

Ferrosan International A/S

Lautrupvang 8, DK-2750 Ballerup, Denmark
CVR no. 45 53 24 10

Annual report for the year ended 30 November 2016

Approved at the company's annual general meeting on 27 April 2017

Chairman:



Nicholas William Boe Stenderup

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Management's review

Company details

Address, zip code, city	Lautrupvang 8, DK-2750 Ballerup, Denmark
CVR no.	45 53 24 10
Home Page	www.pfizer.dk
Tel.	+45 44 20 11 00
Telefax	+45 44 20 11 02
Board of directors	Michael Christian Remy Jensen, chairman David Marty Moss Kamila Katarzyna Kozikowska Lene Nanna von Meyeren Jannov
Executive board	Henriette Rosenquist, managing director
Auditors	KPMG Statsautoriseret Revisionspartnerselskab, Dampfærgevej 28, DK-2100 Copenhagen, Denmark

Management's review

The company's business review

Ferrosan International A/S is a part of the consolidated financial statements for Pfizer Inc. The US-based Pfizer group is a multinational pharmaceutical group listed on the New York Stock Exchange.

Ferrosan International A/S' activity is to marketing nutrition- and pharmaceutical products on the international market outside Scandinavia.

Financial review

Ferrosan International A/S has in the period 1 December 2015 to 30 November 2016 handled Ferrosan A/S' export activities to markets where Ferrosan A/S has not established own sales subsidiaries.

Ferrosan International A/S realized revenue of DKK 20 million in 2015/16 compared to 2014/15 where revenue amounted to DKK 24 million.

The declined revenue in 2015/16 is a result of merging the international markets into Pfizer group.

In 2015/16, profit for the year amounted to DKK 1,800 thousand compared to a loss on DKK 3,202 thousand in 2014/15.

The profit in 2015/16 was positively impacted by lower other external expenses, exchange gains for monetary items and change in write-down of deferred tax assets.

Cost of sales in 2015/16 was negatively affected by transfer price adjustment related to a not realized accrual from prior year, and other external expenses are positively affected by the same accrual.

At the end of 2015/16, the company had equity of 10 DKK million against DKK 8 million in 2014/15.

The company's financial performance in the year is in accordance with expectations relative to last year.

Post balance sheet events

In March 2017, the shares of the Romanian subsidiary- Ferrosan S.R.L. of DKK 185 thousand have been transferred to a Pfizer entity in the Netherlands for a sales price of DKK 0.9 million.

Outlook

In 2016/17, Ferrosan International A/S expects no sales as all international markets have been merged into Pfizer entities.

Statement by the management on the annual report

The Board of directors and the Executive board have today discussed and approved the annual report of Ferrosan International 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 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 recommend the adoption of the annual report at the annual general meeting.

Ballerup, Denmark, 24 April 2017

Executive board:


Henriette Rosenquist
managing director

Board of directors:


Michael Christian Remy Jensen
chairman

David Marty Moss


Kamila Katarzyna Kozikowska


Lene Nanna von Meyeren Jannov

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

Ballerup, Denmark, 24 April 2017

Executive board:

Henriette Rosenquist
managing director

Board of directors:

Michael Christian Remy Jensen
chairman



David Marty Moss

Kamila Katarzyna Kozikowska

Lene Nanna von Meyeren Jannov

Independent auditor's report

To the shareholders of Ferrosan International A/S

Independent auditor's report on the financial statements

We have audited the financial statements of Ferrosan International A/S for the financial year 1 December 2015 – 30 November 2016. The financial statements comprise accounting policies, 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 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.

Auditor's 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 regulation. 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 auditor's 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 auditor 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 assets, liabilities and financial position at 30 November 2016 and of the results of the company's operations for the financial year 1 December 2015 – 30 November 2016 in accordance with the Danish Financial Statements Act.

