



Annual Report 2013

Galderma-Spirig Česká a Slovenská republika a.s.

**Nobelova 28
831 02 Bratislava**

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I. COMPANY DESCRIPTION

The joint-stock company Galderma-Spirig Česká a Slovenská republika a. s. was set up by the Memorandum of Association of 19 December 1991 pursuant to Sect. 25 of Act No. 104/1990 Coll. on Joint-Stock Companies and pursuant to Act No. 173/1988 Coll. on Enterprises with Foreign Capital Interest, as amended. The amendment to the Articles of Association and their new full wording adapted to the provisions of Act No. 513/91 Coll., as amended, approved by the General Meeting on 29 April 1997, the course of which was attested by the Notarial Deed no. Nz 167/97. Other amendments to the Articles of Association were executed on 11 August 2009 in connection with the changeover to the euro. The change of the business name from “SPIRIG Eastern a.s.” to “Galderma-Spirig Česká a Slovenská republika a. s.” registered in the Commercial Register on 7 November 2013.

MAIN BUSINESS ACTIVITIES OF THE COMPANY

- wholesale of pharmaceutical goods;
- business and mediation activities with goods within the scope of the free trade license;
- marketing and management within the scope of the business.

REGISTERED CAPITAL OF THE COMPANY

When the Company was set up, the registered capital amounted to SKK 1,000,000 . The Company carried out the conversion of the share capital from SKK to EUR based on the decision of the Board of Directors of the Company. The value of the registered capital amounts to EUR 33,200 as of 24 September 2009. The shareholders currently own 100 shares, and the nominal value of each share is EUR 332. In 2010, the Company held no own shares. The General Meeting of the Company approved at its session held on 30 April 2010 the transfer of the shares amounting to 40 % from the shareholder AAA, the joint-stock company to the shareholder Spirig Pharma AG as of 1 July 2010. Spirig Pharma AG became the 100 % shareholder of the Company and has 100 % of the voting rights.

STATUTORY BODIES

The General Meeting is the supreme body of the Company. The Company is managed by the Board of Directors in the manner specified in the Articles of Association of the Company.

Board of Directors:

Chairman	Todd Erik Zavodnick - Chairman	as of 7 November 2013
Director	Laurent Louis Jean Goux	as of 7 November 2013
Director	MUDr. Peter Lipovský	as of 7 November 2013

There was a change in the composition of the Board of Directors and Supervisory Board during the year. As of the dates mentioned below, the composition of the Supervisory Board has been as follows:

Supervisory Board:

Chairman	Viviane Monges	as of 7 November 2013
Member	Albert Draaijer	as of 7 November 2013
Member	Christian Matton	as of 7 November 2013

II. FOREWORD BY THE GENERAL MANAGER AND BOD MEMBER

2013 was the year of continuation and persistence of the global economic and financial crisis. A decrease in consumption was reflected in the financial results of many companies. Increase in unemployment and low economic growth significantly influenced the negative consumer sentiment.

These adverse effects were also reflected in the profit/loss accounts of the company Galderma-Spirig Česká a Slovenská republika a. s.. When compared to 2012, in 2013 revenues from the sale of goods and services provided increased by 12 %; the production consumption increased by 32 %. The added value decreased by 6 % compared to 2012. The labour costs increased by 40 % mainly due to severance payment and bonuses paid.

“Galderma-Spirig Česká a Slovenská republika a. s.” being a part of the Galderma transnational network has the following objectives:

- to successfully manage the integration process;
- to adapt to the changed market conditions and ongoing economic and financial crisis;
- to achieve profit/loss that ensures confidence;
- to maintain solvency;
- to optimise the major costs of the Company.

The aim of the Company is to be a professional partner for the customers and provide high-quality services. We want to ensure that a team of our employees would be the key to create a long-term relationship between the Company and our customers and partners.

In 2014, we are planning to take further actions ensuring the achievement of the objectives of our strategy in order to meet our customers' needs. We wish to strengthen our future position on the Slovak market, in particular by expanding our customer service and streamlining the work of our sales representatives. The new strategic partnership with Galderma will certainly contribute to the achievement of our goals.

