

Amway Danmark ApS

Carl Gustavs Gade 3, 1.th., 2630 Taastrup

CVR no. 21 26 42 96



Annual report 2015

Approved at the annual general meeting of shareholders on 16 June 2016

Chairman:

Poul Viggo Barts Petersen



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Amway Danmark ApS for the financial year 1 January - 31 December 2015.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Taastrup, 16 June 2016
Executive Board:

Leszek Jaroslaw
Krecielewski

Board of Directors:

Leszek Jaroslaw
Krecielewski

Jeffrey Charles Tuori

Samir Behl

Independent auditors' report

To the shareholder of Amway Danmark ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Amway Danmark ApS for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 16 June 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28


Peter Jensen
State Authorised Public Accountant



Management's review

Company details

Name Amway Danmark ApS
Address, Postal code, City Carl Gustavs Gade 3, 1.th., 2630 Taastrup

CVR No. 21 26 42 96
Registered office Høje Taastrup
Financial year 1 January - 31 December

Website www.amway.dk

Board of Directors Leszek Jaroslaw Krecielewski
Jeffery Charles Tuori
Samir Behl

Executive Board Leszek Jaroslaw Krecielewski

Auditors Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg,
Denmark

Bankers Nordea



Management's review

Operating review

The Company's business review

The Company distributes a product programme of household articles and other consumer products, which are to a large extent delivered from group enterprises.

Marketing takes place solely through a network of independent distributors, who are supported with training etc., and who are contractually related to the Group and solely generate earnings through sales.

Amway does not seek to be a low-cost or discount supplier of products. Instead, the Company seeks to provide differentiated products representing quality, value and service, and the Amway Satisfactory Guarantee supports the comparatively higher prices that the Company suggests for the retail prices of its products.

The Company believes that its person-to-person direct selling structure also creates the opportunity for competitive customer service.

Financial review

In 2015, the company's revenue came in at DKK 34,309 thousand against DKK 19,963 thousand last year. The income statement for 2015 shows a loss of DKK 2,159 thousand against a profit of DKK 760 thousand last year, and the balance sheet at 31 December 2015 shows equity of DKK 184,879 thousand. Management considers the Company's financial performance in the year satisfactory.

At 1 January 2015, Amway Danmark ApS took over all Amway activities in Norway, which were previously handled by a separate Norwegian Amway entity. This is the main reason for the increase in revenue. Hereafter, the Company services independent distributors at both the Danish and the Norwegian market.

Post balance sheet events

No significant events have occurred subsequent to the financial year.



Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2015	2014
	Revenue	34,309	19,963
	Cost of sales	-9,764	-3,804
	Other operating income	15,800	15,244
	Other external expenses	-23,973	-17,913
	Gross profit	16,372	13,490
2	Staff costs	-18,132	-12,769
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-190	-132
	Other operating expenses	-292	-172
	Operating profit/loss	-2,242	417
3	Financial income	709	836
4	Financial expenses	-509	-276
	Profit/loss before tax	-2,042	977
5	Tax for the year	-117	-217
	Profit/loss for the year	-2,159	760
	Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	-2,159	760
		-2,159	760



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
6	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	348	244
	Leasehold improvements	14	19
		<u>362</u>	<u>263</u>
7	Investments		
	Investments in group enterprises	95,491	95,491
	Other receivables	306	411
		<u>95,797</u>	<u>95,902</u>
	Total non-current assets	<u>96,159</u>	<u>96,165</u>
	Current assets		
	Receivables		
	Trade receivables	695	545
	Receivables from group enterprises	128,543	128,585
	Deferred tax assets	0	47
	Other receivables	12	305
	Prepayments	260	91
		<u>129,510</u>	<u>129,573</u>
	Cash	2,459	1,228
	Total current assets	<u>131,969</u>	<u>130,801</u>
	TOTAL ASSETS	<u>228,128</u>	<u>226,966</u>



Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	300	300
	Share premium account	95,392	95,392
	Retained earnings	89,187	91,346
	Total equity	184,879	187,038
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Prepayments received from customers	691	505
	Trade payables	230	210
	Payables to group enterprises	34,660	33,489
	Corporation tax payable	31	25
	Other payables	7,637	5,699
		43,249	39,928
	Total liabilities other than provisions	43,249	39,928
	TOTAL EQUITY AND LIABILITIES	228,128	226,966

1 Accounting policies

9 Contractual obligations and contingencies, etc.

10 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2015	300	95,392	91,346	187,038
Profit/loss for the year	0	0	-2,159	-2,159
Equity at 31 December 2015	<u>300</u>	<u>95,392</u>	<u>89,187</u>	<u>184,879</u>



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Amway Danmark ApS for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements are prepared.

The consolidated financial statements of Solstice Holdings Inc. can be obtained from the company on request.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of non-current assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Leasehold improvements	5 years
Other fixtures and fittings, tools and equipment	3-10 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme and exchange gain/loss of intercompany accounts, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in group entities

Investments in subsidiaries are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are made to the lower of the net realisable value and the carrying amount.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash at hand and in bank

Cash comprises cash balances and bank balances.

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual liability in respect of finance leases.

Other liabilities are measured at net realisable value.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK'000	2015	2014
2	Staff costs		
	Wages/salaries	15,958	11,532
	Pensions	1,729	1,018
	Other social security costs	401	187
	Other staff costs	44	32
		<u>18,132</u>	<u>12,769</u>
3	Financial income		
	Interest receivable, group entities	624	816
	Exchange adjustments	83	19
	Other financial income	2	1
		<u>709</u>	<u>836</u>
4	Financial expenses		
	Other interest expenses	43	6
	Exchange adjustments	464	270
	Other financial expenses	2	0
		<u>509</u>	<u>276</u>
	DKK'000	2015	2014
5	Tax for the year		
	Estimated tax charge for the year	0	46
	Deferred tax adjustments in the year	47	126
	Tax adjustments, prior years	70	45
		<u>117</u>	<u>217</u>



Financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2015	3,489	26	3,515
Additions	289	0	289
Cost at 31 December 2015	3,778	26	3,804
Impairment losses and depreciation at 1 January 2015	3,245	7	3,252
Depreciation	185	5	190
Impairment losses and depreciation at 31 December 2015	3,430	12	3,442
Carrying amount at 31 December 2015	348	14	362

7 Investments

DKK'000	Domicile	Interest	Equity	Profit/loss
Subsidiaries				
Amway GmbH	Germany	100.00 %	198,903	855

DKK'000	2015	2014
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8 Share capital

The share capital consists of the following:

3,000 shares of DKK 100.00 each	300	300
	300	300

Analysis of changes in the share capital over the past 5 years:

DKK'000	2015	2014	2013	2012	2011
Opening balance	300	300	200	200	200
Capital increase	0	0	100	0	0
	300	300	300	200	200



Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK'000	2015	2014
Guarantee commitments	<u>776</u>	<u>823</u>
	<u>776</u>	<u>823</u>

Other contingent liabilities include the Company's guarantee commitments to Tollregion Oslo and Akershus at NOK 1,000,000 at Nordea.

The Company is jointly taxed with its parent, Denmark Holdco I ApS, which acts as management company, and together with jointly taxed group entities, the Company has joint and several liability for the payment of income taxes for the income year 2014 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2015	2014
Rent and lease liabilities	<u>1,528</u>	<u>990</u>

Rent and lease liabilities include a rent obligation totalling DKK 1,528 thousand (2014: DKK 745 thousand). Furthermore, the Company has liabilities under operating leases for cars totalling DKK 0 thousand (2014: DKK 245 thousand).

10 Related parties

Amway Danmark ApS' related parties comprise the following:

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Solstice Holdings Inc.	7575 Fulton Street East Ada, MI 49355-0001 United States	The consolidated financial statements can be obtained from the company on request.