

# DuPont Nutrition Biosciences ApS

CVR-no. 11350356  
Langebrogade 1  
1411 København K

## Annual Report for the period 1 January 2016 - 31 December 2016

The Annual Report has been presented and adopted at the Annual General Meeting  
of the Company on 30 May 2017

**Chairman**  
Henrik Fastholm



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## Company Information

### **The Company**

DuPont Nutrition Biosciences ApS  
Langebrogade 1  
1411 Copenhagen K  
CVR-no. 11350356

### **Board of Directors**

Matthias Josef Heinzl, Chairman  
Etienne Jean-Emmanuel Laurent  
Henrik Arent Fastholm  
Flemming Jørgensen  
Flemming Kristensen, Elected by the employees  
Anne Agger Sparsø, Elected by the employees

### **Executive Board**

Matthias Josef Heinzl  
Angela Taha Naef  
Etienne Jean-Emmanuel Laurent  
Henrik Arent Fastholm

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

(DKKm)	2016	2015	2014	2013	2012
<b>Income Statement</b>					
Revenue	3.615	3.693	3.422	3.346	3.279
Operating profit	527	380	193	423	278
Income from investments in subsidiaries	3.784	268	(20)	90	950
Net financials	29	(59)	26	(5)	(20)
Profit for the period	3.729	497	233	489	1.151
<b>Balance Sheet</b>					
Balance sheet total	12.753	13.336	11.716	11.426	12.712
Investment in tangible fixed assets	131	111	53	78	70
Equity	5.313	6.336	5.839	5.606	5.117
Number of employees	1.100	1.191	1.205	1.243	1.247
<b>Key Figures in %</b>					
Profit margin	14,6	10,3	5,6	12,6	8,5
Return on net assets	4,1	2,8	1,6	3,7	2,2
Solvency ratio	41,7	47,5	49,8	49,1	40,3
Return on equity	64,0	8,3	4,1	9,1	19,8

For definitions, please refer to accounting policies



## Management's Review

### Market overview

DuPont Nutrition Biosciences ApS is an indirectly owned subsidiary of the E.I DuPont de Nemours and Company and sells bio-based ingredients for use in food and beverages and industrial enzymes to a wide range of industries.

The majority of the products are sold on the European market and are products within the Health & Nutrition Division. This Division sells cultures, emulsifiers, gums & systems, and natural sweeteners, which are mainly used in dairy products, baking, ice cream, beverages, confectionery, dietary supplements and chewing gum.

Further DuPont Nutrition Biosciences ApS has activities within Research and Development, Production, Distribution and a range of administrative functions. The management of the Nutrition & Health Division and the European sales organisation (SAFI) are based in DuPont Nutrition Biosciences ApS.

On the production sites placed in Grindsted and Haderslev, we manufacture products within emulsifiers, standardised textural ingredients, cultures, functional systems and enzymes (mainly for the milling and bakery industries).

DuPont Nutrition Biosciences ApS is the parent company for a number of subsidiaries and the owner of all IP rights within bio-based food ingredients developed by DuPont Nutrition Biosciences ApS and subsidiaries.

### Innovation

Application, research and development activities in Denmark are placed at the site in Brabrand. DuPont Nutrition Biosciences ApS continually invests in process development to increase efficiencies, reduce manufacturing costs, water and energy use and CO<sub>2</sub> emissions. Our innovation is strategically positioned to address the needs of industry and society in the face of the global challenges in food, health, energy and chemicals.

Application is part of DuPont Nutrition Biosciences ApS' innovation network, which is a global network of innovation activities including research and development, applications, technical customer service, and analysis. In application DuPont Nutrition Biosciences ApS' bio-based ingredients are tested and evaluated in different food applications to ensure optimal use and benefit. The food application areas include bakery, beverage, confectionery, brewing, dairy, frozen desserts, fruit, meat, poultry, seafood or oils and fats industrial products. Application also includes work within the general areas of food safety and health and nutrition across all industries.

The majority of applications are sales oriented (technical service and trouble shooting for the customers) based on known as well as perceived customer demands. Understanding our customers and their current and future needs is a crucial part of the innovation process, as it enables us to select and prioritise the projects to invest in.

### Development in the year

In 2016, DuPont Nutrition Biosciences ApS recorded revenue of DKK 3,615 million against DKK 3,693 million in 2015. The results are in line with expectations.

Operating profit increased to DKK 527 million against DKK 380 million in 2015. This is a result of the Company's focus on profitability, and reduced cost through efficient production, and fixed cost reduction programs.

In 2016 DuPont Nutrition Biosciences ApS has received dividend income from subsidiaries for a total amount of DKK 3,068 million.

In 2016 the Company has recognised a provision for ongoing tax audits related to transfer pricing. DuPont Nutrition Biosciences ApS will enter into Mutual Agreement Procedures related to any increase in taxable income. This process is expected to adjust the final assessment from the Danish Tax Authorities. The provision has been made on basis of managements best estimate and is inherently subject to material uncertainty.

Once an agreement will be reached with the adjusting jurisdictions through the Mutual Agreement Procedures, the company will invoice the related parties in those jurisdictions. Hence, the income for DuPont Nutrition Biosciences ApS can result in additional intra-group income of up to DKK 2.2 billion to be included in "Other operating income". No income is recognized, as it is not deemed virtually certain. We refer to notes 18 and 19 for further information.