In Bratislava, on 20 May 2014

MUDr. Peter Lipovský
Board of Directors Member

III. INFORMATION ON THE DEVELOPMENT OF THE ACCOUNTING ENTITY AND ITS CURRENT STATUS

The company Galderma-Spirig Česká a Slovenská republika a. s. has been operating on the Slovak market since 1991.

The Company is focused on marketing, advertising and other related activities in the field of pharmaceutical drugs and cosmetics for a Swiss customer Spirig Pharma AG. The Company is aimed at presenting the products of Spirig Pharma AG to the professional public through marketing, promotional and information activities. The Company has built a team of associates thanks to whom it carries out activities within the scope of its business. It puts emphasis on activities connected with marketing and advertising, and it provides them through external service providers.

The following activities are included in the scope of the Company's business:

- wholesale of pharmaceutical goods;
- business and mediation activities with goods within the scope of the free trade license;
- marketing and management within the scope of the business.

The Company is making efforts to increase the qualifications and skills of its employees in the fields, in which they are employed. For this purpose the Company uses mainly the services of training companies which organise trainings on the topics of individual fields in which the Company operates. The Company's employees also acquire new knowledge and skills abroad.

The current status of the Company is consolidated, and the Company has a stable position on the market. The prepared expansion of the portfolio with Galderma's products means a gradual increase in the number of employees. The Company's results are influenced by continuing economic instability in Slovakia as well as in the European Union. The Company's efforts are focused on increasing the performance within the current scope of the business and also on putting new products on the market.

Independent Auditor's Report on the Audit of the Financial Statements for the Year Ended 31 December 2013

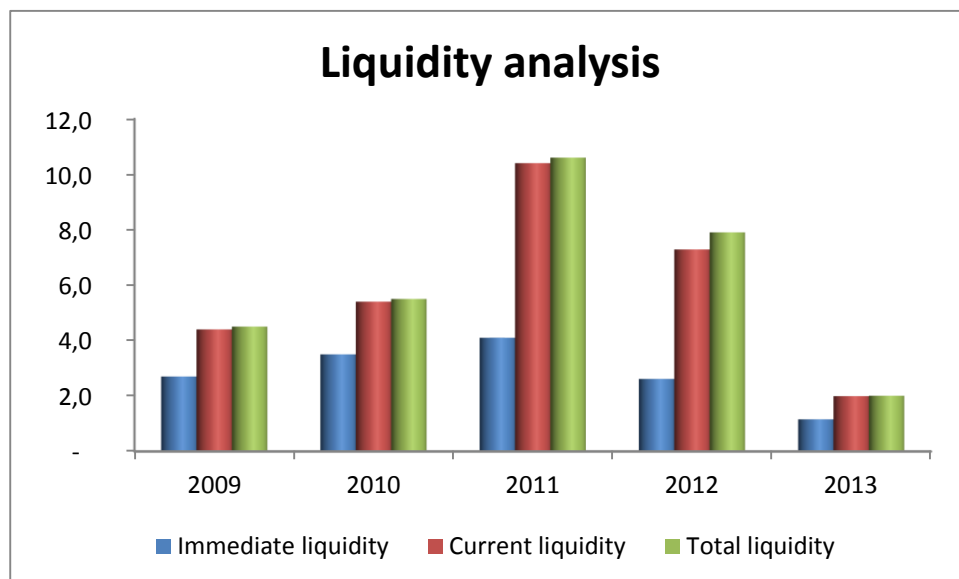
The Auditor's Report is included in the Annual Report. The auditor expressed in its report the opinion that the Financial Statements reflect in all material respects a true and fair view of the Company's financial situation and its profit/loss account for the year ended on the above mentioned date in accordance with the Act on Accounting.

Financial Analysis

As shown in the following table, the Company's assets decreased by 11 % compared to 2012. The tangible fixed assets and current receivables contributed to its decrease in a considerable way.

