VISTIN PHARMA

Annual Report

2016

Highlights and key financial figures

- The Vistin Pharma group completed its first full year of operations in 2016
- Strong underlying revenue growth in the metformin business
  - Decision to double the production capacity to capitalise on the expected growth in the world-wide consumption of metformin. The new additional production line to be operational during 2019
  - Total revenue and volumes for the year hampered by a reactor failure in the fourth quarter
- Successful "powder to pill" integration drives sales growth in opioids
  - The global market for opioids is expected to continue to grow, but the market is currently challenging due to demand – supply instability and considerable price pressure
  - Price pressure expected to continue in 2017
  - Codeine tablets sales increased by +60% compared to last year
- Cost reduction program in CMO initiated to improve competitiveness
  - Cost reduction program including staff reductions to achieve annual cost savings of NOK 20-30m
  - Operational excellence program ongoing to increase current capacity by up to 50%
- Group adj. EBITDA of NOK 29.5 million for 2016
  - The Board has proposed a dividend of NOK 1.00 per share (NOK 1.7 million)
  - Cash balance at 31 December 2016 of NOK 89.4 million - no interest bearing debt

Key figures from P&L (NOK 000's)	2016	2015 [1]
Total revenue and income	394 773	227 892
Cost of materials	163 198	81 646
Payroll expenses	134 643	71 081
Other operating expenses	74 976	47 282
EBITDA	21 956	27 883
Adj. EBITDA [2]	29 505	19 216
Profit for the year	12 918	19 122

Key figures from the balance sheet (NOK 000's)		
Cash & cash equivalents	89 440	61 989
Total assets	279 517	259 008
Borrowings	-	-
Total equity	186 610	183 924

Share data		
Earnings per share – diluted (NOK)	0.76	1.12
Number of shares outstanding as of 31.12	17 054 935	17 054 935
Share price at 31.12	24.00	21.40

1) Business operations commenced 1 June 2015
2) Adj. in 2016 of NOK 5.8 million in provision for employee reductions in CMO, and one-off costs in connection with a reactor failure at the metformin (B2B) plant of NOK 1.7 million. Adj. in 2015 of NOK 8.7 million in net proceeds relating to the business transfer from Weifa AS.

Letter from the CEO

Dear fellow shareholders,

2016 was a good year for Vistin Pharma overall, despite some challenges at our metformin plant in the last quarter. We are investing for the future and we continue to see potential for significant growth in all our business areas.

Last year was Vistin Pharma's first full year in operation as a purely business-to-business company. Since its spin-off from Weifa in 2015, the company has narrowed its focus to becoming a significant global player in the metformin and opioids market, as well as growing its CMO tablet manufacturing unit. Looking back, I am pleased to report that the spin-off was a success, and that we have come a long way toward accomplishing our goals for 2016.

One key milestone in 2016 was the formal decision to invest NOK 120 million in a major expansion of the metformin production facility in Kragerø, Norway. This expansion – which effectively will double our production capacity – is an important milestone in Vistin's growth strategy. It will strengthen Vistin Pharma's position as one of the world's largest producers of metformin - the standard first-line treatment for Type 2 diabetes.

Another important event was the start of an initiative that will improve our competitiveness within CMO tablet manufacturing. In December, we announced a cost savings program that will be complete in 2018, and will result in annualised cost savings of NOK 20-30 million. In addition, our goal is to increase production capacity by at least 50 per cent without incurring any major cost increases. The ongoing initiatives will strengthen our position in the CMO market significantly.

Although 2016 was a good year for Vistin Pharma overall, we did experience certain setbacks. In November, we experienced a reactor failure at our metformin plant, which led to an uncontrolled discharge of butanol and metformin. The fact that the reactor was defective came as a great surprise, as it had recently undergone inspection by an independent evaluator and was certified for another five years. We immediately took action and ordered an independent toxicological inspection of the nearby Kilsfjorden fjord. The external firm concluded in their report that it is unlikely that this incident has had any negative effect on water quality.

The incident led to an unscheduled maintenance stop of 4 weeks. A new reactor was installed successfully and on time, and the plant resumed full production on 18 December. The plant has been running at full capacity since that time, and I am happy to confirm that none of our customers were adversely affected by the temporary halt in production.

Looking ahead, I am pleased to report that the outlook is still bright for Vistin Pharma. All our market segments are growing, and we expect to see continued growth. Our largest segment – the metformin market – is experiencing continued strong growth due to a growing need for treatment of a serious global epidemic: Type 2 diabetes.

Metformin tablets are the most widely prescribed diabetes medication in the world. Type 2 diabetes, known as age or lifestyle-related diabetes, is a global epidemic and a growing burden on society. The International Diabetes Federation (IDF) estimates that close to 400 million people are living with this condition today. The number is expected to increase to nearly 600 million by 2035. Given these projections, it is fair to say that the growth outlook within our core business is positive.

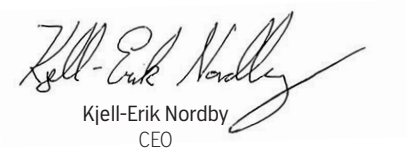
Our opioids business recorded another solid year, and despite continued price pressure due to oversupply, the long-term outlook remains positive. Throughout the year, we increased the proportion of tablets sold versus API bulk. Our strategy of forward integrating in the value chain is continuing to show positive effects.

When the operational excellence program in our CMO tablet manufacturing business is complete, Vistin Pharma should have gained a position as a competitive player in the global market. There is a solid underlying growth in the market that is driven by several factors, including pharma companies' outsourcing of production.

I am confident in the future for Vistin Pharma – we are renowned for quality and reliability, our workforce is dedicated, and we are secured by a strong financial fundament. However, we are constantly conscious of the fact that we are competing on a global arena where there is no time to rest or become too comfortable. Staying at the top of today's game is not enough – we must continuously seek improvements in how we work and ensure our products are of premium quality.

Thank you for your continued support.

Yours truly,



Kjell-Erik Nordby
CEO

This is Vistin Pharma

Vistin Pharma (the Group) is a Norwegian pharmaceutical company producing Active Pharmaceutical Ingredients (APIs) and solid dosage forms for the global pharmaceutical industry.

The Vistin Pharma group was established in June 2015, when Vistin Pharma AS acquired the B2B business and tablet production assets of Weifa AS. With more than 75 years of pharmaceutical industry experience, the Group has built significant capacity and expertise as an API and Solid Dosage Form provider to producers all over the world, and Vistin Pharma's APIs are marketed in more than 50 countries.

The Group has key positions and growth potential in the international Metformin and Opioid markets (B2B business), and a strong foundation for creating an efficient contract manufacturing (CMO) business. The Group has more than 150 employees and two manufacturing facilities in Kragerø, Norway. Both of the facilities are certified in accordance with current Good Manufacturing Practice (cGMP), and approved by all relevant government bodies. Vistin Pharma's head office is located in Oslo, Norway.

The shares of Vistin Pharma ASA are listed on Oslo Axess (ticker: VISTIN).

Corporate structure

The parent company, Vistin Pharma ASA, was incorporated on 6 March 2015 for the purpose of being the holding company for Vistin Pharma AS, which acquired the B2B business and tablet production assets from Weifa AS. All operational activities and assets are thus held by Vistin Pharma AS.

Proud history

Up until the completion of the acquisition from Weifa AS, the B2B business and tablet production assets had been owned by Weifa AS. Weifa AS started manufacturing opioid codeine phosphate (API used in strong pain killers) based on poppy seeds in the 1950s, while pholcodine was added to the opioid product portfolio in the 1980's. These products, including codeine tablets, make up Vistin Pharma's opioid offering. The production of metformin was introduced in 1969, and has since then been developed to include the supply of metformin HCl (hydrochloride), metformin DC (direct compressible) and metformin tablets. These products make up Vistin Pharma's

metformin offering. Tablet manufacturing had been a core competence and business of Weifa AS since the early days, including the manufacturing of Paralgin forte, Paracet and Ibux, as well as other brands for recognised international pharmaceutical companies. However, it had not been a separate business area within Weifa AS. The CMO tablet manufacturing business area was therefore established as a separate segment after the acquisition of these assets by Vistin Pharma.

These are our business areas

Vistin Pharma has two business segments: B2B, which comprises API and tablet manufacturing of metformin and opioids products, and CMO (contract manufacturing).

B2B

Metformin

Vistin Pharma currently manufactures about eight percent of the global metformin API volume, the active ingredient in the first-line treatment of diabetes-2. The Group's metformin is sold to more than 30 leading international pharmaceutical companies world-wide that use it to make finished products, primarily tablets. Plain generic and branded generic metformin tablets are the most commonly prescribed products, but branded and patented fixed-dose tablet combinations, with other diabetes APIs, are becoming a major growth area.

Metformin tablets are the most widely prescribed diabetes medication in the world, and is the preferred first line treatment for diabetes-2 patients. Type 2 diabetes, known as age, or lifestyle related, is a major global epidemic. According to the International Diabetes Federation (IDF), more than 400 million people are estimated to be living with this condition today. The number is expected to increase to 642 million by 2040.

Metformin is expected to maintain its position as the Gold Standard treatment for diabetes-2 in the foreseeable future, and the market is expected to grow by four to five percent per annum for many years to come (GlobalData, 2016).

The market is very competitive, with manufacturers mainly from India and China, and approximately 65% of the global metformin volume is currently produced in India. Many producers of metformin are operating multipurpose facilities, and there is an underlying unused capacity among the metformin producers that probably are able to absorb the growing demand for metformin. Vistin Pharma is focusing on customers, which sells patented products, as well as large professional generic players, and finds that customers in Europe, Japan and other developed economies value suppliers with short lead times, high quality products, agile operations and regularity of supply.

The Group's production plant at Fikkjebakke, Norway, is dedicated to manufacturing metformin, and is approved by all relevant regulatory bodies, including the US Food and Drug Administration (FDA). According to Vistin Pharma's estimates, the Group currently controls about eight percent of the global metformin market, with its annual manufacturing capacity of approximately 3,100 metric tonnes (MT). To secure the necessary production capacity to meet the expected future long-term demand for metformin HCl, both from existing and new customers, the Group has decided to increase the production capacity at the Fikkjebakke site by 3,000MT. The new production line is expected to be fully operational during 2019.

Opioids

Vistin Pharma serves the world market for opioid APIs with two key products, codeine phosphate (used in analgesics and cough syrup) and pholcodine (used in cough syrup). Our codeine phosphate API is sold to more than 40 international pharmaceutical companies. In addition, the Group manufactures Weifa's Paralgin forte tablets containing codeine phosphate (included in the CMO segment), and codeine containing tablets for other pharmaceutical companies.

The global opioid sector is a protected market, tightly controlled by the International Narcotics Control Board (INCB). Several major markets are also subject to import quotas. Growth in the use of opioids is stable worldwide, and demand, measured by defined daily doses, has increased more than threefold over the last 20 years (corresponding to a compound annual growth rate of 6.5%). Emerging countries represent the biggest expansion potential, as rising wealth drives demand for pain medication. China and India are expected to be the fastest growing opioids markets by 2020.

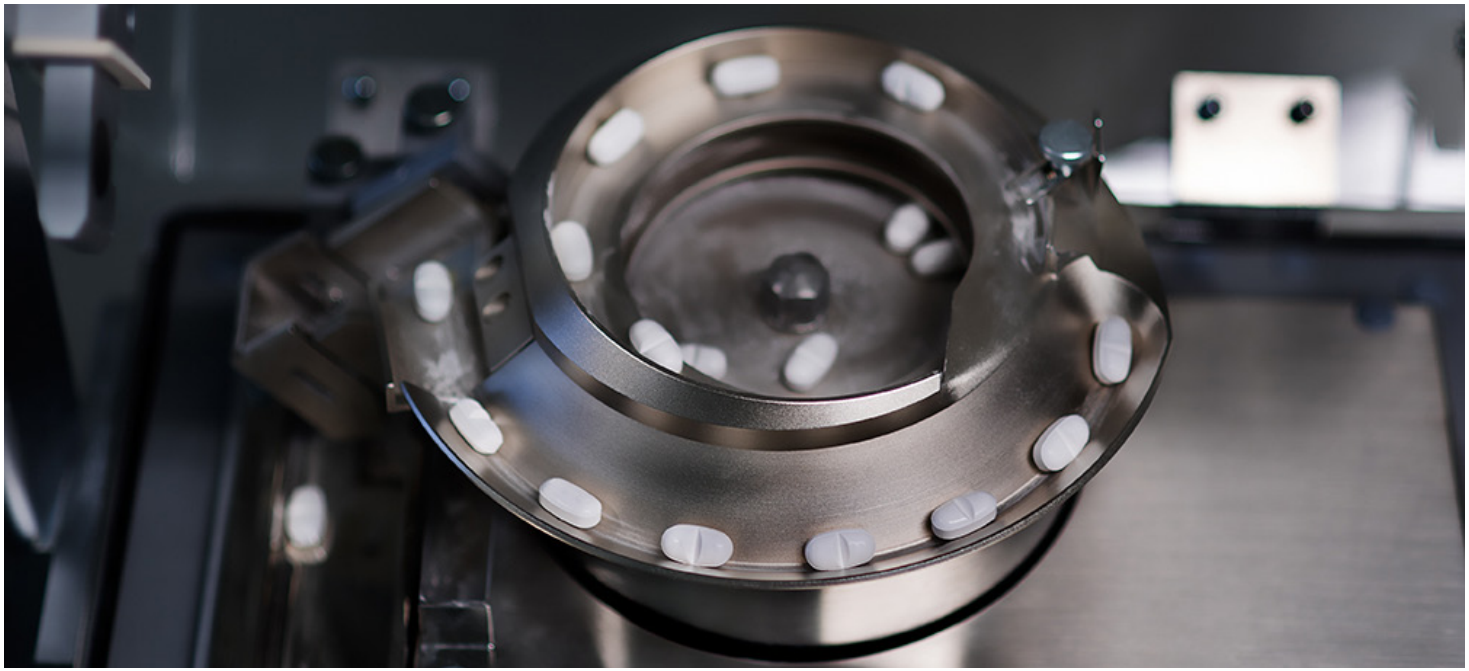
Global manufacturing of codeine API increased from 2001, and reached a peak in 2012 to more than 400MT. In recent years, various national and regional organisations and regulatory bodies have issued warnings related to codeine use. Such warnings might have been partly responsible for a decrease in global manufacture in 2015, and a moderate growth of 1-2 percent is expected in the coming years.

