

Ferrosan International A/S

Annual Report 2016/17

Chairman of the Annual General Meeting

26/04/2018



NICHOLAI WILLIAM BOE STENDERUP

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

The Annual Report contains 16 pages

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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 Ferrosan International A/S for the financial year 1 December 2016 - 30 November 2017.

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 2017 and of the results of the company's operations for the financial year 1 December 2016 - 30 November 2017.

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, 2018

Executive Board:


Henriette Dræbye Rosenquist

Board of Directors:


Michael Christian Remy
Jensen
Chairman


Lene Nanna von Meyeren
Jannov


Kamila Kozikowska


David Marty Moss

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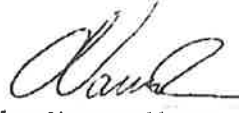
Ballerup, Denmark, 24 April, 2018

Executive Board:

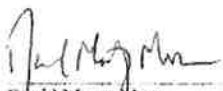
Henriette Dræbye Rosenquist

Board of Directors:


Michael Christian Remy
Jensen
Chairman


Lene Nanna von Meyeren
Jannov


Kamila Kozikowska


David Marty Moss

Financial statements 1 December - 30 November

Independent auditor's report

To the shareholders of Ferrosan International A/S

Opinion

We have audited the financial statements of Ferrosan International A/S for the financial year 1 December 2016 – 30 November 2017 comprising income statement, balance sheet, statement of changes in equity and notes. The financial statements are 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 assets, liabilities and financial position at 30 November 2017 and of the results of the Company's operations for the financial year 1 December 2016 – 30 November 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Financial statements 1 December - 30 November

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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 in preparing the financial statements 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 contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Financial statements 1 December - 30 November

Independent auditor's report

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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 Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

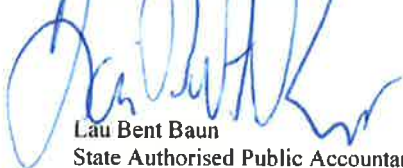
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24 April, 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No. 25 57 81 98



Lau Bent Baun
State Authorised Public Accountant
mne 26708



Joakim Juul Larsen
State Authorised Public Accountant
mne 32803

Financial statements 1 December - 30 November

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 Kozikowska Lene Nanna von Meyeren Jannov
Executive Board	Henriette Rosenquist
Auditors	KPMG Statsautoriseret Revisionspartnerselskab, Dampfærgevej 28, DK-2100 Copenhagen, Denmark

Financial statements 1 December - 30 November

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' marketing activities for nutrition and pharmaceutical products on the international market outside Scandinavia, finalized in financial year 2015/16.

Financial review

Ferrosan International A/S distributed Ferrosan products in markets where the Pfizer Group did not have routine distributors. The markets served in FY 2015/16 were the following: Thailand, Hong Kong, South Africa, Vietnam, China and Japan. Sales into the Russian market, transitioned from Ferrosan International A/S to LLC Pfizer Russia in 2013/14. However, the Russian representative office is still active in FY2016/17 and has 2 employees.

Ferrosan International A/S closed its main activities by the end of 2016 with all sales & distribution activities into the markets served in prior years, transitioning to Pfizer distribution affiliates in various countries.

The 2016/17 activity in Ferrosan International A/S consisted of payment of pending termination costs to employees in the Russian representative office, partial collection of third party receivables and the sale of the intercompany investment in shares of Ferrosan SRL (Romania) to Pfizer group affiliates. The great majority of the costs recorded in 2016/17 are the reserve for doubtful accounts created for the third party receivables that are still outstanding.

The result of the year is in line with management's expectations.

Post balance sheet events

No material events have occurred subsequent to 30 November 2017 which significantly affects the assessment of the annual report.

Outlook

In 2017/18, Ferrosan International A/S expects no sales as all international markets have been merged into Pfizer entities. The Russian representative office will be closed within the short term and until then Ferrosan International A/S will continue covering the salaries and other expenses of the representative office.

Financial statements 1 December - 30 November

Income Statement

DKK'000	Note	2016/17	2015/16
Revenue		-	19,683
Cost of sales		-	-20,002
Other external expenses		-898	1,155
Gross (Loss)/Profit		-898	836
Staff costs		-	-64
Operating (Loss)/Profit		-898	772
Net interest income and expenses and similar items	2	486	254
(Loss)/Profit before Tax		-412	1,026
Tax for the year	3	-855	774
(Loss)/Profit for the year		-1,267	1,800
 Proposed (Loss)/Profit Appropriation			
Allocation to retained earnings		-1,267	1,800
		-1,267	1,800

