Annual Report
2016


10 brusetabletter
Vnr 57 90 04
Bronkyl® forte 600 mg
weifa
acetylcystein
Slimløsende ved kronisk bronkitt

Highlights and key financial figures

- Weifa ASA had its first full year of operation as a focused consumer health company, and successfully integrated the acquired Asan portfolio
- Record sales and earnings recognised in 2016
  - Full-year revenue up 20% to NOK 400 million, while adjusted EBITDA came to NOK 89.3 million (margin 22.3%)
  - Growth driven by strong performance for the main categories: pain relief, cough & cold products and nutraceuticals, as well as the addition of the Asan portfolio
- Delivering on strategic ambitions
  - Strengthen position in the Norwegian pain relief market, be the fastest growing player in the cough & cold category, capitalise on existing strong brands in other categories, and enter new categories with unique products
- Platform established for geographical expansion
  - Distribution agreement for pain products and Asan portfolio in Finland
  - Pan-Nordic licence signed for new unique pain management product line
- Proposed dividend of NOK 1.50 per share in line with policy of returning excess cash to shareholders

Key figures from P&L (NOK 000's)	2016	2015
Total revenue and income	399 738	332 547
Payroll and payroll related costs	45 593	74 950
Other operating costs	94 932	77 451
EBITDA	80 352	65 583
Profit (loss) for the year	17 951	5 716

Key figures from the balance sheet (NOK 000's)		
Cash & cash equivalents	67 709	201 940
Total assets	1 511 581	1 544 363
Borrowings	347 508	340 609
Total equity	1 094 767	1 117 991

Share data [1]		
Earnings per share – diluted (NOK)	0.47	0.30
Number of shares outstanding as at 31.12	36 472 069	36 472 069
Number of employee share options outstanding at 31.12	1 735 716	1 735 716
Share price at 31.12 (NOK)	25.50	23.50

1) 2015 numbers are restated

Financial calendar 2017

EVENT	DATE
First quarter results	27 April
Annual General Meeting	30 May
Second quarter results	13 July
Third quarter results	26 October

Letter from the CEO

Building a Nordic platform for growth

Strong brands and a proven ability to innovate gave us an eighth consecutive year of revenue growth. In 2016, we successfully integrated Asan and made significant progress in building a Nordic position.

We had our first full year as a focused consumer health company in 2016. We delivered on our strategic ambitions and on our leading market position.

We started the year with the acquisition of the Asan intimate care brand. This portfolio of market-leading products in the intimate care soap, body and shower and wet wipes categories complemented our offering of intimate care products and provided a new revenue stream.

I would like to take this opportunity to thank our competent and dedicated colleagues who rapidly and successfully integrated the new product line with our existing portfolio of household consumer health brands.

Delivering on growth ambitions

Asan was the main contributor to the significant revenue growth experienced last year. That said, I must mention the performance of our consumer health portfolio, which also showed strong growth and contributed to another year of record revenue and returns.

Our operational focus was unwavering while we consolidated our standing as the leading player in the pharmacy channel. Our flagship products – Paracet and Ibux – again strengthened their positions in the pain relief market. We launched new products, both as extensions to existing brands and as completely new treatments positioning us in the fast-growing categories of insomnia and sore throat treatments.

Always innovate

Innovation remains a key ingredient in our profitable growth of recent years. Paracetduo, Bronkyl, Weifa-C, Complete Multi and – more recently – Bronkyl forte and Solvivo are all examples of our ability to innovate and bring new products successfully to the market. Brand building and innovation are our core competencies.

We are a lean and agile company with specialists in product development, sourcing, branding and marketing. Our unique team, combining a high level of expertise and a commercial mindset, is the driving force behind our development. At 31 December 2016, the product pipeline is more exciting than ever in our proud corporate history, which bodes well for future growth.

Geographical expansion

We occupy a special position in Norway with our flagship brands and unique history. Acquiring Asan, the champion in the intimate wash category since the 1980s as a result of innovation and category expansion, was in many ways a natural extension of our domestic position.

I would like to take this opportunity to thank our competent and dedicated colleagues who rapidly and successfully integrated the new product line with our existing portfolio of household consumer health brands.

Asan, which also was present in Sweden, provided us with a platform from which we can build a Nordic position. In late 2016, we signed a distribution agreement for Asan in Finland, representing a milestone in building a pan-Nordic brand platform in the intimate care segment.

Last year, we also opened the Finnish market to our pain relief brands, and in early 2017 we further accelerated our geographical expansion by signing a licensing agreement for a new product line founded on a patented fixed-combination pain management solution based on ibuprofen and paracetamol. We will market these unique products in the Nordic region under our own brand name.

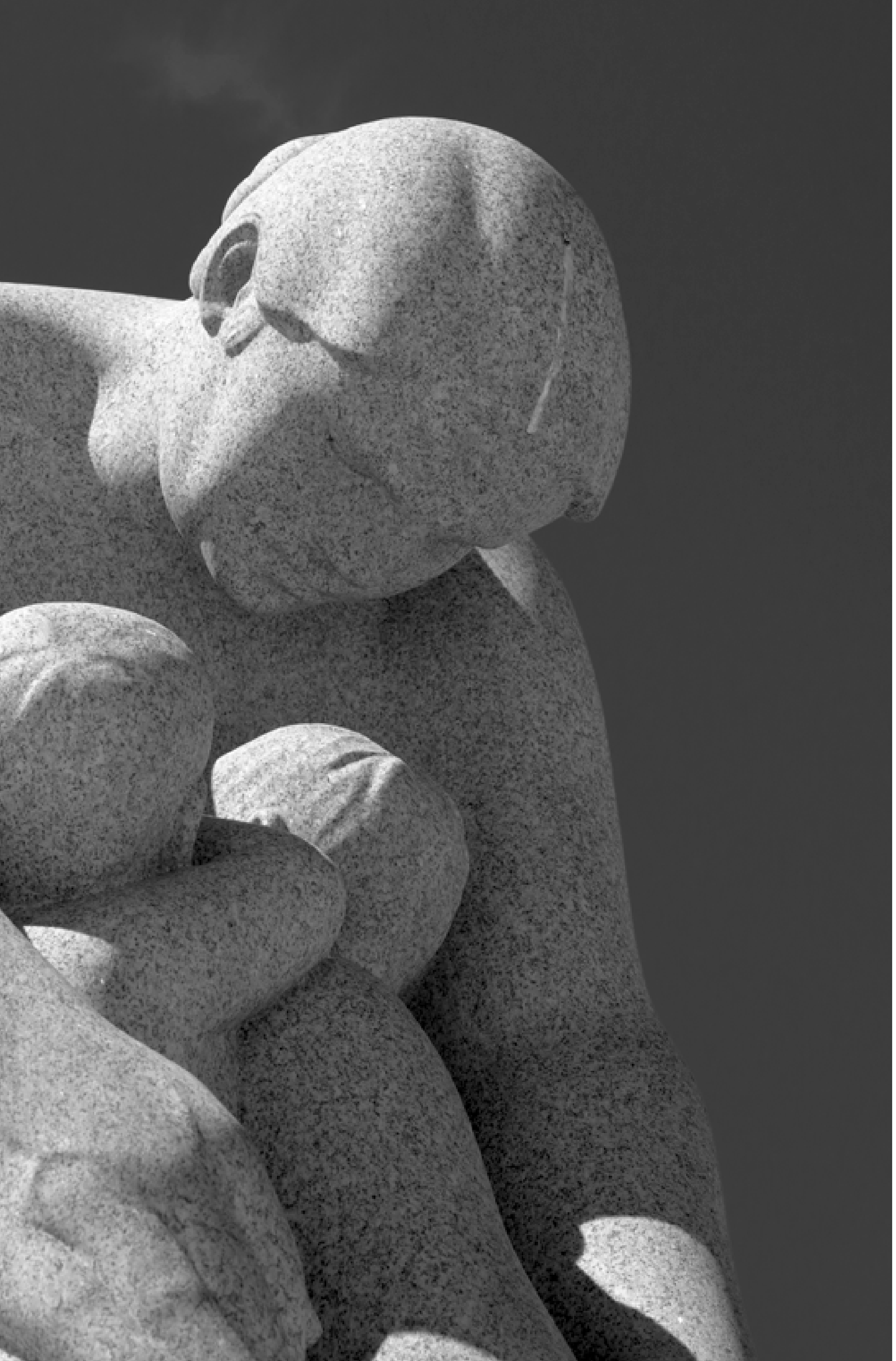
We are ambitious

We remain committed to our goal of creating value for all stakeholders. We will leverage our strong brands and unique market positions in order to grow all our categories. We remain focused on strengthening our leadership in pain relief, on innovation and on developing new products. And we are maintaining an open mind on accretive acquisitions to broaden both our portfolio and our footprint.

Our platform enables us to bring our leading brands to the Nordic region and significantly broaden our reach and market potential. This is an ambitious strategy and we are pleased to have taken the initial steps in 2016.

We are eager to proceed and succeed.

Kathrine Gamborg Andreassen
CEO



This is Weifa

Weifa is a Norwegian consumer health company. It provides significant value through medicines, lifestyle products and solutions which support the key needs of consumers, customers and professional partners.

Introduction

Founded in 1940, Weifa currently employs around 30 highly qualified professionals at its head office in Oslo, Norway. The company is experiencing continuous growth. It holds a strong position in Norway, and is one of the country's largest consumer health companies in the field of non-prescription, over-the-counter medicines. It is a market leader in pain relief, with firmly established brands such as Paracet and Ibux. Remedies against colds and respiratory problems, treatment of wounds and dietary supplements are other strong key areas.

Weifa also holds a portfolio of market-leading products in the mild intimate care soap, body and shower, wet wipes and fresh categories after acquiring Cederroth AS in January 2016. This gave it ownership of the Norwegian category-leading intimate care brand Asan and its Swedish counterpart Sana (jointly referred to as "Asan").

Corporate structure

Weifa ASA (the group or the company) is the holding company, with no operations or assets except for sole ownership of Weifa AS, a portfolio of patents relating to the group's LVT technology developed by the former Clavis Pharma ASA company, and licensing agreements for the potential development of selected drug compounds. Weifa Derma AS (formerly Cederroth AS) was merged with Weifa AS in the second half of 2016.

Proud history

Weiders Farmasøytiske A/S was founded in Oslo in 1940 by Olaf Weider, a qualified pharmacist. Its purpose was the "fabrication of and trade in pharmacy goods, nutritional preparations and other articles, as well as agency activities".

One of the first products produced and sold was Weifa-C, a rose hip extract. An abundance of rose hips was one of the reasons for establishing a manufacturing plant at Kragerø in southern

Norway during 1949. In the 1950s, Weifa started manufacturing codeine phosphate (a strong pain killer) based on poppy seeds. It became the first company to introduce L-dopa based on Norwegian raw materials for the treatment of Parkinson's disease in Europe. All manufacturing activities were moved to Kragerø in 1963. Since 1969, Weifa has also built up a considerable international business in the production of high-quality active ingredients for diabetes medicines and other important preparations.

Over the years, Weifa has grown into a major player in the Norwegian pharmaceutical industry. The basis has been a long-term focus on products which are important to most people's daily lives. Over the course of a year, most Norwegian households will have relieved their pain with Paracet or Ibux, cleaned their wounds with Pyrisept or used another of Weifa's well-known products.

Weifa remained a family business until 2014. In 2009, however, the first CEO from outside the family was hired and the strategy was focused on streamlining the business to ensure profitability and provide the basis for future growth. The number of products was significantly reduced and all manufacturing, except for active pharmaceutical ingredients (APIs) and tablets, was moved to contract manufacturing organisations (CMOs) in Europe. The manufacturing plants and warehouse in Kragerø represented high-capacity units which were competitive at an international level.

The B2B operations and tablet-manufacturing activities in Weifa were sold in June 2015 to the newly created Vistin Pharma ASA in order to become a focused consumer health company. All production was outsourced after this transaction, with Vistin Pharma manufacturing Weifa tablets under a long-term CMO agreement. The acquisition of the Asan brand in early 2016 further strengthened the consumer health offering. Since their launch in the 1980s, Asan/Sana have been the champion in the intimate wash category, a position built up through innovation and category expansion.

Weifa's head office is at Østensjøveien 27 in Oslo.

Ambitious strategy

Weifa is present throughout the value chain, from research and development to distribution and sales. Historically, the company has been a strong and successful brand-builder over many decades. Taken together, continuous work on consumer insight, innovation and customer focus has given Weifa's brands a unique position in the Norwegian market. Brands such as Paracet, Ibux, Paralgin Forte, Bronkyl, Pyrisept and Weifa C are all known and leaders in their respective segments.

New products have been launched by Weifa on an annual basis, and contribute to helping consumers to meet their health needs in their everyday lives. The company has historically been a driving force in switching medicines from prescription-only to over-the-counter availability. That has included well-known products such as Ibux gel 100g, Samin and Bronkyl – to name but a few.

Weifa has set highly ambitious goals for the future. Where pharmaceuticals and lifestyle products are concerned, the target is to become

the leading Norwegian company in consumer health. The company will consolidate and strengthen its position as the leading player for pain relief, as well as being the fastest growing player in the colds and respiratory ailments category. These leading positions will be achieved through a combination of concentrating attention on quality in every process and a focus on customers in product development and relationship-building. Weifa's vision is to become the most trusted and valued Nordic supplier of products and solutions in the fields of medicines and lifestyle products.

The business

Weifa has one main business area, consumer health, which includes all its products available to consumers in pharmacies, grocery stores, service stations and kiosks. It covers the complete range in terms of regulatory status, from prescription drugs (Rx), through non-prescription drugs – also called over-the-counter (OTC) drugs – to other products such as wound-healing preparations and nutraceuticals. The latter categories are generally exempt from drug regulations and are covered by other rules, such as those set by the European Food Safety Authority (Efsa), and are therefore often referred to as OTX (OTC-exempt) products.

Weifa concentrates on four main OTC (including OTX) categories:

- Pain: the dominant player in the Norwegian market, with sales of NOK 291 million in 2016.
- Dermatology: leading positions in disinfections and intimate wash, with sales of NOK 59.8 million in 2016.
- Cough & cold: first, second and third positions in certain segments of this attractive and growing category, with sales of NOK 28.8 million in 2016.
- Nutraceuticals: first and second positions in niche segments, with sales of NOK 14.9 million in 2016.

Weifa has a strong track record in Rx-to-OTC switches, which means making a previously prescription-only drug available to consumers as a non-prescription product. Rx-to-OTC switching is a data-driven, scientifically rigorous and highly regulated process which allows consumers to obtain OTC access to a growing range of medicines. For a medicine to be granted OTC status, it must have a wide safety margin and be effective, and must bear understandable labelling to ensure proper use. Many OTC products on the market today were only available on prescription a few decades ago. Such switches are one of the main growth drivers in today's consumer health market.

Weifa has built some of the strongest OTC brands in Norway, including Paracet, Ibux and Pyrisept. This has been possible through its local presence, focused attention and close collaboration with major chains in the pharmacy and grocery sectors. Effective brand-building in the retail sector is about marketing communication, placement power and distribution. By tapping into professional environments in these areas, Weifa has built valuable expertise and experience as well as a powerful network.

The company's key consumer health products are listed below.

- *Paracet* was launched in 1977. It is Norway's most frequently used pain reliever and has more than 80% of the market. Paracet is a highly effective paracetamol product which can be taken by both adults and children. Its effects are fast and long-lasting – up to five hours. Paracet is used for most mild to moderate pain, such as headaches, muscle and joint pains, discomfort related to fever, influenza and colds, and menstrual pain and toothache. It has very few side effects in normal use.
- *Ibux* was launched in 1986, and is the dominant brand in the non-steroidal anti-inflammatory drugs (NSAIDs) segment. Ibux gel was launched in 2000. Ibux is an ibuprofen product which works rapidly and effectively on pain and inflammation, and is particularly effective for menstrual pain, headache and pains in muscles and joints.
- *Pyrisept* is one of the oldest OTC brands, and was launched in the early 1940s. It is still a market leader in wound disinfection.
- *Paralgin forte* is a well-known Rx brand launched in 1960. A combination of paracetamol and codeine, it is still the market leader in the moderate pain segment.

Weifa has recently launched several innovations.

- *Bronkyl* (2012) – a new OTC expectorant for chesty cough, this is an efficient and well-documented expectorant containing acetylcysteine for use against viscous mucus owing to chronic bronchitis.
- *Paracetduo* (2013) – a new OTC product in the Paracet family which, in addition to paracetamol, contains caffeine for added analgesic effect.
- *Dexyl* (2013) – a novel xylometazoline-based nasal decongestion spray containing dexpantenol for added soothing effect on irritated and dry membranes.
- *Trampalgin* (2015) (Rx) – a strong painkiller containing tramadol and paracetamol.
- *Bronkyl forte* (2015) – a new line extension to the already well-established Bronkyl 200 mg. The new 600 mg strength permits a dosage of only one effervescent tablet per day.
- *Complete Multi* (2015) – a completely new nutraceutical concept in the pharmacy channel. This is a range of dietary supplement products in tablet form, providing the daily requirement of vitamins and minerals through four product variations which target individual consumer groups and needs: men, women, sport and 50+.
- *Ibux gel with menthol* (2015) – a significant line extension to support and strengthen the Ibux brand. This anti-inflammatory cooling gel for local pain treatment is the only pain relief gel product on the Norwegian market which combines ibuprofen and menthol.

Four new products were launched in 2016

- *Pyricare* – a sterile saltwater spray.
- *Zonat* (Rx) – a new tablet for short-term symptomatic treatment of occasional insomnia. The active ingredient is well-established as a non-prescription (OTC) product for occasional insomnia in several European countries. In Norway, Zonat requires a medical prescription. Zonat positions Weifa in a new therapeutic category, insomnia.
- *Solvivo* – a lozenge for local symptomatic relief of mild mouth and throat infections in adults and children aged over six years. The launch positions Weifa in the fast-growing OTC throat segment.
- *Ibux 200mg soft capsules* – a line extension to the well-established Ibux range. This represents a new opportunity in that the innovative soft capsules can be used by children as young as six. It contains ibuprofen and is indicated for short-term treatment of mild to moderate pain and fever.

Weifa's OTC and OTX products for consumer health are sold through wholesalers. Norway has three wholesalers for the pharmacy channel and three main wholesales for the mass market (grocery stores, service stations and kiosks). Weifa has a strong strategic position in the Norwegian consumer health market, and is highly respected by wholesalers and chain stores in both pharmacy and mass market channels.