According to management estimates, Vistin Pharma has a share of about seven percent of the total global codeine API market with its annual production capacity of 30+ metric tonnes. However, about half of the global market is defined as "closed" with import restriction, which Vistin Pharma is currently unable to enter. These include among others the USA, South Africa, France and Spain.

Vistin Pharma's strong position in the opioids segment is built on proven high-quality products, and the ability to handle controlled drugs safely and efficiently. Vistin Pharma offers a swift license process with the Norwegian Medicines Agency, enabling short lead times of orders. Our customers are reputable international pharmaceutical companies. Europe is the Group's main market for codeine phosphate. Vistin has also a growing market presence in Asia, Africa and South America.

Going forward, Vistin Pharma will seek to exploit the Group's market position and customer relationships in key markets to expand the opioids business in general and codeine in particular. The long-term goal is to establish a dominant position in codeine and widen the portfolio of opioid APIs it offers. The Group aims to become a leading global supplier of high-value opioid FDFs through a "powder to pill" strategy, starting with codeine generic formulations including combination products.

Vistin Pharma manufactures its opioid APIs and tablets at the Gruveveien manufacturing plant in Kragerø, Norway.



CMO

The CMO tablet manufacturing business produces finished products through an agreement with Weifa, at the Gruveveien multipurpose tablet facility. Vistin Pharma has a five-year supply agreement with Weifa, for the manufacture of its key pain relief brands, such as Paracet, Ibux and Paralgin forte. This currently represents the Group's main CMO activity.

The current production capacity is estimated to be approximately 750 million tablets. Vistin Pharma's target is to increase the current capacity by approximately 50% through an ongoing operational excellence program. The Group will seek to increase tablet manufacturing volumes, acting as an independent supplier of generic FDFs (finished dose formulation) to the global generic and proprietary pharmaceutical industry, by establishing itself as an FDF contract development and manufacturing organisation (CDMO) and strategic partner. In addition the company is launching an aggressive cost efficient program to strengthen its international CMO competiveness.

According to Mordor Intelligence LLP (Global Pharmaceutical Manufacturing Market), the global CMO market is estimated at USD 58 billion in 2016, and is expected to reach USD 84 billion, corresponding to a CAGR of 6.4 percent by 2021. Key growth drivers are; outsourcing by companies that do not see supply chain as a core business area, margin pressure in both the innovative and generic pharma market, and pharma industry consolidation leading to post-merger cost saving initiatives.

Members of the Board

Ole Enger
Chairman

Mr Enger has extensive industrial experience and currently sits on the Board of several listed and unlisted companies. Mr Enger was previously the CEO of REC ASA. Prior to REC ASA, Mr Enger was the president & CEO of SAPA AB, and he has also held the position as president & CEO of Elkem AS and Executive Vice President of Elkem AS. In addition, he has lead Norsk Hydro's Bio-division, including the development of Omega 3 products for both pharmaceutical and food applications, and has been the Chairman of the Board of Borregaard, a producer of fine chemicals for the global pharmaceutical market. Ole Enger holds a degree from the Norwegian University of Life Sciences and a business degree from the Norwegian School of Economics. Mr Enger is a Norwegian citizen, and resides in Norway.

Kathrine Gamborg Andreassen
Board member

Ms Andreassen is the CEO of Weifa ASA. She joined Weifa in August 2012, as Vice President of Weifa's Consumer Health business area, and was appointed CEO from June 2015. Ms Andreassen is an experienced marketing professional and she has held several top management positions within the FMCG, food and health business (Orkla, Bakers). Ms Andreassen holds a M.Sc. in Business Strategy & Marketing from the University of Wisconsin. She is a Norwegian citizen and resides in Oslo, Norway.

Einar J. Greve
Board member

Mr Greve works as a strategic advisor at Cipriano AS. Mr Greve has previously worked as head of the legal department of Oslo Børs ASA, as partner at Wikborg Rein & Co and as partner of Arctic Securities ASA. Mr Greve has held various positions in Norwegian listed and unlisted companies and is currently the Chairman of Weifa ASA. He holds a degree in law (cand.jur) from the University of Oslo. Mr Greve is a Norwegian citizen and resides in Oslo, Norway.

Ingrid Elvira Leisner
Board member

Ms Leisner has previously worked as Head of Portfolio Management for Electric Power in Statoil Norge AS. She also has a background as a trader of different oil and gas products in her 15 years in Statoil ASA. Ms Leisner holds a Bachelor of Business degree (honours) from the University of Texas at Austin. She has served on the board of several companies listed on the Oslo Stock Exchange. Ms Leisner is a Norwegian citizen and resides in Oslo, Norway.

Øystein Stray Spetalen
Board member

Øystein Stray Spetalen is the chairman and owner of investment firm Ferncliff TIH AS. Mr Spetalen is an independent investor. He has worked in the Kistefos Group as an investment manager, as corporate advisor in different investment banks, and as a portfolio manager in Gjensidige Forsikring. Mr Spetalen is a chartered petroleum's engineer from the Norwegian University of Science and Technology. He is a Norwegian citizen and resides in Oslo, Norway.

Jørn-Henning Isaksen
Board member

Jørn-Henning Isaksen has been employed at Weifa AS since 1999, and at Vistin Pharma from June 2015. He currently holds the position as Operator at the production facility at Gruveveien, Kragerø. Mr Isaksen has been elected to the Board by the employees of Vistin Pharma. He is a Norwegian citizen and resides in Kragerø, Norway.

Åse Musum
Board member

Åse Musum has been employed at Weifa AS since 2012, and by Vistin Pharma from June 2015. She currently holds the position as QA Supervisor at the production facility at Gruveveien, Kragerø. Ms Musum has been elected to the Board by the employees of Vistin Pharma. She is a Norwegian citizen and resides in Kragerø, Norway.

The Executive Management

Kjell-Erik Nordby
Chief Executive Officer

Mr Nordby has been CEO of Vistin Pharma since June 2015, and prior to that was the CEO of Weifa from February 2009. He was Vice President Business Development at Photocure, a Norwegian biotech company. Previous experience includes several years at Alpharma, a leading international generic pharmaceutical company listed on NYSE. He held several top management positions in the company including Head of S&M North Europe Region and as Senior Director API Business Development. Mr Nordby holds a Master's degree in Pharmacy and Master's degree in Business Administration.

Gunnar Manum
Chief Financial Officer

Mr Manum joined Weifa as CFO in August 2014, and became the CFO of Vistin Pharma in June 2015. He previously held the positions as CFO at Aqualis for 7 years, and prior to that he was a senior advisor at Handelsbanken Capital Markets, Corporate Finance, for 8 years. Mr Manum has a wide ranging experience from several managerial positions within finance and accounting at Stolt Sea Farm and PwC, Australia. He holds a MCom in Finance and Accounting from the University of New South Wales, Sydney.

Valborg Godal Vold
VP B2B

Ms Godal Vold joined Weifa in October 2012 as VP B2B Sales & Marketing, and became the VP Sales & Marketing of Vistin Pharma in June 2015. She is an experienced executive manager within the biotechnology and pharmaceutical industry. Ms Godal Vold holds a BA in Biomedical Laboratory Science (BLS) and an Executive Master in Business & Administration from BI Norwegian Business School /ESCP-EAP Paris.

Hilde Merete Hagen
VP QA

Ms Hagen joined Weifa in March 2015 as VP QA, and became the VP QA of Vistin Pharma in June 2015. She previously held the position as Head of Quality & Regulatory Affairs Global Omega-3 at Pronova BioPharma, where she has held several management positions within QA during her 20 years with the company. She holds a Master of Science in Chemistry from the University of Oslo and a Master of Management from the Norwegian School of Management.

Liesl Hellstrand
VP HR

Ms Hellstrand joined Weifa as Vice President HR in January 2014, and became the VP HR of Vistin Pharma in June 2015. She previously held the position as VP HR of Jordan for five years, and prior to that she spent nine years in Hydro as VP HR in Oslo, and four years as Director HR at Volvo Car Corporation in Gothenburg, Sweden. Ms Hellstrand holds a BSc in Human Resource Development and Labour Relations, specializing in Organization, from Uppsala University, Sweden.

Erik Løkke-Øwre
VP Operations

Mr Løkke-Øwre joined Vistin Pharma as VP Operations in October 2016. He previously held the position as SVP Operations, Tech. and Supply chain at REC Solar ASA, and prior to that held several senior management positions at Elkem, where he was employed for almost 20 years. Mr Løkke-Øwre holds a Master of Management from the BI Norwegian Business School.

Shareholder information

Vistin Pharma is strongly committed to maintaining an open dialogue with its shareholders, potential investors, analysts, investment banks and the financial markets in general. Our goal is for the share price to reflect 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 409 million, based on a closing share price on 30 December 2016 of NOK 24.00.

Dividend policy

The Company's shareholders should over time receive a competitive return on their investment in Vistin Pharma through a combination of an increase in the share price and dividends received. Vistin Pharma paid its first dividend during 2016, when it paid a dividend of NOK 0.60 per share relating to the 2015 financial year. The Board has proposed a dividend of NOK 1.00 per share for the 2016 financial year.

Shares and share capital

At the end of 2016 Vistin Pharma had 17,054,935 ordinary shares outstanding with a par value of NOK 1.00 per share (see Note 17 to the Consolidated Financial Statements). The Company has one share class, and each share carries one vote. At 31 December 2016, the Company had 857 shareholders, and 24.6% of the shares of the Company were held by foreign registered shareholders.

Listing

The Company's shares were listed on the Oslo Axess (ticker: VISTIN) in June 2015. The shares are registered in the Norwegian Central Securities Depository (VPS) with Nordea Bank Issuer Service as registrar. The shares carry the securities number ISIN NO0010734122.

Principal shareholders

The top 20 shareholders of Vistin Pharma are predominantly large Norwegian and international investors. A table of the 20 largest shareholders is included in this chapter.

Employee incentive plan

The Company does not currently have a share based incentive plan for employees.

Investor relations

Vistin Pharma wishes to maintain an open dialogue with the capital market. Therefore, regular information is published through the Annual Report, interim reports and presentations and stock exchange announcements. Vistin Pharma distributes all information relevant to the share price to the Oslo Stock Exchange. Such information is distributed without delay and simultaneously to the capital market, the media and is also published on the Company website.

The CEO and CFO are responsible for the Company's investor relations activities and 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 the stock exchange.

All information regarding Vistin Pharma is available on the Company's website: www.vistin.com.

Annual General Meeting

The Annual General Meeting will normally be held in May. Written notice and any additional relevant material, as required by law, will be sent to all the shareholders individually, or to their custodian bank, minimum three weeks before the Annual General Meeting is being held. The notice is also made available on the Company's website. Shareholders are encouraged to participate and to vote at the Annual General Meeting. In order to vote, a shareholder must either be physically present or vote by proxy. The Annual General Meeting for 2017 will be held on 24 May.

20 largest shareholders at 24 April 2017

NAME	NUMBER OF SHARES	OWNERSHIP SHARE
STRATA MARINE & OFFSHORE	1 965 943	11.5%
QVT FUND V LP FUND	1 869 797	11.0%
STOREBRAND VEKST	1 631 860	9.6%
MP PENSJON	877 870	5.1%
SKANDINAVISKA ENSKILDA	839 352	4.9%
SOLAN CAPITAL AS	787 482	4.6%
HOLBERG NORGE	771 182	4.5%
FERNCLIFF LISTED DAI	582 282	3.4%
DUKAT AS	547 500	3.2%
TVENGE TORSTEIN INGVALD	510 000	3.0%
QVT FUND IV LP FUND	436 273	2.6%
CIPRIANO AS	375 538	2.2%
SPETALEN ØYSTEIN STRAY	323 650	1.9%
QUINTESSENCE FUND L.	242 740	1.4%
SVENSKA HANDELSBANKEN	240 000	1.4%
UCITS FUND AKTIA NORDIC MICRO CAP	230 640	1.4%
NORDBY KJELL ERIK	200 000	1.2%
GRANT INVEST AS	184 407	1.1%
STATOIL PENSJON	159 718	0.9%
MALISE AS	151 750	0.9%
Total 20 largest shareholders	**12 927 984**	**75.8%**
Other shareholders	4 126 951	24.2%
Total number of shares	**17 054 935**	**100.0%**

Ownership structure by geographical region at 24 April 2017

NATIONALITY	NUMBER OF SHARES	OWNERSHIP SHARE
Foreign shareholders	4 460 569	26.2%
Norwegian shareholders	12 594 366	73.8%
Total	**17 054 935**	**100.0%**

Ownership structure by size of holding at 24 April 2017

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	PERCENTAGE OF CAPITAL
1 - 10 000	731	6.0%
10 001 - 100 000	65	12.4%
100 001 - 500 000	18	20.7%
500 001 - 1 000 000	7	28.8%
Over 1 000 000	3	32.1%
Total	**824**	**100.0%**

Corporate governance

Corporate Governance regulates the relationship between the Company's management, its Board of Directors and the shareholders of the Company. Vistin Pharma 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 Norwegian Code of Practice for Corporate Governance (the "Code of Practice), cf. the latest version dated 30 October 2014, the Board of Directors of Vistin Pharma ASA has prepared a Corporate Governance policy document. Vistin Pharma aspires to follow the Code of Practice as closely as possible and in situations where the Company's practice might diverge from the code, an explanation or comment will be provided.

