - | - | - | 54,043 |
| Available-for-sale financial assets | - | - | - | - | - |
| Cash at bank and in hand | 45,488 | - | - | - | 45,488 |
| **Financial assets** | **458,551** | **-** | **-** | **-** | **458,551** |
| **Net at 31 December** | **59,605** | **(21,202)** | **(39,702)** | **-** | **(1,299)** |

* Payables to related parties is loan from the Parent Company.

**Note 28 Financial risk management (continued)**

| 2007 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Short term borrowing | (31,280) | - | - | - | (31,280) |
| Payments on account for work in progress | (75,869) | - | - | - | (75,869) |
| Trade payables | (166,712) | - | - | - | (166,712) |
| Short term borrowing related parties* | (83,945) | - | - | - | (83,945) |
| Payables to related parties | (2,727) | - | - | - | (2,727) |
| Other liabilities | (180,150) | (820) | (479) | - | (181,449) |
| **Financial liabilities** | **(540,683)** | **(820)** | **(479)** | **-** | **(541,982)** |
| Work in progress | 160,830 | - | - | - | 160,830 |
| Trade receivables | 270,224 | - | - | - | 270,224 |
| Receivables from related parties | 37,755 | - | - | - | 37,755 |
| Other receivables | 44,537 | - | - | - | 44,537 |
| Available-for-sale financial assets | 34,170 | - | - | - | 34,170 |
| Cash at bank and in hand | 30,239 | - | - | - | 30,239 |
| **Financial assets** | **577,755** | **-** | **-** | **-** | **577,755** |
| **Net at 31 December** | **37,072** | **(820)** | **(479)** | **-** | **35,773** |

* Payables to related parties is mainly short-term loan from Parent Company.

**Capital management**
The Group's objective when managing the capital structure is to ensure operational stability and maintaining a flexible strucure. The capital structure can be managed by adjusting the dividend payments to the shareholder or issuing new shares.

The equity ratio, calculated as equity to total liabilities, amounted to 19.3% by the end of the year (2007: 23%).

The long-term goal for the Group is to maintain an equity ratio in excess of 30% in order to reach a competitive level for our industry.

**Note 29 Financial instruments by category**

The accounting policies for financial instruments have been applied to the line items below:

| | 2008 | | | 2007 | | |
|---|---|---|---|---|---|---|
| | Loans and receivables | Available for sale | Total | Loans and receivables | Available for sale | Total |
| Available-for-sale financial assets | - | - | - | - | 34,170 | 34,170 |
| Work in progress | 88,793 | - | 88,793 | 160,830 | - | 160,830 |
| Trade and other receivables | 275,608 | - | 275,608 | 355,042 | - | 355,042 |
| Receivables from related parties | 68,171 | - | 68,171 | 37,755 | - | 37,755 |
| Cash at bank and in hand | 45,488 | - | 45,488 | 30,239 | - | 30,239 |
| **Assets as per 31 December** | **478,060** | **-** | **478,060** | **583,866** | **34,170** | **618,036** |

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Other financial liabilities | Total | Other financial liabilities | Total |
| Payments on account for work in progress | 23,709 | 23,709 | 75,869 | 75,869 |
| Trade payables | 109,175 | 109,175 | 166,712 | 166,712 |
| Short term borrowings | 34,841 | 34,841 | 31,280 | 31,280 |
| Short term borrowings related parties | 19,375 | 19,375 | 83,945 | 83,945 |
| Payables to related parties | 15,309 | 15,309 | 2,727 | 2,727 |
| Other liabilities | 196,537 | 196,537 | 180,150 | 180,150 |
| **Liabilities as per 31 December** | **398,946** | **398,946** | **540,683** | **540,683** |