The key tablet products (Paracet, Ibux, Paralgin Forte and so forth) are all manufactured under a five-year CMO agreement signed with Vistin Pharma in connection with the divestment of the B2B operations. The raw materials for all the consumer health products are purchased from commercial suppliers, either directly by Weifa or indirectly by its contract manufacturers and licensers.

Product development

Weifa currently conducts no laboratory research and development with new chemical entities (NCEs) or biological products. Its development organisation concentrates on new products based on known APIs, innovative formulations and packaging, and new therapeutic indications which meet consumer needs.

Although the company has no research laboratories of its own, continuous and targeted product development is one of the key elements of its innovative strategy. The company extends and expands its product portfolio through in-house development, co-development and in-licensing.

The group's expertise with line extensions (new indications, new flavours, forms, colours, added ingredients and packaging size under an existing brand) and Rx-to-OTC switches has been a key factor in the success of brands such as Paracet and Ibux. Paracetduo, an example of the group's ability to introduce innovative line extensions, was the first paracetamol combination medicine launched in Norway.

Professional partnerships are central to Weifa's development strategy. The company knows the international pharmaceutical community and how to match its strengths with the right professional partners. An extensive network of partners contributes to the group's development projects, including several contract research organisations (CROs). The highly skilled development organisation is geared for partnerships across the various stages of product development, from market research and new product conceptualisation, through product

Key product categories

Pain

#1 player

Cough and cold

#1, 2 and 3 in certain segments

Nutra

#1 and 2 in niche segments

Dermatology

#1 in disinfection and intimate wash

and process development, manufacturing and control, to regulatory strategy.

An important reason for Weifa's profitable growth in recent years is its clear innovation strategy. Paracetduo, Bronkyl, Dexyl and Weifa-C, as well as – more recently – Solvivo, Bronkyl forte, Proxan, Ibux Gel with menthol and Complete Multi, are all examples of its strong focus on innovation.

Assets derived from Clavis Pharma

Weifa ASA has a portfolio of patents relating to the lipid vector technology (LVT) developed by Norsk Hydro and the former Clavis Pharma company, as well as licensing agreements for the potential development of the CP-4033 and CP-4200 compounds. LVT is a proprietary technology which involves chemically linking a specific lipid (vector) to a selected pharmaceutical agent (parent drug). The resulting molecule is a new chemical entity (NCE) which can be patented. A large number of LVT NCEs, covering a wide range of therapeutic areas, have demonstrated enhanced biological performance in model systems compared with the parent drug.

CP-4200 is licensed to Mt Sinai School of Medicine in New York. This novel LVT derivative of azacytidine predominantly acts as a modifier of gene expression (epigenetic modulator). Epigenetic modulators are intended to restore the normal function of genes which control how cells develop and grow in the human body at doses with low cytotoxic activity. Vidaza® (azacitidine) is currently approved in the USA for all forms of myelodysplastic syndromes (MDS), and in the EU for the more severe forms of MDS as well as for certain forms of acute myeloid leukaemia (AML).

CP-4033 has been licensed to Translational Therapeutics, Inc (TT), an early-stage private biopharmaceutical company based in Massachusetts, USA. This is a ribavirin elaidate, the LVT derivative of ribavirin, and is currently in pre-clinical development for aggressive thyroid cancer. Thirty per cent of human cancers have abnormally high levels of elongation factor F4E (eIF4E), which stimulates cell growth. In preclinical studies, ribavirin has brought eIF4E levels back to normal and thus significantly slowed down cell growth. Aggressive thyroid cancer is a fast-growing cancer known to have abnormal eIF4E activity and an ultra-orphan indication (incidence of 750 cases per year in the USA). Aggressive thyroid cancer has no currently approved standard therapy and patients have a life expectancy of four-six months.

The current patent portfolio offers composition of matter protection for a large number of specific LVT compounds, and includes the original LVT technology patent, antiviral derivatives and the gemcitabine derivatives, as well as two new families filed in 2006 and 2008 covering new anti-cancer and anti-inflammatory compounds. In addition, a new patent for the formulation of elacytarabine was approved in the USA in 2015, giving patent protection to 2031.

Board of directors

Einar J. Greve

Chair

Greve (born 1960) is a strategic advisor at Cipriano AS. He was an M&A and capital markets partner at Wikborg Rein & Co for 15 years until 2007 and he was a partner at the investment bank Arctic Securities ASA for a period of 3.5 years. Greve has held and holds various positions with Norwegian and international listed and unlisted companies. He holds a law degree (cand.jur) from University of Oslo. Greve is a Norwegian citizen and resident in Oslo, Norway.

Tomas Settevik

Director

Settevik (born 1960) has extensive experience in retailing and life sciences, and is currently an independent investor and director of Made for Movement AS, Nordic Neuro Lab AS, Gentian Diagnostics AS and Holta Invest AS. He was CEO of Stokke AS in 2010-15. Before that, Settevik was CEO of Pronova BioPharma ASA after serving as vice president pharmaceuticals and manufacturing. He has also held several senior positions – VP northern Europe, VP marketing and R&D, and managing director UK/Nordic – at Tyco Healthcare EMEA, a global medical device company (acquired by Medtronic). Settevik holds a degree from Copenhagen Business School. He is a Norwegian citizen and resident in Oslo, Norway.

Espen Tidemann Jørgensen

Director

Jørgensen (born 1975) is currently a portfolio manager of Holta Invest AS and managing director of Holta Life Sciences AS, one of the largest shareholders in Weifa ASA. Prior to that, he had 15 years of experience as a health care analyst and portfolio manager in the life sciences sector. Jørgensen is currently a director of Gentian Technology AS and PreTect AS, both operating in the diagnostic market. He was previously a director of Strongbridge BioPharma, a biotech company developing treatments for orphan endocrine diseases. Jørgensen holds a BSc in economics and has completed three years of medicine studies at the University of Oslo. He is a Norwegian citizen and resident in Oslo, Norway.

Lise Hammergren

Director

Hammergren (born 1967) is executive vice president at the BI Norwegian Business School. She has previously been marketing director at Lilleborg, director of marketing and sales at Orkla Brands, assistant director at Schibsted and European brand manager at Unilever. Hammergren has been a director of Orkla Finans Kapitalforvaltning ASA, Adresseavisen ASA and Stenersen Forlag AS. She holds an MSc in business from the Norwegian School of Economics. She is a Norwegian citizen and resident in Oslo, Norway.

Kristin L. A. Wilhelmsen

Director

Wilhelmsen (born 1962) is co-owner and chief financial officer of WAK Family Office-Watrium. She is a director of Nordic and Europe Health Invest AS and Ultimovacs AS, and a number of the Wilhelmsen family's investment and property companies. Wilhelmsen has a degree in economics from the University of Lund, Sweden. Watrium AS today owns 12.9% of the shares in Weifa ASA. Wilhelmsen is a Norwegian citizen and resident in Oslo, Norway.

Monica Børter Bekkhus

Director

Børter Bekkhus (born 1978) is currently head of marketing at Weifa and joined the company in 2011. She previously worked at L'Oréal and has broad experience of marketing, PR and brand-building. Børter Bekkhus holds a Bachelor of International Marketing from the BI Norwegian Business School and a Master of Business Administration from Birmingham Business School. Børter Bekkhus is a Norwegian citizen and resident in Oslo, Norway.

The Executive Management

Kathrine Gamborg Andreassen
Chief Executive Officer

Gamborg Andreassen joined the Weifa team in August 2012 as head of the consumer health business, and replaced Kjell-Erik Nordby as CEO on 1 June 2015. She is an experienced marketing professional and has held several top management positions in the FMCG, food and health business. Gamborg Andreassen holds an MSc in business strategy and marketing from the University of Wisconsin.

Simen Nyberg-Hansen
Chief Financial Officer

Nyberg-Hansen joined Weifa as CFO in August 2015 from the position as consultant and chair at Dolphitech AS. He previously served as CFO at Norman ASA and Viking Redningstjeneste International AS, and served several years with EY. Nyberg-Hansen is a state authorised public accountant (CPA) and holds a master's degree in professional accountancy from the BI Norwegian Business School.

Ole Henrik Eriksen
Chief Operating Officer

Eriksen joined Weifa in September 2014 as vice president business development when Aqualis ASA acquired Weifa AS. He has spent 30 years in the pharma, biotech and medtech industries and has wide experience from various management and executive positions with such companies as Nycomed Imaging (now GE Healthcare) and Medinnova (now Inven2). Eriksen was the first CEO of Clavis Pharma ASA, and has worked with the company through Aqualis ASA and later Weifa AS. He holds an MSc in organic chemistry from the Norwegian Institute of Technology (now the Norwegian University of Science and Technology) in Trondheim.

Morten Hovland Sand
Vice President Sales

Sand joined Weifa in 2007 and has been head of sales since 2008. He has broad professional experience in general management, strategy, sales and brand-building related to fast-moving consumer goods and retailing from such companies as Coca Cola, Mills and Esso. Sand holds a BBA from the BI Norwegian Business School.

Astrid Bratvedt
Vice President R&D

Bratvedt has been with Weifa since 1990, and became head of R&D in 2009. She previously headed Weifa's regulatory and medical department. She holds a master's degree in pharmacy and has pursued postgraduate studies in management and project management.

Monica Børter Bekkhus
Head of marketing

Børter Bekkhus joined Weifa in 2011 and became head of marketing in October 2016. She previously worked at L'Oréal and has broad experience from marketing, PR and brand-building. Børter Bekkhus holds a Bachelor of International Marketing from the BI Norwegian Business School and a Master of Business Administration from Birmingham Business School.

Shareholder information

Weifa is strongly committed to maintaining an open dialogue with shareholders, potential investors, analysts, investment banks and the financial markets in general. The goal is to ensure that the share price reflects the underlying value of the company by providing all price-relevant information to the market.

The company's total capitalisation at 31 December 2016 was NOK 930 million, based on a closing share price of NOK 25.5 on the last day of trading in 2016.

Dividend policy

The board introduced a dividend policy in 2015 whereby Weifa plans to pay excess cash as dividend to shareholders. When new acquisitions or other transactions occur, the board will seek the approval of shareholders for the transaction and related financing.

Shares and share capital

At 31 December 2016, Weifa had 36 472 069 ordinary shares outstanding with a par value of NOK 7.50 per share (see Note 19 to the financial statements). An extraordinary general meeting (EGM) held on 1 July 2016 approved a reverse split of the company's shares in the ratio 25 to 1, so that 25 shares merged into one share. The nominal value of a share in the company increased from NOK 0.30 to NOK 7.50.

The company has one share class, and each share carries one vote. At 31 December 2016, the company had 3 915 shareholders, and shareholders registered outside Norway held 15.5% of its shares.

Listing

The company's shares have been listed on Oslo Børs (ticker: WEIFA) since 2006. The shares belong to the OB Match liquidity category and are registered in the Norwegian Central Securities Depository (VPS), with Nordea Bank Issuer Service as registrar. The shares carry the securities number ISIN NO 001 0308240.

Principal shareholders

The 20 largest shareholders of Weifa are predominantly Norwegian and international institutional investors. A table of the 20 largest shareholders is included in this chapter.

Employee incentive plan

The company has a share option plan for the executive management. No share options were awarded during 2016 and 1 735 716 were outstanding at 31 December 2016. Further information on the company's share option plan has been included in Note 20 to the consolidated financial statements.

Investor relations

Weifa wishes to maintain an open dialogue with the capital market. Regular information is therefore published through the annual report, interim reports and presentations, and stock exchange announcements. The company distributes all information relevant to the share price to Oslo Børs. Such information is distributed without delay and simultaneously to the capital market and the media, and is also published on the company website.

The CEO and CFO are responsible for the company's investor relations activities and for all communication with the capital markets, and all information is communicated within the framework established by securities and accounting legislation and the rules and regulations of Oslo Børs.

All information regarding Weifa is available on the company's website at www.weifa.no.

Annual general meeting

The AGM is normally held in May. Written notice and additional relevant material are sent to all the shareholders individually or to their custodian bank at least three weeks before the AGM is to take place. The notice is also made available on the company's website. Shareholders are encouraged to participate in and to vote at the AGM. In order to vote, a shareholder must either be physically present or represented by a proxy. The next AGM is scheduled for 30 May 2017.

20 largest shareholders at 5 April 2017

NAME	NUMBER OF SHARES	OWNERSHIP SHARE
WATRIUM AS	4 716 282	12.9%
EUROCLEAR BANK S.A./N.V.	2 596 566	7.1%
MP PENSJON PK	1 867 087	5.1%
HOLTA LIFE SCIENCES AS	1 824 392	5.0%
STOREBRAND VEKST VERDIPAPIRFOND	1 776 402	4.9%
KLP AKSJENORGE	1 233 205	3.4%
HOLBERG NORGE	1 109 956	3.0%
STOREBRAND NORGE I VERDIPAPIRFOND	926 000	2.5%
VPF NORDEA AVKASTNING	860 121	2.4%
KOMMUNAL LANDSPENSJONSKASSE	810 059	2.2%
ARCTIC FUNDS PLC	718 299	2.0%
SOLAN CAPITAL AS	626 650	1.7%
VERDIPAPIRFONDET ALFRED BERG NORGE	612 751	1.7%
MUSTAD INDUSTRIER AS	600 000	1.6%
TIGERSTADEN AS	518 029	1.4%
VPF NORDEA NORGE VERDI	483 721	1.3%
VPF NORDEA KAPITAL	439 717	1.2%
VERDIPAPIRFONDET DNB SMB	421 833	1.2%
BORGEN INVESTMENT GROUP NORWAY AS	373 647	1.0%
CAMACA AS	369 939	1.0%
Total 20 largest shareholders	**22 884 656**	**62.7%**
Other shareholders	13 587 413	37.3%
Total number of shares	**36 472 069**	**100.0%**

Ownership structure by geographical region at 5 April 2017

NATIONALITY	NUMBER OF SHARES	OWNERSHIP SHARE
Norwegian shareholders	30 994 728	85.0%
Foreign shareholders	5 477 341	15.0%
Total	**36 472 069**	**100.0%**

Ownership structure by size of holding at 5 April 2017

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	PERCENTAGE OF CAPITAL
1 - 4 000	3 341	5.8%
4 001 - 40 000	369	12.3%
40 001 - 400 000	64	21.2%
400 001 - 2 000 000	16	40.7%
Over 2 000 000	2	20.1%
Total	**3 792**	**100.0%**

Corporate governance

Corporate governance regulates the relationship between the company's management, its board of directors and its shareholders. Weifa believes that good corporate governance is an important component of sustainable business conduct and long-term value creation.

1. Implementation and reporting of Corporate Governance

In accordance with the latest version of the Norwegian code of practice for corporate governance (the code) dated 30 October 2014, the board of Weifa ASA has prepared a corporate governance policy document. Weifa aspires to follow the code as closely as possible and an explanation or comment will be provided in cases where the company's practice might diverge from it.

The board reviews the overall position of the company in relation to the latest version of the code on an annual basis and reports thereon in the company's annual report, pursuant to the requirements of the continuing obligations of stock-exchange-listed companies and the code.

The company's compliance with the code is described in this section of the annual report, and the section numbers refer to the articles of the code. Weifa's corporate governance guidelines are published in full on the company's website at www.weifa.no.

2. Business

Weifa ASA is a Norwegian consumer health company supplying medicine, lifestyle products and solutions which address the essential needs of consumers, customers and professional partners. The company's headquarters are in Oslo, Norway.

Pursuant to the company's articles of association, Weifa's business purpose is as follows:

The company's purpose is the development, production and sale of pharmaceuticals and other healthcare products and all activities related hereto, on its own or through ownership in other companies.

Weifa's business operations and the goals and strategies of its business areas are presented in more detail in the directors' report in this annual report.

3. Equity and dividends

Equity

The company's consolidated equity at 31 December 2016 was NOK 1 095 million, representing an equity ratio of 72%. The board aims to maintain an equity ratio which is satisfactory in light of the company's goals, strategy and risk profile.

Increases in share capital

The board will only propose increases in the share capital when this is beneficial over the long term for the shareholders of the company.

An extraordinary general meeting (EGM) held on 1 July 2016 approved a reverse split of the company's shares in the ratio 25 to 1, so that 25 shares merged into one share. The nominal value of a share in the company increased from NOK 0.30 to NOK 7.50. For more details on the reverse split, see the minutes of the EGM.

At the EGM, the board received a general mandate to increase the share capital by up to 10% through the issue of new shares. This mandate may be used to issue shares in connection with the company's share/option plan for employees and to provide financial flexibility for the company, including in connection with investments, mergers and acquisitions. Weifa's strategy is to grow its business organically and through potential acquisitions, and the board believes that a general mandate, without a specific purpose, is necessary to give the company the flexibility required to secure the necessary financing at the lowest possible cost, and that this is in the best interest of the company's shareholders. The mandate runs until the annual general meeting (AGM) in 2017 or until 15 months from the date of award.

The Weifa board has been given a mandate to purchase the company's own shares, limited to 10% of the total shares outstanding. This mandate was received at the AGM on 31 May 2016 and runs until the AGM in 2017 or until 15 months from the date of award.

Dividend policy

The board introduced a dividend policy in 2015 whereby Weifa plans to pay excess cash as dividend to shareholders. When new acquisitions or other transactions occur, the board will seek the approval of shareholders for the transaction and related financing. The AGM in May 2016 approved a dividend of NOK 0.05 per share.

4. Equal treatment of shareholders and transactions with close associates

The company has only one share class. Each share entitles the holder to one vote and there are no voting restrictions. Each share has a nominal value of NOK 7.50. Any potential purchase of the company's own shares must be made via a stock exchange at the market price. On 6 July 2016, Weifa acquired 20 000 of its own shares in order to facilitate the rounding up of shareholdings not divisible by 25 in relation to the reverse share split. Following the trade and the subsequent reverse share split, the company held 813 of its own shares at 31 December.

When the board resolves to increase the share capital on the basis of a mandate it has received and to waive the pre-emptive rights of existing shareholders, the justification will be publically disclosed in connection with the increase.

Transactions with related parties will be at arm's length and at fair value, which will be the market value in the absence of any other pertinent factors. All transactions with related parties which are not immaterial will be valued by an independent third party, unless assessed and approved by the general meeting. Transactions with related parties are described in Note 27 to the consolidated financial statements.

5. Freely negotiable shares

No restrictions are placed on trading of shares and voting rights in the company, and each share gives the right to one vote at the company's general meeting.

6. General Meeting

Annual General Meeting

The general meeting is the company's supreme body and elects the directors.