The Board reviews the overall position of the Company in relation to the latest version of the Code of Practice annually and reports thereon in the Company's annual report in accordance with the requirements of the continuing obligations of stock exchange listed companies and the Code of Practice.

The Company's compliance with the Code of Practice is detailed in this section of the Annual Report and section numbers refer to the Code of Practice's articles. Vistin Pharma' Corporate Governance guidelines are published in full at the Company's website (www.vistin.com).

2. Business

Vistin Pharma ASA is a Norwegian pharmaceutical company, supplying finished dose formulations and API's to the pharmaceutical industry globally. The Company is active throughout the value chain – from development, to production, distribution and sales to B2B customers.

Vistin Pharma's business purpose, as presented in the Company's Articles of Association, 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".

Vistin Pharma's business operations are presented in further detail in description of the Group in the Annual Report.

3. Equity and dividends

Equity

The Company's consolidated equity at 31 December 2016 was NOK 186.6 million, representing an equity ratio of 66.8%. The Board aims to maintain an equity ratio that remains 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. At the Annual General Meeting held in May 2016, the Company received a general authority to increase the share capital by up to NOK 2,558,240 (representing up to 15% of the existing share capital) through the issue of new shares for general corporate purposes, including financing of investments and employee incentive plans. The Company's strategy is to grow its business organically and through potential acquisitions and the Board believes that a general authority, without a specific purpose, is necessary to give the Company the required flexibility to secure the necessary financing, at the lowest possible costs, and that this is in the best interest of the Company's shareholders. The authority is limited in time to the annual general meeting in 2017.

Vistin Pharma has been given an authorisation to purchase its own shares, for a number of shares limited to 10% of the total issued shares of the Company. The authority was given at the Annual General Meeting held in May 2016, and is limited in time to the Annual General Meeting in 2017.

Dividend policy

It is the Company's objective to generate returns to the shareholders in the form of dividends and share appreciation, which is at least on the same level as other investment possibilities with comparable risk. During 2016 Vistin Pharma paid a dividend of NOK 0.60 per share, relating to the 2015 financial year.

4. Equal treatment of shareholders and transactions with close associates

The Company has only one class of shares. Each share entitles the holder to one vote and there are no voting restrictions. Each share has a nominal value of NOK 1.00. Any potential purchase of own shares shall be carried out via a stock exchange at market prices. There were no purchases of own shares during 2016.

Where the Board resolves to carry out an increase in share capital on the basis of an authority given to the Board, and waive the

pre-emption rights of existing shareholders, the justification will be publically disclosed in connection with the increase in share capital.

Transactions with related parties shall be at arm's length and at fair value which, in the absence of any other pertinent factors, shall be at market value. All not immaterial transactions with related parties shall be valued by an independent third party, unless assessed and resolved upon by the General Meeting. Transactions with related parties are described in Note 23 to the Consolidated Financial Statements.

5. Freely negotiable shares

There are no limitations 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 members of the Board.

The call for the General Meeting

The Company observes the minimum notice period set out in the Norwegian Public Limited Companies Act, i.e. providing 21 days minimum notice period. The call for the General Meeting is issued in writing via mail, or electronically through VPS, to all shareholders with registered addresses. Transmitted with the summons are documents, which have sufficient detail for the shareholders to take a position on all the cases to be considered. Documents relating to matters which shall be considered at a General Meeting need not be sent to the shareholders if the documents have been made available to the shareholders on the Company's website. This also includes documents that according to law shall be incorporated into or be attached to the notice of the General Meeting. A shareholder may require that documents, which shall be considered at a General Meeting, are sent to the shareholder.

The summons also addresses the shareholder's right to propose resolutions to the matters to be resolved upon at the General Meeting, and gives information regarding the required steps necessary to exercise the shareholder's rights. The summons and the said documents are made available on the Company's website at least 21 days prior to the relevant General Meeting.

To register for the General Meeting, a shareholder is requested to submit a confirmation in writing via mail or fax, or by electronic registration directly through VPS.

The 2017 Annual General Meeting is scheduled for 24 May in Oslo, Norway.

Voting at the General Meeting

Any shareholder is entitled to vote at the General Meeting, and to cast a vote, a shareholder must attend or give a proxy to someone who is attending. The proxy form will be distributed with the summons to the General Meeting. A proxy will only be accepted if submitted by mail, fax, or e-mail (provided the proxy is a scanned document with signature), or registered directly through VPS. It is not possible to vote via the Internet or in any other way. For shareholders who cannot attend the General Meeting, the Board will nominate the Chairman and the CEO to vote on behalf of shareholders as their proxy.

To the extent possible, the Company uses a form for the appointment of a proxy, which allows separate voting instructions to be given 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 management of the Company seek to facilitate the largest possible attendance at the General Meeting. The chairman of the Board, the CEO and the Company's auditor will always attend the Annual General Meeting. In addition, the Chairman of the Election Committee, and other members of the Board and the Election Committee may attend whenever practical. The Code of Practice recommends that all Board members, members of the Election Committee and the auditor are present at the annual general meeting.

Chairman of the meeting and minutes

The chairman of the Board, or another person nominated by the Board, will declare the General Meeting for open. The Code of Practice recommends that an independent person is appointed to chair the General Meeting. Considering the Company's organisation and shareholder structure the Company considers it unnecessary to appoint an independent chairman for the General Meeting, and this task will for practical purposes normally be performed by the Chairman of the Board. However, the need for an independent chairman is evaluated in advance of each General Meeting based on the items to be considered at the General Meeting. The minutes from the General Meeting are made available at the Company's website on the day following the General Meeting.

7. Election Committee

The Company's Election Committee is regulated by article 11 of the articles of association. The Election Committee is elected by the General Meeting, which also appoints the Chairman of the Election Committee. The members of the Election Committee should be selected to ensure there is a broad representation of shareholders' interests.

The work

The Election Committee's task is to propose candidates for election to the Board of Directors and to suggest remuneration for the Board. The election Committee usually have direct contact with the largest shareholders, existing Board members and the CEO of the Company as part of their proposal for Board members at the annual general meeting. Shareholders may propose board members through the Chairman of the election committee. Any proposals to the Election Committee should be submitted in writing to the Chairman of the Election Committee no later than 15 April. The recommendations by the Election Committee shall be justified.

The Election Committee currently consists of two members, who shall be shareholders or representatives of the shareholders, and no more than one member of the Election Committee shall be a member of the Board. The members of the Election Committee are elected for a period of two years at a time. Further information on the duties of the Election Committee can be found in the Instructions to the Election Committee, which has been approved by the General Meeting and made available on the Company's website.

Vistin Pharma is not aware of the existence of any agreements or business partnerships

between the Company and any third parties in which members of its Election Committee have direct or indirect interests. The Election Committee's composition is designed to maintain its independence from the Company's administration.

The Election Committee currently consists of the following members:

- Martin Nes, Chairman (member since 2015; up for election in 2018)
- Espen Tideman Jørgensen (member since 2015; up for election in 2018)

Further information on the membership is available on the Company's website:

8. The Board of Directors – composition and independence

The Chairman and the other members of the Board are elected for a period of two years at a time and the Board currently consists of five shareholder elected members. In addition, two members are elected by the employees of the Group. All members of the Board may be re-elected for a period of up to two years at a time. The Company's Executive Management is not represented on the Board of Directors. All the current members of the Board are independent of the Company's Executive Management. Einar J. Greve is the Chairman of the Board, and Kathrine Gamborg Andreassen the CEO, of Weifa ASA, the Group's single largest customer. The Board member Øystein Stray Spetalen controls directly, or indirectly, approx. 17.6% of the shares in the Company.

In electing members to the Board, it is emphasised that the Board has the required competence to independently evaluate the cases presented by the Executive Management as well as the Company's operations. It is also considered important that the Board functions well as a body of colleagues.

The current composition of the Board, including Board members' shareholding in Vistin Pharma per the date of this annual report is detailed in the table below.

The female representation among shareholder elected Board members is 40%.

9. The work of the Board

The Board's work follows an annual plan and it will conduct an annual self-evaluation of its performance and expertise, which will be made available to the Election Committee. The annual plan is generally revised in December each year, and includes the number of meetings to be held and specific tasks to be handled at the meetings. Typical tasks that are handled by the Board during the year includes an annual strategic review, review and approval of the following year's budget, evaluation of management and competence required, and continuous financial, operational and risk reviews based on budget or prognosis. The Board has held six meetings since the Annual General Meeting in 2016, and to the date of this report. The Board members attended all the Board meetings, either in person or by phone, with the exception of Kathrine Gamborg Andreassen, whom were present at five meetings, and Einar J. Greve, whom were present at four meetings.

Remuneration Committee

The Remuneration Committee, appointed by the Board, makes proposals to the Board on the employment terms and conditions and total remuneration of the CEO, and other members of Executive Management, as well as the details of the employee bonus plan. These proposals are also relevant for other management 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 Ole Enger (Chairman) and Ingrid Elvira Leisner.

Audit Committee

The Company may have an Audit Committee appointed by the Board, however for practical purposes the full Board constitutes the Audit Committee.

10. Risk management and internal control

The Board and the Executive Management shall at all times see to that the Company has

The Board of Directors – composition and independence

NAME	POSITION IN THE BOARD	MEMBER SINCE (YEAR)	UP FOR ELECTION (YEAR)	COMMITTEE MEMBERSHIP	SHAREHOLDING IN VISTIN PHARMA*
Ole Enger	Chairman	2015	2017	Rem. Comm.	141,471
Kathrine Gamborg Andreassen	Member	2015	2017		-
Einar J. Greve	Member	2015	2017		375,538 [1]
Ingrid Elvira Leisner	Member	2015	2017	Rem. Comm.	-
Øystein Stray Spetalen	Member	2015	2017		2,995,806 [2]
Jørn-Henning Isaksen	Member	2015	2017		-
Åse Musum	Member	2015	2017		1,000

* At the date of the Annual Report

1) Shares owned through Cipriano AS
2) Shares owned by Øystein Stray Spetalen, or companies controlled by, or associated with him (Strata Marine & Offshore AS, AS Ferncliff, Ferncliff Listed DAI AS)

adequate systems and internal control routines to handle any risks relevant to the Company and its business, hereunder that the Company's ethical guidelines, corporate values and guidelines for corporate social responsibility are maintained and safeguarded.

The Board carries out regular reviews of the Company's most important areas of exposure to risk and its internal control systems. The risk areas, changes in risk levels and how the risk is being managed, are regularly reviewed at Board meetings.

Vistin Pharma manufactures and sells pharmaceutical products through its subsidiary Vistin Pharma AS. These products are produced and sold in compliance with relevant international and local laws and regulations governing the pharmaceutical industry. Accordingly, the Company has implemented risk management systems in accordance with e.g. GMP and EHS guidelines.

11. Remuneration of the Board of Directors

Remuneration of Board members shall be reasonable and based on the Board's responsibilities, work, time invested and the complexity of the business. The remuneration needs to be sufficient to attract both Norwegian and foreign Board members with the right expertise and competence. The compensation shall be a fixed annual amount and shall be determined by the Annual General Meeting based on a proposal from the Election Committee. At the Annual General Meeting on 24 May 2016, a resolution was passed approving the following fees for the period from the Annual General Meeting and until the Annual General Meeting in 2017: Chairman NOK 250,000, shareholder elected Board members NOK 150,000 each, employee elected shareholders NOK 75,000 each.

For more information on remuneration of the Board see note 22 to the Consolidated Financial Statements.

12. Remuneration of the Executive Management

The Board sets out the guidelines for remuneration of Executive Management and determines the salary and other compensation of the CEO, pursuant to relevant laws and regulations.

The statement regarding the determination of salary and other remuneration to Executive Management are presented as a separate agenda item at the Annual General Meeting, and any proposals for equity-based compensation (i.e. share option or share purchase plan) would normally be included as a separate agenda item.

For more information on remuneration of the CEO and other members of Executive Management see Note 22 to the Consolidated Financial Statement. For the statement regarding the determination of salary and other remuneration to Executive Management see Note 12 to the Vistin Pharma ASA Financial Statements.

13. Information and communication

The Board of Directors and the Executive Management of the Company assign considerable importance to giving the shareholders and the financial market in general timely, relevant and current information about the Company and its activities, while maintaining sound commercial judgement in respect of any information which, if revealed to competitors, could adversely influence the value of the Company.

Regular information is published in the form of Annual Reports and interim reports and presentations. It is the Company's aim to publish these reports within four weeks of the end of the relevant period in at least three of the four financial quarters. Vistin Pharma distributes all information relevant to the share price to the Oslo Stock Exchange in accordance with applicable regulations. Such information is distributed without delay and simultaneously to the capital market, the media and on the Company website.

The Company publishes all information concerning the Annual General Meeting, interim reports and presentations and other presentations on the Company website, as soon as they are made publically available.

The CEO and CFO hold a presentation each quarter in connection with the release of the interim reports, which is open to all interested parties, and which is also generally accessible through a live webcast posted on the Company's website. The Executive Management also holds regular meetings with shareholders and other investors, and present at domestic and international investor conferences.

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

14. Take-overs

The Board shall not without specific reasons attempt to hinder or exacerbate any attempt to submit a takeover bid for the Company's activities or shares, hereunder make use of any proxy for the issue of new shares in the Company. In situations of takeover or restructuring, it is the Board's particular responsibility to ascertain that all shareholders' values and interests are protected. If a take-over offer is made, the Board will issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board will arrange a valuation from an independent expert that shall be made public no later than the disclosure of the Board's recommendation.

15. Auditor

The Company's external Auditor is Ernst & Young AS. The Auditor participates in the Board meeting that approves the annual financial statements, and otherwise when required. The Auditor meets with the Board, without the Company's Executive Management being present, at least once a year.

The Auditor each year presents a plan for the implementation of the audit work, and following the annual statutory audit presents a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement.