At 31 December 2016 the equity was DKK 5,313 million against DKK 6,336 million last year. During 2016 the Company has purchased 5,460,000 equal to 11% own shares with a nominal value of DKK 109,200,000 for the purpose of completing a capital reduction also in 2016. The total cost of the purchase was DKK 4,752 million.

### Future development

The Company's strategy for growth is to apply its science and technology to address challenges driven by global population growth. Applying science to deliver innovative solutions and new products in the marketplace generates shareholder value and profitable growth. The Company continues to achieve fixed cost, working capital and variable cost productivity through disciplined business processes.

### Risks

In the ordinary course of business, the Group is exposed to a variety of financial risks that include commodity price risk, credit risk, liquidity risk and interest rate risk. The policies and procedures in relation to the monitoring of these risks are undertaken in conjunction with the ultimate parent undertaking, E.I. du Pont de Nemours and Company, which includes entering into contractual arrangements in order to limit the adverse effects on the Group's financial performance.

### Corporate Social Responsibility

In DuPont, sustainability is at the core of what we do - from sustainable sourcing and manufacturing to creating market-facing sustainable solutions and addressing the global food challenges.

As the global population continues to grow, we face unprecedented challenges in sustainably addressing some of the world's toughest problems. Feeding the world, decreasing our dependence on fossil fuels, and protecting people and the environment are all critical issues that require long-term thinking and science-driven innovation. However, we recognise that we cannot do this alone. Around the world, we are working with academia, governments, other companies and non-governmental organisations to deliver scientific innovations that lead to long-term, viable, sustainable solutions along our value chains.

DuPont's core values of Safety and Health, Environmental Stewardship, Highest Ethical Behavior, and Respect for People are directly aligned with the principles set out in the UN Global Compact, which DuPont became a signatory of in 2001. The core values reflect the way we work and how we operate every day - with our customers, with our partners from around the world, and in the communities in which we operate.

### Key 2016 Accomplishments

- New step change sustainability strategy and governance structure to be launched in 2017 - including introduction of a new Sustainability Decision Board led by the Business President
- Sustainable Soy Sourcing Policy developed and implemented with NEPCo in 2016/2017
- Achieve sourcing of 100% RSPO certified palm oil and derivatives globally by 2017
- Industry leading Health & Safety performance
- All relevant N&H manufacturing sites have become SEDEX registered. We are working towards certifying all sites against the SMETA audit methodology by 2020.
- Largest emulsifier site (located in Grindsted, DK) becomes carbon neutral by 2017
- N&H joined the WBCSD and EAT led 'FReSH initiative' supporting Healthy and Sustainable Diets in 2017
- Estimated that N&H solutions helped save customers for an emission of 10 million tons CO<sub>2</sub>e in 2015/16, nearly 10 times more than the total emission from N&H own operations
- As of 2017, 20 N&H products have been analysed by 3rd party reviewed life cycle assessments.

## Management's Review

### Recent DuPont sustainability related achievements and recognitions

- Among 1st US companies to join Together for Sustainability, a Europe-based consortium seeking to improve supplier sustainability practices in chemical industry
- Recognised by EcoVadis with Gold Recognition level, including DuPont among the top 5% of performers evaluated by EcoVadis
- In 2015-2016, DuPont was named in DiversityInc's 25 Noteworthy Companies for Diversity, placed on the National Association of Female Executives list of Top Companies for Executive Women for the 8th consecutive year
- Named on the Disability Equality Index
- For the ninth time, DuPont was recognised by the Human Rights Campaign as a best place to work for lesbian, gay, bisexual and transgender equality (Corporate Equality Index)
- DuPont was one of the 407 companies that scored 100% on the 2016 Corporate Equality Index (CEI), the benchmarking tool on corporate policies and practices pertinent to LGBTs.
- In 2016, Working Mother magazine, one of the leading US magazines dedicated to women in business, named DuPont one of the 2016 Working Mother 100 Best Companies for its commitment to progressive workplace programs, including advancement of women, flexibility, child care and paid parental leave. 2016 was the 26th year DuPont has received this honor
- Dawn Rittenhouse, Director of Global Sustainability in DuPont, receives the Leading Woman Award 2017 from WBCSD.

### Policies and guidelines

In DuPont Nutrition Biosciences ApS, we focus on three key policies: The DuPont Code of Conduct, the Human Rights Policy and the Safety, Health and Environmental Policy. The policies serve as a resource guide to help all employees make decisions that reflect DuPont's core values. The policies also reinforce our commitment to sustainability and are important to our stakeholders.

### Own operations

The DuPont Code of Conduct sets expectations for every employee about how we are to operate our businesses, work with customers, suppliers, and other business partners, serve our stakeholders, and interact with our communities and with each other. DuPont employees are required to receive training in the Code yearly. In addition to the training in the Code, all employees completed minimum one other ethics and compliance module in 2016. The training modules are available online and a test is required to pass the training. We see the full completion of the training program as a satisfactory result for the reporting period.