Notice of the general meeting

The company complies with the minimum period of notice set out in the Norwegian Public Limited Companies Act – in other words, 21 days. The notice of a general meeting is issued in writing by mail or electronically through the Norwegian Central Securities Depository (VPS) to all shareholders with registered addresses. Documents with sufficient detail for the shareholders to take a position on all the matters to be considered are enclosed with the notice. Such documents need not be sent to the shareholders if they have been made available to the shareholders on the company's website. That also includes documents which are legally required to accompany the notice of the general meeting, either as part of the notice or appended to it. A shareholder may require that they are sent the documents to be considered at a general meeting.

The notice also covers the shareholder's right to propose resolutions concerning matters to be voted on at the general meeting, and provides information on the steps necessary to exercise the shareholder's rights. The notice and the said documents are made available on the company's website at least 21 days before the relevant general meeting.

To register for the general meeting, a shareholder must confirm their attendance in writing by mail or fax, or register electronically through the VPS.

The 2017 AGM is scheduled for 30 May in Oslo, Norway.

Voting at the General Meeting

Any shareholder is entitled to vote at the general meeting. To cast a vote, a shareholder must attend or give a proxy to someone who is attending. A proxy form will be distributed with the notice of the general meeting. A proxy form will only be accepted if submitted by mail, fax or e-mail (provided the proxy form has been scanned as a signed document), or registered directly through the VPS. Voting is not possible via the internet or in any other way. Where shareholders who cannot attend the general meeting are concerned, the board will nominate the chair and the CEO to vote as their proxy. As far as possible, the company uses a proxy form which allows separate voting instructions to be provided for each matter to be considered by the meeting and for each of the candidates nominated for election.

The attendance at the General Meeting

The board and the executive management of the company seek to facilitate the largest possible attendance at the general meeting. In 2016, the AGM was held on 31 May and shareholders representing about 54% of the share capital attended either in person or by proxy.

The chair, the CEO and the company's auditor will always attend the AGM. In addition, the chair of the nomination committee has normally attended the AGM, and other directors and members of the nomination committee will attend whenever practical. The code recommends that all directors, members of the nomination committee and the auditor are present at the AGM.

Chairman of the meeting and minutes

The chair, or another person nominated by the board, will declare the general meeting open. The code recommends that an independent person be appointed to chair the general meeting. Given the company's organisation and shareholder structure, appointing an independent chair for the general meeting is considered to be unnecessary, and the chair will for practical purposes normally perform this task. However, the need for an independent chair is evaluated in advance of each general meeting on the basis of the items to be considered. The minutes of the general meeting are made available at the company's website on the day following the general meeting.

7. Nomination Committee

The company's nomination committee is regulated by article 6 of the articles of association. Comprising up to three members, it is elected by the general meeting, which also appoints the committee's chair. Members of the nomination committee should be selected to ensure a broad representation of shareholder interests.

Work of the committee

The nomination committee makes recommendations to the general meeting on the election of directors and the chair. It also submits proposals for the remuneration of directors. Recommendations by the election committee must be justified.

The nomination committee currently consists of two members, who must be shareholders or representatives of shareholders, and no more than one member of the nomination committee may be a director. Members of the nomination committee are elected for a term of two years. Further information on the duties of the nomination committee can be found in the instructions to the nomination committee, which have been approved by the general meeting and made available on the company's website, www.weifa.no.

Weifa is not aware of the existence of any agreements or business partnerships between the company and any third parties in which members of its nomination committee have direct or indirect interests. The nomination committee's composition is designed to maintain its independence from the company's administration.

The nomination committee currently comprises the following members:

- Anders Christian Wilhelmsen, chair (member since 2016, up for election in 2017)
- Andreas Lorentzen (member since 2015, up for election in 2017)

8. The Board of Directors – composition and independence

The company does not have a corporate assembly.

The chair and the other directors are elected for a term of two years and the board currently consists of five shareholder-elected directors.

All directors may be re-elected for a term of up to two years. All current directors are independent of the company's executive management and material business contacts.

When electing directors, the emphasis is on ensuring that the board has the expertise required to conduct independent evaluations of the matters presented by the executive management as well as of the company's operations. It is also considered important that the board functions well as a collegial body.

The current composition of the board, including directors' shareholdings in Weifa at the date of this annual report, is detailed below.

Women account for 40% of the shareholder-elected directors, which fulfils the requirements for gender balance in the board's composition.

9. Work of the Board

The board works in accordance with an annual plan, and conducts an annual self-assessment of its performance and expertise which is made available to the nomination committee. The annual plan is established after each AGM, and includes the number of meetings to be held and specific tasks to be handled at the meetings. Typical activities dealt with by the board during the year include conducting an annual strategic review, reviewing and approving the budget for the following year, evaluating the management and expertise required, and continuous financial and risk reviews based on the budget or forecasts. The board held seven meetings between the last AGM and the date of this report. Average attendance has been about 90%. Directors attended the board meetings either in person or by phone.

Audit Committee

In accordance with the company's articles of association, the company has elected for practical reasons to have an audit committee which comprises the full board. The duties and responsibilities of the audit committee are governed by the formal instructions approved by the board, and are accordingly handled by the full board.

Remuneration Committee

The remuneration committee is appointed by the board and makes proposals to it on the employment terms and conditions of the CEO, on the total remuneration of the CEO and other members of the executive management, and on the details of the employee share option plan. These proposals are also relevant for other managers entitled to variable salary payments. The board's instructions to the remuneration committee are available on the company's website. The remuneration committee currently consists of Einar J Greve (chair) and Kristin L A Wilhelmsen.

The Board of Directors – composition and independence

NAME	POSITION IN THE BOARD	MEMBER SINCE (YEAR)	UP FOR ELECTION(YEAR)	COMMITTEE MEMBERSHIP	SHAREHOLDING IN WEIFA *
Einar J. Greve	Chair	2015	2017	Rem comm.	80 000
Espen Tidemann Jørgensen [1]	Director	2016	2017		4 800
Lise Hammergren	Director	2015	2017		-
Kristin L. A. Wilhelmsen	Director	2015	2017	Rem comm.	4 716 282 [2]
Tomas Settevik	Director	2015	2017		60 000 [3]

* At 31 March 2017.

1) Representing Holta Life Sciences with shares of 1 824 392.
2) Shares held by Watrium AS, a company controlled by director Kristin L A Wilhelmsen.
3) Shares held by Mutus AS, a company controlled by director Thomas Settevik.

10. Risk management and internal control

The board and the executive management will see to it at all times that the company has adequate systems and internal control routines to handle any risks relevant to the company and its business, hereunder ensuring that the company's ethical guidelines, corporate values and guidelines for corporate social responsibility are maintained and safeguarded.

The board carries out an annual detailed review of the company's most important areas of exposure to risk and its internal control systems. Risk areas, changes in risk levels and how risk is being managed are regularly reviewed at board meetings.

Weifa manufactures and sells pharmaceutical products through its subsidiary Weifa AS. These products are produced and sold in compliance with relevant international and local laws and regulations governing the pharmaceutical industry. The company has therefore implemented risk management systems in accordance with the GMP and EHS guidelines, for example.

11. Remuneration of directors

Remuneration of directors must be reasonable and based on the board's responsibilities, work, the time invested and the complexity of the business. Remuneration needs to be sufficient to attract both Norwegian and foreign directors with the right expertise and experience.

Remuneration will be a fixed annual amount determined by the AGM on the basis of a proposal from the nomination committee. At the AGM on 31 May 2016, a resolution was passed approving the following fees for the period from the AGM in 2016 until the AGM in 2017: chair NOK 650 000, other directors NOK 160 000 each. Einar J Greve, who was elected chair on 11 December 2015, has previously entered into an agreement with Weifa through his wholly owned company Cipriano AS relating to strategic advisory services, which may under certain conditions result in a remuneration of NOK 1.5 million.

For more information on the remuneration of the board, see Note 26 to the consolidated financial statements.

12. Remuneration of the executive management

The board specifies the guidelines for remuneration of the executive management and determines the salary and other compensation for the CEO, pursuant to relevant laws and regulations.

A statement on the determination of salary and other remuneration for the executive management is presented to the AGM as a separate agenda item, and any proposals for equity-based compensation (such as share option or share purchase plans) will usually be included as a separate agenda item.

For more information on the remuneration of the CEO and other members of the executive management, and the statement on the determination of salary and other remuneration for the executive management, see Note 26 to the consolidated financial statements.

13. Information and communication

The board and the executive management of the company give considerable weight to providing shareholders and the financial market in general with timely, relevant and current information about the company and its activities, while exercising sound commercial judgement with regard to any information which could adversely influence the value of the company if revealed to competitors.

Regular information is published in the form of annual reports as well as interim reports and presentations. It is the company's aim to publish these reports within four weeks of the end of the relevant reporting period for at least two of the four financial quarters. Weifa distributes all information relevant to the share price to Oslo Børs in accordance with applicable regulations. Such information is distributed without delay and simultaneously to the capital market and the media, and posted to the company's website.

The company publishes all information concerning the AGM, interim reports and presentations, and other presentations on the company website as soon as it is made publically available.

The CEO and CFO hold a presentation each quarter in connection with the release of the interim report, which is open to all interested parties and accessible through a live webcast posted on the company's website. The executive management also holds regular meetings with shareholders and other investors, and makes presentations at domestic and international investor conferences.

The company's financial calendar for the next financial year is published each December through Oslo Børs and the company's website.

14. Takeovers

Without specific reasons, the board will not attempt to hinder any attempt to make a takeover bid for the company's activities or shares, hereunder using any mandate to issue new shares in the company. In the event of takeover bids or restructuring, the board has a particular responsibility to ascertain that all shareholder value and interests are protected.

If a takeover bid is made, the board will issue a statement recommending whether shareholders should accept the offer. The board will arrange a valuation from an independent expert, which will be made public no later than the publication of the board's recommendation.

15. Auditor

The company's external auditor since 2003 has been Ernst & Young AS. The auditor attends the board meeting which approves the annual financial statements, and otherwise when required. The auditor meets the board at least once a year without the company's executive management being present.

The auditor presents a plan each year for the implementation of audit work and submits a review of the company's internal control procedures following the annual statutory audit, which includes identified weaknesses and proposals for improvement.

Remuneration to the auditor is disclosed in Note 6 to the consolidated financial statements.

The full corporate governance policy is published on Weifa's web page at www.weifa.no.

Directors' report for 2016

Weifa ASA strengthened its position as a leading Norwegian consumer health company in 2016. Flagship brands Paracet, Ibux and Asan drove record revenue and profit. Significant progress was made in creating a platform for Weifa's expansion in the Nordic region.

INTEGRATION OF ASAN

On 15 January 2016, Weifa completed the acquisition of Cederroth AS, owner of the Norwegian category-leading intimate care brand Asan and its Swedish counterpart Sana (jointly referred to as "Asan"), for a total cash considera-tion of NOK 112.3 million. The Asan portfolio includes market-leading products in the mild intimate care soap, body and shower, and wet wipes categories. Since their launch in the 1980s, Asan/Sana have been the champion in the intimate wash category, a position built through innovation and category expansion.

The acquired portfolio complements Weifa's existing intimate care products and has strengthened its overall position as a leading consumer health company. Cederroth AS was renamed to Weifa Derma AS and was merged with Weifa AS in the second half of 2016. The Asan portfolio and Weifa's existing intimate and skin care products were reported jointly as the dermatology category, which had NOK 59.8 million in 2016 revenues compared with NOK 9 million in 2015.

BUILDING A NORDIC PLATFORM

Weifa has a clear strategic ambition to build on it's strong domestic position in Norway, where it owns a number of the most recognisable consumer health brands. In 2016, the company signed distribution and licensing agreements which establish a firm platform for building a Nordic market position, initially in Finland and Sweden.

Where the pain category is concerned, Weifa announced a five-year distribution agreement in June with Finland's Fysioline group for several of Weifa's most recently launched pain category products. The agreement may be extended to include additional products from Weifa. Fysioline will sell, market and distribute the products on an exclusive basis in the Finnish market under Weifa's brand names. The first product, Trampalgin, was launched late 2016. Ranked as the leading Finnish wellness and fitness company, Fysioline is also expanding its pharmaceuticals division. It has several market-leading brands in the pain and joint/muscle categories sold through pharmacies.

The agreement was an important first step in Weifa's strategy to build a Nordic platform for its established brands. The initial two products to be marketed in Finland represent a combined annual peak-sales potential (three-five years from launch) for Weifa in the high single-digit NOK million range.

A three-year agreement was signed with Midsona Finland Oy in December 2016 for the distribution and sale of the Asan product line in Finland. The first products are scheduled for launch towards the second half of 2017. Midsona is a leading Finnish company for organic foods, hygiene products, health foods and personal care, and is present in pharmacies, the mass market and health food stores. Weifa also decided to rebrand the Swedish Sana portfolio, making Asan a recognisable intimate-care brand for the majority of the Nordic population.

On 12 January 2017, Weifa announced a licensing agreement for a new product line based on a patented fixed-combination pain management solution from AFT Pharmaceuticals in New Zealand. Weifa holds the rights to commercialise these products in the Nordic region, with the launch expected in the second half of 2017. The product line consists of a patented fixed ratio of ibuprofen and paraceta-mol, and covers tablet, sachet and oral liquid formulations. These are indicated for acute pain and fever conditions, and will be marketed under Weifa's own brand name. This product line is unique to the Nordic market. It will strengthen Weifa's analgesic portfolio and support the company's Nordic growth strategy.

OPERATING PERFORMANCE

Weifa's consumer health business is divided into the following : OTC (non-prescription, over-the-counter drugs), Rx (prescription drugs) and OTX (vitamins, minerals, supplements and other non-OTC products). The Weifa portfolio consisted in 2016 of products in four categories: pain relief, cough & cold, nutraceuticals and dermatology. Pain relief was the dominant category, account-ing for about 73% of revenues, followed by the dermatology category, which represented 15% of revenues in 2016.

Weifa was the leading OTC company in the Norwegian pharmacy channel during 2016 with a market share of 15%, little changed from 2015. Weifa is a recognised supplier to the Norwegian pharmacy chains and works closely with these in developing new consumer health brands to fulfil customer needs and meet unmet demands.

The Norwegian OTC market is dominated by the strong position of Weifa's main brands, Paracet, Paracetduo and Ibux. Paracet and Paracetduo had a combined market share of 89% in the paracetamol product segment at 31 December (2015: 88%). Ibux had a market share of 74% (2015: 74%) in the nonsteroidal anti-inflammatory drugs (NSAID) product segment. Weifa's cough & cold category has had a compound annual growth rate (CAGR) of 27% since 2011, and Weifa is successfully delivering on its ambition of being the fastest growing player in this category.

The Asan portfolio had 20% of the Norwegian shower market in 2016 and 73% of the intimate wash segment in Norway when wet wipes are included. Asan was the biggest category brand in the Norwegian shower market measured over the last 12 months (LTM).

Solvivo, a lozenge for local symptomatic relief of mild mouth and throat infections, was launched in September 2016. It is for use by adults and children aged over six years. The launch positioned Weifa in the fast-growing OTC throat segment with a new unique product. Solvivo held a market share of 14% in its segment at 31 December 2016. On 10 August, Weifa introduced Zonat, a new tablet for short-term symptomatic treatment of occasional insomnia. The active ingredient is well established as a non-prescription (OTC) product for occasional insomnia in several European countries. Zonat, which requires a prescription in Norway, positions Weifa in a new therapeutic category, insomnia, and a new growth market. Being a prescription medication, it will require more time to penetrate the market compared with Solvivo, which is an OTC product with faster direct feedback in the form of revenue and market position. Ibux 200mg soft capsules were launched in October as a line extension to the well-established Ibux range, while Pyricare, a sterile saltwater spray used to clean wounds, was launched in April 2016.

RESEARCH AND DEVELOPMENT

Continuous and targeted research and development (R&D) is key to Weifa's strategy.
The R&D organisation has long experience of bringing profitable products to market, focusing on new formulations and packaging as well as new therapeutic indications which fulfil consumer needs. Weifa's expertise in line extensions and OTC switch has been the key to the success of brands like Paracet, Ibux and Bronkyl. The company extends its product portfolio through in-house development, co-development and in-licensing, and a network of partners contributes across the different stages of product development.

Weifa ASA still possesses and maintains a portfolio of patents relating to its lipid vector technology (LVT), as well as licensing agreements for the potential development of selected drug compounds. The company has been in discussions with potential partners for specific parts of these assets during 2016, and is prepared for a sale or further out-licensing of these assets should the right opportunity arise.

PRESENTATION OF FINANCIAL RESULTS

Underlying revenue development

The B2B business divested in 2015 are presented as discontinued operations in the annual accounts. The consumer health business is reported as continued operations. One-off costs related to the divestment of the B2B business are reported as costs for the divested operations and are also included in discontinued operations. Weifa Derma AS (Asan) is consolidated in the group and classified as continued operations from January 2016.

Reported consolidated results for the group

Total revenue and income for Weifa amounted to NOK 399.7 million in 2016 (2015: NOK 332.5 million). Revenue increased 20% in 2016, compared with 2015, partly owing to the inclusion of the acquired Asan portfolio and partly owing to revenue growth of 5.2% on the existing portfolio of consumer health products.

Operating profit for 2016 was NOK 67.6 million, compared with NOK 53.1 million the year before. Operating profit included NOK 0.8 million in costs related to the realisation of additional value for inventory recognised as part of the preliminary purchase price allocation on the acquisition of Cederroth AS, NOK 5 million in the cost of employee options (2015: NOK 6.5 million) and NOK 3.1 million in costs related to the acquisition of Cederroth AS (2015: NOK 0.8 million).

Financial income was NOK 0.6 million (2015: NOK 1.5 million), reflecting interest on bank deposits and bonds. Financial expenses were NOK 34 million in 2016 (2015: NOK 28.7 million). Weifa signed a NOK 350 million five-year loan agreement with DNB in April 2016 to reduce funding costs and ensure sufficient financial flexibility. In April, as part of its refinancing, Weifa redeemed the outstanding bond loan which was due to mature in 2019. Financial expenses for 2016 included NOK 17.5 million in one-off costs related to the debt refinancing, reflecting the buy-back of the company's own bonds at a premium on their book value. The remaining financial expenses reflected interest costs on the bond loan and the new bank facility, as well as the effects of changes to currency exchange rates.

Weifa had a tax expense of NOK 16.2 million for 2016 (2015: NOK 15.7 million). Tax expense includes full-year adjustments to the net deferred tax asset owing to the reduction in Norway's corporation tax rate from 25% to 24%. Tax expense for 2015 also reflected adjustments to net deferred tax assets owing to the reduced corporate tax rate.