	2009	2010	2011	2012	2013
TOTAL ASSETS	899 130	1 790 094	1 892 296	1 695 675	1 511 240
INTANGIBLE ASSETS	166 524	135 196	221 773	167 595	93 875
<i>NON-CURRENT INTANGIBLE ASSETS</i>		2 950	11 225	8 125	5 025
<i>NON-CURRENT FIXED ASSETS</i>	102 774	113 178	196 327	154 732	88 850
<i>NON-CURRENT FINANCIAL ASSETS</i>	63 750	19 068	14 221	4 738	0
CURRENT ASSETS	703 225	1 643 392	1 653 273	1 475 323	1 355 906
<i>INVENTORY</i>	16 407	34 833	31 441	39 966	0
<i>NON-CURRENT RECEIVABLES</i>	350	19 780	27 999	75 473	9 718
<i>CURRENT RECEIVABLES</i>	265 456	535 949	819 947	872 245	566 096
<i>FINANCIAL ACCOUNTS</i>	421 012	1 052 830	773 886	487 639	780 092
ACCRUAL/DEFERRAL	29 381	11 506	17 250	52 757	61 459

A degree of liabilities' coverage is shown in the following chart:



The term “liquidity” refers to the moneyiness of assets, the ability to repay a liability to a creditor, the company's ability to pay outstanding liabilities, the attribute of the assets/property enabling its exchange for cash without losing the value at the lowest possible transaction costs. A degree of paying liabilities is characterised by the terms “liquidity ”and “solvency”. Liquidity is linked to a longer period of time; solvency means the ability to pay one's liabilities at the moment. Liquidity is mainly influenced by the structure of the assets and by the adequate and regular inflow of funds.

The liquidity ratios, calculated as the ratios of current assets or their portions to current liabilities, reflect a degree of outstanding liabilities' coverage by more or less liquid current assets.

The immediate liquidity, also called the first degree liquidity (cash ratio), calculated as the ratio of financial assets to current liabilities, actually reflects solvency. The figure 1 is its ideal value, when means of payment available equal to the amount of liabilities. It reflects the relation between the most liquid portion of assets and current liabilities. The values ranging from 0.8 to 1.0 are the optimal values.

The current (quick) liquidity, also called the second degree liquidity (quick ratio), calculated as the ratio of the sum of financial assets and current receivables to current liabilities, does not take the inventory into account in the calculation, as it constitutes the most problematic portion of the current assets. The conversion of the inventory to the means of payment may result in considerable losses. The figure 1.5 is considered the ideal value of the ratio. The values ranging from 1 to 2 are the optimal values.

The total liquidity, also called the third degree liquidity (current ratio), calculated as the ratio of current assets without long-term liabilities to current liabilities, adds the influence of the inventory to the calculation of the current liquidity. The figure 2.5 is considered the ideal value of the ratio. The values ranging from 1.5 to 4 are the optimal values.

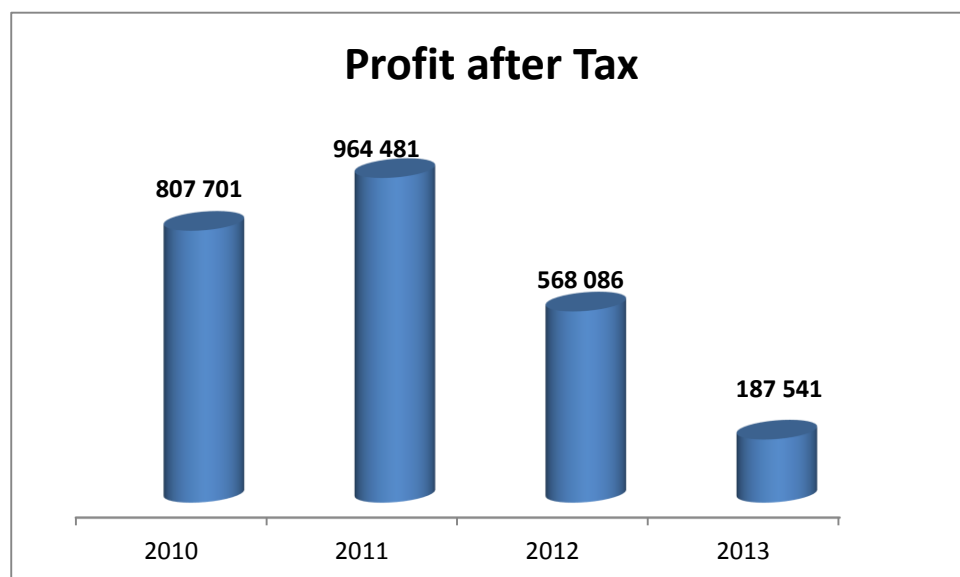
The objective of the Company's liquidity planning is to ensure sufficient available means. It is rather a complex process influenced not only by fluctuations in the financial results of the Company, but also by sudden changes in external conditions, mainly by the impact of exchange rate fluctuations.