### Suppliers and contract manufacturers

We also address human rights in the context of our sourcing. We expect our suppliers to comply with same high standards as our other partners. Suppliers are selected on a professional business basis, which includes consideration of the supplier's environmental and social responsibility. Our supplier approach supports our efforts described in the DuPont Code of Conduct, the Human Rights Policy and the Safety, Health and Environmental Policy. In 2014, we implemented a DuPont Supplier Code of Conduct which has been sent to our suppliers.

We also support impact reduction through participation in multi-stakeholder organizations such as the Roundtable on Sustainable Palm (RSPO) and the Roundtable on Responsible Soy Association (RTRS). In 2011, we achieved RSPO certifications at our emulsifier sites, and we are still one of the few companies that can offer RSPO certified sustainable emulsifiers from a segregated supply chain.

### Safety, Health and Environmental policy – A Core Focus

The Safety, Health and Environment policy is based on the principles of sustainable development. We are committed to meet legal, internal, and other requirements to prevent pollution and preserve resources and to prevent injury and ill health of our employees.

DuPont is working to increase shareholder and societal value while striving for the goal of zero for all safety and environmental incidents. In 2016, DuPont Nutrition Biosciences ApS continued aligning safety and environmental management systems with DuPont to be able to commit to zero.

Throughout DuPont's manufacturing sites, we have applied management systems to assess, improve, and track environmental, health and safety performance of our own operations. The performance is reported to the DuPont Nutrition & Health leadership team quarterly and yearly to DuPont corporate.

### New 2020 Sustainability Strategy and Goals

A new 2020 Sustainability Strategy has been approved and will be launched in 2017. It represents a step change improvement and considerably more ambitious goals in relation to our three focus areas – sustainable sourcing, sustainable manufacturing, and sustainable solutions. New 2020 goals include:

- Develop and implement sustainable sourcing program for 90% of all bio-based raw materials, covering raw materials based on palm, soy, seaweed, carob beans, wood and guar
- Source 100% certified sustainable palm oil globally and implement Sustainable Palm Oil Sourcing Policy
- Implement Sustainable Soy Sourcing Policy & drive sustainable sourcing
- Include 100 Tier One suppliers in ethical and environmental assessment and audit program
- Target elimination of coal at all manufacturing sites and increase share of renewable energy to 20% of total energy use
- Reduce greenhouse gas emissions from manufacturing with at least 20% per revenue with 2010 as baseline
- Reduce water consumption from manufacturing with 20% per revenue<sup>1</sup> and establish water mitigation plans at high water risk sites
- Reduce customer's greenhouse gas emissions with 15 million tons CO<sub>2</sub>e annually by 2020, enabled by solutions that reduce food waste, replace high impact raw materials or improve processing efficiency
- Establish 20 customer partnerships resulting in significant sustainability improvements
- Integrate sustainability in product & process development and complete life cycle assessment for all main product categories

### Statutory Report on the underrepresented gender, cf. section 99b of the Danish Financial Statement Act

In 2013, the Company set goals for improving equal gender representation in Management. The goals are to be achieved before 1 January 2017, and are as follows:

	Goal	2016
On the Board of Directors, the minority shall at least represent	25%	0%
In Management positions below the Board of Directors, the minority shall at least represent	30%	40%

On the Board of Directors, the goal was not achieved in 2016. No new appointments were made in 2016.

The Company has achieved equal representation of gender in the management level below the Board of Directors.

### Going Forward

Going forward, there will be even more focus on the value chain perspective as well as social and health related aspects of sustainability. From a governance perspective, there are also big changes starting from the top where we have established a Sustainability Decision Board that will be led by the N&H Business President, and a Sustainability Advisory Team headed by the Sustainability Leader. The new goals will also be owned by the different functions and Business Units, and goal have been developed for practically all functions, including HR, Finance, and Business Development.

### Future development

The Company expects unchanged revenue in 2017. With continued focus on cost optimisation, it is expected that operating profits will increase in 2017.

## Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DuPont Nutrition Biosciences ApS for the financial year 1 January – 31 December 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 financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 30 May 2017

### Executive Board



Matthias Josef Heinzl



Angela Taha Naef



Henrik Arent Fastholm



Etienne Jean-Emmanuel Laurent

### Board of Directors



Matthias Josef Heinzl  
*Chairman*



Henrik Arent Fastholm



Flemming Jørgensen



Etienne Jean-Emmanuel Laurent



Anne Agger Sparso



Flemming Kristensen



## Independent Auditor's Report

To the Shareholder of DuPont Nutrition Biosciences ApS

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act. We have audited the Financial Statements of DuPont Nutrition Biosciences ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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

### Emphasis of Matter

We draw attention to note 18 and 19 of the Financial Statements, which describe a significant uncertainty associated with the measurement of the Company's tax liability and related intra-group invoicing and receivable. Our opinion has not been modified as a result of this matter.

### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

### Management's Responsibilities 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 as 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.

### 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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

## Independent Auditor's Report

- 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.

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.