Remuneration to the Auditor is disclosed in Note 8 to the Consolidated Financial Statements.

The full Corporate Governance Policy is published on Vistin Pharma's website: www.vistin.com.

Directors' report for 2016

Vistin Pharma (the Group) is only in its second year of operations, after acquiring the B2B business and tablet production assets from Weifa AS in June 2015, and has become a major Norwegian pharmaceutical company producing Active Pharmaceutical Ingredients (APIs) and solid dosage forms for the global pharmaceutical industry.

THE OPERATING PERFORMANCE OF VISTIN PHARMA

Vistin Pharma has two business segments; B2B, which comprises the manufacturing of metformin and opioid APIs (Active Pharmaceutical Ingredient) and FDFs (Finished Dose Formulation), and CMO tablet manufacturing, which currently represents the tablet production agreement with Weifa AS. Metformin is used as the first line treatment of diabetes-2, a rapidly growing global disease while opioids are mainly used as strong pain killers and in cough medicine.

In the metformin business area, Vistin Pharma's strategy is to become the dominant supplier of metformin API to companies which sell patented products, as well as large professional generic players. Vistin Pharma sees that the quality of its metformin products, its service and delivery performance are competitive advantages and drivers for increased sales, and the Group is experiencing a strong underlying demand. Based on internal estimates, Vistin Pharma currently has a market share of approximately eight percent of the global metformin market, with its annual manufacturing capacity of approximately 3,000 metric tonnes (MT).

To secure the necessary production capacity to meet the expected future long-term demand for metformin HCl, both from existing and new customers, the Group decided in 2016 to increase the production capacity at the Fikkjebakke site by another 3,000MT. The Group's production plant at Fikkjebakke, Norway, is fully dedicated to the production of metformin, and is approved by all relevant regulatory bodies, including the US Food and Drug Administration (FDA). The capacity increase will require an investment of approximately NOK 120 million, which will be financed through existing cash reserves, cash generation and debt. The new production line is expected to be fully operational during 2019, and the expansion project is currently in the detailed engineering phase.

In parallel, the Company is working on stretching the current capacity by approximately 500MT (+ ~16 percent capacity increase) through an efficiency program. The objective is to ensure that Vistin Pharma can meet the expected increase in demand in the short-term.

In November 2016, the production at Vistin Pharma's metformin plant was temporarily halted due to an unscheduled stop to repair one of the reactors. A new reactor was successfully installed, and the plant resumed full production in mid-December. The temporary stop in production has not had a negative impact on sales volumes in 2017.

In the opioids business area, Vistin Pharma's strategy is to become a leading supplier of APIs and finished products, primarily codeine based,

to international pharmaceutical companies. The Group's production plant in Kragerø, Norway, manufactures opioid APIs, as well as finished dose tablets. Based on internal estimates, Vistin Pharma has a global share of approximately seven percent of the total codeine API market, with its annual production capacity of 30+ metric tonnes. About half of the global market is defined as closed markets with import restriction, which Vistin Pharma is currently unable to enter. These include among others USA, South Africa, France and Spain.

Vistin Pharma is the only independent API supplier, producing FDF for third parties. The Group's strategy is to continue forward integrating in the opioids value chain, and to convert a significant part of its codeine API volume into tablets ("the powder to pill strategy").

The market for the Group's APIs, primarily codeine phosphate, continued to be challenging in 2016. There has been considerable price pressure and supply-demand instability in the opioid market, which has resulted in lower API prices in 2016 compared to 2015. The price pressure is expected to continue in 2017, however, corresponding lower raw-material prices have reduced the negative margin impact on API sales. Reduced supply of raw-material is expected to improve market balance in the medium-term, and the long-term market prospects appear to be good.

In the CMO tablet manufacturing segment the Group produces finished products through a supply agreement with Weifa AS. The products are produced at the multipurpose tablet facility in Kragerø, Norway. The production facility also produces finished dose metformin and codeine tablets for the B2B segments. Vistin Pharma has a five-year agreement with Weifa AS for the manufacture of its key pain relief brands, such as Paracet, Ibux and Paralgin forte, which expires in June 2020. The current production capacity is estimated to be approximately 750 million tablets, an increase of approximately 15 percent since last year. In December 2016, Vistin Pharma announced a cost savings plan to improve the competitiveness within tablet manufacturing. The plan includes a staff reduction of 20-25 full-time employees at the Group's tablet manufacturing facility (30-35% of the workforce), which should be completed by the first quarter 2018, and result in total cost savings of NOK 20-30 million.

Vistin Pharma does not currently have any dedicated research and development (R&D) resources. However, the Group has a process development lab in Kragerø and are focusing on process improvement projects related both to optimising existing API processes and finished dose formulations (FDF), as well as processes to continuously improve product quality and cost. This work is carried out by operational staff.

PRESENTATION OF FINANCIAL RESULTS FOR THE GROUP

The Group had no business activities prior to the acquisition of the B2B business and tablet production assets from Weifa AS on 1 June 2015, and thus the comparable figures for 2015 (shown in brackets) principally relate to the period from 1 June to 31 December.

For 2016, total revenue and income for Vistin Pharma amounted to NOK 394.8 million (NOK 227.9 million). The B2B segment contributed with revenue of NOK 272.5 million (NOK 150.3 million), while the CMO segment had revenue of NOK 122.3 million (NOK 68.9 million). For 2016, all revenue and other income have been allocated to business segments. Last year the Group also had Other income, which had not been allocated to business segments, amounting to 8.7 million, relating to a cash settlement following the business transfer from Weifa AS.

The Group had total EBITDA for 2016 of NOK 22.0 million (NOK 27.9 million). The EBITDA for 2016 includes one-off items relating to a provision of employee reductions of NOK 5.8 million and costs in connection with the reactor failure of NOK 1.7 million. Included in the EBITDA last year was net proceeds of NOK 8.7 million from a settlement relating to the business transfer from Weifa AS. EBITDA from the B2B and CMO segments were NOK 28.1 million (NOK 18.9 million) and minus NOK 3.1 million (NOK 4.4 million) respectively.

The operating profit for 2016 was NOK 17.9 million (NOK 26.3 million), and the Group had a net profit of NOK 12.9 million (NOK 19.1 million), after net finance costs of NOK 0.8 million (NOK 0.1 million), and income tax expense of NOK 4.2 million (NOK 7.1 million).

Liquidity, financial position and investments

Vistin Pharma's net cash flow from operating activities in 2016 amounted to NOK 53.8 million (NOK 31.0 million).

The net cash flow from investing activities for 2016 amounted to minus NOK 16.1 million (NOK -131.7 million), which relates to purchases of equipment. The significant cash outflow in 2015 related mainly to the acquisition of the B2B business and tablet production assets from Weifa AS for NOK 120.0 million.

Vistin Pharma paid a dividend for 2015 of NOK 10.2 million in 2016, equal to NOK 0.60 per share, and had net cash flow from financing activities of minus NOK 10.2 million. In 2015 the business acquisition from Weifa AS was financed through a share issue which generated net proceeds of NOK 163.7 million, and the net cash flow from financing activities for 2015 was NOK 162.7 million.

At 31 December 2016, total assets amounted to NOK 279.5 million (NOK 259.0 million) and the Group had no interest bearing debt. Cash and cash equivalents amounted to NOK 89.4 million (NOK 62.0 million) at 31 December 2016.

As of 31 December 2016, total equity amounted to NOK 186.6 million (NOK 183.9 million), and the equity ratio at year end was 66.8% (71.0%).

Vistin Pharma expects that cash from operations, together with its liquidity reserves, will be sufficient to cover planned capital expenditures and operational requirements in 2017.

The Financial Statements of Vistin Pharma ASA have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and are valid on or after 1 January 2016.

In accordance with the Norwegian accounting act § 3-3a, the Board of Directors confirm that the Financial Statements have been prepared under the assumption of going concern and that this assumption is valid based on the Group's budgets and financial projections .

EVENTS AFTER THE BALANCE SHEET DATE

No material events after the balance sheet date noted.

ORGANISATIONAL MATTERS

Organisation

At the end of 2016, the Group had 157 employees, all of which were employed by Vistin Pharma AS. In December 2016, Vistin Pharma announced a cost savings plan, which includes a staff reduction of 20-25 full-time employees at the Group's tablet manufacturing facility by the first quarter 2018.

Board of Directors

No changes were made to the Board of Directors of Vistin Pharma ASA in 2016, and the Board consists of Ole Enger (chairman), Kathrine Gamborg Andreassen, Einar J. Greve, Ingrid Elvira Leisner, Øystein Stray Spetalen, Jørn-Henning Isaksen (employee representative) and Åse Musum (employee representative).

CORPORATE SOCIAL RESPONSIBILITY, THE ENVIRONMENT AND EMPLOYEES

Vistin Pharma aspires to achieve sustainable development by striking a good balance between financial results, value creation, sustainability and CSR. The statement of corporate social responsibility required under Section 3-3c of the Norwegian Accounting Act follows below.

Corporate social responsibility

Vistin Pharma is committed to conduct its business in a manner that adheres to the highest industry standards within the pharmaceutical industry, and strictly in accordance with international and local laws and regulations in the countries where the Group operates.

The Group believes in social responsible business, and in promoting decent working, and environmental conditions in our supply chains is part of our company's strategy and efforts to act responsible. In pursuit of this aim the Vistin Pharma cooperates with its suppliers and business partners. Vistin Pharma has adopted the general principles of UN Global Compact with universally accepted principles for human rights, working conditions, environment and anti-corruption.

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

Vistin Pharma does not accept violence to laws against corruption, bribery and fraud. Suppliers and business partners shall under no circumstance be involved in business practice which hinders free competition. Suppliers and business partners shall not offer Vistin Pharma employees gifts or favourable conditions. Vistin Pharma seeks to form long term relationship with business partners who share our values and focus on promoting decent working and environmental conditions in the supply chain.

Vistin Pharma's Code of Conduct is built on Vistin Pharma's values and provides a framework for what the Company considers responsible conduct. The document has been approved by the Board of Directors, and applies to all employees, as well as to board members of Vistin Pharma, and can be found on the Group's website.

Equal opportunities

The Group has established practices to ensure equal opportunities between female and male employees, as well as between different races. The Group had 157 employees at year-end 2016, of which 56 are female. The Executive Management group consists of six members, of which three members are female. The Board of Directors currently has three female members out of seven. The Board does not consider it necessary to take further measures to ensure equal opportunities.

Health, safety and environment

Vistin Pharma has established a formal code of conduct, as well a set of policies and procedures for handling quality, health, safety and environment, including a system for reporting and monitoring workplace accidents. Key safety indicators are monitored and reported on a monthly basis.

The Group is committed to a work environment where all employees feel safe and are valued for the diversity they bring to the business. Vistin Pharma honours domestic and internationally accepted labour standards and support the protection of human rights. The Company does not tolerate any harassment or any act of violence of threatening behaviour in the workplace, including any sexual, age-related or racial harassment. The people employed at Vistin Pharma are our most important resource for success, and the Group strives to create a healthy and safe environment for all employees and contractors. For Vistin Pharma AS, where the employees in the Group are employed, QHSE is an integral element of its business, and systems are in place to monitor and follow-up any accident incidents. The total sick leave for Vistin Pharma AS for the full-year 2016 was 6.8% of the total working hours, and Vistin Pharma AS recorded 17 incidents which resulted in personal injuries, of which 5 incidents resulted in sick leave.

The Group has two production plants in Kragerø, Norway, and its head office is located in modern and well equipped offices at Østensjøveien 27, Oslo, Norway.

The manufacturing plants in Kragerø (Gruveveien) and at Fikkjebakke, which were acquired from Weifa AS, have in the past faced some environmental issues concerning emission levels to water and air. Vistin Pharma has dedicated considerable resources to identify, analyse, control and reduce the emission levels at both plants. The Group has engaged external consultants and strengthened its competence and resources within HSE.

At the manufacturing plant in Gruveveien, Kragerø, emission levels have been significantly reduced. There has been no discharge to water since the end of 2015, and the Group is in compliance with the current permanent discharge permit for this site. At the manufacturing site at Fikkjebakke, Vistin Pharma received a new permanent discharge permit in 2016. Since 2014, the level of discharge to water (metformin and butanol) has been significantly reduced. However, during 2016, the Group has experienced some incidences of discharges to water above the new permit. As a consequence of a reactor failure in November 2016, a discharge of butanol and metformin to water, which exceeded the current permit levels, occurred. The incident was reported to the Norwegian Environment Agency (NEA), and the Company has implemented measures to prevent further discharges above the permitted levels. Following this, NEA requested a temporary stop in all discharges of process water until Vistin Pharma demonstrated stable discharge levels in compliance with the permit. As a consequence, the Group has taken additional measures to avoid further incidents of discharge levels above the permitted levels at the Fikkjebakke plant, and expects to be able to resume normal discharge of process water during 2017.

Following the Group's initiatives the risk for unwanted interruption or reduction of activity in the factories due to emissions issues is considered to be low.

RISKS

Risk exposure and risk management

Vistin Pharma's regular business activities entail exposure to various types of risk. The Company proactively manages such risks and the Board regularly analyses its operations and potential risk factors and takes measures to reduce risk exposure. Vistin Pharma places a strong emphasis on Quality Assurance and has quality systems implemented, in line with the requirements for the pharmaceutical industry.

Operational risk

Vistin Pharma faces risks and uncertainties within its business operations and in the domestic and international market place. The B2B products are sold world-wide and are primarily commodities, which are available from a large number of international suppliers. This business segment is thus exposed to the economic situation in the countries where customers are located and to the international competitive situation. The Company has only one major production line for each if its two key products with the B2B segment, Metformin HCl and Codeine Phosphate, and any extended stop in the production at either of these two lines due to technical or other issues would have a negative impact on sales volumes and thus the financial results of the Company. The CMO business segment has a five-year CMO agreement with Weifa AS, which became effective from 1 June 2015, and which constitutes a substantial share of the Company's revenue. The agreement has an initial duration of five years with the option to extend it for another two years at the discretion of Weifa. In the event that Vistin Pharma fails at maintaining a competitive manufacturing process for the products it supplies to Weifa the contract might not be renewed. If the contract with Weifa is not extended it could negatively influence the Company's business and financial results.