Independent auditor's report

Statement on the Management's review

In accordance with the Danish Financial Statements Act, we have read the management's review. We have not performed any further 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, 24 April 2017

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no.: 25 57 81 98



Benny Lyng Sørensen
State Authorised
Public Accountant



Joakim Juul Larsen
State Authorised
Public Accountant

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

Income statement

Notes	2015/16 DKKt	2014/15 DKKt
2 Revenue	19,683	23,879
Cost of sales	20,002	16,557
Other external expenses	-1,155	6,299
Gross margin	836	1,023
3 Staff costs	64	68
Operating profit	772	955
Loss from investments in group entities	0	-1
4 Financial income	835	6,918
5 Financial expenses	581	9,156
Pre-tax profit/loss	1,026	-1,284
6 Tax for the year	-774	1,918
Profit/loss for the year	1,800	-3,202
 Recommended appropriation of the profit/loss for the year		
Retained earnings	1,800	-3,202
	1,800	-3,202

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

Balance sheet

Notes	30/11 2016 DKKt	30/11 2015 DKKt
Assets		
Fixed assets		
7 Investments in group entities	185	185
Investments	185	185
Total fixed assets	185	185
Current assets		
Trade receivables	2,828	5,667
Receivables from group entities	12,810	12,017
Income taxes receivable	0	81
9 Deferred tax assets	1,213	434
Other receivables	1,654	483
Receivables	18,505	18,682
Cash and cash equivalents	685	830
Total current assets	19,190	19,512
Total assets	19,375	19,697

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

Balance sheet

Notes	30/11 2016 DKKt	30/11 2015 DKKt
Equity and liabilities		
Equity		
8 Share capital	20,001	20,001
Retained earnings	-9,822	-11,622
Total equity	10,179	8,379
Liabilities		
Trade payables	0	648
Payables to group entities	9,043	8,539
10 Other payables	153	2,131
Short-term liabilities	9,196	11,318
Total liabilities	9,196	11,318
Total equity and liabilities	19,375	19,697

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

Statement of changes in equity

(DKKt)	Share capital	Premium at issue	Retained earnings	Total
Equity at 1/12 2015	20,001	0	-11,622	8,379
Profit for the year, cf. appropriation of profit			1,800	1,800
Equity at 30/11 2016	20,001	0	-9,822	10,179

Notes to the financial statements

1 Accounting policies

The annual report of Ferrosan International A/S 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.

Consolidated financial statements

Ferrosan International A/S (the company) and its subsidiaries are included in the consolidated financial statements for Pfizer Inc. Therefore the company will not prepare any consolidated financial statements for Ferrosan International A/S group in accordance with The Danish Financial Statements Act § 112.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the company, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Reporting currency

The company's functional currency is Danish kroner (DKK). Thus, other currencies than Danish kroner are considered foreign currencies. DKK is used as the measurement and presentation currency in the preparation of the annual report. Amounts in the annual report are stated in thousands of Danish kroner (DKK).

Currency translation

During the year, transactions denominated in foreign currency are converted at the exchange rate ruling at the transaction date. Gains and losses arising as a result of differences between the exchange rate at the transaction date and the exchange rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items are converted at the exchange rates ruling at the balance sheet date, and exchange differences are recorded in the income statement under financial items.

Derivative financial instruments

Derivative financial instruments are recognised upon first inclusion in the balance sheet at cost and subsequently at fair value. Derivative financial instruments are recognised under receivables from group entities and payables to group entities, respectively. Changes in the fair value are recognised continuously in the income statement as financial items.

Notes to the financial statements

1 Accounting policies - continued

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement if delivery and the transfer of risk have taken place before the end of the financial year and the amount can be reliably measured and is expected to be received. Other income is recognised when the underlying services are provided; royalty, concessions, etc. are usually recognised on the basis of the terms of the agreement.

Other external expenses

Other external expenses comprise administrative expenses, distribution expenses and other expenses not associated with the direct manufacture of goods.

Staff costs

Staff costs comprise salaries, wages and pensions as well as other staff costs.