Copenhagen, 30 May 2017  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31



Jesper Hansen  
State Authorised Public Accountant



Jan Wright  
State Authorised Public Accountant

## Income Statement

(DKKmn)	Note	2016	2015
Revenue	1	3.615	3.693
Cost of sales	5	(2.583)	(2.603)
<b>Gross profit</b>		<b>1.032</b>	<b>1.090</b>
Research and development expenses	5	(210)	(217)
Sales and distribution expenses	5	(534)	(566)
Administrative expenses	5, 6	(281)	(399)
Other operating income		782	743
Other operating expenses		(262)	(271)
<b>Operating profit</b>		<b>527</b>	<b>380</b>
Income from investments in subsidiaries	2	3.784	268
Financial income	3	91	157
Financial expenses	3	(62)	(216)
<b>Profit before tax</b>		<b>4.340</b>	<b>589</b>
Income tax	4	(611)	(92)
<b>Profit for the period</b>	<b>7</b>	<b>3.729</b>	<b>497</b>

## Balance Sheet

### ASSETS

(DKKm)	Note	31 December 2016	31 December 2015
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
	8		
Software		2	9
Patents, rights and licenses		209	264
<b>Total</b>		<b>211</b>	<b>273</b>
<b>Tangible fixed assets</b>			
	9		
Land and buildings		330	352
Plant and machinery		343	355
Fixtures, fittings, tools and equipment		18	26
Prepayments and fixed assets under construction		120	51
<b>Total</b>		<b>811</b>	<b>784</b>
<b>Financial fixed assets</b>			
Investments in subsidiaries	10	5.400	5.248
Investments in associates	10	14	13
Receivables from subsidiaries	10	26	72
Other investments and securities	10	5	5
Deferred tax assets	14	46	80
Other receivables		3	3
<b>Total</b>		<b>5.494</b>	<b>5.421</b>
<b>Total fixed assets</b>		<b>6.516</b>	<b>6.478</b>
<b>Current assets</b>			
Inventories	11	366	426
<b>Receivables</b>			
Trade receivables		222	228
Receivables from subsidiaries		2.781	2.657
Corporation tax		-	57
Other receivables		49	36
Prepayments	12	7	10
<b>Total</b>		<b>3.059</b>	<b>2.988</b>
Cash and cash equivalents		2.812	3.444
<b>Total current assets</b>		<b>6.237</b>	<b>6.858</b>
<b>Total assets</b>		<b>12.753</b>	<b>13.336</b>

## Balance Sheet

### LIABILITIES AND SHAREHOLDERS' EQUITY

(DKKm)	Note	31 December 2016	31 December 2015
<b>EQUITY</b>	13		
Company capital		845	954
Retained earnings		4.468	5.382
<b>Total equity</b>		<b>5.313</b>	<b>6.336</b>
<b>PROVISIONS</b>			
Tax provisions	18	487	-
<b>Total provisions</b>		<b>487</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES</b>	15		
Deferred income	17	236	283
<b>Total</b>		<b>236</b>	<b>283</b>
<b>CURRENT LIABILITIES</b>	15		
Trade payables		342	314
Payables to subsidiaries		6.123	6.133
Corporation tax		5	-
Other payables	16	200	223
Deferred income	17	47	47
<b>Total</b>		<b>6.717</b>	<b>6.717</b>
<b>Total liabilities</b>		<b>6.953</b>	<b>7.000</b>
<b>Total liabilities and shareholders' equity</b>		<b>12.753</b>	<b>13.336</b>
Contingent assets, liabilities and other financial obligations	18		
Provision for ongoing transfer pricing tax audits	19		
Related parties and ownership	20		
Accounting Policies	21		



## Statement of Changes in Equity

(DKKm)	Company capital	Retained earnings	Total
Equity at 1 January 2016	954	5.382	6.336
Profit for the year	-	3.729	3.729
Purchase of treasury shares to decrease share capital	( 109)	( 4.643)	( 4.752)
<b>Total change in equity</b>	<b>( 109)</b>	<b>( 914)</b>	<b>( 1.023)</b>
<b>Equity at 31 December 2016</b>	<b>845</b>	<b>4.468</b>	<b>5.313</b>

Change in company capital	2016	2015	2014	2013	2012
Company capital, opening	954	954	954	954	954
Capital decrease	( 109)	-	-	-	-
<b>Company capital, closing</b>	<b>845</b>	<b>954</b>	<b>954</b>	<b>954</b>	<b>954</b>

## Notes to the Annual Report

### 1 Revenue

(DKKm)	2016	2015
DuPont Nutrition & Health	3.333	3.399
DuPont Industrial Biosciences	282	294
<b>Total</b>	<b>3.615</b>	<b>3.693</b>
Denmark	144	150
EMEA*	2.640	2.617
North America	195	233
Latin America	290	365
Asia-Pacific	346	328
<b>Total</b>	<b>3.615</b>	<b>3.693</b>

\*EMEA include revenue to customers in the Middle East, Africa and Europe excluding Denmark.