Weifa had a net profit of NOK 18 million for 2016 (2015: NOK 5.7 million). The 2015 net profit included a loss on discontinued operations of NOK 4.5 million.

Liquidity, financial position and investment

Weifa's net cash flow from operating activities amounted to NOK 56.8 million in 2016 (2015: NOK 49.5 million).

The acquisition of Asan resulted in a net cash outflow from investing activities of NOK 120 million in 2016, while the sale of the B2B and tablet-production activities resulted in a net cash flow of NOK 107 million in 2015.

A net cash outflow of NOK 71 million from financing activities in 2016 reflected NOK 346.5 million in net proceeds from borrowing, NOK 45.6 million in dividend paid, NOK 357.1 million to repay the outstanding bond loan and NOK 14.8 million in interest paid. The NOK 98.8 million in net cash outflow from financing activities for 2015 was a function of a share issue, bond repurchase, and dividend and interest paid.

Total assets at 31 December 2016 amounted to NOK 1 511.6 million, when the company had NOK 347.5 million in interest-bearing debt. That compares with total assets of NOK 1 544.4 million and interest-bearing debt of NOK 345.5 million at 31 December 2015. Cash and cash equivalents amounted to NOK 67.7 million at 31 December 2016. Intangible assets amounted to NOK 1 253.9 million (net of amortisation) at the same date, compared with NOK 1 150.8 million a year earlier.

Equity amounted to NOK 1 094.8 million at 31 December 2016 (2015: NOK 1 118 million), giving an equity ratio of 72% (2015: 72%).

The EGM on 1 July 2016 approved a reverse split of the company's shares, so that 25 shares became one share with a new par value of NOK 7.50 per share. The reverse split was effectuated to ensure adequate pricing of the shares and to comply with section 2.4 of Oslo Børs' continuing obligations. The first day of trading after the reverse split was 13 July 2016.

Weifa expects cash from continuing operations, together with its liquidity reserves, to be sufficient to cover planned capital expenditures and operational requirements in 2017. The financial statements of Weifa ASA have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and valid at 31 December 2016.

In accordance with section 3, sub-section 3a of the Norwegian Accounting Act, the board confirms that the financial statements have been prepared under the assumption that the company is a going concern and that this assumption is valid.

EVENTS AFTER THE BALANCE SHEET DATE

On 12 January 2017, Weifa announced a licensing agreement for a new product line based on a patented fixed-combination pain management solution from AFT Pharmaceuticals in New Zealand.

The board has proposed a dividend of NOK 1.50 per share to shareholders. Final approval of the dividend will be determined by the AGM on 30 May 2017.

ORGANISATIONAL MATTERS

Organisation

The group had 30 employees at 31 December 2016, all of whom were employed by Weifa AS. Weifa ASA had no employees during 2016.

Monica Børter Bekkhus was appointed head of marketing in October 2016.

Board of Directors

The AGM on 31 May 2016 re-elected Einar J Greve as chair. Lise Hammergren, Kristin L A Wilhelmsen and Tomas Settevik were re-elected as directors, while Espen Tidemann Jørgensen was elected to the board as a new director. Shareholder-elected director Ole Enger resigned. Weifa's employees elected Monica Børter Bekkhus as the employee-elected director with effect from 1 March 2017. She replaced Siri Mangschou.

The board now consists of Einar J Greve (chair), Lise Hammergren, Kristin L A Wilhelmsen, Tomas Settevik, Espen Tidemann Jørgensen and Monica Børter Bekkhus.

CORPORATE SOCIAL RESPONSIBILITY, THE ENVIRONMENT AND EMPLOYEES

Weifa aims to achieve sustainable development by striking a good balance between financial results, value creation, sustainability and corporate social responsibility (CSR). The statement on CSR required by section 3, sub-section 3c of the Norwegian Accounting Act is presented below.

Corporate social responsibility

Weifa is committed to conducting its business in a manner which adheres to the highest industry standards in the consumer health industry, and in strict conformity with international and local laws and regulations in the countries where the group operates.

The group believes in being a socially responsible business, and promoting decent working and environmental conditions in its supply chains is part of its strategy on acting responsibly and of its efforts in this area. In pursuit of these aims, Weifa cooperates with its suppliers and business partners. The company has adopted the general principles of the UN Global Compact on human rights, working conditions, the environment and anti-corruption.

Weifa expects its suppliers and business partners to make efforts to ensure compliance with the above principles and with national laws and regulations, and to ensure similar compliance by their sub-suppliers.

Focusing attention on working conditions and the environment has financial benefits and strengthens competitiveness. Various studies have shown that improving occupational health and safety, regulating working hours and paying decent wages improve productivity and quality, and reduce the number of occupational injuries.

Weifa does not accept the violation of laws against corruption, bribery and fraud. Suppliers and business partners must under no circumstance be involved in business practices which hinder free competition. They must not offer Weifa employees gifts or favourable conditions. Weifa seeks to form long-term relationships with business partners who share its values, and focuses on promoting decent working and environmental conditions in the supply chain.

Equal opportunities

The group has established practices to ensure equal opportunities between female and male employees, as well as between different races. Three of its six current directors are women. The board does not consider it necessary to take further steps to ensure equal opportunities.

Health, safety and environment

Weifa has established a formal code of conduct as well as a set of policies and procedures for dealing with quality, health, safety and the environment (QHSE). The company is committed to creating a work culture where prevention of harm is the priority for everyone. The group is committed to a working environment where all employees feel safe and are valued for the diversity they bring to the business. Weifa honours domestic and internationally accepted labour standards and supports the protection of human rights. The company does not tolerate any harassment or any act of violence or threatening behaviour in the workplace, including any sexual, age-related or racial harassment. Weifa's personnel are its most important resource for success, and the group strives to create a healthy and safe environment for all employees and contractors. QHSE is an integral element in the Weifa AS business, where most of the workforce is employed, and systems are in place to monitor and follow up any accidents. No sickness absence was reported for Weifa ASA during the year. Sickness absence for Weifa AS in 2016 totalled 3.4% (2015: 2.7%) of total working hours. Weifa AS experienced no undesirable incidents over the same period.

Weifa's head office is located in modern and well-equipped premises at Østensjøveien 27, Oslo, Norway.

RISK

Risk exposure and management

Weifa's regular business activities entail exposure to various types of risks. It manages these proactively. The board regularly analyses the company's operations and potential risk factors, and takes measures to reduce risk exposure. Weifa places great emphasis on quality assurance, and quality systems have been implemented or are under implementation in accordance with the requirements for the pharmaceutical industry.

Operational risk

Weifa faces risks and uncertainties in its business operations and in the domestic and international marketplace. Consumer health products are predominately sold in Norway, and this segment is thereby subject to the economic and competitive position in that country. Changes in Norwegian government policy on price regulations for prescription drugs could also affect Weifa. The company's financial performance in this segment is largely dependent on the performance of its key pain relief brands, and any changes to the competitive position for these products could have a negative financial effect. Major incidents related to HSE could impose significant costs and damage the company's reputation, and Weifa is also exposed to changes in legislation and regulations governing the pharmaceutical industry.

Financial risk

The group is principally exposed to interest-rate, credit, liquidity and foreign currency risk. Weifa refinanced its debt at the beginning of the second quarter of 2016. The new DNB bank loan totals NOK 350 million for a period of five years and carries an interest of three-months Nibor plus 2.40% with the current leverage. The company has no major financial assets other than cash and cash equivalents and trade receivables. These amounted to NOK 67.7 million and NOK 81.5 million respectively at 31 December 2016. The credit risk relating to these assets arises from possible default by the counterparty. Counterparties to cash deposits are commercial banks, primarily DNB and Nordea. Trade receivables relate to customers of Weifa AS, and are tightly managed by the company. Weifa's overall credit risk is regarded as moderate to low.

Since its incorporation in August 2001, the group has accumulated substantial net losses. However, it is currently generating a significant positive cash flow. The strategy is to fund the continued growth of Weifa's business through existing cash reserves and future cash flow, and, if necessary, by raising additional equity capital. Weifa had NOK 67.7 million in cash and cash equivalents at 31 December 2016. Based on the current cash position, the group considers the liquidity risk to be low.

Exposure to the risk of changes in foreign exchange rates relates primarily to operating activities where revenues or expenses are denominated in a different currency from the company's presentation currency, and to the company's cash deposits denominated in foreign currencies. At 31 December 2016, the company had minor cash balances denominated in EUR and USD.

Further details of financial risk can be found in Note 3 to the consolidated financial statements.

SHAREHOLDER RELATIONS AND CORPORATE GOVERNANCE

Corporate governance

The board and the executive management are committed to complying with the rules and regulations which apply to the company's business. Weifa's corporate governance guidelines (the CCGP) were established in April 2006 and have been regularly updated to comply with the current Norwegian code of practice for corporate governance (the code).

The CCGP have been prepared in accordance with section 3, sub-section 3b of the Norwegian Accounting Act and are included as a separate section of this annual report as well as being available on the company's website.

Dividend policy

The board introduced a dividend policy in June 2015 whereby Weifa plans to pay excess cash as dividend to shareholders. When new acquisitions or other transactions occur, the board will seek the approval of shareholders for the transaction and related financing.

The AGM on 31 May 2016 approved a dividend of NOK 0.05 per share. The dividend was paid on 10 June, amounting to a total of NOK 45.6 million.

Investor relations

The board and the executive management assign considerable importance to providing shareholders and the financial market in general with timely, relevant and current information on the company and its activities, pursuant to the legal requirements imposed by the Norwegian Securities Trading Act and the regulations of Oslo Børs.

OUTLOOK

Weifa's ambition is to remain the leading Norwegian consumer health company. The cornerstones of its strategy are to strengthen its position as the leading player in the Norwegian pain relief market, to be the fastest growing player in the cough & cold category, to capitalise on existing strong brands in other categories, and to enter new categories with unique products. Weifa will maintain its strategic priorities in 2017, with the emphasis on building the platform for Nordic expansion. A developed Nordic presence will increase the long-term growth potential along with gains from product innovation and by adding new categories to the company's portfolio of leading brands.

Weifa will continue to assess the potential of its existing patent portfolio relating to the company's lipid vector technology.

Weifa's consumer health business is expected to grow in line with the historical average rate of 2-3% annually. In addition comes the effect of launching additional innovative products and geographical expansion. The EBITDA margin is expected to improve gradually in a long-term perspective. Where 2017 is concerned, Weifa expects an adjusted EBITDA margin on a par with the 2016 level owing to geographical market expansion.

PARENT COMPANY

The parent company, Weifa ASA, reported a net profit in 2016 of NOK 17.9 million, compared with a net loss of NOK 14.8 million for 2015. Assets at 31 December 2016 totalled NOK 1 451.7 million. The company's cash balance at 31 December 2016 was NOK 1.1 million, compared with NOK 145.9 million a year earlier. Total shareholders' equity at 31 December 2016 was NOK 1 100.8 million, compared with NOK 1 123,8 million the year before. The equity ratio at 31 December 2016 was 76%, unchanged from 2015.

The board has proposed that the net profit of NOK 17.9 million be transferred to retained earnings. Following this transfer, total equity will amount to NOK 1 100.8 million at 31 December 2016.

Oslo, 26 April 2017

Einar J. Greve
Chairman of the Board

Espen Tidemann Jørgensen
Board member

Tomas Settevik
Board member

Kristin L. A. Wilhelmsen
Board member

Lise Hammergren
Board member

Monica Børter Bekkhus
Board member
(elected by the employees)

Kathrine Gamborg Andreassen
CEO

Responsibility statement

We confirm that, to the best of our knowledge, the financial statements for 2016, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the company's assets, liabilities, financial position and results of operations, and that the management report includes a fair review of the information required under section 5-5 of the Norwegian Securities Trading Act.

Oslo, 26 April 2017

Einar J. Greve
Chairman of the Board

Espen Tidemann Jørgensen
Board member

Tomas Settevik
Board member

Kristin L. A. Wilhelmsen
Board member

Lise Hammergren
Board member

Monica Børter Bekkhus
Board member
(elected by the employees)

Kathrine Gamborg Andreassen
CEO

Financial statements

and notes

Weifa Group – Financial statements and notes

Index

Consolidated Statement of Profit and Loss for the year ended 31 December

(NOK 000'S)	NOTE	2016	2015
Revenue	5	399 113	332 044
Other income		625	503
Total revenue and income		**399 738**	**332 547**
Cost of materials	17	178 861	114 563
Payroll expenses	7	45 593	74 950
Other operating expenses	6	94 932	77 451
Depreciation, amortisation and impairment	12, 13	12 744	12 531
Operating profit/(loss)		**67 608**	**53 052**
Finance income	8	584	1 548
Finance costs	8	34 036	28 657
Profit/(Loss) before tax from continuing operations		**34 156**	**25 943**
Income tax expense	9	16 205	15 735
Profit/(Loss) for the period from continuing operations		**17 951**	**10 208**
Profit/(Loss) for the period from discontinued operations	10	-	-4 492
Profit/(Loss) for the period		**17 951**	**5 716**
Profit/(Loss) for the year attributable to:			
Equity holders of the parent company		17 951	5 716
Total		**17 951**	**5 716**
Earnings per share for continuing operations (NOK): [1]			
Basic, profit from continuing operations attributable to equity holders of the parent	11	0.49	0.17
Diluted, profit from continuing operations attributable to equity holders of the parent	11	0.47	0.17
Earnings per share (NOK): [1]			
Basic, profit for the year attributable to equity holders of the parent	11	0.49	0.31
Diluted, profit for the year attributable to equity holders of the parent	11	0.47	0.30

1) To have comparable numbers the 2015 numbers are adjusted for reversed share split (ratio 25:1) third quarter 2016.

Consolidated Statement of Other Comprehensive Income for the year ended 31 December

(NOK 000'S)	NOTE	2016	2015
Profit/(loss) for the year		17 951	5 716
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement of pension plans		273	-
Income tax effect		68	-
Total OCI not to be reclassified to profit or loss		205	-
Other comprehensive income for the year, net of tax		205	-
Total comprehensive income for the year, net of tax		17 746	5 716
Total comprehensive income for the year, net of tax attributable to:			
Equity holders of the parent company		17 746	5 716
Total		17 746	5 716

Consolidated Statement of Financial Position as at 31 December

(NOK 000'S)	NOTE	2016	2015
ASSETS			
Non-current assets			
Fixed asset	12	363	567
Intangible assets	13, 14, 28	1 253 949	1 150 848
Deferred tax assets	9	86 736	110 549
Total non-current assets		1 341 048	1 261 964
Current assets			
Inventory	17	14 637	15 220
Trade receivables	15, 16	81 525	63 519
Other receivables	15, 16	6 662	1 720
Cash and cash equivalents	18	67 709	201 940
Total current assets		170 533	282 399
Total assets		1 511 581	1 544 363

(NOK 000'S)	NOTE	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital	19	273 541	273 541
Share premium		769 527	769 527
Other paid in capital		13 224	8 604
Retained earnings		38 475	66 319
Total equity		1 094 767	1 117 991
Non-current liabilities			
Interest-bearing loans	22	347 508	340 609
Other long term interest bearing debt		-	4 625
Pension liabilities	23	5 420	6 392
Total non-current liabilities		352 928	351 626
Current liabilities			
Trade payables		28 176	22 438
Interst-bearing debt	13	4 543	9 250
Other current liabilities	21	31 167	43 058
Total current liabilities		63 886	74 746
Total liabilities		416 814	426 372
Total equity and liabilities		1 511 581	1 544 363

Oslo, 26 April 2017

Einar J. Greve
Chairman of the Board

Espen Tidemann Jørgensen
Board member

Tomas Settevik
Board member

Kristin L. A. Wilhelmsen
Board member

Lise Hammergren
Board member

Monica Børter Bekkhus
Board member
(elected by the employees)

Kathrine Gamborg Andreassen
CEO

Consolidated Statement of changes in equity

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
(NOK 000'S)	NOTE	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID IN CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
Equity as at 01.01.2015		237 991	689 042	2 078	203 397	1 132 508
Total comprehensive income		-	-	-	5 716	5 716
Distribution of dividend		-	-	-	-142 794	-142 794
Issue of share capital						-
Private placement, December		35 550	82 950	-	-	118 500
Share issue costs (net of tax effects)		-	-2 465	-	-	-2 465
Total issue of share capital	19	35 550	80 485	-	-	116 035
Share-based payment	20	-	-	6 526	-	6 526
Equity as at 31.12.2015		273 541	769 527	8 604	66 319	1 117 991
Equity as at 01.01.2016		273 541	769 527	8 604	66 319	1 117 991
Profit for the period		-	-	-	17 951	17 951
Other Comprehensive income		-	-	-	205	205
Total comprehensive income		-	-	-	17 746	17 746
Distribution of dividend		-	-	-	-45 590	-45 590
Share-based payment		-	-	4 620	-	4 620
Equity as at 31.12.2016		273 541	769 527	13 224	38 475	1 094 767

Consolidated Statement of Cash flows for the year ended 31 December

(NOK 000'S)	NOTE	2016	2015
Cash flow from operating activities			
Net profit/(loss) before income tax from continuing operations		34 156	25 943
Net profit/(loss) before income tax from discontinuing operations		-	-6 154
Net Profit before tax		34 156	19 789
Non-cash adjustment to reconcile profit before tax to cash flow:			
Estimated value of employee share options	20	4 620	6 526
Depreciation, amortisation and impairment	12,13	12 743	13 700
(Gain)/loss on disposal of plant & equipment		-	-103
Unrealised foreign currency (gains)/losses		-465	-1 105
Changes in working capital:			
Changes in trade receivables and trade creditors		-12 268	2 348
Changes in inventory		583	8 455
Changes in other accruals		-16 056	-26 710
Net interest (income)/expense		33 452	26 572
Net cash flow from operating activities		56 765	49 472
Cash flow from investing activities			
Purchase of licenses	13	-9 250	-15 420
Purchase of equipment	12	-	-2 723
Sales of assets	10	-	120 000
Sales of financial assets		-	3 729
Acquisition of subsidiary, net of cash	28	-111 307	-
Interest received	8	584	1 384
Net cash flow from investing activities		-119 973	106 970
Cash flow from financing activities			
Proceeds from share issue	18	-	118 500
Share issue costs		-	-3 375
Purchase of own bonds	22	-357 089	-51 050
Dividend paid		-45 590	-142 794
Proceeds from borrowings		346 500	-
Interest paid	8	-14 844	-20 057
Net cash flow from financing activities		-71 023	-98 776
Net change in cash and cash equivalents		-134 231	57 666
Cash and cash equivalents beginning period	18	201 940	144 274
Cash and cash equivalents end period	18	67 709	201 940

Note 1 Corporate information

Weifa ASA is a limited liability company and it's registered office is Østensjøveien 27, Oslo, Norway and it's shares are listed on Oslo Stock Exchange in Norway under the ticker WEIFA.