Major incidents relating to HSE could impose significant costs and damage the Company's reputation, and Vistin Pharma is also exposed to changing legislation and regulations related to the pharmaceutical industry.

Financial risk

The Group is principally exposed to interest rate risk, credit risk, liquidity risk and foreign currency risk.

The Group had no interest bearing debt at 31 December 2016.

Vistin Pharma has no major financial assets other than cash and cash equivalents and trade receivables. Cash and cash equivalents and trade receivables amounted to NOK 89.4 million and NOK 45.4 million respectively at 31 December 2016. The credit risk relating to these assets is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The counterparties for cash deposits are commercial banks, primarily Nordea. The trade receivables relate to customers of Vistin Pharma AS, and the company is tightly managing these receivables. The Company's overall credit risk is considered moderate to low.

The Group has a credit facility of NOK 25 million with Nordea, of which none were drawn at 31 December 2016. Based on the current cash position, the Company assesses the liquidity risk to be low.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily the Group's operating activities (when revenue or expense is denominated in a different currency from the Company's presentation currency), and the Group's foreign currency denominated cash deposits.

Vistin Pharma offers products to the global pharmaceutical market and the Company is exposed to currency exchange fluctuations, as most sales within the metformin and opioids business are in EUR and USD respectively. The USD denominated sales are partly covered by a natural hedge, as most of the raw material costs are denominated in USD, and the Group may also enter into currency hedging contracts to reduce the foreign exchange risk. At 31 December 2016 the Group had outstanding forward contracts to buy EUR 10 million during 2017, which covers approximately 55 percent of the Group's estimated net EUR exposure in 2017. The Group had net EUR and USD denominated cash, trade receivables and trade payables balances of NOK 19.9 million and negative NOK 10.0 million respectively at 31 December 2016.

Further details on financial risk can be found in Note 4 to the Consolidated Financial Statements.

SHAREHOLDER RELATIONS AND CORPORATE GOVERNANCE

Corporate governance

The Board of Directors and Executive Management are committed to complying with rules and regulations that apply to the Company's business. The Company's corporate

governance guidelines, (the "CCGP"), have been prepared to comply with the current Norwegian Code of Practice for Corporate Governance (the "Code"). The CCGPs has been prepared in accordance with Section 3-3b of the Norwegian Accounting Act and are included as a separate section in the Annual Report and are available on the Company's website.

OUTLOOK

The metformin business is experiencing growing demand as a result of favourable overall market developments, with a strong underlying growth for metformin globally. Vistin Pharma expects this trend to continue in the foreseeable future.

Long-term drivers for the opioid market indicate an attractive future growth potential. However, price pressure and an unstable demand and supply in the global opioid market are likely to affect prices and volumes for Vistin Pharma negatively in the short- to medium-term. Corresponding lower raw-material prices should reduce the negative margin impact on API sales for Vistin Pharma.

The Company has implemented an operational excellence program within the CMO business, which is expected to reduce costs, and improve competitiveness in the medium-term.

VISTIN PHARMA ASA (PARENT COMPANY)

The parent company, Vistin Pharma ASA, is a holding company, with financial activities, but no operating activities. The Company had a net profit of NOK 3.3 million (NOK 5.7 million) in 2016. Total assets as of 31 December 2016 were NOK 165.7 million (NOK 171.2 million), and the long-term intercompany receivables were NOK 140.8 million (NOK 140.8 million) at year-end 2016. The Company's cash balance at 31 December 2016 was NOK 20.2 million (NOK 22.0 million). Total shareholders' equity at 31 December 2016 was NOK 163.6 million (NOK 170.5 million), and the equity ratio at 31 December 2016 was 99% (99%).

The Board of Directors will propose to the Annual General Meeting that the net profit of NOK 3.3 million is transferred to retained earnings, and that the Company pays a dividend of NOK 1.00 per share for 2016, totalling a payment of NOK 17.1 million, through a repayment of paid-in capital. Following the transfer and payment of dividend, total equity will amount to NOK 146.5 million at 31 December 2016.

Oslo, 25 April 2017

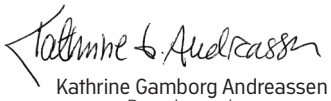
Ole Enger Chairman	Kathrine Gamborg Andreassen Board member	Einar J. Greve Board member	Ingrid Elvira Leisner Board member
Øystein Stray Spetalen Board member	Jørn-Henning Isaksen Board member	Åse Musum Board member	Kjell-Erik Nordby CEO

Responsibility statement

We confirm that, to the best of our knowledge, the Financial Statements 2016, which have been prepared in accordance with IFRS as adopted by EU, gives 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 the Norwegian Securities Trading Act section 5-5.

Oslo, 25 April 2017

Ole Enger
Chairman



Kathrine Gamborg Andreassen
Board member

Einar J. Greve
Board member

Ingrid Elvira Leisner
Board member

Øystein Stray Spetalen
Board member

Jørn-Henning Isaksen
Board member

Åse Musum
Board member

Kjell-Erik Nordby
CEO

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

(NOK 000'S)	NOTE	2016	2015 [1]
Revenue	5	394 031	218 367
Other income	6	742	9 525
Total revenue and other income		**394 773**	**227 892**
Cost of materials	15	163 198	81 646
Payroll expenses	7	134 643	71 081
Depreciation, amortisation and impairment	12	4 053	1 568
Other operating expenses	8	74 976	47 282
Operating profit (EBIT)		**17 903**	**26 315**
Finance income	9	176	444
Finance costs	9	991	544
Profit before tax		**17 088**	**26 215**
Income tax expense	10	4 170	7 093
Profit for the period		**12 918**	**19 122**
Profit/(Loss) for the year attributable to:			
Equity holders of the parent company		12 918	19 122
Total		**12 918**	**19 122**
Earnings per share (NOK):			
Basic, profit attributable to equity holders of the parent	11	0.76	1.12
Diluted attributable to equity holders of the parent	11	0.76	1.12

1) The Group commenced operations on 1 June, 2015

Consolidated Statement of Comprehensive Income for the year ended 31 December

(NOK 000'S)	NOTE	2016	2015
Profit for the year		12 918	19 122
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		12 918	19 122
Comprehensive income attributable to:			
Equity holders of the parent company		12 918	19 122
Total		12 918	19 122

Consolidated Statement of Financial Position as at 31 December

(NOK 000'S)	NOTE	2016	2015
ASSETS			
Non-current assets			
Property, plant & equipment	12	53 552	41 331
Total non-current assets		53 552	41 331
Current assets			
Inventories	15	79 316	92 712
Trade receivables	14	45 365	54 760
Other receivables	14	11 844	8 216
Cash and cash equivalents	16	89 440	61 989
Total current assets		225 965	217 677
Total assets		279 517	259 008

(NOK 000'S)	NOTE	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital	17	17 055	17 055
Share premium		137 514	147 747
Retained earnings		32 042	19 122
Total equity		186 611	183 924
Non-current liabilities			
Deferred tax liabilities	10	2	52
Pension liabilities	20	12 288	10 332
Total non-current liabilities		12 290	10 384
Current liabilities			
Trade payables	13	37 459	28 190
Income tax payable	10	4 221	4 915
Other current liabilities	18	38 937	31 595
Total current liabilities		80 617	64 700
Total liabilities		92 907	75 084
Total equity and liabilities		279 517	259 008

Oslo, 25 April 2017

Ole Enger
Chairman

Kathrine Gamborg Andreassen
Board member

Einar J. Greve
Board member

Ingrid Elvira Leisner
Board member

Øystein Stray Spetalen
Board member

Jørn-Henning Isaksen
Board member

Åse Musum
Board member

Kjell-Erik Nordby
CEO

Consolidated Statement of Changes in Equity for the year ended 31 December

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
(NOK 000'S)	NOTE	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL
Equity as at 06.03.2015		1 000			1 000
Total comprehensive income				19 122	19 122
Issue of share capital					
Share capital reduction, June		-1 000			-1 000
Rights- and employee offering, June		17 055	153 494		170 549
Share issue costs (net of tax effect)			-5 747		-5 747
Equity as at 31.12.2015		17 055	147 747	19 122	183 924
Equity as at 01.01.2016		17 055	147 747	19 122	183 924
Total comprehensive income				12 918	12 918
Distribution of paid-in capital			-10 233		-10 233
Equity as at 31.12.2016	17	17 055	137 514	32 040	186 609

Consolidated Statement of Cash flows for the year ended 31 December

(NOK 000'S)	NOTE	2016	2015
Cash flow from operating activities			
Net profit before income tax		17 088	26 215
Income tax paid		-4 914	-
Non-cash adjustment to reconcile profit before tax to cash flow:			
Depreciation, amortisation and impairment	12	4 053	1 568
Unrealised foreign currency (gains)/losses	9	965	2 421
Changes in working capital:			
Changes in trade receivables and trade creditors		13 240	-22 612
Changes in inventories		13 396	-11 051
Changes in other current liabilities		9 137	34 382
Net interest (income)/expense		815	100
Net cash flow from operating activities		**53 780**	**31 023**
Cash flow from investing activities			
Purchase of equipment and intangibles	12	-16 274	-11 840
Acquisition of business	25	-	-120 000
Interest received	9	177	130
Net cash flow from investing activities		**-16 097**	**-131 710**
Cash flow from financing activities			
Proceeds from share issue		-	171 549
Transaction costs on the issue of shares		-	-7 873
Repayment of capital		-10 233	-1 000
Net cash flow from financing activities		**-10 233**	**162 676**
Net change in cash and cash equivalents		27 450	61 989
Cash and cash equivalents beginning period		61 989	-
Net foreign exchange difference		-	-
Cash and cash equivalents end period	16	**89 440**	**61 989**

Note 1 Corporate information

Vistin Pharma ASA is a limited liability company, with it's registered office at Østensjøveien 27, Oslo, Norway. Vistin Pharma's shares are listed on Oslo Axess in Norway under the ticker VISTIN. The Company was incorporated on 6 March 2015.

Vistin Pharma became a major Norwegian pharmaceutical group producing Active Pharmaceutical Ingredients (APIs) and solid dosage forms for the global pharmaceutical industry, following the acquisition of the B2B (business-to-business) business and the tablet production assets of Weifa AS in June 2015. The Group operates in the international Metformin and Opioid markets, as well as being a contract manufacturer of finished dose tablets (CMO).

The consolidated financial statements were approved for release by the Board of Directors on 25 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.

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

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.

The functional currency of Vistin Pharma ASA is the Norwegian krone (NOK), and the Group's presentation currency is NOK. All values are rounded to the nearest thousand (NOK000), except when otherwise indicated.

Basis for consolidation

The Group's consolidated financial statements comprise Vistin Pharma ASA, and entities in which Vistin Pharma ASA has a controlling interest. 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

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases. Acquisition-related costs are expensed as incurred 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.

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.

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 manufactures and sells a range of pharmaceutical products to the consumer and industrial markets. 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 have been shipped from the warehouse, at which time the ownership of the goods is transferred to the customer, alternatively when the goods arrives at the port designated by the customer.

Government grants

Government grants, including SkatteFunn, are recognised when it is reasonable certain that the grant will be received and all conditions have been complied with. When the grant relates to actual expenses incurred, it is recognised as income over the period necessary to match the grant on a systematic basis to the cost that is intended to compensate. Grants are recognised in Other income in the consolidated statement for profit and loss.

Other income

Transactions resulting in income from activities other than normal sale of pharmaceutical products are classified as Other Income. This includes e.g. sale of analytical services, government grants and insurance compensation.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency (NOK) of the entity by applying the rate of exchange as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange at the balance sheet date. Foreign exchange gain or losses resulting from the settlement of such transactions, as well as unrealised gain or losses om monetary assets and liabilities, are recognised as Financial income/cost in the consolidated statement of profit and loss.

Balance sheet classification

The Group presents assets and liabilities in consolidated statement of financial position on current/non-current classification. An asset is current when it is expected to be realised or intended to sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised 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.

Property, plant and equipment

Land, buildings and fixtures comprise mainly of production facilities in Kragerø. The production facilities are used in production of pharmaceutical products sold by Vistin Pharma. Other equipment is mainly made up of machines used in production, as well as office related equipment and vehicles.

Property, plant and equipment 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, and assets replaced are retired.

Expenditures for maintenance and repairs applicable to production facilities and production equipment are capitalised in accordance with IAS 16 Property, Plant and Equipment when such costs are incurred on a scheduled basis with a time interval of greater than one year. Expenditures that regularly occur at shorter intervals are expensed as incurred.

Land is not depreciated. 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:

Buildings and fixtures:	20 - 25 years
Other equipment:	3 - 10 years

The residual values, useful lives and methods of depreciation of production and lab equipment and other equipment are reviewed at each financial year end and adjusted, if appropriate.

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 equipment 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.

Leased assets

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

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 and work-in-progress comprises materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less variable selling expenses.

Financial assets

Financial assets in the Group are classified, at initial recognition, as loans or receivables, or as financial assets at fair value through profit or loss, and consists of investments in other companies, trade and other receivables, cash and cash equivalents. Financial assets include financial instruments used for hedging purposes. The Group initially recognises receivables on the date when they are originated. All other financial assets are initially recognised on the trade date.

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 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. Financial assets at fair value through profit and loss are subsequently carried at fair value.

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.

Loans and receivables are after initial measurement carried at amortised cost using the effective interest rate method, less impairment, unless another measurement basis is described below. The effective interest rate amortisation is included in finance income in the income statement. The interest rate element is disregarded if it is insignificant, which is the case for the majority of the Group's receivables.

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.