The structure of the Company's resources to cover the assets is apparent from the following table:

	2009	2010	2011	2012	2013
EQUITY AND LIABILITIES	899 130	1 790 094	1 892 296	1 695 675	1 511 240
EQUITY	733 230	1 381 413	1 558 193	1 141 798	761 253
SHARE CAPITAL	33 200	33 200	33 200	33 200	33 200
CAPITAL FUNDS	6 639	6 639	6 639	6 639	6 639
FUNDS FROM PROFIT					
NET PROFIT/LOSS PREVIOUS YEARS	533 873	533 873	533 873	533 873	533 873
NET PROFIT/LOSS ACCOUNTING PERIOD	159 518	807 701	984 481	568 086	187 541
LIABILITIES	165 900	408 681	334 103	553 877	749 987
PROVISIONS	7 170	104 928	170 609	360 272	67 468
NON-CURRENT LIABILITIES	3 093	4 397	6 935	6 939	6 356
CURRENT LIABILITIES	155 637	299 356	156 559	186 666	676 163
BANK LOANS	0	0	0	0	0
ACCRUAL/DEFERRAL	0	0	0	0	0

With regard to the resources to cover the assets, the Company found out a decrease in its own resources of coverage by 11 % due to the lower profit when compared to the previous accounting period. The generation and development of the shareholders' equity are affected by the achieved profit/loss of the current year to a great extent.

The development of the Company's profit/loss account is shown in the following chart:

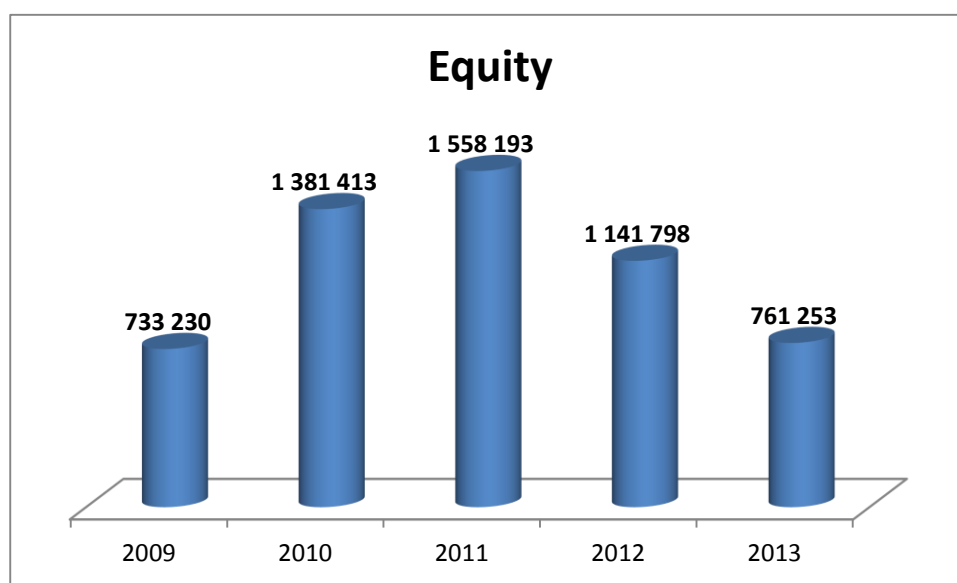


The Company's liabilities increased by 35 %. The most considerable increase was found out with regard to the current liabilities, which increased by 262 % compared to 2012. When reckoning the structure of the financial resources, the following ratios were calculated:

	2009	2010	2011	2012	2013
Financial independence indicator	0,82	0,77	0,82	0,67	0,50
Financial satbility indicator	0,82	0,77	0,83	0,68	0,50
Equity capital ratio	0,23	0,30	0,21	0,49	0,99
Eqquity Loan capital ratio	4,42	3,38	4,66	2,06	1,02
Total indebttness	0,18	0,23	0,18	0,33	0,50

The above mentioned results indicate what is the direction of the Company's liability development with respect to its borrowed funds or their equivalents. Debt ratios are used to monitor the structure of funds - internal and external; they measure the extent to which the Company is financed by external funds and how it can cover its outstanding liabilities. It is obvious that the value of these ratios is appropriate.