### 2 Income from investments in subsidiaries

Dividends from subsidiaries	3.068	8
Writedowns of financial assets	( 60)	-
Reversal of writedown of financial assets	776	260
<b>Total</b>	<b>3.784</b>	<b>268</b>

### 3 Financial income and expenses

<b>Financial income</b>		
Financial income from subsidiaries	28	25
Financial income from bank deposits	1	3
Financial income from other receivables	-	15
Income from other investments and securities	3	2
Exchange gains	59	112
<b>Total</b>	<b>91</b>	<b>157</b>
<b>Financial expenses</b>		
Financial expenses relating to subsidiaries	( 10)	( 12)
Financial expenses relating to credit institutions etc.	( 2)	( 8)
Exchange losses	( 50)	( 196)
<b>Total</b>	<b>( 62)</b>	<b>( 216)</b>
<b>Net financials</b>	<b>29</b>	<b>( 59)</b>

### 4 Income tax

Current tax on profit	( 99)	( 46)
Change in deferred tax	( 22)	( 29)
Other taxes	( 1)	( 5)
Adjustment of tax for previous years*	( 489)	( 12)
<b>Total</b>	<b>( 611)</b>	<b>( 92)</b>

\* note 18

## Notes to the Annual Report

### 5 Employee expenses

	2016	2015
<b>Employee expenses</b>		
Wages and salaries	( 601)	( 618)
Defined contribution plans	( 49)	( 50)
Other social security expenses	( 10)	( 9)
<b>Total</b>	<b>( 660)</b>	<b>( 677)</b>
Executive Board	7	13
Board of Directors	-	-
<b>Total average number of employees</b>		
Total average number of employees	1.100	1.191

### 6 Fees for auditors elected at the annual general meeting

Audit fee	( 1)	( 1)
<b>Total</b>	<b>( 1)</b>	<b>( 1)</b>

### 7 Distribution of profit

Retained earnings	3.729	497
<b>Total</b>	<b>3.729</b>	<b>497</b>

## Notes to the Annual Report

### 8 Intangible fixed assets

(DKKm)	Software	Patents, rights and licenses	Total
Cost at 1 January 2016	287	885	1.172
Additions	-	-	-
Disposals	(1)	-	(1)
Transferred (to) from other items	2	-	2
<b>Cost at 31 December 2016</b>	<b>288</b>	<b>885</b>	<b>1.173</b>
Amortisation at 1 January 2016	(278)	(621)	(899)
Writedowns for the year	-	-	-
Amortisation of disposals during the year	1	-	1
Amortisation for the year	(9)	(55)	(64)
<b>Amortisation at 31 December 2016</b>	<b>(286)</b>	<b>(676)</b>	<b>(962)</b>
<b>Carrying amount at 31 December 2016</b>	<b>2</b>	<b>209</b>	<b>211</b>

### 9 Tangible fixed assets

(DKKm)	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Prepayments and assets under construction	Total
Cost at 1 January 2016	945	1.332	355	51	2.683
Additions	6	18	2	105	131
Disposals	(11)	(7)	(11)	-	(29)
Transferred (to) from other items	7	25	2	(36)	(2)
<b>Cost at 31 December 2016</b>	<b>947</b>	<b>1.368</b>	<b>348</b>	<b>120</b>	<b>2.783</b>
Depreciation and writedowns at 1 January 2016	(593)	(977)	(329)	-	(1.899)
Depreciation of disposals during the year	9	6	11	-	26
Depreciation for the year	(33)	(54)	(12)	-	(99)
<b>Depreciation and writedowns at 31 December 2016</b>	<b>(617)</b>	<b>(1.025)</b>	<b>(330)</b>	<b>-</b>	<b>(1.972)</b>
<b>Carrying amount at 31 December 2016</b>	<b>330</b>	<b>343</b>	<b>18</b>	<b>120</b>	<b>811</b>

## Notes to the Annual Report

### 10 Financial fixed assets

(DKKm)	Investments in subsidiaries	Investments in associates	Receivables from subsidiaries	Other investments and securities	Total
Cost at 1 January 2016	8.342	13	72	47	8.474
Additions	-	1	11	-	12
Disposals	(624)	-	-	(9)	(633)
<b>Cost at 31 December 2016</b>	<b>7.718</b>	<b>14</b>	<b>83</b>	<b>38</b>	<b>7.853</b>
Value adjustments at 1 January 2016	(3.094)	-	-	(42)	(3.136)
Reversal of writedowns	776	-	-	-	776
Writedowns	-	-	(57)	-	(57)
Disposals	-	-	-	9	9
<b>Value adjustments at 31 December 2016</b>	<b>(2.318)</b>	<b>-</b>	<b>(57)</b>	<b>(33)</b>	<b>(2.408)</b>
<b>Carrying amount at 31 December 2016</b>	<b>5.400</b>	<b>14</b>	<b>26</b>	<b>5</b>	<b>5.445</b>

