

# Vesterålsens Naturprodukter A/S

Storegade 39, 4780 Stege

CVR no. 31 78 61 26

Annual report 2015/2016

Approved at the annual general meeting of shareholders on 27 April 2017

Chairman:

  
NICHOLAS WILLIAM BØE SANDOY

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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 Vesterålen's Naturprodukter A/S for the financial year 1 December 2015 – 30 November 2016.

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 the 30 November 2016 and of the results of the Company's operations for the financial year 1 December 2015-30 November 2016.

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

We recommended the adoption of the annual report at the annual general meeting.

Vordingborg, 24 April 2017

Executive Board:



Torgeir Arntsen

Board of Directors:

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Michael Christian Remy  
Jensen  
Chairman

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Guro Vingerhagen

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Henrik Barco Nielsen

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## **Independent auditors' report**

To the shareholders of Vesterålen Naturprodukter A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Vesterålen Naturprodukter A/S for the financial year 1 December 2015 – 30 November 2016, which comprise accounting policies an income statement, balance sheet, statement of changes in equity and notes. 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 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 an additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 risk of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors considers 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 30 November 2016 and of the results of its operations for the financial year 1 December 2015 -30 November 2016 in accordance with the Danish Financial Statements Act.

## Independent auditors' report

### 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,

Copenhagen, 24 April 2017

KPMG P/S

Statsautoriseret Revisionspartnerselskab

CVR No. 25 57 81 98



Benny Lyng Sørensen



Joakim Juul Larsen

State Authorised Public Accountant State Authorised Public Accountant



## Management's review

### Company details

Name	Vesterålen's Naturprodukter A/S
Address, Postal code, City	Storegade 39, 4780 STEGE
CVR No.	31 78 61 26
Established	1 November 2008
Registered office	Vordingborg
Financial year	1 December 2015 – 30 November 2016
Board of Directors:	Michael Christian Remy Jensen, Chairman Guro Vingerhagen Henrik Barco Nielsen
Executive Board:	Torgeir Arntsen
Auditors:	KPMG P/S Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, DK-2100 Copenhagen Ø

## **Operating review**

### **The Company's business review**

Vesterålens Naturprodukter A/S is part of Vesterålens Naturprodukter AS Group and included in the consolidated financial statements for Pfizer Inc. The US-based Pfizer group is a multinational pharmaceutical group listed on the New York Stock Exchange.

Vesterålens Naturprodukter A/S' carries out trade in dietary supplements, natural products and pharmaceuticals.

### **Financial review**

In 2015/16, the company's revenue came in at DKK 11,784 thousand against DKK 9,776 thousand last year. The income statement for 2015/16 shows a loss of DKK 2,060 thousand against a loss of DKK 4,409 thousand last year, and the balance sheet at 30 November 2016 shows a negative equity of DKK 23,123 thousand.

The financial performance has been according to plan and shows a significant improvement from 2014/15.

The Company is essentially financed by its parent company, which has promised to keep supporting the company financially for which reason the financial statements have been presented on a going concern basis. Equity is expected to be restored based on future earnings or through a capital injection from the parent company.

### **Post balance sheets event**

No significant events have occurred subsequent to the financial year.

### **Outlook**

Vesterålens Naturprodukter A/S expects growth in 2016/17 and improved operating income compared to 2015/16, mainly due to a significant growth in the customer base last year.

## Financial statements for the period 1 December 2015 – 30 November 2016

### Income statement

Notes	DKK'000	2015/16	2014/15
	Revenue	11,784	9,776
	Cost of Sales	-3,254	-3,974
	External expenses	-10,175	-8,204
	Gross profit/loss	-1,645	-2,402
3	Staff costs	-667	-580
	Operating profit/loss	-2,312	-2,982
4	Financial income	123	208
5	Financial expenses	-278	-278
	Profit/loss before tax	-2,467	-3,052
6	Tax for the year	407	-1,357
	Profit/loss for the year	-2,060	-4,409
	Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	-2,060	-4,409

## Financial statements for the period 1 December 2015 – 30 November 2016

### Balance sheet

Notes	DKK'000	2015/16	2014/15
	<b>Assets</b>		
	<b>Current assets</b>		
	<b>Receivables</b>		
	Trade receivables	1,695	1,028
	Receivables from group enterprises	118	83
7	Deferred tax receivable	784	363
	Corporation tax receivable	-	132
	Other receivables	75	56
		<u>2,672</u>	<u>1,662</u>
	Cash	164	2,082
	<b>Total current assets</b>	<u>2,836</u>	<u>3,744</u>
	<b>TOTAL ASSETS</b>	<u>2,836</u>	<u>3,744</u>
	 <b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	500	500
	Retained earnings	-23,623	-21,563
	<b>Total equity</b>	<u>-23,123</u>	<u>-21,063</u>
	 <b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	620	166
	Payables to group enterprises	23,882	23,151
	Other payables	1,458	1,490
		<u>25,960</u>	<u>24,807</u>
	<b>Total liabilities other than provisions</b>	<u>25,960</u>	<u>24,807</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,836</u>	<u>3,744</u>