The development of the shareholders' equity from 2009 to 2013 is represented by the following chart:



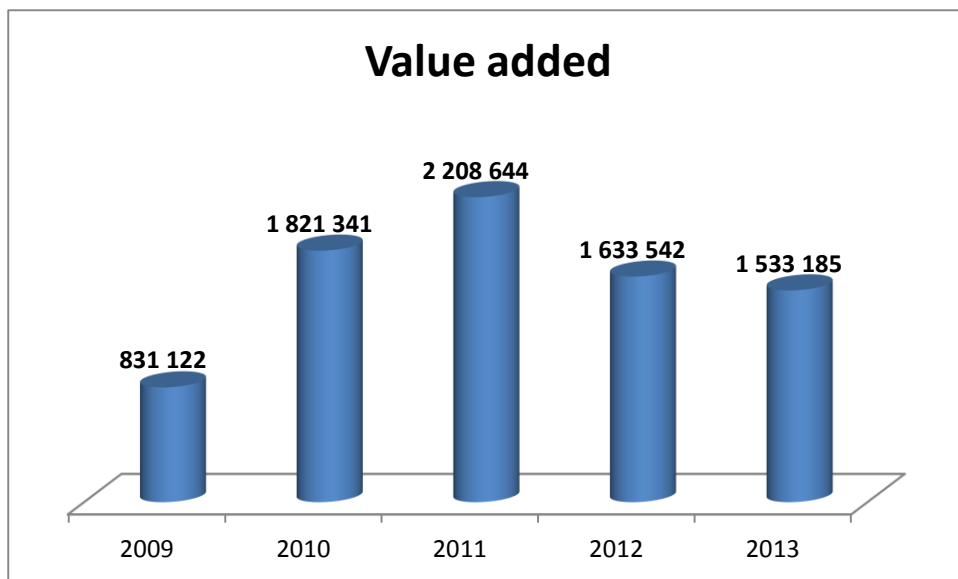
The decline in the shareholders' equity is considerably influenced by the reported profit/loss account for the year 2013.

The achieved revenues and expenses and economic indicators - business margin and added value and interim financial results are shown in the following table:

	2009	2010	2011	2012	2013
TRADE MARGIN	1 423	11	490	190	127
PRODUCTION LINE	2 177 164	3 317 449	3 633 251	3 104 150	3 480 836
PRODUCTION	1 347 465	1 496 119	1 425 097	1 470 798	1 947 778
ADDED VALUE	831 122	1 821 341	2 208 644	1 633 542	1 533 185
PERSONNEL EXPENSES	557 011	755 159	921 086	841 833	1 177 203
Taxes and Fees	4 010	3 104	4 170	4 211	2 447
Ammortization/ Depreciation FA	51 948	48 005	74 106	72 460	68 983
Revenue from sales of Assets	17		29 417	4 806	500
Residual value of sold Assets			10 952	13	0
Other Operating Income	2 829	6 377	17 379	3 106	2 113
Other Operating Expenses	2 851	2 900	21 118	22 794	19 242
PROFIT/LOSS FROM OPERATIONS	218 148	1 018 550	1 224 008	700 143	267 923
<i>Interest Income</i>	<i>3 636</i>	<i>3 139</i>	<i>4 192</i>	<i>1 819</i>	<i>288</i>
<i>Interest Expenses</i>	<i>2 565</i>	<i>1 938</i>	<i>1 295</i>	<i>922</i>	<i>1626</i>
<i>Fx rate Gain/Loss</i>	<i>10 370</i>	<i>10 306</i>	<i>8 439</i>	<i>10 819</i>	<i>11 111</i>
<i>Other Financial Income/Expense</i>	<i>16 217</i>	<i>15 710</i>	<i>4 083</i>	<i>5 127</i>	<i>6 113</i>
PROFIT/LOSS FROM FINANCIAL OPERATIONS	-20 386	-20 939	-7 035	-13 205	-15 310
PROFIT/LOSS BEFORE TAX	197 762	997 611	1 216 973	686 938	252 613
INCOME TAX - ORDINARY ACTIVITIES	38 244	189 910	232 492	118 852	65 072
- current	39 181	208 285	238 967	166 251	48
- deferred	-937	-18 375	-6 475	-47 399	65 024
PROFIT/LOSS ORDINARY ACT.AFTER TAX	159 518	807 701	984 481	568 086	187 541
PROFIT/LOSS ACCOUNTING PER.BEFORE TAX	197 762	997 611	1 216 973	686 938	252 613
PROFIT/LOSS ACCOUNTING PER. AFTER TAX	159 518	807 701	984 481	568 086	187 541