Trade receivables

Trade receivables are recognised at the original invoiced amount, and are subsequently valued at amortised cost and are reviewed for impairment on an ongoing basis. Individual accounts are assessed for impairment taking into consideration delayed payments and other indicators of financial difficulty as well as prior collection experience. Discounting generally does not have a material effect on trade receivables , however, in special cases discounting may be applied.

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.

Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Trade and other payables
Trade payables are recognised at the original invoiced amount. Other payables are recognised initially at fair value. Trade and other payables are valued at amortised cost using the effective interest rate method. 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.

Financial derivatives
The Group uses forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any change in the fair value of these instruments is recognised in the statement of profit or loss as a finance income or cost. None of the forward contracts used by the Group are designated as hedging instruments.

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.

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 current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity or taxation authority.

Employee benefits
The Group has a mandatory defined contribution plan for all employees. In addition, the Group has an unfunded defined benefit plan for the CEO.

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 if 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 refund or 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.

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.

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.

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

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 is effective from 1 January 2018, with early application permitted.

Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

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 the FASB have issued their joint revenue recognition standard, IFRS 15 Revenue from Contracts with Customers. The standard replaces existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment).

The standard is effective for annual periods beginning on or after 1 January 2018 and either a full retrospective application or a modified retrospective application is required. Early adoption is permitted. The Standard is not expected to have material impact on the Group.

IFRS 16 Leasing
IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 and SIC 15 and 27. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for financial leases under IAS 17. The standard introduces two exemptions for lessees – leases of "low-value assets" and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date the a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard is not yet approved by the EU. Early application is permitted, but not before an entity applies IFRS 16. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

In 2017, the Group plans to assess the potential effects of IFRS 16 on its consolidated financial statements. However, the Standard is not expected to have material impact on the Group. Refer to Note 21 for the Group's lease commitment.

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 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 exercise 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.

Inventories include finished goods and work-in-progress produced by the Group. The cost of finished goods and work-in-progress comprises materials, direct labour, other direct costs and related production overheads. The allocation of labour costs and other direct and indirect production costs are estimated based on a standard cost model assuming normal operating capacity and production volumes, and any changes in these assumptions could result in adjustments to the carrying amount of inventories.

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.

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 are no estimates or assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Note 4 Financial risk management objectives and policies

The Group's principal financial liabilities comprise trade and other payables. The Group's principal financial assets include trade and other receivables, and cash and cash equivalents. The Group is principally exposed to credit risk, foreign currency risk and liquidity risk, which are summarised below. The Group's senior management oversees the management of these risks, which is being reviewed by the Board of Directors on a regular basis.

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, principally deposits with banks and financial institutions.

Customer credit risk is managed by the subsidiary in the Group, 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 trade receivables are regularly monitored. Sales to customers with an unacceptable credit risk are covered by letter of credits. The requirement for impairment 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 45.3 million (2015: NOK 54.8 million), which were owed by 32 customers (2015: 31 customers). The five largest of these customers owed the Group approximately NOK 37.7 million (2015: 36.7 million) together, accounting for approx. 74% (2015: 63%) of total trade receivables at year-end.

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 revenue or expense is denominated in a different currency from the Group's presentation currency), and the Group's foreign currency denominated cash deposits.

The Group's currency risk mainly relates to the Group's B2B segment, where sales and raw material purchases are denominated primarily in USD and EUR. The Group monitors its foreign currency exposure, both related to outstanding financial assets and liabilities and to future foreign currency denominated operating cash flow, on an ongoing basis. The Group utilises foreign currency denominated bank accounts to match sales and purchases in the same currency, and thus providing a natural hedge. The Group also uses forward currency contracts to hedge its foreign currency risks, and per 31.12.2016 the Group had entered into contracts to buy a total amount of EUR 10 million at an average rate of EUR/NOK 9.17 during 2017. None of these contracts are designated as hedging instruments.

A sensitivity calculation have been carried out showing the Group's exposure based on the foreign currency items as of 31.12.2016:

	2016		2015	
YEAR ENDED 31 DECEMBER 2016 (NOK 000'S)	EUR	USD	EUR	USD
Trade Receivables	1 923	1 541	3 725	1 611
Bank accounts	378	-1 104	-28	-696
Trade Payables	-252	-1 628	-153	-564
Net assets in EUR / USD	**2 048**	**-1 191**	**3 544**	**351**
Currency rates 31.12	9.09	8.62	9.62	8.80
Net assets in NOK	**18 610**	**-10 262**	**34 091**	**3 085**

Assuming the foreign currency to be reduced by 5%:

Foreign currency reduction	5%	5%	5%	5%
Foreign currency rate	8.63	8.19	9.14	8.36
Net assets in NOK	**17 679**	**-9 749**	**32 386**	**2 931**
Potential gain/(loss)	**-930**	**513**	**-1 705**	**-154**

The Group's exposure to foreign currency changes for all other currencies is not material.

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. The Group had cash and cash equivalents of NOK 89.4 million at 31 December 2016 (2015: NOK 62.0 million). Based on the current cash position, the Group assesses the liquidity risk to be low.

YEAR ENDED 31 DECEMBER 2016 (NOK 000'S)	LESS THAN 3 MONTHS	3 - 12 MONTHS	1 - 5 YEARS	>5 YEARS	TOTAL
Trade Payables	37 459	-	-	-	37 459
Other Payables	38 937	-	-	-	38 937
Total	76 396	-	-	-	76 396

YEAR ENDED 31 DECEMBER 2015 (NOK 000'S)	LESS THAN 3 MONTHS	3 - 12 MONTHS	1 - 5 YEARS	>5 YEARS	TOTAL
Trade Payables	28 190	-	-	-	28 190
Other Payables	31 595	-	-	-	31 595
Total	59 785	-	-	-	59 785

The Group has a credit facility of NOK 25 million with Nordea bank. No amount was drawn at 31 December 2016 (2015: 0).

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 two business segments 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.

Note 5 Segment Information

For management purposes, the Group is organised into business units based on the nature of the products sold, and has two reportable segments:

- B2B (production and sale of active pharmaceutical ingredients)
- CMO (contract manufactoring of finished dose tablets)

The internal reporting provided to the Board of Directors of Vistin Pharma, which is the Group's chief decision maker, is in accordance with this structure.

The segment information is mainly identified by the character of the resources used under the productions, e.g. goods, labour, etc. The B2B business area has two major product groups, Metformin and Opioids, however these are partly shared operations with the same sales force and are not considered separate operating segments. The CMO business area relates to the signed five-year agreement with Weifa AS for the manufacturing of their key pain relief brands, such as Paracet, Ibux, and Palargin Forte. The segments CMO and B2B thus comprise the basis for primary segment reporting.

Segment performances is measured by operating profit before depreciation, amortisation and impairment (EBITDA) and operating profit (EBIT), as included in the internal management reports that are reviewed by management.

Total revenue and income

(NOK 000'S)	2016	2015
B2B	272 471	150 327
CMO	122 302	68 898
HQ & Other	-	8 667
Total revenue and other income	394 773	227 892

EBITDA

(NOK 000'S)	2016	2015
B2B	28 113	18 907
CMO	-3 124	4 423
HQ & Other	-3 032	4 553
EBITDA	21 957	27 883

Operating profit (EBIT)

(NOK 000'S)	2016	2015
B2B	25 939	18 517
CMO	-4 287	3 559
HQ & Other	-3 748	4 239
Operating profit (EBIT)	17 904	26 315

Operating assets

(NOK 000'S)	2016	2015
B2B	128 464	150 092
CMO	42 985	34 936
HQ & Other	108 068	73 980
Total operating assets	**279 517**	**259 008**

Operating liabilities

(NOK 000'S)	2016	2015
B2B	21 422	16 415
CMO	459	-115
HQ & Other	66 803	53 817
Total operating assets	**88 684**	**70 117**

Reconciliation of assets

(NOK 000'S)	2016	2015
Segment operating assets	279 517	259 008
Total operating assets	**279 517**	**259 008**

Reconciliation of liabilities

(NOK 000'S)	2016	2015
Segment operating liabilities	88 684	70 117
Tax payable	4 221	4 915
Deferred tax liability	2	52
Total operating liabilities	**92 907**	**75 084**

Geographic information

(NOK 000'S)	2016	2015
Norway	129 091	68 898
Germany	76 802	33 470
Switzerland	53 315	26 212
Great Britain	43 892	24 301
Algeria	32 783	36 236
Other countries	58 148	29 250
Total revenue per consolidated statement of profit and loss	**394 031**	**218 367**

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

In 2016 the Group had total sale of NOK 121.7 million (215: NOK 68.5 million) to one single customer Weifa AS, accounting for 31% (2015: 31%) of total revenue.

Note 6 Other income

(NOK 000'S)	2016	2015
Tax credit scheme (Skattefunn)	635	161
Cash settlement re. acquisition from Weifa AS [1]	-	8 667
Other income	107	697
Total	**742**	**9 525**

1) In October 2015 Weifa ASA, the holding company of Weifa AS, settled a dispute with the sellers of Weifa AS relating to additional environmental costs incurred at the two production plants in Kragerø subsequent to the acquisition of Weifa AS in August 2014, resulting in a cash payment of NOK 11.2 million from the sellers. Under the Business Transfer Agreement between Vistin Pharma and Weifa, Vistin Pharma had assumed all the rights and obligations relating to these production plants, and the amount of NOK 11.2 million was thus transferred to Vistin Pharma. The income is shown net of NOK 2.5 million in write-downs of sundry balance sheet items relating to the acquisition of the B2B business and tablet production assets from Weifa in June 2015.

Note 7 Payroll expenses

(NOK 000'S)	2016	2015
Salaries	105 633	56 436
Payroll tax	15 920	7 821
Pension costs - defined contribution plans	6 176	3 601
Pension costs - defined benefit plans	1 956	437
Other payroll costs	4 958	2 786
Total payroll and payroll related costs	**134 643**	**71 081**
Average number of man-years	149.9	149.0

Vistin Pharma meets the Norwegian requirements for mandatory occupational pension ("obligatorisk tjenestepensjon"), refer to Note 20.

Note 8 Other operating expenses

(NOK 000'S)	2016	2015
Production costs	42 110	23 233
Sales costs	16 162	10 603
General & admin. expenses	16 704	13 446
Other operating expenses	**74 976**	**47 282**

Remuneration to the Auditors

(NOK 000'S)	2016	2013
Statutory audit	387	293
Other attestation services	83	214
Tax advisory services	72	0
Total remuneration to auditors	**542**	**507**

All fees are exclusive of VAT.

Note 9 Financial items

(NOK 000'S)	2016	2015
Interest income from bank deposits etc.	176	130
Other financial income	-	4
Net foreign exchange gain	-	310
Total finance income	**176**	**444**
Interest expenses	56	120
Other financial expenses	808	424
Net foreign exchange loss	127	-
Total finance costs	**991**	**544**
Net finance	**-815**	**-100**

Refer to Note 4 for information on currency risk and hedging activities.

Note 10 Tax

Income tax calculation

(NOK 000'S)	2016	2015
Profit before taxes	17 089	26 214
Permanent differences	-386	71
Changes in temporary differences	180	-248
Permanent differences recognized to equity		-7 874
Basis for income tax	**16 883**	**18 163**
Income tax payable	4 221	4 915
Tax effect of change in net deferred income tax liability/asset	-51	56
Tax effect on permanent differences recognized to equity	-	2 126
Tax effect tax rate reduction	-	-4
Income tax expense	**4 170**	**7 093**

Reconciliation of income tax

(NOK 000'S)	2016	2015
Profit before tax	17 089	26 214
Tax assessed at the expected tax rate (25%)	4 272	7 078
Tax effect permanent differences, profit & loss	-97	19
Tax effect tax rate reduction (from 25% to 24%)	-5	-4
Income tax	**4 170**	**7 093**

Temporary differences

(NOK 000'S)	2016	2015
Non-current assets	5 915	3 287
Current assets	463	-622
Non-current liabilities	-6 371	-2 417
Losses carried forward	-	-40
Net income tax reduction temporary differences	**7**	**208**
Net deferred tax liability	**2**	**52**
Tax rate applied	**24%**	**25%**

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.

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 attributable to owners of the parent	12 918	19 122
Total	**12 918**	**19 122**
Weighted average number of ordinary shares (in thousands)	17 055	17 055
Weighted average number of ordinary shares adjusted for the effect of dilution	**17 055**	**17 055**
Basic earnings per share (NOK)	0.76	1.12
Diluted earnings per share (NOK)	0.76	1.12

Note 12 Property, plant and equipment

2015

(NOK 000'S)	PROPERTY AND PLANTS	CONSTRUCTIONS IN PROGESS	MACHINES AND EQUIPMENT ETC.	TOTAL
Cost				
Cost at 1 January 2015	-	-		-
Acquisition from Weifa AS	25 020	-	6 039	31 059
Additions	1 222	-	10 619	11 840
Cost at 31 December 2015	**26 241**	**-**	**16 658**	**42 899**
Additions	3 309	4 566	8 399	16 274
At 31 December 2016	**29 550**	**4 566**	**25 057**	**59 173**
Depreciation and impairment				
Depreciation at 1 January 2016	667	-	901	1 568
Depreciation charge for the year	1 523	-	2 530	4 053
Accumulated depreciation at 31 December 2016	**2 190**	**-**	**3 431**	**5 621**
Net book value				
At 31 December 2016	**27 360**	**4 566**	**21 626**	**53 552**
At 31 December 2015	**25 575**	**-**	**15 755**	**41 331**
Useful life	20-25 years		3-10 years	

Note 13 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 trade receivables and cash and cash equivalents obtained through the operating business. The financial liabilities principally consist of 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		FAIR VALUE	
(NOK 000'S)	CATEGORY	2016	2015	2016	2015
Financial assets					
Trade receivables	Loans and receivables	45 365	54 760	45 365	54 760
Other receivables	Loans and receivables	11 844	8 216	11 844	8 216
Cash and cash equivalents	Loans and receivables	89 440	61 989	89 440	61 989
Total		**146 649**	**124 965**	**146 649**	**124 965**
Financial liabilities					
Trade payables	Other financial liabilities at amortised cost	37 459	28 190	37 459	28 190
Other payables	Other financial liabilities at amortised cost	38 937	31 595	38 937	31 595
Total		**76 396**	**59 785**	**76 396**	**59 785**

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 14 Trade and other receivables

Trade receivables

(NOK 000'S)	2016	2015
Trade recievables	45 365	57 805
Provision for impairment of trade receivables	-	-3 045
Trade receivables (net)	**45 365**	**54 760**

Trade recievables are non-interestbearing and are generally on terms of 15 to 45 days.