Investments in subsidiaries are specified as follows

Name	Country	Ownership in % Currency	Share capital in currency (‘000)	Dupont's share of equity in DKK (‘000)	Dupont's share of profit for the year in DKK (‘000)
DuPont LA Holding 1 BV	Holland	99 EUR	18	(4.180)	258
Eurotec SPRL	Belgium	100 EUR	-	0	(62)
Solae Invest Ltda	Brazil	27,17 BRL	499.045	89.503	540
Danisco Cultor Trading Ltda.	Brazil	99 BRL	6.116	1.137	33
Danisco Flexible Brazil Ltda	Brazil	99 BRL	103	145	-
Danisco Chile S.A.	Chile	99,9998 CLP	6.973.969	283.488	12.616
Danisco Colombia Ltda.	Colombia	99 COP	4.524.200	94.619	(979)
ApS Syntetic	Denmark	100 DKK	1.000	20.267	(26)
Cometra ApS	Denmark	100 DKK	15.000	26.020	(308)
Ydermaes 1 ApS	Denmark	100 DKK	700	14.083	352
Danisco Egypt Trading LLC	Egypt	99,9 EGP	50	8.239	4.456
Danisco Sweeteners Oy	Finland	100 EUR	20.000	789.979	50.654
Finnfeeds Finland Oy	Finland	100 EUR	1.346	290.126	66.633
Finnfeeds Oy Vaasa	Finland	100 EUR	9	1.112.047	43.508
Danisco France SAS	France	100 EUR	46.123	3.754.270	214.984
Danisco Centro America S.A.	Guatemala	99 GTQ	5	3.226	-
Danisco Guatemala S.A.	Guatemala	99,8 GTQ	50	(6.499)	(14)
Danisco Holland B.V.	Holland	100 EUR	20	187.625	6.463
Danisco India Pvt. Ltd.	India	99,9976 INR	405.579	122.540	(4.598)
Danisco Japan Limited	Japan	100 JPY	498.000	267.805	25.313
DuPont Nutrition Food Ingredients (Beijing) Co., Ltd.	China	100 CNY	86.104	2.734	7.220
Danisco (China) Holding co. Ltd.	China	100 CNY	230.285	869.466	(15.913)
Danisco Sweeteners (Anyang) Co., LTD	China	54 CNY	81.111	3.512	(901)
DuPont Nutrition and Biosciences Commercial, S.de R.L. de C.V.	Mexico	99,999 MXN	664	775.318	131.154
DuPont Nutrition and Biosciences Mexico, S. de R.L. de C.V.	Mexico	99,996 MXN	11	17.945	9.203
Danisco Peru S.A.C.	Peru	99,999 PEN	1.795	14.388	3.066
Danisco Poland Sp. z.o.o	Poland	100 PLN	200	14.587	6.187
DuPont Nutrition and Biosciences Iberica, S.L.	Spain	100 EUR	357	478.186	(669)
Danisco South Africa (Pty) LTD	South Africa	100 ZAR	0	59.215	27.260
Danisco Dis Ticarat Limited Sirketi.	Tyrkey	99,5 TRY	5	24.363	5.003
Danisco Holdings (UK) Ltd.	UK	100 GBP	8.600	51.360	(249)
Genencor International Holding BV	Holland	100 EUR	0	-	-
Danisco Ukraine LLC	Ukraine	100 UAH	844	31.573	10.688
Danisco Austria GmbH	Austria	99 EUR	305	358.960	12.999

Investments in associates are specified as follows

Inboise SA	Belgium	9,992 EUR	3.245	3.188	479
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## Notes to the Annual Report

### 11 Inventories

(DKKm)	31 December 2016	31 December 2015
Raw materials and consumables	114	135
Work in progress	94	108
Finished goods and goods for resale	158	183
<b>Total</b>	<b>366</b>	<b>426</b>
Inventories recognised at net realisable value	23	19

### 12 Prepayments

Prepaid IT licences	2	3
Prepaid rent	-	4
Other	5	3
<b>Total</b>	<b>7</b>	<b>10</b>

### 13 Equity

The Company capital has in 2016 been reduced from of 47,693,295 shares to 42,233,295 shares of DKK 20. The total share capital on 31 December 2016 is DKK 844,665,900.

To complete a capital reduction in 2016 The Company purchased 5,460,000 own shares with a nominal value of 109,200,000 DKK, equal to 11% of the share capital. The total cost of the purchase was DKK 4,752 million.

### 14 Deferred tax asset

Specification of deferred tax		
Intangible fixed assets	(27)	(20)
Tangible fixed assets	12	26
Current assets	(5)	(7)
Non-current liabilities	66	81
<b>Total</b>	<b>46</b>	<b>80</b>

### 15 Maturity analysis of financial liabilities

#### Ageing of contractual maturities

Within 1 year	6.717	6.717
Between 1 and 5 years	182	187
Over 5 years	54	96
<b>Total</b>	<b>6.953</b>	<b>7.000</b>

### 16 Other payables

Wages, salaries, holiday pay etc.	143	136
VAT and other taxes	56	56
Other items	1	31
<b>Total</b>	<b>200</b>	<b>223</b>

### 17 Deferred income

#### Non-current

Prepaid royalty	236	283
<b>Total</b>	<b>236</b>	<b>283</b>

#### Current

Prepaid royalty	47	47
<b>Total</b>	<b>47</b>	<b>47</b>



## Notes to the Annual Report

### 18 Contingent assets, liabilities and other financial obligations

(DKKm)	31 December 2016	31 December 2015
Guarantees and other financial commitments	4	4
<b>Total</b>	<b>4</b>	<b>4</b>
<b>Operating rental receivables</b>		
Maturity of operating rental receivables		
Within 1 year	1	1
Between 1 and 5 years	2	2
Over 5 years	3	3
<b>Total</b>	<b>6</b>	<b>6</b>
<b>Operating lease and rental liabilities</b>		
Maturity of operating lease and rental liabilities		
Within 1 year	19	20
Between 1 and 5 years	65	68
Over 5 years	18	37
<b>Total</b>	<b>102</b>	<b>125</b>

#### Guarantees and other financial commitments

DuPont Nutrition Biosciences ApS has provided a guaranteed for financial and other support to the subsidiary Danisco South Africa (Pty) Ltd, and Danisco Holdings (UK) Ltd. to enable continual going concern.