When compared to 2012, in 2013 the revenues from the sale of goods and services provided increased by 12 %; at the same time, the production consumption increased by 32 %. The added value decreased by 6 % compared to 2012. The labour costs increased by 40 % due to remuneration and redundancy payments to the employees.

The development of the added value from 2009 to 2013 is represented by the following chart:



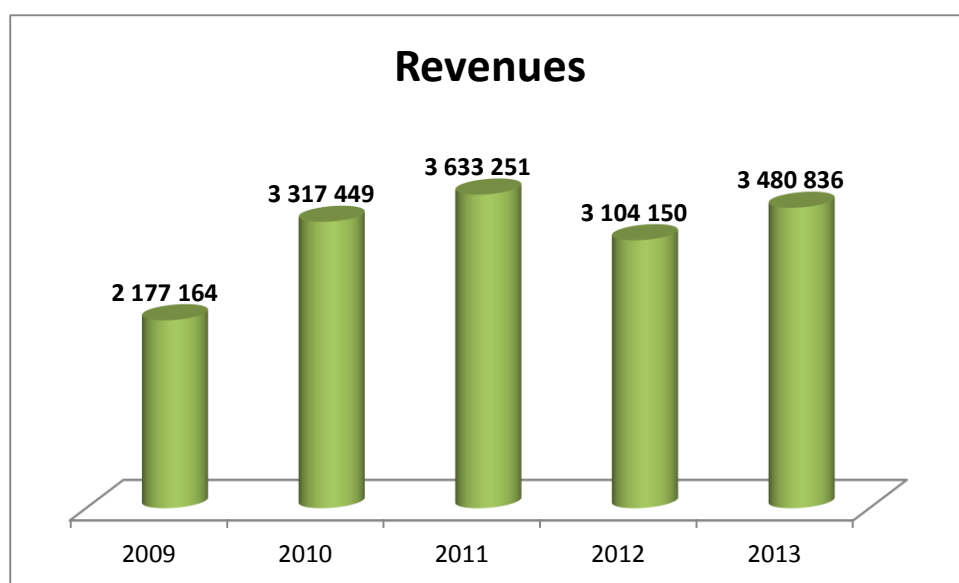
The profitability ratio demonstrates the result (profitability) of the Company's efforts. The following ratios were calculated:

	2009	2010	2011	2012	2013
Return on Assets	0,18	0,45	0,52	0,34	0,12
Return on Equity	0,22	0,58	0,63	0,50	0,25
Return on Revenue	0,07	0,24	0,27	0,18	0,05
Cost Effectiveness	0,08	0,32	0,36	0,22	0,06