As at 31 December 2015, the ageing analysis of trade receivabels is, as follows

			PAST DUE NOT IMPAIRED			
AGING	TOTAL	CURRENT	< 30 DAYS	30-60 DAYS	60- 90 DAYS	> 90 DAYS
2016	45 365	43 452	116	509	1 288	-
2015	54 760	37 886	9 957	4 657	2 260	-

See Note 4 on credit risk of trade receivables, which explains how the Group manages credit risk.

Other receivables

(NOK 000'S)	2016	2015
VAT receivable	3 858	1 747
Prepayments	7 351	4 858
Other	635	1 610
Total other receivables	**11 844**	**8 216**

Note 15 Inventories

(NOK 000'S)	2016	2015
Raw materials in transit	3 857	5 424
Raw materials	47 170	54 229
Work in progress	1 184	606
Produced finished goods	27 106	32 454
Total inventories	**79 316**	**92 712**

Cost of material included in the statement of comprehensive income consists of purchase of raw materials for production, purchase of finished goods for sale, net movements in inventory, and any inventory write-offs or adjustments. The cost of material recognised as an expense amounted to NOK 163.2 million for the year ended 31 December 2016 (2015: NOK 81.6 million).

Note 16 Cash and cash equivalents

(NOK 000'S)	2016	2015
Cash at bank and in hand	89 440	61 989
Cash and cash equivalents	**89 440**	**61 989**

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

The Group has a restricted bank account of NOK 3.0 million relating to empolyees withholding taxes. In addition, the Group has a guarantee provided by Nordea for the same of NOK 6.5 million.

The Group has a credit facility of NOK 25 million with Nordea bank. No amount was drawn at 31 December 2016 (2015: 0).

Note 17 Share capital and Shareholder information

The company's registrated share capital is NOK 17,054,935 divided into 17,054,935 shares. The share capital is fully paid. All shares have the same rights.

	NUMBER OF SHARES (THOUSANDS)	SHARE CAPITAL (NOK 000'S)
At 6 March 2015	1 000	1 000
Rights- and employee offering, June	17 055	17 055
Share capital reduction, June	-1 000	-1 000
At 31 December 2015	**17055**	**17055**
At 1 Januar 2016	17 055	17 055
At 31 December 2016	**17 055**	**17 055**

Each share has a par value of NOK 1 per share.

20 largest shareholders and ownership interest as at 31. December 2016

NAME	NOTE	TOTAL NO OF SHARES	OWNERSHIP SHARE
STRATA MARINE & OFFSHORE	1	1 965 943	12%
QVT FUND V LP FUND		1 869 797	11%
STOREBRAND VEKST		1 478 860	9%
MP PENSJON		877 870	5%
SOLAN CAPITAL AS		787 482	5%
SKANDINAVISKA ENSKILDA		779 352	5%
HOLBERG NORGE		671 182	4%
FERNCLIFF LISTED DAI	1	582 282	3%
DUKAT AS		547 500	3%
PENSJONSORDNINGEN FOR APOTEKVIRKSOMHET		500 000	3%
QVT FUND IV LP FUND		436 273	3%
CIPRIANO AS	3	375 538	2%
SPETALEN ØYSTEIN STRAY	2	323 650	2%
TVENGE TORSTEIN INGVALD		300 000	2%
QUINTESSENCE FUND		242 740	1%
SVENSKA HANDELSBANKEN		240 000	1%
JPMORGAN CHASE BANK		218 320	1%
NORDBY KJELL ERIK	4	200 000	1%
GRANT INVEST AS		184 407	1%
BORGEN INVESTMENT GRUPPEN		177 486	1%
OTHER SHAREHOLDERS		4 296 253	25%
		17 054 935	100%

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

NAME	TOTAL NO OF SHARES
STRATA MARINE & OFFSHORE [1]	1 965 943
FERNCLIFF LISTED DAI [1]	582 282
CIPRIANO AS [3]	375 538
SPETALEN, ØYSTEIN STRAY [2]	323 650
NORDBY, KJELL ERIK [4]	200 000
ENGER, OLE [5]	141 471
MANUM, GUNNAR [6]	104 887
HELLSTRAND, LIESL [7]	100 000
VOLD, VALBORG GODAL [8]	100 000
AS FERNCLIFF [1]	99 225
HAGEN, HILDE MERETE [9]	15 000

1) Controlled by board member Øystein Stray Spetalen
2) Member of the Board of Directors
3) Controlled by board member Einar J. Greve
4) Chief Executive Officer
5) Chairman of the Board of Directors
6) Chief Financial Officer
7) VP Human Resources
8) VP Sales and Marketing
9) VP Quality & Regulatory Affairs

Note 18 Other payables

(NOK 000'S)	2016	2015
Withholding tax	5 039	4 442
Social security taxes	2 593	2 451
Allowance for holiday pay	19 211	13 225
Accrued expenses	12 062	11 448
Other liabilities	32	29
Total other payables	38 937	31 595

Note 19 Borrowings

The Company had no interest bearing debt as of 31 December 2016 (2015: 0). The Group has a credit facility of NOK 25 million with Nordea bank, which expires on 31 May 2017. No amount was drawn at 31 December 2016.

The interest rate applicable to any amounts drawn is 7 days NIBOR + 1.25%, and the committed amount carries an annual fee of 0.125%. Nordea has a pledge over the Group's inventory, accounts receivable and fixed assets.

Note 20 Post-employment benefits

The Group operates an unfunded defined benefit early retirement plan for the CEO. The plan is a pension plan, which provides benefits in the form of a certain level of pension payable from the age of 62. The level of benefits provided depends on the employees' lenght of service and their salary in the final years leading up to retirement. The pension plan is funded through the Group's operations, which means that Vistin Pharma meets the benefit payment obligation as it falls due.

The amounts recognised in the balance sheet are determined as follows:

(NOK 000'S)	2016	2015
Fair value of plan assets	-	-
Present value of unfunded obligations	12 288	10 332
Liability in the balance sheet (including local tax)	12 288	10 332

The movement in the defined benefit liablity over the year is as follows:

(NOK 000'S)	2016	2015
At 1 January	10 332	9 895
Current service cost	1 399	198
Local tax	229	130
Interest expense/(income)	226	109
	12 186	10 332
Remeasurements:		
(Gain)/Loss from changes	102	-
	102	-
Payments from plans:		
Benefit payments	-	-
Settlements	-	-
At 31 December	12 288	10 332
Net expense recognised in the Income Statement	1 854	437

The net defined benefit liability was transferred to from Weifa AS at 1 June 2015

The significant actuarial assumptions were as follows:

(NOK 000'S)	31.12.2016	31.12.2015
Discount rate	2.60%	2.50%
Inflation	1.50%	1.50%
Salary growth rate	2.50%	2.50%
Pension growth rate	2.25%	2.25%

Nordea has issued a guarantee of NOK 11 million to cover future pension payments under the defined befit plan for the CEO. The guarantee is covered by a pledge over the fixed assets of the Group.

Note 21 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 5 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 at 31. December 2016

(NOK 000'S)	2016
Next 1 year	1 761
1 to 5 years	4 703
After 5 years	-
Future minimum lease payments	6 464

Lease commitments at 31. December 2015

(NOK 000'S)	2016
Next 1 year	1 595
1 to 5 years	2 278
After 5 years	-
Future minimum lease payments	3 873

Note 22 Key management compensation

Board of Directors remuneration

	2016		2015	
(NOK 000'S)	BOARD FEES	OTHER [2]	BOARD FEES [1]	OTHER [2]
Ole Enger, Chariman	250	600	-	332
Kathrine Gamborg Andreassen	150	-	-	-
Einar J. Greve	150	-	-	-
Ingrid Elvira Leisner	150	-	-	-
Øystein Stray Spetalen	150	-	-	-
Jørn Henning Isaksen	46	-	-	-
Åse Musum	46	-	-	-
Total	942	600	-	332

1) No remunerations of the Board of Directors was paid during 2015.
2) Consultant fees paid (consultancy agreeement for NOK 50k per month).

Executive Management remuneration
2016

(NOK 000'S)	SALARY	BONUS EARNED	PENSION	OTHER	TOTAL
Kjell Erik Nordby, CEO	2 344	-	1 742	216	4 302
Gunnar Manum, CFO	1 541	-	120	129	1 791
Hilde Merethe Hagen, VP Quality	1 524	-	115	131	1 771
Liesl Hellstrand, VP HR	1 374	-	116	129	1 619
Valborg Godal Vold, VP Sales and Marketing	1 286	-	116	178	1 580
Gitte Jensen Wegge, VP Operations Jan-Sep	977	-	86	107	1 169
Erik Løkke-Øwre, VP Operations Oct-Dec	450	-	31	3	484
Total Executive Management	**9 496**	**-**	**2 325**	**894**	**12 715**

2015 (June-December)

(NOK 000'S)	SALARY	BONUS EARNED	PENSION	OTHER	TOTAL
Kjell Erik Nordby, CEO	1 098	521	685	129	2 433
Gunnar Manum, CFO	754	174	71	69	1 068
Hilde Merethe Hagen, VP Quality	836	71	71	93	1 071
Liesl Hellstrand, VP HR	660	62	71	70	863
Valborg Godal Vold, VP Sales and Marketing	611	58	71	84	824
Gitte Jensen Wegge, VP Operations	737	60	71	62	930
Total Executive Management	**4 696**	**946**	**1 040**	**508**	**7 190**

The CEO, Kjell-Erik Norby is tied up to the Company's defined contribution plan. In addition, he has the right to retire at the age of 62, and is entiled to a salary equal to 60% of his salary at retirement until he reaches the age of 67, less any public pension entitlements. In addition, he has the right to a certain level of pension from the age of 67. Refer to Note 20 for further details. He has a 24 months termination benefit in the case of involuntary termination of his employment.

According to the Norwegian Public Limited Companies Act section 6-16a, the Board of Directors have prepared a statement on the establishment of wages and other remuneration for the CEO and other senior employees.

Note 23 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.

Vistin Pharma Group is listed on Oslo Axess. The Group's ultimate parent is Vistin Pharma ASA. The subsidiaries are listed in note 24. 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 22 for more information on remuneration to management and the board.

Note 24 List of subsidiaries

The following subsidiaries are included in the consolidated financial statements:

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

The financial figures of Vistin Pharma AS have been included in the consolidated financial statements of Vistin Group from 1 June 2015.

Note 25 Business combinations

On 1 June 2015 Vistin Pharma completed the acquisition of the B2B business and tablet production assets from Weifa AS for a total consideration of NOK 120 million. In the purchase price allocation the assets and liabilities acquired were measured at the estimated fair value at 1 June 2015.

The fair values of the identifiable assets and liabilities as at the date of acquistion were:

(NOK '000)	01.06.2015
ASSETS	
Non-current assets	
Property, plant & equipment	31 059
Total non-current assets	31 059
Current assets	
Inventory	81 661
Trade receivables	39 894
Other receivables	12 789
Total current assets	134 344
Total Assets	165 403
LIABILITIES	
Non-current liabilities	
Other long-term liabilities	9 895
Total non-current liabilities	9 895
Current liabilities	
Trade payables	30 512
Other current liabilities	4 996
Total current liabilities	35 508
Total net assets	120 000

The purchase price allocation did not identify any fair value adjustments. The financial figures of the acquired net assets have been included in the consolidated financial statements of Vistin Pharma ASA from the date of acquisition, which was
1 June 2015.

No proforma information has been presented, as Vistin Pharma was established on 01.01.2015.

Note 26 Events after the reporting period

No material events after the reporting period noted.