#### Operating rental receivables and lease/rental liabilities

DuPont Nutrition Biosciences ApS solely has leases which by nature and content do not deviate from ordinary operating business needs. The leases cover buildings, production plants and other equipment.

#### Legal proceedings pending

Certain claims have been raised against DuPont Nutrition Biosciences ApS. In the opinion of management, the outcome of these proceedings will not have any material effect on the financial position of DuPont Nutrition Biosciences ApS.

#### Contingent assets related to Intercompany Receivables

As part of ongoing tax audits, the Danish Tax Authorities have issued final and draft assessments increasing the taxable income of DuPont Nutrition Biosciences ApS for the years under audit. Once final assessments for all the years under audit will be received and within the allowed timeline, the Company will enter into Mutual Agreement Procedures related to any such increase to avoid double taxation. Once an agreement will be reached with the adjusting jurisdictions, the Company will invoice the related parties in those jurisdictions. Hence, the income for DuPont Nutrition Biosciences ApS can result in additional intra-group income of up to DKK 2.2 billion to be included in "Other operating income". No income is recognized, as it is not deemed virtually certain. The tax audits for all years are not yet finalized, and Mutual Agreement Procedures is a lengthy process, therefore there is a significant uncertainty surrounding the duration and outcome of the process.

#### Contingent liabilities related to ongoing tax audits

The Danish Tax Authorities are continuing ongoing tax audits. Increase in taxable income from prior years can occur as a result of these audits.

### 19 Provision for ongoing transfer pricing tax audits

The Danish Tax Authorities have issued final assessments related to ongoing transfer pricing audits covering the years 2006/ 07 to 2009/10 and draft assessments for subsequent years. DuPont Nutrition Biosciences ApS has therefore incorporated a provision for these ongoing tax audits and related cost in the Annual Accounts for 2016.

DuPont Nutrition Biosciences ApS will enter into Mutual Agreement Procedures related to any increase in taxable income. This process is expected to adjust the final assesment from the Danish Tax Authorities.

The provision has been made on basis of managements best estimate and is inherently subject to material uncertainty.

## **20 Related parties and ownership**

The Company is a wholly owned subsidiary of DuPont Denmark Holding ApS, Copenhagen, Denmark (controlling influence). The ultimate Parent Company in which the Company is included as a subsidiary is E.I. DuPont de Nemours and Company, Delaware, USA. This company and its subsidiaries are considered related parties through the ownership of the Company.

### **Transactions**

In accordance with section 98c (7) of the Danish Financial Statements Act, all transactions with related parties have been conducted at arm's length.



# Notes to the Annual Report

## 21 Accounting Policies

The Annual Report of DuPont Nutrition Biosciences ApS has been prepared in accordance with the provisions of the Danish Financial Statements Act for large class C enterprises.

The annual report is presented in Danish kroner (DKK<sub>m</sub>).

In accordance with section 112 (1) of the Danish Financial Statements Act no consolidated statement has been prepared. The financial statements of the Company and subsidiaries are part of the consolidated financial statements of E.I. DuPont de Nemours and Company, Delaware, USA.

The Group Annual report for E.I DuPont de Nemours and Company may be obtained at [www.dupont.com](http://www.dupont.com)

The accounting policies applied remain unchanged from previous years.

### Recognition and measurement

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Currency translation

Transactions in foreign currencies are translated during the year at the exchange rate at the dates of the transaction. Gains and losses arising due to differences between the transaction date and the rates of the date of the payment are recognised as financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised as financial income and expenses in the income statement.

### Income statement

#### Revenue

Revenue comprises invoiced sales less returned goods, bonuses and discounts granted in connection with sales. Sale of goods is recognised when the goods have been delivered and ownership and risk have passed to the buyer.

#### Cost of sales

Cost of sales includes raw materials, consumables, direct labour and indirect production costs such as maintenance and depreciation of production plant as well as administration and plant management.

#### Research and development expenses

Research and development expenses include costs, salaries and depreciation directly or indirectly attributable to research and development activities. Research expenses are recognised in the income statement in the year in which they are incurred. Clearly defined and identifiable development projects in which the technical degree of exploitation, adequate resources and potential market or development possibility in the enterprise are recognisable, and where it is the intention to produce, market or use the project, are recognised in intangibles where a correlation exists between the costs incurred and future earnings. Lack of regulatory approval, customer approvals and other uncertainties often imply that the requirements for recognition as an asset have not been met and that development expenses are consequently expensed when incurred.

# Notes to the Annual Report

## 21 Accounting Policies (continued)

### **Sales and distribution expenses**

Sales and distribution expenses comprise the salary expenses for sales personnel, advertising and exhibition expenses, depreciation and other indirect expenses.