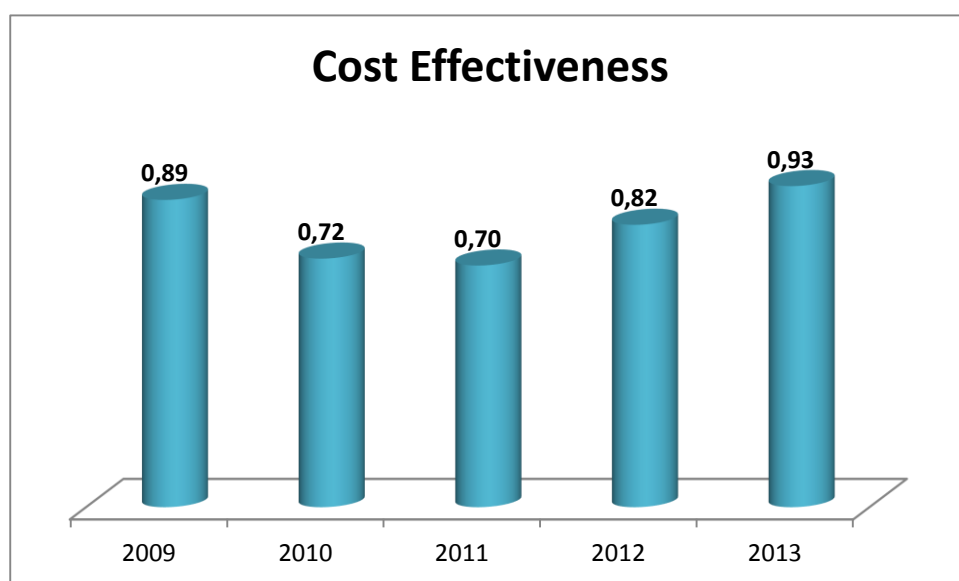
The individual profitability ratios:

- return on assets (ROA), calculated as the ratio of the net profit to total assets, which reflects the appreciation of the total assets regardless of which resources are used to finance the total assets;
- return on equity (ROE), calculated as the ratio of the net profit to shareholder's equity, which measures the rate of return on the shareholder's equity;
- profit margin on sales, calculated as the ratio of the net profit to sales.

The development of the revenues from services in absolute value from 2009 to 2013 is shown in the following chart:

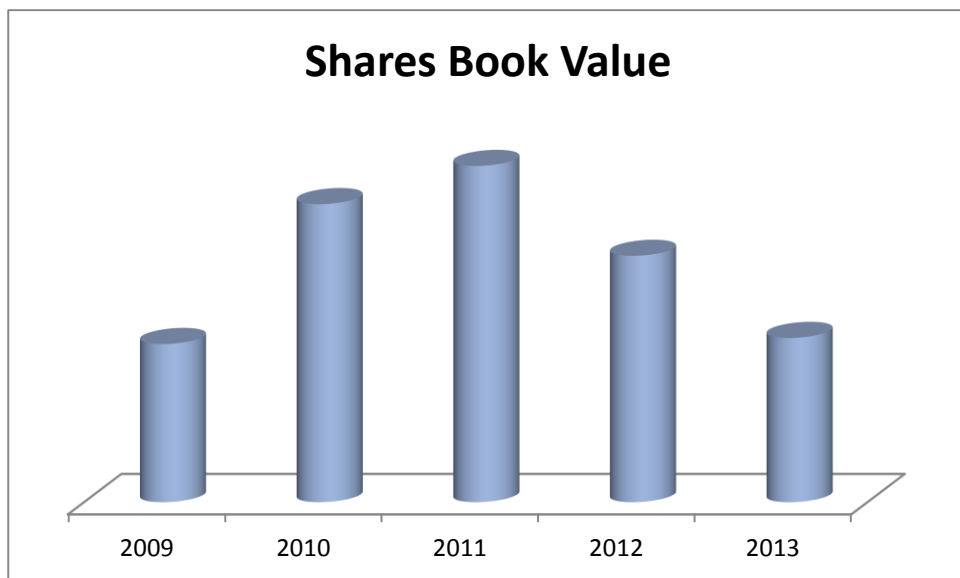


The development of the cost intensity of sales, which compares how much costs are spent by the Company to achieve the mentioned revenues for the period from 2009 to 2013, is shown in the following chart:



The company reported the profit before tax of EUR 187,541 for the accounting year 2013.

It is possible to determine the accounting valuation of the Company's assets as a whole through the achieved revenues and the Company's financial situation. The market price is considered the real value for the purposes of the valuation. The market price is the price, which is published on a domestic or foreign stock exchange or on any other public market. Despite the fact that the Company is a joint-stock company, its shares are not freely tradable in the market. For that reason, a book value per share is the only indicator calculated as the ratio of the shareholder's equity to the number of shares issued.



RISKS AND UNCERTAINTIES FACED BY THE COMPANY

Marketing, advertising and other related services in the field of pharmaceutical drugs and cosmetics are the core business of the Company. The governmental policy and its impact on people and business entities, changes in laws affecting the Company's business may influence its further development to a certain extent.