# Notes – Consolidated
(DKK 1,000)

**Note 30 – Companies in the NNE Pharmaplan Group**

| | Country | Year of incorporation/ acquisition | Issued share capital/paid in capital | Currency | Percentages of shares owned |
|---|---|---|---|---|---|
| **Parent company** | | | | | |
| **NNE Pharmaplan A/S** | Denmark | 1989 | 500,000 | DKK | 100 |
| NNE Pharmaplan (Tianjin) Co. Ltd. | China | 1995 | 450,000 | USD | 100 |
| NNE Pharmaplan AB | Sweden | 2002 | 100,000 | SEK | 100 |
| NNE Pharmaplan sas | France | 2004 | 450,000 | EUR | 100 |
| NNE Pharmaplan ltd. | Ireland | 2008 | 1 | EUR | 100 |
| **NNE Pharmaplan GmbH** | Germany | 2007 | 550,000 | EUR | 100 |
| NNE Pharmaplan AG | Switzerland | 2007 | 300,000 | CHF | 100 |
| Pharmaplan (India) Limited | India | 2007 | 5,000,000 | INR | 100 |
| NNE Pharmaplan OOO | Russia | 2007 | 50,000 | RUB | 100 |
| NNE Pharmacon Beratungs-und Planungs GmbH | Germany | 2007 | 26,000 | EUR | 100 |
| PharmaConInvest S.A.R.L. | France | 2007 | 7,700 | EUR | 100 |
| NNE Pharmaplan Sdn. Bhd. | Malaysia | 2007 | 1,000,000 | MYR | 100 |
| NNE Pharmaplan SPOL s.r.o. | Czech Republic | 2008 | 3,000,000 | CZK | 100 |
| **NNE Pharmaplan Inc.** | US | 2003 | 300,000 | USD | 100 |
| NNE Pharmaplan Holdings, LLC | US | 2007 | 3,100,620 | USD | 100 |
| Pharmaplan North America Inc. | US | 2007 | 364,999 | USD | 100 |
| Pharmaplan Flaval Corp. | Puerto Rico | 2007 | 1,500 | USD | 100 |
| **Joint ventures** | | | | | |
| GEANNE I/S | Denmark | 2000 | | DKK | 50 |
| **Other investments** | | | | | |
| Abu Dhabi Medical Devices Company Ltd. | UEA | 2007 | 38,800,000 | AED | 13.1 |

## Management's Statement on the Annual Report

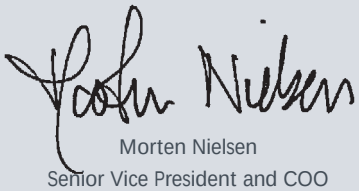
Today, the Board of Directors and Executive Management have approved the Annual Report of NNE Pharmaplan A/S for the year 2008.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosures required by the Danish Financial Statements Act. The Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. In our opinion the accounting policies is applied appropriately and the Annual Report gives a true and fair view of the Groups and Parent Company's assets, liabilities, equity and financial position at 31 December 2008 and consolidated cash flows, together with a description of the material risk and uncertainty the Group faces.

Soeborg, 19 March 2009

**Executive Management**

Hans Ole Voigt
President and CEO



Morten Nielsen
Senior Vice President and COO

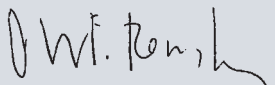
**Board of Directors**

Jesper Brandgaard
(Chairman)

Hans Örström
(Vice Chairman)

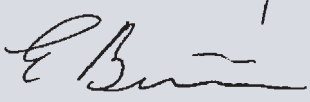
Per Toft Valstorp

Thomas William Wylonis



Ole Falvig Ramsby

Søren Peter Andersen



Erik Bruun

# Independent Auditors' Report

**To the Shareholders of NNE Pharmaplan A/S**

We have audited the Annual Report of NNE Pharmaplan A/S for the financial year 2008 which comprises Management Report and Financial Report, including Financial review, Management's statement, significant accounting policies, income statement, balance sheet, statement of changes in equity and notes for the Group as well as for the Parent Company and consolidated statement of cash flow. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosures required by the Danish Financial Statements Act. The Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

**Management's Responsibility for the Annual Report**

Management is responsible for the preparation and fair presentation of the Annual Report in accordance with the said legislation and accounting standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with Danish Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Annual Report 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 Annual Report.

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**

In our opinion, the Annual Report gives a true and fair view of the financial position at 31 December 2008 of the Group and of the results of the Group operations and consolidated cash flows for the financial year 2008 in accordance with International Financial Reporting Standards as adopted by EU and additional Danish disclosures required by the Danish Financial Statements Act.

In addition, in our opinion, the Annual Report gives a true and fair view of the financial position at 31 December 2008 of the Parent Company and of the results of the Parent Company operations for the financial year 2008 in accordance with the Danish Financial Statements Act.