The consolidated financial statements were approved for release by the Board of Directors on 26 April 2017.

In June 2015, the Company divested its Business-to-business ("B2B") operations including the company's production facilities in Kragerø, and has from that date been a pure consumer health focused business with CMO agreements for all product lines.

Note 2 Summary of significant accounting policies

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

The consolidated financial statements and directors' report are prepared in English only.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union, and are mandatory for fiscal years beginning on or after 1 January 2016, their interpretations adopted by the International Accounting Standards Board (IASB) and Norwegian disclosure requirements listed in the Norwegian Accounting Act. Furthermore, the consolidated financial statements have been prepared on a historical cost basis.

2.2 Consolidation principles

The Group's consolidated financial statements comprise Weifa ASA, and entities in which Weifa ASA has control over. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Non-controlling interest are included in the Group's equity.

Business combinations:
The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and relevant conditions as at the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale and recognised at fair value less cost to sell, and deferred tax assets and liabilities which are recognised at nominal value.

Goodwill arising on acquisition is recognised as an asset measured at the excess of the sum of the consideration transferred, the fair value of any previously held equity interests and the amount of any non-controlling interests in the aquiree over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the total consideration of the business combination, the excess is recognised in the income statement immediately.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in the income statement as financial income or expense. If the contingent consideration is classified as equity, it will not be remeasured and subsequent settlement will be accounted for within equity.

If the business combination is achieved in stages, the fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the income statement.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The consideration is recognised at fair value and the difference between the consideration and the carrying amount of the asset is recognised at the equity attributable to the parent.

In cases where changes in the ownership interest of a subsidiary lead to loss of control, the consideration is measured at fair value. Assets and liabilities of the subsidiary and non-controlling interest at their carrying amounts are derecognised at the date when the control is lost. Differences between the consideration and the carrying amount of the asset are recognised as a gain or loss in profit or loss. Investments retained, if any, are recognised at fair value, and surplus or deficits, if any, are recognised in profit and loss as a part of gain/loss on subsidiary disposal. Amounts included in other comprehensive income are recognised in profit or loss or directly as equity.

2.3 Segment reporting

Following the sale of the B2B business Weifa is a dedicated consumer health company and is organized as one operating segment. The Company has currently no material sales outside Norway and hence no segment information is presented. The net result of the B2B segment presented in previous periods has been included in discontinued operations.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met, as described below.

Sales of goods

The Group sells a range of pharmaceutical products to the consumer market. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of goods and when there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery is governed by the Sales contacts, but usually occurs when the products is delivered to the customer.

2.5 Balance sheet classification

The Group presents assets and liabilities in the consolidated statement of financial position according to the classification wheather it is current of non-current. An asset is current when it is expected to be realized or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realized within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current. A liability is current when it is expected to settle in normal operating cycle, it is held for primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

2.6 Fixed asset

Fixed asset is stated at historical cost, less depreciation and/or impairment losses, if any. Such cost includes expenditures that are directly attributable to the acquisition of the items. Costs accrued for major replacements and upgrades to equipment are added to cost if it is probable that the costs will generate future economic benefits and if the costs can be reliably measured. All other repairs and maintenance are charged to the income statement when incurred.

Depreciation on other assets is calculated on a straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Fixed asset: 3 - 10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's net sales value and its value in use.

An item of fixed assest and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

2.7 Intangible assets

Intangible assets with a finite useful life will be amortized on a straight-line basis over the estimated useful life of the asset. The fair value of the intangible asset will be estimated when there is an indication that the net carrying amount of the intangible asset is higher than the fair value or when the need for impairment losses in previous periods no longer exists. An impairment loss in previous periods for assets other than goodwill are reversed only if there has been a change in the estimate used to determine the recoverable amount, and only to the extent the increase in the carrying amount will not exceed the carrying amount that would have been determined if no impairment loss had been recognised in prior years. Intangible assets with an indefinite useful life will not be subject to amortization and will be tested annually for impairment or when there are indications of impairment.

Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included within intangible assets.

Goodwill that arises on the acquisition of subsidiaries is allocated to cash generating units (CGUs).

Goodwill is measured at cost (residual) less accumulated impairment losses. Goodwill is tested for impairment at least annually, or when there are indications of impairment. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

When the group disposes of an operation within a CGU or group of CGUs to which goodwill has been allocated, a portion of the goodwill is included in the carrying amount of the operation when determining the gain of loss on disposal. The portion of the goodwill allocated is measured based on the relative values of the operation disposed of and the portion of the CGU retained at the date of the partial disposal, unless it can be demonstrated that another method better reflects the goodwill associated with the operation disposed of. The same principle is used for allocation of goodwill when the group reorganizes its businesses.

Customer relationships, Trademarks and Trade names

Separately acquired customer relationships, trademarks and trade names are shown at historical cost. The assets acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships and trade names have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over their useful lives of 3 to 20 years. Trademarks have an infinite useful life, and are tested for impairment annualy and if circumstances indicate potential impairment.

Research and development costs

Research costs are expensed as incurred. Development costs on an individual project are recognised as an intangible asset only when there is an identifiable asset that will generate expected future economic benefits and when the cost of such asset can be measured reliably, otherwise development costs are recognised as an expense when incurred.

Licenses

The Group acquires license ownerships and rights to products and dossiers with world-wide/Nordic rights. Normally it is agreed to make upfront payment in milestones. Lisence rights are measured on initial recognition at cost. If the contracts contains unconditional obligations, the contracts are discounted to present value of future payments and recognized as an intangible assets from the time of contract signing.

2.8 Impairment of non-financial assets

Intangible assets that have indefinite useful life are not subject to amortisation and are tested annually for impairment, and an assessement is also done whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost of disposal and value in use.

2.9 Financial assets and financial liabilities

Financial assets and liabilities in the group consists of investments in other companies, trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing borrowings. The Group initially recognizes borrowings and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Group's financial assets have mainly been classified as loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Financial assets at fair value through profit or loss would include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Recognition and measurement

All financial assets are initially recognised at fair value plus transaction costs, except financial assets carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are after initial measurement carried at amortised cost using the effective interest rate methos, less impairment. The effective interest rate amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement as finance cost for loans and in other operating expenses for receivables.

Trade receivables and other receivables

Trade receivables are recognized at the original invoiced amount, less an allowance made for doubtful receivables. Other receivables are recognized initially at fair value. Trade and other receivables are valued at amortized cost using the effective interest rate metod, less provision for impairment.

Trade and other payables

Trade payables are recognized at the original invoiced amount. Other payables are recognized initially at fair value. Trade and other payables are valued at amortized cost using the effective interest rate metod. The interest rate element is disregarded if it is insignificant, which is the case for the majority of the group's trade payables.

Interest bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium and costs that are an integral part of the EIR method. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand and other short-term highly liquid investments with original maturities of three months or less. In the consolidated balance sheet, any bank overdrafts are shown within borrowings in current liabilities.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The loss is recognised in the consolidated income statement

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out (FIFO) method. The cost of finished goods comprises cost of direct materials. Net realisable value is the estimated selling price in the ordinary course of business, less variable selling expenses.

2.11 Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Current and deferred income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recognised to the extent that is probable that future taxable profit will be available against for which unused tax losses and unused tax credits can be utilised. A deferred tax assets arising from unused tax losses or tax credit are only recognised to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence supporting the utilisation of the tax losses and tax credits. The carrying amount of deferred tax asset is reviewed at the end of each reporting period. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off tax assets against income tax liabilities and the deferred income taxes relate to the same taxable entity or taxation authority.

2.13 Employee benefits

Pension obligation

The Group has defined contribution plans for all employees. In addition they operate unfunded defined benefit plans for a few former employees.

A defined contribution plan is a pension plan under which the Group pays fixed contributions to pension insurance plans. The Group has no legal or constructive obligations to pay further contributions in the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refundor reduction in future payments is available.

Defined benefit plans typically defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. As the Group operates an unfunded defined benefit plan, they have no plan assets. The pension obligation is funded through the groups operations.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes and curtailments and settlements.

Past-service costs are recognised immediately in income.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

2.14 Share-based compensation

The group operates an equity-settled compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the option is recognises as an expense (payroll expenses) over the vesting period. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (e.g, an entity's share price).
- Excluding the impact of any service and non-market performance vesting conditions.
- Including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The fair value of the options have been estimated at grant date and is not subsequebtly changed.

When the options are exercised, and the Company elects to issue new shares, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2.15 Provisions and contingent liabilities

General

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of the money and the risks specific to the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring provisions

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. The Group has a constructive obligation when a detailed formal plan identifies the activities concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plans main features.

2.16 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line-basis over the period of the lease.

2.17 Events after the balance sheet date

New information on the Group's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the Group's position at the balance sheet date, but which will affect the Group's position in the future, are stated if significant. Details on events after the balance sheet date are disclosed in Note 29.

2.18 Changes in accounting policies and disclosures

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

IFRS 9 Financial instruments
In July 2014 the IASB published the final element in IFRS 9 and the standard is now complete. IFRS 9 results in amendments to classification and measurement, hedge accounting and impairment. IFRS 9 will replace IAS 39 Financial Instrument: Recognition and Measurement. The parts of IAS 39 that have not been amended as part of this project has been transferred and included in IFRS 9. The standard shall be implemented retrospectively, with the exception of hedge accounting, but it is not a requirement to prepare comparative figures. The rules for hedge accounting shall mainly be implemented prospectively, with certain few exceptions. The Group has no plans regarding early implementation of the standard. The implementation of the Standard is not assumed to have material impact on the Group.

IFRS 15 Revenue from contracts with customers
The IASB and FASB has published a new converged standard for revenue recognition; IFRS 15 Revenue from Contracts with Customers. The standard replaces all existing standards and interpretations relating to revenue recognition. The core principle of IFRS 15 is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. With some few exceptions, the standard is applicable for all remunerative contracts and includes a model for recognition and measurement of sale of individual non-financial assets (e.g. sale of property, plant and equipment). IFRS 15 shall be implemented using either the fully retrospective or modified method. The Standard is not expected to have material impact on the Group.

IFRS 16 Leasing
In January 2016 the IASB issued IFRS 16 Leases. The standard is effective from 1 January 2019, but is not yet adopted by the EU. The standard requires all leases (with the exception of short-term and small asset leases) to be recognised in the statement of financial position as a right-of-use asset with subsequent depreciation. The Group has completed an analysis of the new standard and no material impact is identified for the group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

Note 3 Financial risk management objectives and policies

The Group's principal financial liabilities comprise trade and other payables, and loan of NOK 350 million, issued in 2016. The Group has trade and other receivables, and cash and cash equivalents. The main risks arising from the Group's financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk. The Group's senior management oversees the management of these risks, which is being reviewed by the Board of Directors.

Interest rate risk
The Group's exposure to the risk of changes to market interest rates relates primarily to the Group's loan. The DNB loan carries a variable annual interest rate of 2,4% + NIBOR3M. Any annualised increase/decrease in the NIBOR3M by 100 basis point would increase/decrease the Group's profit before tax by NOK 3.5 million.

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Customer credit risk is managed subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed on an individual basis, and outstanding customer receivables are regularly monitored. The requirement for an provision for potential losses is analysed at each reporting date on an individual basis for major customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. At December 2016 the Group had total trade receivables of NOK 81.5 million (2015: NOK 63.5 million), which were owed by 11 customers. Three of these customers owed the Group more than NOK 11 million each, accounting for approx. 61% of total trade receivables at year-end.

The counter parties for cash deposits are Norwegian commercial banks.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily the Group's operating activities (when expense is denominated in a different currency from the Group's presentation currency), and the Group's foreign currency denominated cash deposits.

Purchase of part of the CMO finished goods are denominated primarily in EUR, USD and SEK. In addition license contracts that are entered during 2015 are mainly nominated in USD. The Group's exposure of foreign currency risk is considered to be at a limited level.

Liquidity risk

Liquidity risk is the potential loss arising from the Group's inability to meet its contractual obligations when due. The Group monitors its risk to a shortage of funds using cash flow forecasts. Following the acquisition of Weifa AS and Cederroth AS, the Group generates a significant positve operating cash flow. The Group had cash and cash equivalents of NOK 67.7 million at 31 December 2016 (2015: NOK 201.9 million) Based on the current cash position, the Group assesses the liquidity risk to be low.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

YEAR ENDED 31 DECEMBER 2016 (NOK 000'S)	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	>5 YEARS	TOTAL
Loan DNB	-	3 154	9 462	347 508	-	360 124
Trade payables	-	28 176	-	-	-	28 176
Licences	-	-	4 543	-	-	4 543
Other liabilities	-	31 167	-	-	-	31 167
Total	-	62 497	14 005	347 508	-	424 010

The loan has a maturity of 5 years, with repayments of NOK 15 million after 36, 42, 48 and 54 months. The remaining part (NOK 290 million) is payable at termination, 2nd quarter 2021. Weifa paid dividend on NOK 45.6 million in June 2016.

YEAR ENDED 31 DECEMBER 2015 (NOK 000'S)	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	>5 YEARS	TOTAL
Bond loan	-	4 503	13 466	396 833	-	414 802
Trade payables	-	22 438	-	-	-	22 438
Licences	-	9 250	-	4 625	-	13 875
Other liabilities	-	43 058	-	-	-	43 058
Total	-	79 249	13 466	401 458	-	494 173

The maturity profile for the Bond loan with a nominal value of NOK 350 million includes the 50 million that was bought back on own Bond loan in 2015 and the quarterly interest payments on the loan calculated at the applicable interest rate at 31 December 2015. Weifa paid dividend on NOK 142.8 million in October 2015.

Capital management

The primary objective of the Group's capital management is to ensure that the Company maintains a solid capital structure enabling it to develop and build its business to maximise shareholder value. The Group's objective is to maintain a balance of financial assets that reflects the cash requirement of its operations and investments for at least the next 12 - 24 months. No changes were made in the objectives, policies or process for managing capital during the year ended 31 December 2016.

Note 4 Critical accounting estimates and judgements in terms of accounting policies

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. It also requires management to excercise its judgement in the process of applying the group's accounting policies. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgements 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.

4.1 Critical accounting 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 Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are adresses below.

Goodwill

In accordance with the stated accounting policy, the group tests annually whether goodwill has suffered any impairment or more frequently if impairment indicators are identified. The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budgets and forecasts for the next three years, as approved by the Company's Board of Directors, and do not include significant investments that will enhance the performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash-inflows (sensitive to estimates of sales and cost levels) and the growth rate used for extrapolation purposes. Further details about goodwill and impairment reviews are included in Note 14 Impairment.

Intangible assets

Intangible assets with indefinite useful life is tested for impairment annually. The recoverable amount of the asset has been determined based on value-in-use calculations. These calculations require the use of estimates. The value-in-use calculation is based on a discounted cash flow model with the same parameters as impairmenttesting for goodwill. Information on intangible assets is disclosed in Note 13 and 14.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses only to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, and deferred tax assets have been recognised in the balance sheet. The recognised amount is most sensitive to expected future taxable profits, but the deferred tax asset is expected to be utilised within the next 7-8 years based on the companys strong profitable history and presens in the stable growing health care sector. Information on deferred tax assets is disclosed in Note 9.

Share based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the options at the date at which they are granted. Estimating the fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including expected life of the share option and volatility and making assumptions about them. The assumptions and model used for estimating fair value for share-based payment transaction are disclosed in Note 20.

Note 5 Revenue

Geographic information

(NOK 000'S)	2016	2015
Norway	393 364	330 964
Denmark	1 495	985
Iceland	264	95
Sweden	3 253	-
Finland	737	-
Total revenue per consolidated statement of profit and loss	399 113	332 044

The information above is based on the location of the customers.

As substantial proportion of sales are through wholesalers, the Group has a limited numbers of Customers.

Note 6 Other operating expenses

(NOK 000'S)	2016	2015
Marketing and advertising expenses [1]	58 625	41 460
Direct and indirect production costs [2]	8 805	16 709
General, sales & admin. expenses	11 612	13 652
External services [1]	15 890	5 630
Other operating expenses	94 932	77 451

1) Increased marketing and advertising expenses and external services related to ASAN portifolio business.
2) Reduction of direct and indirect production cost is related to the divestment of the "B2B" business.

Research and development costs

Total research and development costs, including R&D related payroll and payroll related costs, recognised as an expense in the income statement during the financial year amounted to NOK 17.5 million (2015: 13.8 million).

Remuneration to the Auditors

(NOK 000'S)	2016	2015
Statutory Audit	328	400
Other attestation services	261	697
Total remuneration to auditors	589	1 097

All fees are exclusive of VAT.

Note 7 Payroll expenses

(NOK 000'S)	2016	2015
Salaries	23 158	43 667
Bonus	3 785	7 678
Payroll tax	8 163	14 745
Estimated value of share options granted to employees	4 620	6 526
Pension costs - defined contribution plans	1 910	827
Pension costs - defined benefit plans	959	427
Other payroll costs	2 998	1 080
Total payroll and payroll related costs [1]	45 593	74 950
Average number of man-years:	30.0	78.7

1) Reduction of payroll expenses is related to the divestment of the "B2B" business.

Weifa meets the Norwegian requirements for mandatory occupational pension ("obligatorisk tjenestepensjon"), refer to Note 23.

Note 8 Financial items

(NOK 000'S)	2016	2015
Interest income from bank deposits etc.	584	1 384
Other financial income	-	164
Total finance income	**584**	**1 548**
Interest on borrowings	14 486	19 749
Net foreign exchange (gain)/loss	465	2 954
Bond buy back [1]	17 481	-
Other financial expenses	1 604	5 954
Total finance costs	**34 036**	**28 657**
Net finance	**-33 452**	**-27 109**

1) One off cost related to the buy back of own bonds (book value vs transaction value) incl. fee.