INFLUENCE OF COMPANY'S BUSINESS AND ITS IMPACT ON THE ENVIRONMENT

The Company's business has no environmental impacts.

COMPANY'S INFLUENCE ON EMPLOYMENT

In 2013, the Company has 14 employees including 3 senior managers. The number of the Company's employees increased by 1 employee compared to 2012. Similarly to previous periods, the Company invested in the human resource development; the staff regularly attended various trainings on sales skills and marketing techniques as well as trainings focused on the fields in which the Company conducts its business.

EVENTS OF PARTICULAR IMPORTANCE THAT OCCURED AFTER THE END OF THE ACCOUNTING PERIOD FOR WHICH THE ANNUAL REPORT IS PREPARED

In addition to the information contained in the Notes to the Financial Statements, there were no events of particular importance after the end of the accounting period for which the Annual Report is prepared.

EXPECTED FUTURE DEVELOPMENT OF THE COMPANY

With regard to the scope and possibilities of the Company, it intends to continue in conducting its business in the upcoming year just as it was doing so up to the present.

COSTS OF ACTIVITIES IN RESEARCH AND DEVELOPMENT

The Company does not carry out any activities related to research and development, which means it has no costs of such kind.

ACQUISITION OF OWN SHARES, INTERIM CERTIFICATES, BUSINESS INTERESTS AND SHARES

In 2013, the Company did not acquire any own shares, interim certificates or business interests and shares in other accounting entities.

PROPOSAL FOR PROFIT DISTRIBUTION

The Bodies of the Company will take a decision on its meeting planned on May 28th to approve 2014 the Company's Financial Statements for the Year Ended 31 December 2013 and decision on distribution of the Profit and Loss Account for 2013.

INFORMATION REQUIRED UNDER SPECIAL REGULATIONS

The Company does not carry out any activities requiring provision of information pursuant to special regulations.

BRANCH ABROAD

The Company has a branch in the Czech Republic, Galderma-Spirig Česká a Slovenská republika a.s., having its registered office at Mezi vodami 2035/31, Modřany, 143 00 Prague 4, registered with the Municipal Court in Prague on 29 November 2013.

In Bratislava this 27th day of April 2013.

MUDr. Peter Lipovský
Member of the Board of Directors
Galderma-Spirig Česká a Slovenská republika a.s.

IV. INDEPENDENT AUDITOR REPORT



ATCL, k.s.
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Commercial Register
District Court Bratislava I, department Sr, file 397/B
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IČ DPH: SK2020220246

REPORT OF THE INDEPENDENT AUDITOR

for partner of the company Galderma-Spirig Česká a Slovenská republika a.s., Nobelova 28, 831 03 Bratislava

We have audited the accompanying annual accounts of the company Galderma-Spirig Česká a Slovenská republika a.s., as of December 31, 2013, comprising the balance sheet and the profit and loss account as well as remarks which include the relevant accounting principles and methods as well as further explaining information.

Responsibility of statutory bodies for the annual accounts

The statutory body of the company is responsible for the preparation of these annual accounts which present a fair and real picture in accordance with the Law on Accounting No. 431/2002 Coll. as amended (hereinafter called as „Law on Accounting“) as well as is responsible for internal revisions which the statutory body considers to be necessary for the preparation of annual accounts which do not include any relevant mistakes due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We have conducted our audits in accordance with International Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. Selected methods depend on the opinion of the auditor, including assessing risks of relevant misstatements in the annual accounts due to fraud or error. In assessing this risk, the auditor takes into account internal revisions which are necessary for the preparation of annual accounts which provide a fair and real picture of the financial situation of the company in order to propose auditing processes suitable under these conditions but the task of the auditor is not to give his opinion to the effectiveness of internal revisions of the accounting unit. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that auditing proofs which we have identified during the audit provide a reasonable basis for our opinion.

Auditor's opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the company Galderma-Spirig Česká a Slovenská republika a.s., as of December 31, 2013 and the results of its operations and its cash flows for the years then ended in conformity with the Law on Accounting.

Bratislava, January 30th, 2014

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Adámiho 8
841 05 Bratislava
licence SKAU 000163

Ing. Lecká Daniela
responsible auditor
licence SKAU 460

V. FINANCIAL STATEMENT 2013