Vistin Pharma ASA – Financial statements and notes

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Statement of Comprehensive Income for the year ended 31 December

(NOK 000'S)	NOTE	2016	2015
Total operating income		-	-
Payroll and payroll related costs	3	1 775	682
Other operating costs	4	1 068	1 733
Operating profit/(loss)		-2 843	-2 415
Finance income	5, 7	7 277	10 273
Finance costs	5	1	24
Profit/(loss) before tax		4 433	7 834
Income tax expense	6	1 108	2 116
Profit/(loss) for the year		3 325	5 718
Total comprehensive income		3 325	5 718

Statement of Financial Position as at 31 December

(NOK 000'S)	NOTE	2016	2015
ASSETS			
Non-current assets			
Investment in subsidiaries	7	4 722	4 722
Group interest-bearing receivables	7	140 750	140 750
Deferred tax assets	6	-	10
Total non-current assets		145 472	145 482
Current assets			
Intercompany receivables	7	-	3 673
Other receivables		-	37
Cash and cash equivalents	9	20 203	22 010
Total current assets		20 203	25 720
Total assets		165 675	171 202

(NOK 000'S)	NOTE	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital	10	17 055	17 055
Share premium		137 514	147 747
Retained earnings		9 043	5 718
Total equity		163 612	170 520
Non-current liabilities			
Total non-current liabilities		-	-
Current liabilities			
Income tax payable	6	1 098	-
Other current liabilities		966	682
Total current liabilities		2 064	682
Total liabilities		2 064	682
Total equity and liabilities		165 675	171 202

Oslo, 25 April 2017

Ole Enger
Chairman

Kathrine Gamborg Andreassen
Board member

Einar J. Greve
Board member

Ingrid Elvira Leisner
Board member

Øystein Stray Spetalen
Board member

Jørn-Henning Isaksen
Board member

Åse Musum
Board member

Kjell-Erik Nordby
CEO

Statement of Changes in Equity for the year ended 31 December

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
(NOK 000'S)	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL
Equity as at 06.03.2015	1 000	-	-	1 000
Profit of the year			5 718	5 718
Total comprehensive income			5 718	5 718
Issue of share capital				
Rights- and employee offering, June	17 055	153 494		170 549
Share capital reduction, June	-1 000	-		-1 000
Share issue costs (net of tax effect)		-5 747		-5 747
Equity as at 31.12.2015	17 055	147 747	5 718	170 520
Equity as at 01.01.2016	17 055	147 747	5 718	170 520
Total comprehensive income			3 325	3 325
Issue of share capital				
Distribution of paid-in capital		-10 233		-10 233
Equity as at 31.12.2016	17 055	137 514	9 043	163 612

Statement of Cash Flows for the year ended 31 December

(NOK 000'S)	NOTE	2016	2015
Cash flow from operating activities			
Profit before income tax		4 433	7 834
Changes in working capital:			
Changes in other payables, receivables, accruals		3 994	587
Net interest (income)/expense	5	-7 276	-10 249
Net cash flow from operating activities		**1 151**	**-1 828**
Cash flow from investing activities			
Investment in subsidiaries	7	-	-50
Loan to subsidiary	7	-	-140 750
Interest received	5	7 277	1 985
Net cash flow from investing activities		**7 277**	**-138 815**
Cash flow from financing activities			
Proceeds from share issue		-	171 549
Transaction costs on issue of shares		-	-7 873
Repayment of capital		-10 233	-1 000
Interest paid	5	-1	-23
Net cash flow from financing activities		**-10 234**	**162 653**
Net change in cash and cash equivalents		-1 806	22 010
Cash and cash equivalents beginning period		22 010	-
Cash and cash equivalents end period	9	**20 203**	**22 010**

Note 1 Corporate information

Vistin Pharma ASA is a limited liability company and its registered office is Østensjøveien 27, Oslo, Norway. The Company's shares are listed on Oslo Axess in Norway under the ticker VISTIN.

The financial statements were approved for release by the Board of Directors on 25 April 2017.

Reference is made to note 1 in the consolidated statement of Vistin Pharma ASA.

Note 2 Summary of significant accounting policies

Vistin Pharma 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 functional currency of Vistin Pharma ASA is the Norwegian krone (NOK). All values are rounded to the nearest thousand (NOK000), except when otherwise indicated.

Vistin Pharma 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

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

Vistin Pharma's 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 Payroll and payroll related costs

(NOK 000'S)	2016	2015
Salaries	-	-
Other payroll costs	1 775	682
Total payroll and payroll related costs	1 775	682
Average number of man-years:	-	-

The Company has no employees as at 31 December 2016 (2015: 0). Other payroll costs relate to board fees and a monthly consultant fee to the Chairman of the Board (consultancy agreement for NOK 50k per month).

Note 4 Other operating costs

(NOK 000'S)	2016	2015
External fees	956	1 647
Other operating expenses	112	86
Other operating expenses	**1 068**	**1 733**

Remuneration to the Auditors

(NOK 000'S)	2016	2015
Statutory audit	141	103
Other assurance services	80	214
Tax advisory services	20	-
Total remuneration to auditors	**241**	**317**

All fees are exclusive of VAT.

Note 5 Financial items

(NOK 000'S)	2016	2015
Interest income from bank deposits	15	86
Interest income from group companies	7 262	3 780
Received group contribution	-	6 400
Other financial income	-	7
Total finance income	**7 277**	**10 273**
Interest on borrowings		
Other interest expenses	1	23
Net foreign exchange (gain)/loss	-	1
Total finance costs	**1**	**24**
Net finance	**7 276**	**10 249**

Note 6 Tax

Income tax calculation

(NOK 000'S)	2016	2015
Profit before taxes	4 433	7 834
Permanent differences	-	
Changes in temporary differences	-40	
Permanent differences recognised to equity	-	-7 874
Basis for income tax	**4 393**	**-40**
Income tax payable	1 098	-
Tax effect of change in net deferred income tax liability/asset	10	-10
Tax effect on permanent differences recognised to equity	-	2 126
Tax effect tax rate reduction	-	-
Income tax expense	**1 108**	**2 116**

Reconciliation of income tax

(NOK 000'S)	2016	2015
Profit before tax	4 433	7 834
Tax assessed at the expected tax rate	1 108	2 116
Income tax	**1 108**	**2 116**

Temporary differences

(NOK 000'S)	2016	2015
Losses carried forward	-	-40
Net income tax reduction temporary differences	**-**	**-40**
Net deferred tax asset	**-**	**10**

Note 7 Investment in group companies

2016

(NOK 000'S)	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP INTEREST 2016	VOTING RIGHTS 2016	CARRYING AMOUNT	RESULT 2016	EQUITY 2016
Vistin Pharma AS	Oslo, Norway	NOK	100%	100%	4 722	9 593	27 719

2015

(NOK 000'S)	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP INTEREST 2015	VOTING RIGHTS 2015	CARRYING AMOUNT	RESULT 2015	EQUITY 2015
Vistin Pharma AS	Oslo, Norway	NOK	100%	100%	4 722	18 075	18 125

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
Vistin Pharma AS	140 750	-	7 262	-	-
Total	140 750	-	7 262	-	-

2015

(NOK 000'S)	LONG TERM RECEIVABLES TO SUBSIDIARIES	SHORT TERM RECEIVABLES TO SUBSIDIARIES	INTEREST INCOME FROM SUBSIDIARIES	GROUP CONTRIBUTION RECEIVABLE	GROUP CONTRIBUTION PAYABLE
Vistin Pharma AS	140 750	3 673	3 780	6 400	4 672
Total	140 750	3 673	3 780	6 400	4 672

The loan to Vistin Pharma AS carry an annual interest rate of 3 months NIBOR + 4%, to be paid quarterly in arrears.

A consultant agreement is entered with the Chairman of the Board of NOK 50k per month, ref. note 3.

Note 8 Financial assets and liabilities by category

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

		CARRYING AMOUNT		FAIR VALUE	
(NOK 000'S)	CATEGORY	2016	2015	2016	2015
Financial assets					
Other receivables	Loans and receivables	-	37	-	37
Cash and cash deposits	Loans and receivables	20 203	22 010	20 203	22 010
Total		20 203	22 047	20 203	22 047
Financial liabilities					
Trade payables	Other financial liabilities at amortised cost	1 098	0	1 098	-
Other payables	Other financial liabilities at amortised cost	966	682	966	682
Total		2 064	682	2 064	682

The financial assets principally consist of cash and cash equivalents obtained through equity issues.

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 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	20 203	22 010
Total	20 203	22 010

Cash at banks earns interest at floating rates based on daily bank deposit rates.
All bank accounts is nominated in NOK.
The Company has no restricted bank accounts.

Note 10 Issued shares and share capital

The company's registrated share capital is NOK 17,054,935 divided into 17,054,935 shares. The share capital is fully paid. All shares have the same rights.

	NUMBER OF SHARES (THOUSANDS)	SHARE CAPITAL (NOK 000'S)
At 6 March 2015	1 000	1 000
Rights- and employee offering, June	17 055	17 055
Share capital reduction, June	-1 000	-1 000
At 31 December 2015	17055	17055
At 1 Januar 2016	17 055	17 055
At 31 December 2016	17 055	17 055

Each share has a par value of NOK 1 per share.

20 largest shareholders and ownership interest as at 31. December 2016

NAME	NOTE	TOTAL NO OF SHARES	OWNERSHIP SHARE
STRATA MARINE & OFFSHORE	1	1 965 943	12%
QVT FUND V LP FUND		1 869 797	11%
STOREBRAND VEKST		1 478 860	9%
MP PENSJON		877 870	5%
SOLAN CAPITAL AS		787 482	5%
SKANDINAVISKA ENSKILDA		779 352	5%
HOLBERG NORGE		671 182	4%
FERNCLIFF LISTED DAI	1	582 282	3%
DUKAT AS		547 500	3%
PENSJONSORDNINGEN FOR APOTEKVIRKSOMHET		500 000	3%
QVT FUND IV LP FUND		436 273	3%
CIPRIANO AS	3	375 538	2%
SPETALEN ØYSTEIN STRAY	2	323 650	2%
TVENGE TORSTEIN INGVALD		300 000	2%
QUINTESSENCE FUND		242 740	1%
SVENSKA HANDELSBANKEN		240 000	1%
JPMORGAN CHASE BANK		218 320	1%
NORDBY KJELL ERIK	4	200 000	1%
GRANT INVEST AS		184 407	1%
BORGEN INVESTMENT GRUPPEN		177 486	1%
OTHER SHAREHOLDERS		4 296 253	25%
		17 054 935	100%

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

NAME	TOTAL NO OF SHARES
STRATA MARINE & OFFSHORE [1]	1 965 943
FERNCLIFF LISTED DAI [1]	582 282
CIPRIANO AS [3]	375 538
SPETALEN, ØYSTEIN STRAY [2]	323 650
NORDBY, KJELL ERIK [4]	200 000
ENGER, OLE [5]	141 471
MANUM, GUNNAR [6]	104 887
HELLSTRAND, LIESL [7]	100 000
VOLD, VALBORG GODAL [8]	100 000
AS FERNCLIFF [1]	99 225
HAGEN, HILDE MERETE [9]	15 000

1) Controlled by board member Øystein Stray Spetalen
2) Member of the Board of Directors
3) Controlled by board member Einar J. Greve
4) Chief Executive Officer
5) Chairman of the Board of Directors
6) Chief Financial Officer
7) VP Human Resources
8) VP Sales and Marketing
9) VP Quality & Regulatory Affairs

Note 11 Events after the reporting period

No material events after the reporting period noted.

Note 12 Statement regarding the determination of salary and other remuneration to Executive Management

According to the Norwegian Public Limited Companies 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.

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 Vistin Pharma's goal of becoming a leading and a profitable producer of selected API's for the international pharmaceutical market and a CMO. The general policy is to pay fixed salaries and pensions, while at the same time offering bonuses, or other types of remuneration, which aligns the interest of senior management and the shareholders of the Company.

The Company has a separate remuneration committee appointed by the Board of Directors. The present remuneration committee consists of Ole Enger (Chairman) and Ingrid Elvira Leisner. The CEO, and other representatives of the senior management, regularly participates in the remuneration committee's meetings.

The remuneration committee functions as an advisory body for the Board of Directors and its main duties and responsibilities are to:

(i) Review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives and set the compensation level for the CEO based on this evaluation. In determining the long-term incentive component of the CEO compensation, if any, the Committee may consider the Company's performance and relative shareholder return, the value of similar incentive awards given to CEO's at comparable companies and the awards given to the CEO in past years.

(ii) Make recommendations to the Board with respect to incentive-compensation plans and equity-based plans.

(iii) Assist the Board in developing and evaluating potential candidates for executive positions, including the CEO, and oversee the development of executive succession plans.

(iv) Review and approve Senior Executive employment agreements, severance arrangements and change in control agreements and provisions when, and if, appropriate, as well as any special supplemental benefits.

(v) Review major organisational and staffing matters.

Further information on the function of the remuneration committee can be found in the instructions to the remuneration committee, included on the Company's website: www.vistin.com.

Salaries and other remuneration

Fixed salary

It is the Company's policy that salaries to the CEO and 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 performance-based bonuses for all employees. The maximum bonus payable to the CEO is 100% the annual salary. The maximum bonus payable to other members of the Executive Management team is between 20% - 50% of the annual salary, depending on individual employment contracts. The Board of Directors evaluates the and determines annually the bonus system for Vistin Pharma, based on recommendations from the remuneration committee. The bonuses are linked to the achievement of certain targets for financial results, as well other performance targets which are defined at the beginning of the financial year. The bonus targets shall reflect both short-term financial parameters, and operational and strategic performance targets that are expected to give a positive long-term financial effect. In the current performance-based bonus plan, the Group must achieve a return on capital employed (ROCE) that exceeds the required rate of return before the employees, including the CEO and Executive Management, are eligible for any bonuses.

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 for all employees. Under this plan the Group contributes 5.5% of the salary between 1G (2015: NOK 90k) and 7.1G, and 15%, for the salary between 7.1G and 12G. The CEO has an additional "top-hat" to cover salary above 12G, as well as an early retirement plan from the age of 62.

Share based incentive plans

The Company does not currently have any share based incentive plans.

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

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Vistin Pharma ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Vistin Pharma ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2016, the income statement, 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 balance sheet as at 31 December 2016, income statement, 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.

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Valuation of inventories

At December 31, 2016 inventories amounted to NOK 79.3 million, 28 % of total assets. These inventories mainly consist of raw materials and produced finished goods. Inventories are stated at the lower of cost and net realisable value. The cost of finished goods comprises materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). The allocation of direct and indirect costs and the assessment of the net realizable value is significantly impacted by management estimates. Due to management's estimates and its significance, valuation of inventories is a key audit matter.

Our audit procedures to test the valuation of inventories included attending an inventory cycle count to validate counts performed by the company. We performed test of details e.g. vouching to invoices, and performed test of the allocation of costs and recalculated prices for a sample of units. We have compared the allocation of indirect costs against normal operating capacity. For evaluation of net realizable valuation we performed margin analysis subsequent of year end, analyzed the inventory turnaround and compared that to management's estimates on obsolete inventories and tested the accuracy of management's prior year assumptions.

We refer to note 15 in the consolidated financial statements related to inventories.

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 determine 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.

Building a better working world

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.

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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 have fulfilled their 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, 25 April 2017
ERNST & YOUNG AS

Rolf Berge
State Authorised Public Accountant (Norway)

Independent auditor's report - Vistin Pharma ASA

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