Note 9 Tax

Income tax calculation

(NOK 000'S)	2016	2015
Income Tax rate	25 %	27 %
Tax effect of change in net deferred income tax liability/asset	12 591	6 207
Tax effect on permanent differences recognized to equity	-	911
Tax effect tax rate reduction on temporary differences (from 25% to 24%)	3 614	8 617
Income tax expense	**16 205**	**15 735**

Reconciliation of income tax

(NOK 000'S)	2016	2015
Profit before tax	34 156	25 943
Income taxes	8 539	7 005
Tax effect permanent differences, profit & loss	4 052	113
Tax effect tax rate reduction on temporary differences (from 25% to 24%)	3 614	8 617
Income tax expense	**16 205**	**15 735**

Temporary differences

(NOK 000'S)	2016	2015
Non-current assets	429 286	398 599
Current assets	-1 300	-647
Non-current liabilities	-2 927	-5 412
Current liabilities	-5 300	-3 450
Losses carried forward	-781 159	-831 285
Net temporary differences	**-361 400**	**-442 195**
Net deferred tax asset	-86 736	-110 549
As of 1 January	-110 549	-123 710
Tax income/(expense) during the period recognised in profit or loss	16 205	15 735
Tax income/(expense) during the period recognised in OCI	-68	-
Deferred taxes acquired in business combinations	7 275	-2 574
Govermental Grant FOU	400	-
Deferred tax assets not capitalised	-	-
Deferred tax assets capitalised	**-86 736**	**-110 549**

Tax losses can be carried forward indefinitely, and the corporate tax rate at 24% is used for calculation of net deferred tax assets. The deferred tax asset is recognised as at year end 2016 as Weifa AS has a strong earnings history and estimates going forward shows that it will be utilized within the coming years.

Note 10 Discontinued operations

Discontinued operations for 2015 include the financial figures for the B2B business sold to Vistin Pharma AS, including the one-off costs in connection with the separation of the B2B business as a separate entity.

(NOK 000'S)	2015
Operating income	107 223
Cost of materials	55 898
Payroll expenses	19 356
Other operating expenses	37 491
Depreciation, amortization and impairment	1 169
Operating profit/(loss) EBIT, from discontinued operations	-6 691
Finance income/(finance costs)	537
Profit/(Loss) before tax from discontinued operations	-6 154
Tax	-1 662
Profit/(Loss) for the year from discontinued operations	-4 492

Earnings per share of discontinued operations

(NOK 000'S)	2015
Basic, earnings per share fromdiscontinuing operations	-0.01
Diluted, earnings per share fromdiscontinuing operations	-0.01

Note 11 Earnings per share

Basic earnings per share (EPS) are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, based on the following data:

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

(NOK 000'S)	2016	2015
Profit/loss from continuing operations attributable to owners of the parent	17 951	10 208
Profit/loss from discontinued operations attributable to owners of the parent	-	-4 492
Total	17 951	5 716
Weighted average number of ordinary shares (in thousands)	36 472	823 882
Effects of dilution from share options	1 736	37 094
Weighted average number of ordinary shares adjusted for the effect of dilution	38 208	860 976
Basic earnings per share (NOK) [1]	0.49	0.17
Diluted earnings per share (NOK) [1]	0.47	0.17
Basic earnings per share for continuing operations (NOK) [1]	0.49	0.31
Diluted earnings per share for continuing operatins (NOK) [1]	0.47	0.30

1) To have comparable numbers the 2015 numbers are adjusted for reversed share split (ratio 25:1) third quarter 2016.

The following instruments that could potentially dilute basic earnings per share in the future, have been included in the calculation of diluted earnings per share.

(NUMBER OF INSTRUMENTS)	2016	2015
Employee share options	1 735 716	43 392 897

Note 12 Fixed asset

2015

(NOK 000'S)	FIXED ASSET
Cost	
Cost at 1 January 2015	5 467
Additions	1 883
Sales of assets	-6 525
At 31 December 2015	825
Depreciation and impairment	
Accumulated depreciation at 1 January 2015	759
Additions	257
Sales of assets	-758
Accumulated depreciation at 31 December 2015	258
Carrying amount	567

2016

(NOK 000'S)	FIXED ASSET
Cost	
Cost at 1 January 2016	825
Additions	-
Sales of assets	-
At 31 December 2016	825
Depreciation and impairment	
Accumulated depreciation at 1 January 2015	258
Additions	204
Sales of assets	-
Accumulated depreciation at 31 December 2016	462
Carrying amount	363
Useful life	3-10 years

Note 13 Intangible assets

2015

(NOK 000'S)	LICENCES	CUSTOMER CONTRACTS/ RELATIONSHIPS	TRADE NAMES	TRADE MARKS	GOODWILL	TOTAL
Cost						
Cost at 1 January 2015	-	196 208	4 492	314 633	621 584	1 136 917
Purchase intangible assets 1)	29 295	-	-	-	-	29 295
Cost at 31 December 2015	29 295	196 208	4 492	314 633	621 584	1 166 212
Amortisation and impairment						
Accumulated amortisation at 1 January 2015	-	3 679	562	-	-	4 241
Amortisation charge for the year	-	9 626	1 497	-	-	11 123
Accumulated depreciation at 31 Dec 2015	-	13 305	2 059	-	-	15 364
Carrying amount 31 December 2015	29 295	182 903	2 433	314 633	621 584	1 150 848

2016

(NOK 000'S)	LICENCES	CUSTOMER CONTRACTS/ RELATIONSHIPS	TRADE NAMES	TRADE MARKS	GOODWILL	TOTAL
Cost						
Cost at 1 January 2016	29 295	196 208	4 492	314 633	621 584	1 166 212
Business Combination 2)	-	28 325	-	54 570	32 745	115 640
Additions	-	-	-	-	-	-
Cost at 31 December 2016	29 295	224 533	4 492	369 203	654 329	1 281 852
Amortisation and impairment						
Accumulated amortisation at 1 January 2016	-	13 305	2 059	-	-	15 364
Amortisation charge for the year	-	11 042	1 497	-	-	12 539
Accumulated depreciation at 31 Dec 2016	-	24 347	3 556	-	-	27 903
Carrying amount 31 December 2016	29 295	200 186	936	369 203	654 329	1 253 949
Useful life	5-10 years 3)	10-20 years	3 years	Indefinite	Indefinite	

1) Purchase of licences 2015:
Acquired ownership and rights to several products and dossiers within the pain and cough & cold segment with world-wide/Nordic rights. Licence agreements that cover unconditional purchase commitments have been discounted to present value of the payments and presented as a licence assets, and remaining future cash payments of NOK 4.5 million. The entered licence agreements enable Weifa to expand its core portfolio to new markets.

2) Purchase 2016:
Purchase 2016 relates to the Cederroth acquisition in the first quarter. Ref. Note 28

3) Licences are amortized over their useful life, starting at the date of regulatory approvals and maximum up to the date of expiration of agreed exclusivity in lisence contracts. Licenses is entirely related to product under development which are not yet authorized for sale.

See Note 14 for impairment test related to goodwill and intangible assets with definate and indefinite lifetime. Amortisation of intangible assets is presented under the line item depreciation, amortisation and impairment in the consolidated statement of profit and loss.

Note 14 Impairment testing of intangible assets with undefinite life time

Goodwill and intangible assets stated in the consolidated financial position was derived from the acquisition of Weifa AS and Cederroth AS. Recognised goodwill amounts to NOK 654.3 million as of 31 December 2016, and intangible assets related to trademarks amounts to NOK 369.2 million, please see Note 13.

Goodwill and intangible assets with a definate and indefinite life are tested for impairment for each cash-generating unit (CGU). The Group have only one CGU - Consumer Health.

Goodwill and intangible assets with a definate and indefinite life are tested for impairment annually, and when there are indications of impairment. The impairment test was performed by Weifa management as of year end 2016.

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. Impairment indicator - Market capitalisation of the Group below the book value of its equity.

The recoverable amount for the CGUs has been determined estimating their Value in Use (VIU), and comparing that against the carrying amount of the CGU. The calculation of VIU has been based on management's best estimate, reflecting the Group's financial planning process. The discount rates are derived as the weighted average cost of capital (WACC) for a similar business in the same business environment.

The following assumptions were made when calculating the VIU as of 31 December 2016

A terminal growth rate of 2%, and a WACC (before tax) of 10.2%.

Cash flow projections and assumptions

A five year forecast of discounted cash flows plus a terminal value (Gordon's growth model) was used to determine net present value of the CGU. Discounted cash flows were calculated after tax and applying a WACC after tax.

Estimated cash flow covering the period 2017-2019 consist of approved budgets for 2017 and estimates for 2018 and 2019 in accordance with the Group's strategic plan. The cash flow projections for 2020 and 2021 have been extrapolated based on an expected growth rate, while operating margins have been improved from 2020 due to expected topline development. The projected cash flows are based on the expected growth in the total market, the CGU's market share, the prices of the products sold, and the CGU's cost structure. According to management these are reasonable assumptions based on the development of the business and the long term strategic plan. Terminal value is based on 2020.

Key assumptions for the value in use calculations

The calculation of VIU for the CGU is most of all sensitive when it comes to the following assumptions:

Discount rate

The input data for the WACC is gathered from representative sources, peer groups etc., and this is used to determine best estimate. The WACC was calculated after tax. All parameters were set to reflect the long term period of the assets and time horizon of the forecast period of the cash flows.

Key inputs for the WACC for the CGU:

Risk free rate: 10 year governmental bond (NOK)
Beta (equity): The equity beta has been estimated based on a re-leverage, through the Harris & Pringle formula, of the median asset beta for comparable listed companies.
Market risk premium: The market risk premium is based on empirical data for risk premium.
Company specific premium: The company specific premium is based in the size of the CGU and according to Ibbotson analysis.
Capital structure: Equity ratio of 84%.

Growth rate

The growth rate in the forecast period is based on management's expectation to the development in the market, and management's strategic plan. The terminal growth rate is based on long term inflation targets in the markets where the CGU operates.

Cash Flow

The calculation includes cash flows for five years, in addition to terminal. Cash Flow estimates are based on the budget and strategy plan approved by the Board of Directors for the period 2017-2019. The cash flow shows expectation of gross profit improvement and revenue growth handled by the existing organization.

Sensitivity analysis for key assumptions

Impairment testing showed that headroom for the CGU is >20%. An additional sensitivity analysis was performed. The sensitivity analysis showed that with a terminal growth rate of 0% or an increase in the WACC of 1% the VIU was still above the carrying amount for the CGU.

Impairment - test results and conclusion

The VIU exceeds carrying amount for the CGU. The impairment test did not indicate a requirement for write-down.

Note 15 Financial assets and liabilities by category

Set out below is a comparison by class of carrying amounts and fair values of all financial instruments that are carried in the financial statements:

The financial assets principally consist of cash and cash equivalents obtained through equity issues. The financial liabilities principally consist of a bank loan and trade and other payables arising directly from its operations.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs that have a significant affect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

			CARRYING AMOUNT	
(NOK 000'S)	LEVEL	CATEGORY	2016	2015
Financial assets				
Trade receivables	1	Loans and receivables	81 525	63 519
Other receivables	1	Loans and receivables	6 662	1 720
Total			88 187	65 239
Financial liabilities				
Borrowings - Bank loan	1	Other financial liabilities at amortised cost	347 508	-
Borrowings - Bond loan	1	Other financial liabilities at amortised cost	-	340 609
Interest bearing debt - License comittments	1	Other financial liabilities at amortised cost	4 543	13 875
Trade payables	1	Other financial liabilities at amortised cost	28 176	22 438
Other payables	1	Other financial liabilities at amortised cost	31 167	43 058
Total			411 394	419 980

The following methods and assumptions were used to estimate the fair values:
- Cash and bank deposits, trade and other current receivables and trade and other current payables approximate their carrying amounts due to the short-terms maturities of these instruments.

Note 16 Trade and other receivables

(NOK 000'S)	2016	2015
Trade receivables	81 525	63 645
Provision for potential loss on trade receivables	-	-126
Trade receivables (net)	**81 525**	**63 519**

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days.

As at 31 December, the ageing analysis of trade receivabels is, as follows

			PAST DUE NOT IMPAIRED		
AGING	TOTAL	CURRENT	< 30 DAYS	30-60 DAYS	60- 90 DAYS
2016	81 525	70 486	10 973	-	66
2015	63 519	54 785	8 291	-4	447

See Note 3 on credit risk of trade receivables, which explains how the Group manages credit risk.

(NOK 000'S)	2016	2015
Prepayments	6 662	1 720
Other receivables	-	-
Total other receivables	**6 662**	**1 720**

Note 17 Inventories

(NOK 000'S)	2016	2015
Finished goods (at the lower of cost and net realisable value)	14 637	15 220
Total inventories	**14 637**	**15 220**

Cost of material included in the profit and loss consists of purchase of finished goods for sale, net movements in inventory, and the fair value adjustment. The cost of material recognised as an expense amounted to NOK 178.8 million for the year ended 31 December 2016.

Note 18 Cash and cash equivalents

(NOK 000'S)	2016	2015
Cash at bank and in hand	67 709	83 440
Cash for the Cederroth AS aquisition	-	118 500
Cash and cash equivalents	**67 709**	**201 940**

Cash at banks earns interest at floating rates based on daily bank deposit rates. At 31 December 2016 NOK 1.8 million (EUR 0.2 million) of the cash at bank was denominated in EUR.

The Group has a a guarantee for the employees withholding taxes provided by DNB of NOK 3.0 million.

In December 2015 Weifa agreed with Orkla ASA to acquire Cederroth AS. The transaction was completed in January 2016. To finance the acquisition, a private placement of NOK 118.5 million was finalised in December, refer to Note 28.

Note 19 Issued shares, share capital and reserves

	NUMBER OF SHARES (THOUSANDS)	SHARE CAPITAL (NOK 000'S)
At 1 January 2015	1 586 603	237 991
Reverse share split October (2:1 split)	-793 302	-
Private placement	118 500	35 550
At 31 December 2015	**911 801**	**273 541**
At 1 January 2016	911 801	273 541
Reverse share split July (25:1 split)	-875 329	-
At 31 December 2016	**36 472**	**273 541**

Each share has a par value of NOK 7,50 per share (2015: 0,30 per share).

20 largest shareholders and ownership interest as at 31 December 2016

NAME	NUMBER OF SHARES	OWNERSHIP SHARE
WATRIUM AS [1]	4 716 282	12.9 %
EUROCLEAR BANK	2 596 746	7.1 %
HOLTA LIFE SCIENCES [2]	1 824 392	5.0 %
MP PENSJON PK	1 642 087	4.5 %
STOREBRAND VEKST	1 620 402	4.4 %
KLP AKSJENORGE	1 233 205	3.4 %
SOLAN CAPITAL AS	956 428	2.6 %
HOLBERG NORGE	930 000	2.5 %
STOREBRAND NORGE	926 000	2.5 %
ARCTIC FUNDS	882 964	2.4 %
KLP AKSJENORGE	810 059	2.2 %
VERDIPAPIRFONDET DNB	768 567	2.1 %
VERDIPAPIRFONDET ALF	612 751	1.7 %
MUSTAD INDUSTRIER AS	500 000	1.4 %
NORDEA NORGE	483 721	1.3 %
STOREBRAND OPTIMA	442 000	1.2 %
OLLIS INDUSTRI AS	380 000	1.0 %
BORGEN INVESTMENT	373 647	1.0 %
GOLDMAN SACHS & CO	352 997	1.0 %
NORDEA KAPITAL	349 717	1.0 %
OTHER SHAREHOLDERS	14 070 104	38.6 %
TOTAL NUMBER OF SHARES	36 472 069	100 %

Shares owned by the Board of Directors and management as of 31 December 2016

Board of Directors

	NUMBER OF SHARES
WATRIUM AS [1]	4 716 282
HOLTA LIFE SCIENCES [2]	1 824 392
CIPRIANO AS [3]	80 000
MUTUS AS [4]	60 000
ESPEN TIDEMANN JØRGENSEN	4 800

Executive Management

	NUMBER OF SHARES
SIMEN NYBERG-HANSEN, CFO	80 001
KATHRINE G. ANDREASSEN, CEO	80 000
ASTRID T. BRATVEDT, VP R&D	40 000
OLE HENRIK ERIKSEN, COO	20 001
MORTEN H. SAND, VP SALES	15 010

1) Controlled by director Kristin L. A. Wilhelmsen
2) Represented by director Espen Tidemann Jørgensen
3) Controlled by chair Einar J. Greve
4) Controlled by director Thomas Settevik

Note 20 Share-based payments

Key employees of the Group receive remuneration in form of share-based payment in 2014 and 2015. The share options have an exercise price of NOK 22.75 - 35.25, which is equal to the closing share price at the day of grant. The share options have a term of 3 years, where 1/3 are exercisable after 12, 24 and 36 months. When the options are exercised, a number of shares with a value corresponding to 25 % of the realised gain on the options are subject to a lock-up period of 2 years.

Employee share options are not subject to any performance-based vesting conditions. The Company has the option to settle the share options in cash, however they have no legal or contructive obligation to repurchase or offer cash-settlements for options granted. Non-vested share options are cancelled when the employee has gived notice of termination.

The total expense recognised for allotment of share options to employees, and arising from the Group's equity-settled share based payment plan was approximately NOK 4.6 million for the year ended 31 December 2016 (2015: NOK 6.5 million).

Following the 25:1 reversed share split (third quarter 2016) and the dividend payment of NOK 0.05 per share (second quarter 2016), the exercise price and number of options have been reduced accordingly in 2016.

Following the reverse share split in ratio 2:1 and the dividend payment made in October 2015 of NOK 0.09 per share the outstanding share options have been correspondingly adjusted in 2015.

The following table illustrates the numbers of options granted and their weighted average exercise price:

Share option plan

	2016		2015	
	NUMBER OF OPTIONS	WAEP (NOK)	NUMBER OF OPTIONS	WAEP (NOK)
Outstanding at the beginning of the year	1 735 716	27.50	29 693 371	1.30
Granted	-	-	10 213 017	1.46
Granted	-	-	3 606 509	1.34
Expired	-	-	-120 000	-
Outstanding at the end of period	1 735 716	26.50	43 392 897	1.10
Exercisable at the end of period	972 884	25.00	9 857 790	0.96

The fair value of the share options is estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted.

Note 21 Other payables

(NOK 000'S)	2016	2015
Withholding tax	1 593	1 397
Social security taxes	1 389	1 147
Allowance for holiday pay	3 469	3 948
VAT	9 763	7 291
Accrued expenses	10 468	12 587
Accrued interest expenses 1)	2 527	2 694
Other liabilities	1 958	13 994
Total other payables	31 167	43 058

1) Refer to Note 22 Borrowings.

Note 22 Borrowings and other interest bearing debt

(NOK 000'S)	2016	2015
Interest-bearing loan	347 508	-
Bond loan	-	340 609
Borrowings	347 508	340 609

Weifa refinanced its debt at the beginning of the second quarter of 2016. The new DNB bank loan totals NOK 350 million for a period of five years and carries an interest of three-months Nibor plus 2.40% with the current leverage.