Note 1 - Accounting Policies

Financial statements 1 December - 30 November

Balance Sheet as at 30 November

DKK '000	Note	2017	2016
ASSETS			
Investments			
Investments in group entities	4	-	185
Total fixed assets		-	185
Current assets			
Receivables			
Trade receivables		-	2,828
Amounts owed by group enterprises		4,537	12,810
Other Receivables		-	1,654
Deferred Tax	5	357	1,213
		4,894	18,505
Cash and cash equivalents		4,342	685
Total current assets		9,236	19,190
TOTAL ASSETS		9,236	19,375

Financial statements 1 December - 30 November

Balance Sheet as at 30 November

DKK'000	Note	2017	2016
Equity and liabilities			
Equity			
Share capital	6	20,001	20,001
Retained earnings		-11,089	-9,822
Total equity		8,912	10,179
Liabilities			
Amounts owed to group enterprises		-	9,043
Other payables	7	324	153
Short-term liabilities		324	9,196
Total liabilities		324	9,196
TOTAL EQUITY AND LIABILITIES		9,236	19,375

Note 8 – Contingent Liabilities & Other Financial Obligations

Note 9 – Related Party Disclosures

Financial statements 1 December - 30 November

Statement of changes in equity

DKK'000	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Equity at 1 December 2016	20,001	-9,822	10,179
Transferred from loss for the year	-	-1,267	-1,267
Equity at 30 November 2017	<u>20,001</u>	<u>-11,089</u>	<u>8,912</u>

Financial statements 1 December - 30 November

Notes

1 Accounting policies

The annual report for 2016/2017 has been prepared in accordance with the provisions applying to class B (small sized) enterprises under the Danish Financial Statements Act.

As from 1 December 2016, the Company has implemented Act no. 738 of 1 June 2015. The change has no monetary effect on the income statement or the balance sheet for 2016/17 or for the comparative figures.

The accounting policies used in the preparation of the financial statements 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.

Financial statements 1 December - 30 November

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.

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.

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).

Financial statements 1 December - 30 November

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.

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.

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, which are measured at nominal values and the fair value of forward contracts.

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DKK'000	2016/17	2015/16
2 Net interest income and expenses and similar items		
Gain on sale of Romanian share to Pfizer group affiliates	723	-
Other Financial Income	-150	-
Interest income, DKK 1 thousand (2015/16: DKK 3 thousand) of which is intra-group	1	3
Foreign exchange adjustments	-60	314
Interest expenses, DKK 2 thousand (2015/16: DKK 3 thousand) of which is intra-group	-2	-3
Bank charges	-26	-60
	<u>486</u>	<u>254</u>
3 Tax on the profit/loss for the Year		
Adjustment for deferred tax	855	-774
	<u>855</u>	<u>-774</u>
4 Investments		
	<u>Group entities in total</u>	
Cost		
Balance at 1/12/2016	185	
Disposals in the year	-185	
Cost at 30/11/2017	<u>-</u>	
Carrying amount at 30/11/2017	<u>-</u>	

Financial statements 1 December - 30 November

DKK'000	2016/17	2015/16
5 Deferred Tax		
Tax loss carry forward	2,453	2,202
Other taxable temporary differences	9	11
Write-down of deferred tax assets	-2,105	-1,000
Total Tax assets [+]	357	1,213

The company's management expect that the deferred tax assets can be used within the next 5 years as a part of improved operating result and used within the Danish joint taxation.

6 Share capital

The share capital of DKK 20,001 thousand comprises 20,001 class A-share(s) of DKK 1,000.00 each.

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

The changes in share capital for the last 5 years can be specified as follows:

DKK'000	2016/17	2015/16	2014/15	2013/14	2012/13
Share Capital at 1 December	20,001	20,000	20,000	20,000	20,000
Increase in Share Capital	-	1	-	-	-
Share Capital at 30 November	20,001	20,001	20,000	20,000	20,000

Note 1: Capital increase of one A-share in year 2015/16

7 Other payables

VAT and Taxes	282	-
Provision for Restructuring Costs	42	50
Accrued Commissions	-	102
Other Accrued Expenses	-	1
	324	153

Financial statements 1 December - 30 November

8 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 2017 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.

9 Related party Disclosures

Ferrosan International A/S related parties comprise:

Control

Ferrosan International A/S is owned 100% by Ferrosan A/S.

The Company is included in the consolidated financial statements of the ultimate parent company Pfizer Inc., 219-8-6A East 42nd Street, New York, N.Y. 10017, USA.

The consolidated financial statements of Pfizer Inc are available at the Company's address or on the Company's website at www.pfizer.com.

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c (7) of the Danish Financial Statements Act. There are no such transactions.