Financial income and expenses

Financial income and expenses include interest, realised and unrealised exchange differences, supplements and allowances under the on-account tax scheme, value adjustments of securities and similar items.

Tax

Tax for the year, consisting of the year's current tax and changes in deferred tax, is recognised in the income statement at the amount that can be attributed to the profit/loss for the year and recognised directly in the equity statement at the amount that can be attributed to movements directly in equity.

Current tax liabilities and current tax receivables, respectively, are recognised in the balance sheet as calculated tax of the taxable income for the year.

Deferred tax is measured on all timing differences between the accounting and tax value of assets and liabilities, where the tax value of the assets is calculated on the basis of the planned use of the particular asset.

Deferred tax is measured on the basis of the tax legislation and rates of income tax which will be applicable on the balance sheet date, when the deferred tax is expected to be paid as current tax. Changes in deferred tax as a result of changes in the rates of income tax are included in the income statement.

Deferred tax assets, including the tax value of tax losses carried forward, are measured in the balance sheet at the amount at which the asset is expected to be realised, either by setting off deferred tax liabilities or as net tax assets.

The company is taxed jointly with all Danish subsidiaries in Pfizer group. The current Danish corporate tax is allocated among the jointly taxed Danish companies in proportion to their taxable income (full allocation with reimbursement for tax losses).

Notes to the financial statements

1 Accounting policies - continued

Balance sheet

Investments in group entities

Investments in group entities are recognised and measured at cost. Where the net realisable value is lower than cost, write down to the lower value is recognised.

Gains or losses on disposal of group entities are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus anticipated disposal costs. Gains or losses are recognised in the income statement.

Dividends from subsidiaries are recognised in the income statement in the financial year where the dividends are declared.

Impairment of fixed assets

The carrying amounts of tangible assets are analysed annually to determine whether there are any indications of impairment in excess of what is expressed in normal depreciation of the assets. Similarly, investments are analysed for any indication of impairment. If there is any indication of impairment relative to the carrying amount at the balance sheet date, the asset is written down to its lower recoverable amount. The recoverable amount of the asset is determined as the higher of the net selling price and the capital value. If a recoverable amount for the individual assets cannot be determined, the smallest group of assets for which it is possible to determine the recoverable amount is analysed for impairment.

Receivables

Receivables are measured in the balance sheet at amortised cost, which essentially corresponds to the nominal value or a lower net realisable value. Write-downs to net realisable value are calculated on the basis of an individual assessment of each receivable and for trade receivables also with a general impairment loss based on the company's experience from prior years.

Other receivables primarily comprise receivables from staff and public authorities, which are measured at nominal values and the fair value of forward contracts.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Notes to the financial statements

1 Accounting policies - continued

Equity

Proposed dividend

Dividends expected to be paid in respect of the year are stated as a separate line item under equity. Dividends are recognised as a liability when adopted by the shareholders at the annual general meeting.

Liabilities

Other liabilities to group entities are measured at amortised cost and essentially correspond to nominal value.

Other liabilities primarily comprise liabilities to staff and public authorities and commissions to customers, which are measured at nominal values and the fair value of forward contracts.

Notes to the financial statements

	2015/16 DKKt	2014/15 DKKt
2 Revenue		
Business segmentation of revenue:		
Revenue, Europe	397	6,650
Revenue, outside Europe	19,286	17,229
	19,683	23,879
<p>With reference to §96 in the Danish Financial Statement Act product segmentation of revenue has not been disclosed as this information is considered sensitive which can cause considerable damage for the company.</p>		
3 Staff costs		
Analysis of staff costs:		
Wages/salaries	64	62
Other social security costs	0	6
	64	68
	Number	Number
Average number of employees	3	4
4 Financial income		
Interest receivable, group entities	254	1,139
Other financial income	581	5,779
	835	6,918

Notes to the financial statements

	2015/16 DKKt	2014/15 DKKt
5 Financial expenses		
Interest expenses, group entities	309	3,994
Other financial expenses	272	5,162
	581	9,156

Currency risks and use of derivative financial instruments

Currency risks

As a part of the group policy the company has entered into intercompany forward exchange contracts to minimize the currency risk on current assets and liabilities in foreign currencies.