The loan has a maturity of 5 years, with repayments of NOK 15 million after 36, 42, 48 and 54 months. The remaining part (NOK 290 million) is payable at termination, 2nd quarter 2021. The loan carries an annual interes rate of 2,4% NIBOR 3M, with quarterly interest payments. The carrying value at initial recognition was the fair value at initiation net of transaction costs. Subsequent measurement are at amortised cost. The Group is also required to maintain an interest coverage ration of not less than 3.0x and leverange ration of max 5.0. The company are in compliance with the covenants at year-end. In 2016 the Group incurred a total interest expense of NOK 8.7 million on the bank loan.

Note 23 Post-employment benefits

The group operates unfunded defined benefit pension plans for three prior management employees. The plans are final salary pension plans, which provide benefits to employees in the form of a guaranteed level of pension payable for life. The pension plan is funded through the company's operations, which means that the company meets the benefit payment obligation as it falls due.

The amounts recognised in the financial position are determined as follows:

(NOK 000'S)	2016	2015
Present value of unfunded obligations	5 419	6 392
Pension liabilities	5 419	6 392

DNB has issued a guarantee of NOK 6.5 million to cover future pension payments under the defined befit plan above. The guarantee is setup as "on demand".

Note 24 Commitments and contingencies

Operating lease commitments

The group leases premises and vehicles under non-cancellable operating lease agreements. The lease terms are between 3 and 10 years, and the majority of lease agreements are renewable at the end of the lease period. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Lease commitments

(NOK 000'S)	2016
Next 1 year	4 156
1 to 3 years	14 787
After 3 years	3 215
Future minimum lease payments	22 158

(NOK 000'S)	2015
Next 1 year	3 480
1 to 5 years	12 416
After 5 years	8 863
Future minimum lease payments	24 758

Note 25 List of subsidiaries

COMPANY	COUNTRY OF INCORPORATION	MAIN OPERATIONS	OWNERSHIP INTEREST 2016	VOTING POWER 2016	OWNERSHIP INTEREST 2015	VOTING POWER 2015
Weifa AS	Norway	Pharmacautical products	100%	100%	100%	100%

The financial figures of Vistin Pharma AS are included in the consolidated statement of profit and loss of Weifa group as discontinued operations up to the sale of the B2B activities on 1 June 2015.

Note 26 Key management compensation

Board of Directors remuneration

(NOK 000'S)	2016 BOARD FEES	2016 OTHER	2015 BOARD FEES	2015 OTHER
Einar J. Greve (Chairman)	735	44	-	-
Tomas Settevik (Board member)	71	-	-	-
Lise Hammergren (Board member)	71	-	-	-
Kristin L. A. Wilhelmsen (Board member)	71	-	-	-
Espen Tidemann Jørgensen (Board member)	12	-	-	-
Siri Mangschou (Board member)	49	-	-	-
Frank Marius Hansen (Board member)	28	-	-	-
Ole Enger (former Board member)	155	-	119	-
Glen Rødland (former Chairman)	143	-	250	-
Yvonne Litsheim Sandvold (former Board member)	85	-	150	-
Reuben Segal (former Board member)	-	-	31	-
Øystein Stray Spetalen (former Board member)	85	-	150	-
Synne Syrrist (former Board member)	85	-	150	-
Martin Nes (former Board member)	-	-	40	-
Total	1 591	44	890	-

The figures for 2016 and 2015 are remunerations paid during the year.

Executive Management remuneration

2016

(NOK 000'S)	SALARY	BONUS EARNED IN 2016	PENSION	OTHER	SHARE OPTIONS	TOTAL
Kathrine G. Andreassen, CEO [2]	1 957	1 050	100	175	806	4 088
Simen Nyberg-Hansen, CFO	1 642	525	99	158	709	3 133
Total Executive Management	3 599	1 575	198	333	1 515	7 220

2015

(NOK 000'S)	SALARY	BONUS EARNED IN 2016	PENSION	OTHER	SHARE OPTIONS	TOTAL
Kathrine G. Andreassen, CEO Jun - Dec [1) 2)]	1 580	425	96	147	1 041	3 289
Simen Nyberg-Hansen, CFO Aug - Dec	589	165	38	17	337	1 146
Kjell Erik Nordby, CEO Jan - May [3)]	1 228	587	39	86	644	2 584
Liesl Hellstrand, VP HR Jan - May [3)]	689	-	39	11	230	969
Gunnar Manum, CFO Jan - May [3)]	655	235	41	8	322	1 261
Valborg Godal Vold, VP B2B Jan - May [3)]	679	-	39	60	230	1 008
Total Executive Management	5 420	1 412	292	329	2 803	10 256

1) Includes compensation as VP CH from Jan - May and CEO from May - Des.
2) The CEO, Kathrine G. Andreassen has a 6 months notice period.
3) Former Executive Management, part of divested B2B, May 2015.

According to the Norwegian Public Limited Companies Act ("the "Act") section 6-16a, the Board of Directors have prepared a statement on the establishmnet of wages and remuneration for the CEO and other senior employees (so Note 15 in Weifa ASA)

At year end 2016 there are no loan or prepayments to Board of Directors, Excecutive Management or any other related parties. (2015: 0)

Note 27 Transactions with related parties

Related party relationships are those involving control, joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. All transactions within the Group have been based on arm's length principle.

Weifa group is listed on Oslo Stock Exchange. The Group's ultimate parent is Weifa ASA. The subsidiaries are listed in Note 25. Any transactions between the parent company and the subsidiaries are shown line by line in the separate statements of the parent company, and are eliminated in the group financial statements

See Note 26 for more information on loans and remuneration to management and the board.

Other related party transactions

In connection with the Sale of the B2B business, Weifa entered into a consultancy agreement with Gross Management AS ("GM"), pursuant to which GM provided services and advice relating to the restructuring of Weifa AS and execution of the Sale and the related equity offering. For these services, GM was entitled to a fee of NOK 2 million. GM was at the time of the Sale controlled by Mr. Glen Rødland and Mr. Øystein Stray Spetalen, who were board members of Weifa until December 2015. The consultancy agreement was approved by the EGM held 16 April 2015.

Einar J. Greve, who was elected as chair on 11 December 2015, has prevoiusly entered into an agreement with Weifa through his wholly owned company Cipriano AS relating to strategic advisory serivces, which may under certain conditions result in a remuneration of NOK 1.5 million.

Note 28 Business combinations - Cederroth AS

1. Business combinations:

Weifa ASA acquired 100% of the shares in Cederroth AS on 15 January 2016 and consequently controls 100% of the company from that date. The SPA was entered into on 17 December 2015.

The acquisition was made for a total cash consideration of NOK 112.3 million. Cederroth AS is a category leading intimate care brand, known as Asan in Norway and Sana in Sweden. The acquisition of Cederroth AS is a part of Weifa's strategy to drive growth both organically and through M&A. The acquisition is a mean to diversify the Company's revenue streams that previously has been significantly reliant on the sales of pain relief products. In addition, the acquisition is expected to strengthen the Company's retail distribution, and provide access to the Swedish market through the Sana brand.

In the purchase price allocation (PPA), the assets and liabilities of Cederroth AS have been measured at their estimated fair value at 15 January 2016. The fair values of the identifiable assets and liabilities of Cederroth AS at the date of acquisition were:

(NOK 000'S)	FAIR VALUE OF ASSETS AND LIABILITIES
ASSETS	
Non-current assets	
Intangible assets	115 640
Total non-current assets	115 640
Current assets	
Inventory	2 947
Other receivables	2 729
Cash and cash equivalents	993
Total current assets	6 669
Total Assets	122 309
EQUITY	
Share capital	1 701
Other equity	55 654
Total equity	57 355
LIABILITIES	
Non-current liabilities	
Deferred tax liabilities	7 275
Total non-current liabilities	7 275
Current liabilities	
Tax payables	1 557
Interest-bearing loans	54 950
Other current liabilities	1 172
Total current liabilities	57 679
Total equity and liabilities	122 309

The purchase price allocation identified fair value adjustments to customer relations, inventory, goodwill and deferred tax liabilities. The fair value of intangible assets consists of customer relations (NOK 28 million), goodwill (NOK 33 million) and trademarks (NOK 54.6 million). The adjustments to inventory relate to the excess value of inventory (NOK 0.8 million). The residual value of the purchase price will be allocated to goodwill. None of the goodwill recognised is expected to be deductible for income tax purposes.

Based on the strong position of the trademarks and Weifa ASA's intention to continue the use of the trademarks, the trademarks are considered to have an indefinite useful life. The fair value of customer relationships for the consumer health business is amortised over 20 years. The fair value adjustment to inventory has been recognised as cost of materials in the first quarter when the inventory was sold.

A transaction cost of NOK 3.1 million was expensed in Q1 2016. Additional acquisition costs of NOK 0.8 million were expensed in 2015.

Note 29 Events after the reporting period

On 16th February 2017 the board proposed a dividend of NOK 1.50 per share to shareholders. Final approval of the dividend will be determined by the AGM on 30th May 2017.

Weifa ASA – Financial statements and notes

Index

Statement of Profit and Loss for the year ended 31 December

(NOK 000'S)	NOTE	2016	2015
Other income		-	-200
Total operating income		**-**	**-200**
Payroll and payroll related costs	4	1 619	1 474
Other operating costs	3	5 587	7 067
Operating profit/(loss)		**-7 206**	**-8 741**
Finance income	5	79 979	35 464
Finance costs	5	33 792	24 479
Profit/(loss) before tax		**38 981**	**2 244**
Income tax expense	7	21 058	17 038
Profit/(loss) for the year		**17 923**	**-14 794**
Total comprehensive income		**17 923**	**-14 794**

Statement of Financial Position as at 31 December

(NOK 000'S)	NOTE	2016	2015
ASSETS			
Non-current assets			
Investment in subsidiaries	7	1 159 149	1 088 439
Deferred tax assets	6	187 039	208 098
Total non-current assets		1 346 188	1 296 537
Current assets			
Intercompany receivables	7	104 354	32 930
Other receivables		39	-
Cash and cash equivalents	9	1 074	145 920
Total current assets		105 467	178 850
Total assets		1 451 655	1 475 387

(NOK 000'S)	NOTE	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital	10	273 541	273 541
Share premium		769 528	769 528
Other paid in capital		13 224	8 604
Retained earnings		44 494	72 159
Total equity		1 100 787	1 123 832
Non-current liabilities			
Borrowings	12	347 508	340 609
Total non-current liabilities		347 508	340 609
Current liabilities			
Trade payables	8	113	169
Other current liabilities	13	3 247	10 777
Total current liabilities		3 360	10 946
Total liabilities		350 868	351 555
Total equity and liabilities		1 451 655	1 475 387

Oslo, 26 April 2017

Einar J. Greve
Chairman of the Board

Espen Tidemann Jørgensen
Board member

Tomas Settevik
Board member

Kristin L. A. Wilhelmsen
Board member

Lise Hammergren
Board member

Monica Børter Bekkhus
Board member
(elected by the employees)

Kathrine Gamborg Andreassen
CEO

Statement of Changes in Equity for the year ended 31 December

(NOK 000'S)	NOTE	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID IN CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
			ATTRIBUTABLE TO EQUITY HOLDERS			
Equity as at 01.01.2015		237 990	689 044	2 078	229 747	1 158 859
Total comprehensive income		-	-	-	-14 794	-14 794
Distribution of dividend		-	-	-	-142 794	-142 794
Issue of share capital		-	-	-	-	-
Private placement, December		35 550	82 950	-	-	118 500
Transaction costs (net of tax effects)		-	-2 465	-	-	-2 465
Total issue of share capital		35 550	80 485	-	-	116 035
Share-based payment	11	-		6 526		6 526
Equity as at 31.12.2015		273 541	769 528	8 604	72 159	1 123 832
Equity as at 01.01.2016		273 541	769 528	8 604	72 159	1 123 832
Total comprehensive income		-	-	-	17 923	17 923
Distribution of dividend		-	-	-	-45 590	-45 590
Share-based payment	11	-	-	4 620	-	4 620
Equity as at 31.12.2016		273 541	769 528	13 224	44 492	1 100 787

Statement of Cash Flows for the year ended 31 December

(NOK 000'S)	NOTE	2016	2015
Cash flow from operating activities			
Profit/Loss before income tax		38 981	2 244
Non-cash adjustment to reconcile profit before tax to cash flow:			
Group contribution from subsidiary		-	-
Estimated value of employee share options		-	-
Unrealised foreign currency (gains)/losses		-	-
Changes in working capital:			
Changes in trade receivables and trade creditors		-56	496
Changes in deferred income	1, 4	-	-
Changes in other payables, receivables, accruals		-4 828	7 132
Net interest (income)/expense	5	-46 187	-10 985
Net cash flow from operating activities		-12 090	5 413
Cash flow from investing activities			
Repayment of loan to subsidiary	7	18 530	75 000
Recevied Group Contribution from subsidiary	7	31 412	75 517
Investment in subsidiaries		-112 300	-750
Interest received	5	266	4 052
Net cash flow from investing activities		-62 092	153 819
Cash flow from financing activities			
Proceeds from share issue		-	118 500
Transaction costs on the issue of shares		-	-3 375
Proceeds from borrowings (net)		346 500	-
Distributed to shareholders		-45 590	-142 794
Purchase own bonds	12	-357 089	-51 050
Interest paid	5	-14 486	-16 695
Net cash flow from financing activities		-70 665	-95 414
Net change in cash and cash equivalents		-144 847	63 818
Cash and cash equivalents beginning period		145 921	82 103
Net foreign exchange difference		-	-
Cash and cash equivalents end period	9	1 074	145 921

Note 1 Corporate information

Weifa ASA is a limited liability company and it's registered office is Østensjøveien 27, Oslo, Norway and it's shares are listed on Oslo Stock Exchange in Norway under the ticker WEIFA.

The financial statements were approved for release by the Board of Directors on 26 April 2017.

Note 2 Summary of significant accounting policies

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

Weifa ASA's financial statements and directors' report are prepared in English only.

2.1 Basis of preparation

The financial statement has been prepared in accordance with the Norwegian Accounting Act § 3-9 and regulatioins regarding simplified application of IFRS issued by the Ministry of Finance in 2014.

The company have used the following simplifications from the recognition- and measurement regulations in IFRS: IAS 10.12-10.13 and IAS 18.30 have been deviated from resulting in dividends and group contributions being recognized in accordance with the Norwegian Accounting Act.

Weifa ASA's principles are consistent to the accounting principles for the Group, as described in Note 2 of the consolidated financial statements. Where the note for the parent company are substantially different from the note for the Group, these are shown separately. Otherwise refer to the note in the consolidated financial statement.

2.2 Investments in subsidiaries and associated companies

Investments in subsidiaries and associates are accounted for using the cost method in the parent company accounts. The investments are valued at cost less impairment losses. Write-down to fair value is recognised under impairment in the income statement.

2.3 Segment reporting

Weifa ASAs activities are currently organised as one operating unit for internal reporting purposes, thus no segment information is presented in these financial statements.

2.4 Recognition for group contributions

Group contributions from wholly owned subsidiaries are recorded as financial income as long as the contributions do not exceed the accumulated results from the date of acquiring the subsidiary. The income is recorded net of tax. Group contributions relating to the result prior the date of acquisition are recorded as a reduction against the investment (net of tax). If Group contributions exceeds accumulated profits in the subsidiary after the acquisition, the payment is treated as a reduction of the carrying value of the investment.

Note 3 Other operating costs

(NOK 000'S)	2016	2015
Marketing and advertising expenses	-	724
External services	5 453	4 441
General, sales & admin. expenses	135	1 902
Other operating expenses	5 587	7 067

Remuneration to the Auditors

(NOK 000'S)	2016	2015
Statutory Audit	149	183
Other assurance services	241	693
Total remuneration to auditors	390	876

All fees are exclusive of VAT

Note 4 Payroll and payroll related costs

(NOK 000'S)	2016	2015
Remuneration Board of Directors	1 601	1 032
Other payroll costs	18	442
Total payroll and payroll related costs	1 619	1 474
Average number of man-years:	-	-

The Company had no employees in 2016 and 2015. Payroll expenses relates to paid and accrued fee's to the Board of Directors, refer to Note 26 in the consolidated statement for Weifa ASA.

Note 5 Financial items

(NOK 000'S)	2016	2015
Interest income from bank deposits	266	576
Interest income from group companies	-	3 476
Received group contribution	79 713	31 412
Total finance income	79 979	35 464
Interest on borrowings	14 486	19 388
Other financial expenses [1]	19 306	5 091
Total finance costs	33 792	24 479
Net finance	46 187	10 985

1) One off cost of NOK 17.5 million related to the buy back of own bonds.

Note 6 Tax

Income tax calculation

(NOK 000'S)	2016	2015
Profit before taxes	38 981	2 244
Permanent differences	14 080	-3 375
Changes in temporary differences	-7 805	48
Basis for income tax	45 256	-1 083
Tax effect of change in net deferred income tax liability/asset	13 265	-305
Tax effect of permanent differences recognized to equity	-	911
Tax effect tax rate reduction from 25% to 24%	7 793	16 432
Income tax expense	21 058	17 038

Reconciliation of income tax

(NOK 000'S)	2016	2015
Profit before tax	38 981	2 244
Tax assessed at the expected tax rate (25%)	9 745	606
Tax effect permanent differences, profit & loss	3 520	-
Tax effect tax rate reduction from 25% to 24%	7 793	16 432
Income tax expense, exclusive effect of impaired deferred tax asset	21 058	17 038
Non-capitalised deferred tax asset	-	-
Capitalised deferred tax asset	-	-
Income tax expense	21 058	17 038

Temporary differences

(NOK 000'S)	2016	2015
Non-current assets	-663	-837
Non-current liabilities	-	180
Current liabilities	2 492	-450
Losses carried forward	-781 159	-831 285
Net income tax reduction temporary differences	-779 330	-832 392
Net deferred tax asset	-187 039	-208 098
As of 1 January	-208 098	-224 225
Tax income/(expense) during the period recognised in profit or loss	21 058	17 038
Other	-	-911
Deferred tax assets not capitalised	-	-
Deferred tax assets capitalised	-187 039	-208 098

Tax losses can be carried forward indefinitely, and the corporate tax rate at 24% is used for calculation of net deferred tax assets. The deferred tax asset is recognised as at year end 2016 as Weifa AS has a strong earnings history and estimates going forward shows that it will be utilized within the comming years.

Refer to Note 9 in the consolidated Group accounts.