Copenhagen, 19 March 2009

**PricewaterhouseCoopers**
Statsautoriseret Revisionsaktieselskab

Mogens Nørgaard Mogensen
State Authorised Public Accountant

Rasmus Friis Jørgensen
State Authorised Public Accountant

# **board** of directors

**Thomas W. Wylonis** (1945)
Member of the NNE Pharmaplan Board
since 2003

Thomas W. Wylonis is an Adjunct Professor at the Scandinavian International Management Institute. Prior to this appointment, he has held positions as Director of Executive Education and Executive Vice President of the Scandinavian International Management Institute. Dr Wylonis has extensive consulting experience. Before joining SIMI he was a Director, the Managing Partner of the Copenhagen Office and a Practice Leader for Innovation and Consumer Products at McKinsey & Company. He has a history as an applied researcher at the Bell Telephone Laboratories. Dr. Wylonis holds a PhD in Operations Research from New York University, a Master's degree from the Massachusetts Institute of Technology and a Bachelor's degree in Electrical Engineering from The Penn State University.

**Other board memberships:**

- VerticPortals A/S
- MarketWatch Management A/S
- The Copenhagen International School Foundation in the US

**Søren P. Andersen** (1949)
Employee-elected representative of the
NNE Pharmaplan Board since 2001

Søren P. Andersen is currently holding a position as Working Environmental Consultant and has previously held positions as HR Consultant and Manager in Mechanical. Mr Andersen joined Novo Nordisk in 1989 and came to NNE Pharmaplan in 1995. He has previously been employed at Dansk Ingeniør System (now Grontmij Carl Bro), Danbrew Consult Ltd., Skandinavisk Henkel A/S and Novozymes. Mr Andersen holds a Bachelor's degree in Mechanical Engineering from the Copenhagen University College of Engineering.

**Erik Bruun** (1948)
Employee-elected representative of the
NNE Pharmaplan Board since 2006

Erik Bruun is currently holding a position as Process Engineer. Mr Bruun has project experience within purification plants, fermentation and cell cultivation, pilot plants, production facilities and development projects for disposable techniques. Mr Bruun joined NNE Pharmaplan in 2000. He has worked for NNE Pharmaplan as a consultant since 1982, while employed at AN Group A/S. Mr Bruun has an educational background as Electrical Engineer.

**Jesper Brandgaard** (1963)
Chairman of the NNE Pharmaplan Board
since 2001

Jesper Brandgaard is Executive Vice President and Chief Financial Officer (CFO) at Novo Nordisk A/S. He joined Novo Nordisk in 1999 as Corporate Vice President of Corporate Finance and was appointed CFO in November 2000. Mr Brandgaard holds an MSc in Economics and Auditing and an MBA, both from the Copenhagen Business School in Denmark.

**Other board memberships:**

- NNIT A/S (Chairman)
- SimCorp A/S, Denmark (Chairman)

**Hans Örström** (1950)
Vice Chairman of the NNE Pharmaplan Board since 2006

Hans Örström is Senior Vice President, Commercial Operations and Corporate Development, at Biovitrum and has held senior positions with Kabi and Pharmacia. He started his career in Sales & Marketing at Kabi in 1979, and later moved on to Pharmacia. He was appointed Head of Plasma Products at Biovitrum in 1992. Mr Örström holds a BSc in Economics and Business Administration from the Göteborg School of Business, Economics and Law.

**Other board memberships:**

- Biotechvalley, Sweden

**Ole F. Ramsby** (1956)
Member of the NNE Pharmaplan Board since 2001

Ole F. Ramsby is Senior Vice President and General Counsel at Novo Nordisk A/S. He joined Novo Nordisk in 1997 as Corporate Vice President of Legal Affairs. Mr Ramsby holds an MA (Law) from the University of Copenhagen, Denmark.

**Other board memberships:**

- Danish Export Council
- Board member in a large number of Novo Nordisk affiliates

**Per Valstorp** (1949)
Member of the NNE Pharmaplan Board since 2000

Per Valstorp is Senior Vice President of Product Supply at Novo Nordisk. He has been with Novo Nordisk since 1987 and has held a number of senior positions in the company, including President of the Medical Systems Division and Corporate Vice President for Health Care Quality and Regulatory Affairs. Prior to joining Novo Nordisk, Mr Valstorp was employed with KPMG as Head of Management Consultants. He holds an MSc (Operational Research and Planning) from the Technical University of Denmark.