- 1 Accounting policies
- 2 Material uncertainties regarding going concern
- 8 Contractual obligations and contingencies, etc.
- 9 Related parties

## Financial statements for the period 1 December 2015 – 30 November 2016

### Statement of changes in equity

DKK'000	Share Capital	Retained Earnings	Total
Equity at 1 December 2014	500	-17,154	-16,654
Profit/loss for the year	-	-4,409	-4,409
Equity at 1 December 2015	500	-21,563	-21,063
Profit/loss for the year	-	-2,060	-2,060
Equity at 30 November 2016	500	-23,623	-23,123

## Financial statements for the period 1 December 2015 – 30 November 2016

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Vesterålen Naturprodukter A/S for 2015/16 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The accounting policies applied by the company are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish Kroner.

#### Currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange difference arising between the exchange rates at the transaction date and 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 rate 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 the financial income or financial expenses.

### Income statement

#### Revenue

Income from the sale of goods for resale comprising sale of dietary supplements, natural products and pharmaceuticals is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010. Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Cost of sales

Cost of sales includes expenses relating to purchase of goods for resale used in generating the year's revenue.

#### External expenses

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.

#### 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.

## Financial statements for the period 1 December 2015 – 30 November 2016

### Notes to the financial statements

#### 1 Account policies (continued)

##### 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, 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 current rates applicable to interest surcharges to the management company.

### Balance Sheet

#### 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.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

#### Equity

##### Proposed dividends

Dividends proposed for the financial year are presented as 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 a 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

## Financial statements for the period 1 December 2015 – 30 November 2016

### Notes to the financial statements

#### 1 Account 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 costs, 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.

Other liabilities are measured at net realisable value.

#### 2 Material uncertainties regarding going concern

The Company reported a loss for the year of DKK 2 million against a loss of DKK 4.4 million in 2014/15. In 2015/16, the Company has a deficit on equity of DKK 23.1 million against a deficit on equity of DKK 21 million in 2014/15. The Company is essentially financed by its parent, which has promised to keep supporting the company financially for which reason the financial statements have been presented on a going concern basis. Equity is expected to be restored through future operations or a capital injection from the parent. The parent company has provided a Letter of Support valid as long as Vesterålen's Naturprodukter AS owns the majority of the shares in Vesterålen's Naturprodukter A/S.



## Financial statements for the period 1 December 2015 – 30 November 2016

### Notes to the financial statements

DKK'000	2015/16	2014/15
<b>Note 3</b>		
<b>Staff costs</b>		
Wages/salaries	609	529
Pensions	53	47
Other social security costs	5	4
	<u>667</u>	<u>580</u>
Number of employees at the balance sheet date	<u>1</u>	<u>1</u>
<b>Note 4</b>		
<b>Financial Income</b>		
Interest receivable, group entities	83	104
Other financial income	40	104
	<u>123</u>	<u>208</u>
<b>Note 5</b>		
<b>Financial expenses</b>		
Interest expenses, group entities	28	171
Other financial expenses	250	107
	<u>278</u>	<u>278</u>
<b>Note 6</b>		
<b>Tax for the year</b>		
Estimated tax charge for the year	-	- 132
Deferred tax adjustments in the year	-421	1,508
Tax adjustments, prior years	14	- 19
	<u>-407</u>	<u>1,357</u>
<b>Note 7</b>		
<b>Deferred tax</b>		
Deferred tax relates to:		
Receivables	784	363
	<u>784</u>	<u>363</u>
<b>Note 8</b>		
<b>Contingent liabilities</b>		

The Company is jointly taxed with other Danish companies in the Pfizer group. As a wholly owned subsidiary of Pfizer Inc., the Company is unlimited and solidarity liable with the other companies in the joint taxation regarding Danish withholding taxes on dividends, interest and royalties in the joint taxation. Income taxes and payable withholding taxes in the joint taxation at 30 November 2016 amount to DKK0. Any subsequent corrections of the taxable income in the joint taxation or withholding taxes could lead to the Company's liability being higher.

## Financial statements for the period 1 December 2015 – 30 November 2016

### Notes to the financial statements

#### Note 9

##### Related parties

Vesterålens Naturprodukter A/S's related parties comprise of the following:

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent's consolidated financial statements</u>
Immediate parent: Vesterålens Naturprodukter AS	Strandgata 16, 8400 Sortland	<a href="http://www.pfizer.com">http://www.pfizer.com</a>
Ultimate parent: Pfizer Inc.	219 8 6A East 42 <sup>nd</sup> Street, New York, N.Y. 10017, USA	