The unrealised net profit on forward exchange contracts as of 30 November 2016 amounts to DKKt 52 which relates to prior year. The market value of contracts entered into at 30 November 2016 is therefore DKK 0 (30 November 2015: DKKt 52). The change is recognised under financial items in the income statement.

Credit risks

Ad hoc credit rating of major customers is carried out.

Appraisals of the customer's ability to meet payments and the need for reserves for bad debts are carried out on an ongoing basis.

	2015/16 DKKt	2014/15 DKKt
6 Tax for the year		
Estimated income tax from the joint taxation	0	-81
Deferred tax adjustments in the year	-774	1,839
Tax adjustments, prior years	0	160
	-774	1,918

Notes to the financial statements

7 Investments

(DKKt)	<u>Group entities in total</u>
Cost	
Balance at 1/12 2015	185
Cost at 30/11 2016	<u>185</u>
Impairment losses	
Balance at 1/12 2015	0
Impairment losses at 30/11 2016	<u>0</u>
Carrying amount at 30/11 2016	<u>185</u>

	<u>Domicile</u>	<u>Interest (%)</u>	<u>Equity DKKt</u>	<u>Profit/loss DKKt</u>
Subsidiaries				
Ferrosan S.R.L.	Romania	1.00	277	96

Based on latest available trial balance.

Notes to the financial statements

	30/11 2016 DKKt	30/11 2015 DKKt
8 Share capital		
Analysis of the company's share capital, DKK 20,001 thousand:		
20,001 class A-share(s) of DKK 1,000.00 each	20,001	20,000
Capital Increase	0	1
	20,001	20,001

The company's capital consists of shares in one class, which is divided into multiples of DKK 1,000.

	2015/16 DKKt	2014/15 DKKt	2013/14 DKKt	2012/13 DKKt	2011/12 DKKt
Analysis of changes in the share capital over the past 5 years:					
Opening balance	20,001	20,000	20,000	20,000	20,000
Capital increase	0	1	0	0	0
Closing balance	20,001	20,001	20,000	20,000	20,000

	Deferred tax liability[-] / assets[+] 2015/16 DKKt	Deferred tax liability[-] / assets[+] 2014/15 DKKt
9 Deferred tax		
Property, plant and equipment	894	894
Tax loss carry forward	1,308	1,540
Other taxable temporary differences	11	0
Write-down of deferred tax assets	-1,000	-2,000
Total Tax assets [+]	1,213	434

The company's management expect that the deferred tax assets can be used within the next 5 years within the Danish joint taxation.

	30/11 2016 DKKt	30/11 2015 DKKt
10 Other payables		
Provision for restructuring costs	50	0
Accrued commissions	102	325
Other accrued expenses	1	1,806
	153	2,131

Notes to the financial statements

11 Contingent liabilities and other financial obligations

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 income taxes, Danish withholding taxes on dividends, interest and royalties in the joint taxation. Payable income taxes and withholding taxes in the joint taxation are as of 30 November 2016 DKK 0. Any subsequent corrections of the taxable income in the joint taxation or withholding taxes could lead to the company's liability being higher.

Other contingent liabilities

The company is part of legal proceedings that are estimated not to have any significant accounting effect.

12 Related parties

Information about consolidated financial statements:

Parent	Domicile	Requisitioning of the parent's consolidated financial statements
Pfizer Inc.	219-8-6A East 42nd Street, New York, N.Y. 10017, USA	http://www.pfizer.com

Related party transactions

Transactions with related parties have in the financial year comprised sale and purchase of goods and services.

The following shareholders are registered in the company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Parent	Domicile
Ferrosan A/S	Ballerup, Denmark