**Other board memberships:**

- NNIT A/S
- DBI Plastics A/S
- EUDP
- FeF Chemicals
- Hurup Møbelfabrik A/S
- Zymenex A/S

# **management** team

**Jørn Duhn** (1964)
COS and Corporate Vice President

Jørn Duhn was appointed Chief of Staff (COS) and Corporate Vice President of People and Communication at NNE Pharmaplan in 2008. He came from a position as Vice President of Human Resources & IT at the biotech company Genmab A/S, which he joined in 2001. Prior to that, Jørn Duhn worked with Mercuri Urval as a management consultant for a number of years. Initially he pursued a military career with the Danish Armed Forces and holds the rank of Captain. Jørn Duhn has an Executive MBA from ATV/Harvard Business School and a Bachelor's degree in Organisational Development from the Danish Military Academy.

**Morten Nielsen** (1968)
COO and Senior Vice President

Morten Nielsen was appointed Chief Operating Officer for NNE Pharmaplan's global operations in 2006. He joined NNE Pharmaplan in 1994 and has held several managerial and executive positions in both project and line management. For an interim period, he spent three years in Brazil working for Novo Nordisk as Project Director. Mr Nielsen holds a Bachelor's degree in Electrical Engineering from the Copenhagen University College of Engineering.

**Hans Ole Voigt** (1952)
CEO and President

Hans Ole Voigt was appointed Chief Executive Officer and President of NNE Pharmaplan in 1999. He previously held several executive positions at Novo Nordisk A/S, including Vice President of Production Development, Director of Production Development and Senior Vice President of Business Support. He joined Novo Nordisk in 1979. Mr Voigt holds a Master's degree in Chemical Engineering from the Technical University of Denmark.

**Other board memberships:**

- VELFAC A/S
- Rationel A/S

**Søren Jelert** (1972)
CFO and Corporate Vice President

Søren Jelert was appointed Chief Financial Officer and Corporate Vice President for Finance, Legal and IT at NNE Pharmaplan in 2008. Mr Jelert comes from a position at Novo Nordisk in the UK as Director of Operations and Finance, Europe North. He joined the Novo Nordisk Group in 2000 where he has held a number of executive positions. Prior to that, he worked as Business Controller for Maersk Oil. Søren Jelert holds a Master of Science in Economics and Business Administration from the Copenhagen Business School (CBS).


# **global** reach

2008 marked NNE Pharmaplan's first full year as an integrated global company. With a project portfolio that is more attractive than ever, we were able to win projects for all of our major clients. Several of these contracts materialised in close cross-country collaboration between two or more NNE Pharmaplan offices. Many important pharma and biotech companies are represented in several countries around the world and are highly satisfied to find local NNE Pharmaplan offices wherever they wish to get in contact with us.

NNE Pharmaplan is represented in 14 countries around the globe with several office locations in a number of our major markets.

The French organisation expanded by a new office in Lyon, emphasising the biotech orientation of the region. NNE Pharmaplan in India opened a new office in Mumbai. With this third location in India, NNE Pharmaplan is represented in all major Indian pharma and biotech hubs. And in 2008 our branch office in Ireland became a full-fledged subsidiary.

This proves the validity of another NNE Pharmaplan slogan: 'Closer to the client'. Focusing on positive trends from 2008, NNE Pharmaplan will continue to develop our company's markets and services in 2009. A key enabler will be the introduction of a new and improved sales and marketing setup.

# **local** knowledge

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Enclosed with the Annual Report are the
Financial Statements 2008 of the parent company,
NNE Pharmaplan A/S, on a CD-ROM.
A pdf-version can be downloaded from
www.nnepharmaplan.com | media | download library

**Concept & design**
NNE Pharmaplan A/S, Visualization
**Text**
Eye for Image ApS and NNE Pharmaplan A/S
**Photo**
Digital Studio, Getty Images
and NNE Pharmaplan A/S
**Print**
KLS Grafisk Hus A/S


Financial statements of the
parent company
NNE Pharmaplan A/S for 2008
nne pharmaplan®

**NNE Pharmaplan A/S**
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