Deferred tax assets are recognised for unused tax losses only to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, and deferred tax assets have been recognised in the balance sheet. The recognised amount is most sensitive to expected future taxable profits, but the deferred tax asset is expected to be utilised within the next 7-8 years based on the companys strong profitable history and presens in the stable growing health care sector. Information on deferred tax assets is disclosed in Note 9.

Note 7 Investment in group companies

2016

(NOK 000'S)	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP INTEREST 2015	VOTING RIGHTS 2015	CARRYING AMOUNT	RESULT 2016	EQUITY 2016
Weifa AS	Oslo, Norway	NOK	100 %	100 %	1 159 149	53 714	77 253

Weifa ASA acquired 100% of the shares in Cederroth AS on 15 January 2016 and consequently controls 100% of the company from that date. Cederroth AS was renamed to Weifa Derma AS in January 2016 and merged with Weifa AS in November 2016.

Transactions between related parties
2016

(NOK 000'S)	LONG TERM RECEIVABLES TO SUBSIDIARIES	SHORT TERM RECEIVABLES TO SUBSIDIARIES	INTEREST INCOME FROM SUBSIDIARIES	GROUP CONTRIBUTION RECEIVABLE	GROUP CONTRIBUTION PAYABLE
Weifa AS	-	24 641	-	79 713	-
Total	-	24 641	-	79 713	-

2015

(NOK 000'S)	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP INTEREST 2015	VOTING RIGHTS 2015	CARRYING AMOUNT	RESULT 2015	EQUITY 2015
Weifa AS	Oslo, Norway	NOK	100 %	100 %	1 087 639	42 151	85 827
Weifa Derma AS (transaction costs)	Oslo, Norway	NOK	100 %	100 %	800	-	-

Transactions between related parties
2015

(NOK 000'S)	LONG TERM RECEIVABLES TO SUBSIDIARIES	SHORT TERM RECEIVABLES TO SUBSIDIARIES	INTEREST INCOME FROM SUBSIDIARIES	GROUP CONTRIBUTION RECEIVABLE	GROUP CONTRIBUTION PAYABLE
Weifa AS	-	1 518	3 476	31 412	-
Total	-	1 518	3 476	31 412	-

Note 8 Financial assets and liabilities by category

Set out below is a comparison by class of carrying amounts and fair values of all financial instruments that are carried in the financial statements:

The financial assets principally consist of cash and cash equivalents obtained through equity issues. The financial liabilities principally consist of a bond loan and trade and other payables arising directly from its operations.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs that have a significant affect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

(NOK 000'S)	FAIR VALUE HIERACHY LEVEL	CATEGORY	CARRYING AMOUNT 2016	2015
Financial assets				
Other receivables	1	Loans and receivables	39	-
Total			39	-
Financial liabilities				
Borrowings - Bank loan	1	Other financial liabilities at amortised cost	347 508	-
Borrowings - Bond loan	1	Other financial liabilities at amortised cost	-	340 609
Trade payables	1	Other financial liabilities at amortised cost	113	169
Other payables	1	Other financial liabilities at amortised cost	3 247	10 777
Total			350 868	351 555

The following methods and assumptions were used to estimate the fair values:
- Cash and bank deposits, trade and other current receivables and trade and other current payables approximate their carrying amounts due to the short-terms maturities of these instruments.

Note 9 Cash and cash equivalents

(NOK 000'S)	2016	2015
Cash at banks	1 074	27 420
Cash for the Cederroth AS aquisition	-	118 500
Total	1 074	145 920

Cash at banks earns interest at floating rates based on daily bank deposit rates.

In December 2015 Weifa agreed with Orkla ASA to acquire Cederroth AS. The transaction was completed in January 2016. To finance the acquisition, a private placement of NOK 118.5 million was finalised in December.

Note 10 Issued shares, share capital and reserves

	NUMBER OF SHARES (THOUSANDS)	AMOUNT (NOK 000'S)
At 1 January 2015	1 586 603	237 991
Reverse share split October (2:1 split)	-793 302	-
Private placement	118 500	35 550
At 31 December 2015	**911 801**	**273 541**
At 1 January 2016	911 801	273 541
Reverse share split July (25:1 split)	-875 329	-
At 31 December 2016	**36 472**	**273 541**

Each share has a par value of NOK 7,50 per share (2015: 0,30 per share)

20 largest shareholders and ownership interest as at 31 December 2016

NAME	NUMBER OF SHARES	OWNERSHIP SHARE
WATRIUM AS [1)]	4 716 282	12.9 %
EUROCLEAR BANK	2 596 746	7.1 %
HOLTA LIFE SCIENCES [2)]	1 824 392	5.0 %
MP PENSJON PK	1 642 087	4.5 %
STOREBRAND VEKST	1 620 402	4.4 %
KLP AKSJENORGE	1 233 205	3.4 %
SOLAN CAPITAL AS	956 428	2.6 %
HOLBERG NORGE	930 000	2.5 %
STOREBRAND NORGE	926 000	2.5 %
ARCTIC FUNDS	882 964	2.4 %
KLP AKSJENORGE	810 059	2.2 %
VERDIPAPIRFONDET DNB	768 567	2.1 %
VERDIPAPIRFONDET ALF	612 751	1.7 %
MUSTAD INDUSTRIER AS	500 000	1.4 %
NORDEA NORGE	483 721	1.3 %
STOREBRAND OPTIMA	442 000	1.2 %
OLLIS INDUSTRI AS	380 000	1.0 %
BORGEN INVESTMENT	373 647	1.0 %
GOLDMAN SACHS & CO	352 997	1.0 %
NORDEA KAPITAL	349 717	1.0 %
OTHER SHAREHOLDERS	14 070 104	38.6 %
TOTAL NUMBER OF SHARES	36 472 069	100 %

Shares owned by the Board of Directors and management as of 31 December 2016

Board of Directors

	NUMBER OF SHARES
WATRIUM AS [1]	4 716 282
HOLTA LIFE SCIENCES [2]	1 824 392
CIPRIANO AS [3]	80 000
MUTUS AS [4]	60 000
ESPEN TIDEMANN JØRGENSEN	4 800

Executive Management

	NUMBER OF SHARES
SIMEN NYBERG-HANSEN, CFO	80 001
KATHRINE G. ANDREASSEN, CEO	80 000
ASTRID T. BRATVEDT, VP R&D	40 000
OLE HENRIK ERIKSEN, COO	20 001
MORTEN H. SAND, VP SALES	15 010

1) Controlled by director Kristin L. A. Wilhelmsen
2) Represented by director Espen Tidemann Jørgensen
3) Controlled by chair Einar J. Greve
4) Controlled by director Thomas Settevik

Note 11 Share-based payments

Key employees of the Group receive remuneration in form of share-based payment in 2014 and 2015. The share options have an exercise price of NOK 22.75 - 35.25, which is equal to the closing share price at the day of grant. The share options have a term of 3 years, where 1/3 are exercisable after 12, 24 and 36 months. When the options are exercised, a number of shares with a value corresponding to 25 % of the realised gain on the options are subject to a lock-up period of 2 years.

Employee share options are not subject to any performance-based vesting conditions. The Company has the option to settle the share options in cash, however they have no legal or contructive obligation to repurchase or offer cash-settlements for options granted. Non-vested share options are cancelled when the employee has gived notice of termination.

The total expense recognised for allotment of share options to employees, and arising from the Group's equity-settled share based payment plan was approximately NOK 4.6 million for the year ended 31 December 2016 (2015: NOK 6.5 million).

Following the 25:1 reversed share split (third quarter 2016) and the dividend payment of NOK 0.05 per share (second quarter 2016), the exercise price and number of options have been reduced accordingly in 2016.

Following the reverse share split in ratio 2:1 and the dividend payment made in October 2015 of NOK 0.09 per share the outstanding share options have been correspondingly adjusted in 2015

The following table illustrates the numbers of options granted and their weighted average exercise price:

Share option plan

	2016		2015	
	NUMBER OF OPTIONS	WAEP (NOK)	NUMBER OF OPTIONS	WAEP (NOK)
Outstanding at the beginning of the year	1 735 716	27.50	29 693 371	1.30
Granted	-	-	10 213 017	1.46
Granted	-	-	3 606 509	1.34
Expired	-	-	-120 000	-
Outstanding at the end of period	1 735 716	26.50	43 392 897	1.10
Exercisable at the end of period	972 884	25.00	9 857 790	0.96

The fair value of the share options is estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table list the key inputs to the model used for the year ended 31 December 2016 and 2015:

Share options owned by Excecutive Management

	OPTIONS OUTSTANDING 01.01.2016	OPTIONS GRANTED 2016	OPTIONS EXPIRED	OPTIONS OUTSTANDING 31.12.2016	OPTIONS EXCERCISABLE 31.12.2016
Kathrine G. Andreassen	264 260	-	-	264 260	136 173
Simen Nyberg-Hansen	144 260	-	-	144 260	48 087
Total	408 521	-	-	408 521	184 260

Note 12 Borrowings

(NOK 000'S)	2016	2015
Interest-bearing loan	347 508	-
Bond loan	-	340 609
Borrowings	347 508	340 609

Weifa refinanced its debt at the beginning of the second quarter of 2016. The new DNB bank loan totals NOK 350 million for a period of five years and carries an interest of three-months Nibor plus 2.40% with the current leverage.

The loan has a maturity of 5 years, with repayments of NOK 15 million after 36, 42, 48 and 54 months. The remaining part (NOK 290 million) is payable at termination, 2nd quarter 2021. The loan carries an annual interes rate of 2,4% NIBOR 3M, with quarterly interest payments. The carrying value at initial recognition was the fair value at initiation net of transaction costs. Subsequent measurement are at amortised cost. The Group is also required to maintain an interest coverage ration of not less than 3.0x and leverange ration of max 5.0. The company are in compliance with the covenants at year-end. In 2016 the Group incurred a total interest expense of NOK 8.7 million on the bank loan.

Note 13 Other current liabilities

(NOK 000'S)	2016	2015
Accrued interest expenses	2 527	2 694
Other accrued expenses	720	5 703
Other short term liabilities	-	2 379
Total	3 247	10 776

Note 14 Commitments and contingencies

The Company has no lease commitments or other contigencies.

Note 15 Key management compensation

Board of Directors remuneration

	2016		2015	
(NOK 000'S)	BOARD FEES	OTHER	BOARD FEES	OTHER
Einar J. Greve (Chairman)	735	44	-	-
Tomas Settevik (Board member)	71	-	-	-
Lise Hammergren (Board member)	71	-	-	-
Kristin L. A. Wilhelmsen (Board member)	71	-	-	-
Espen Tidemann Jørgensen (Board member)	12	-	-	-
Siri Mangschou (Board member)	49	-	-	-
Frank Marius Hansen (Board member)	28	-	-	-
Ole Enger (former Board member)	155	-	119	-
Glen Rødland (former Chairman)	143	-	250	-
Yvonne Litsheim Sandvold (former Board member)	85	-	150	-
Reuben Segal (former Board member)	-	-	31	-
Øystein Stray Spetalen (former Board member)	85	-	150	-
Synne Syrrist (former Board member)	85	-	150	-
Martin Nes (former Board member)	-	-	40	-
Total	1 591	44	890	-

The figures for 2016 and 2015 are remunerations paid during the year.

Executive Management remuneration
The executive management are employed in Weifa AS (see Note 26 in Weifa ASA consolidated statement).

Shares owned by the Board of Directors and Executive management at 31 December 2016, refer to Note 10.

Share options owned by Exceutive management at 31 December 2016, see Note 11.

Note 16 Transactions with related parties

Related party relationships are those involving control, joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. All transactions within the Group have been based on arm's length principle.

Weifa group is listed on Oslo Stock Exchange. The Group's ultimate parent is Weifa ASA. The subsidiaries are listed in Note 7. Any transactions between the parent company and the subsidiaries are shown line by line in the separate statements of the parent company, and are eliminated in the group financial statements

See Note 26 in Weifa ASA consolidated statement, for more information on loans and remuneration to management and the board.

Other related party transactions

In connection with the Sale of the B2B business in 2015, Weifa entered into a consultancy agreement with Gross Management AS ("GM"), pursuant to which GM provided services and advice relating to the restructuring of Weifa AS and execution of the Sale and the related equity offering. For these services, GM was entitled to a fee of NOK 2 million. GM was at the time of the Sale controlled by Mr. Glen Rødland and Mr. Øystein Stray Spetalen, who were board members of Weifa until December 2015. The consultancy agreement was approved by the EGM held 16 April 2015.

Einar J. Greve, who was elected as chair on 11 December 2015, has prevoiusly entered into an agreement with Weifa through his wholly owned company Cipriano AS relating to strategic advisory serivces, which may under certain conditions result in a remuneration of NOK 1.5 million.

Note 17 Events after the reporting period

See Group Note 29.

Note 18 Statement regarding the determination of salary and other remuneration to Executive Management

According to the Norwegian Public Limited Companies Act (the "Act") section 6-16a, the Board of Directors shall prepare a statement regarding the establishment of wages and other remuneration for the Chief Executive Officer and other senior management.

A statement pursuant to section 6-16a of the Act shall contain guidelines for the establishment of salaries and other remuneration, and should also indicate the main principles of the Company's wage policy for senior management.

Section 6-16a third paragraph of the Act also requires the Board to give an account of the actual salary policy for senior management as applied in the preceding financial year.

The Company's salary policy for the executive management – main principles

The purpose of the Company's remuneration policy is to attract and retain personnel with the competence that the Group requires with a view to achieve Weifa's goal of becoming a leading pan-Nordic consumer health company. The general policy is to pay fixed salaries and pensions, while at the same time offering bonuses and options and/or shares that are linked to the Group's performance and which aligns the interest of senior management and the shareholders of the Company.

Salaries and other remuneration

Fixed salary

It is the Company's policy that salaries to senior management primarily shall take the form of a fixed monthly salary, reflecting the level of the position and experience of the person concerned and the results achieved.

Bonuses

The Group has a system of annual bonuses for all employees with a maximum bonus of 50% for the CEO. The bonuses are linked to the achievement of certain targets for financial results, as well an individual performance targets.

Pension plan

Principally, pension plan shall be the same for senior management as what is generally agreed for other employees. The Group has a defined contribution plan, and the contribution rates are 5.5%, for salaries between 1G and 7.1G, and 15%, for salaries between 7.1G and 12G.

Share options

In August 2014, Weifa granted a total of 1,182,935(adjusted for reverse split) share options to key employees to subscribe for shares in the Company. The share options have an exercise price of NOK 22.75 per share(adjusted for reverse split and dividend), which is equal to the subscription price in the private placement completed on 24 June 2014 to finance the acquisition of Weifa AS. In May 2015, Weifa granted a total of 408,521(adjusted for reverse split) share options to key employees to subscribe for shares in the Company. The share options have an exercise price of NOK 35.25 per share(adjusted for reverse split and dividend), which reflects the price at Oslo Stock Exchange at the time of grant. In August 2015, Weifa granted a total of 144,260(adjusted for reverse split) share options to key employees to subscribe for shares in the Company. The share options have an exercise price of NOK 32.25 per share(adjusted for reverse split and dividend), which reflects the price at Oslo Stock Exchange at the time of grant. All share options have a term of 3 years, where 1/3 are exercisable after 12, 24 and 36 months. When the options are exercised, a number of shares with a value corresponding to 25 % of the realised gain on the options are subject to a lock-up period of 2 years.

Remuneration policy in the preceding financial year (2016)

The management remuneration policy in the preceding financial year has been conducted in accordance with the prevailing principles for 2017.

Auditor's report

EY
Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
Fax: +47 24 00 24 01

www.ey.no
Medlemmer av den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Weifa ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Weifa ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the financial position as at 31 December 2016, the statement of profit and loss, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements comprise the financial position as at 31 December 2016, statement of profit and loss, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations;
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2016, and of its financial performance and its cash flows for the year ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway;
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

EY
Building a better working world

Assessment of impairment of intangible assets with definite and indefinite useful lives

At December 31, 2016 the recorded amount of goodwill and other intangible assets with indefinite and definite useful lives was NOK 1 254 million, 83% of total assets. Goodwill and other intangible assets derives from the acquisition of Weifa AS in 2015 and Cederroth AS in 2016. Estimating the recoverable amount of the intangible assets requires management judgment including estimates of future sales, gross margins, operating costs, terminal value growth rates, capital expenditures and the discount rate. Management's annual impairment assessment is a key audit matter because the assessment process is complex, requires significant judgment and imposes estimation uncertainties.

Our audit procedures included, among others, an evaluation of assumptions for revenue projected by management. We compared operating expenditures to approved budgets and historical data and considered the growth applied by the Group. Furthermore, we compared the risk premiums in the weighted average cost of capital with external data, and considered management's adjustments for company specific factors. We considered the accuracy of management's prior year assumptions and evaluated the level of consistency applied in the valuation methodology from previous years. We also tested the mathematical accuracy of the valuation model and performed sensitivity analysis of the assumptions used. We assessed the Group's disclosures included in note 4 and 14 in the consolidated financial statements about those assumptions to which the outcome of the impairment test is most sensitive.

Recognition of deferred tax assets

At December 31, 2016 the recorded amount of net deferred tax assets mainly deriving from tax losses carried forward was NOK 87 million for the Group and NOK 187 million for the parent company. The assessment of whether there will be sufficient tax profits to utilize the carried forward taxes requires management judgment. The management assessment includes estimates of future sales, gross margins, operating costs, interest expenses and the assumptions inherent in those estimates. Recognition of deferred tax assets is a key audit matter because the assessment process is complex, requires significant judgment and imposes significant estimation uncertainties.

Our audit procedures included, among others, an evaluation of the applied period for taxable profits by considering the characteristics of the market and the position of the Group and its brands within this market. Further we evaluated the probability of future taxable profits within the applied period, by considering the assumptions for revenue projected by management. We compared operating expenditures to approved budgets and historical data and considered the growth applied by the Group. We considered the accuracy of management's prior year assumptions and evaluated the level of consistency applied in the methodology from previous years. We also tested the mathematical accuracy of the model and performed sensitivity analysis of the assumptions used.

We refer to note 4 and 9 in the consolidated financial statements related to deferred tax assets.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Director (management) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore

the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and in the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and in the statements on corporate governance and corporate social responsibility, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 26 April 2017
ERNST & YOUNG AS

Rolf Berge
State Authorised Public Accountant (Norway)

Weifa ASA
Østensjøveien 27
NO-0661 Oslo
Norway

Tel: +47 22 99 86 00
E-mail: weifa@weifa.no

www.weifa.com

Production: Artbox AS