### **Administrative expenses**

Administrative expenses comprise the expenses of the administrative staff and management as well as depreciation and other indirect expenses.

### **Other operating income**

Other operating income comprises income of a secondary nature in relation to the activities, including gains on the sale of intangible and tangible fixed assets.

### **Other operating expenses**

Other operating expenses comprise expenses of a secondary nature in relation to the activities, including losses on the sale of intangible and tangible fixed assets.

### **Income from investments in subsidiaries**

Income from investments in subsidiaries comprises gain/loss on sale of shares, dividends and writedowns. Dividends are recognised when the right to receive dividends has been approved by the relevant company bodies. To the extent that distributed dividends exceed the accumulated earnings after acquisition, dividends are recognised as writedown of the cost of the investment.

### **Financial income and expenses**

Financial income and expenses include interest income, interest expenses, commission for committed facilities, borrowing expenses, amortisation of financial assets and liabilities, expenses incurred on finance leases and value adjustments, including fair value adjustments of derivative financial instruments not concluded for hedging of future transactions.

### **Corporation tax and deferred tax**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

DuPont Nutrition Biosciences ApS is jointly taxed with all Danish subsidiaries. Current Danish corporation tax is divided between the jointly taxed enterprises relative to their taxable income. Withholding taxes relating to dividends from subsidiaries outside Denmark are recognised in the year in which the dividend is declared.

# Notes to the Annual Report

## 21 Accounting Policies (continued)

### Balance Sheet

#### Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is made on a straight-line basis over the estimated useful lives of the assets.

Amortisation period:

Patents, licences and other intellectual property rights	up to 20 years
Software	up to 5 years

The amortisation periods are determined on the basis of management's experience in the enterprise's business areas and reflect in the opinion of management the best estimate of the economic useful lives of the assets.

#### Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and writedowns. Cost of tangible fixed assets comprises purchase price and costs directly attributable to making the asset capable of operating in the intended manner. Costs of self-constructed assets are determined using the same principles as for acquired assets.

Tangible fixed assets are depreciated on a straight-line basis over the estimated useful lives of the assets. Depreciation is initiated when the assets are deemed to be ready for use. Land is not depreciated.

Depreciation period:

Buildings	20-40 years
Plant and machinery	10-20 years
Fixtures, fittings, tools and equipment	3-7 years

The basis of depreciation is determined subject to the residual value of the asset. The residual value is determined at the date of acquisition and reviewed annually along with the useful life.

Lease payments under operating leases are accrued and recognised in the income statement as operating expenditure over the lease term.

The gain or loss arising on the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

#### Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost less writedowns. To the extent that distributed dividends exceed the accumulated earnings after acquisition, dividends are recognised as writedown of the cost of the investment.

#### Other investments and securities

Investments and securities which comprise venture investments and listed and unlisted investments, are initially measured at cost and subsequently at fair value. Adjustment at fair value are recognised in the income statement as financial item. Adjustments include dividend income.

Other long-term receivables are initially measured at cost and subsequently at amortised cost or a lower value subject to individual assessment of loss.



# Notes to the Annual Report

## 21 Accounting Policies (continued)

### **Impairment of fixed assets**

At year-end the carrying amounts of tangible and intangible fixed assets with definite useful lives are reviewed to determine any indication of impairment. In the case of such indication, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Where the asset does not generate cash flows that are deemed to be independent of other assets, an estimate is made of the recoverable amount of the unit to which the asset belongs. The recoverable amount is determined at the higher of the fair value less selling cost and the value in use. In the determination of value in use, estimated future cash flows are discounted by a discount rate reflecting market assessments of the time value of money and special risks associated with the asset for which adjustments have not been made in the estimated future cash flows.

Where the recoverable amount of the asset or unit is estimated to be lower than the carrying amount, the carrying amount is written down to the recoverable amount. Impairment losses are recognised in the income statement.

Financial fixed assets that are not measured at fair value are assessed at the end of the reporting period to determine if any objective indicators exist that an asset or group of assets has been impaired. In that case, the recoverable amount of the asset is determined and where lower than the carrying amount is written down to the recoverable amount.

### **Inventories**

Inventories are recognised on a first-in/first-out (FIFO) basis and measured at cost. Where the cost exceeds the net realisable value, a writedown to this lower value is performed. Cost includes raw materials, consumables, direct labour and indirect production costs such as maintenance and depreciation of production plant and operations as well as administration and plant management. Obsolete items, including slow-moving items, are written down to net realisable value.

### **Receivables**

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

### **Prepayments and deferred income**

Prepayments include expenses incurred in respect of subsequent financial years.

### **Equity and treasury shares**

Dividends are recognised as a liability at the date of adoption at the annual general meeting. Acquisition and sale considerations for treasury shares are recognised in equity.

# Notes to the Annual Report

## 21 Accounting Policies (continued)

### Liabilities

Liabilities are measured at amortised cost, substantially corresponding to nominal value.

### Statement of cash flows

No cash flow statement is prepared with reference to the exemption provisions of section 86(4) of the Danish Financial statements Act. The cash flow of DuPont Nutrition Biosciences ApS are included in the consolidated financial statement of E.I. DuPont de Nemours and Company, Delaware, USA.

### Financial ratios

The financial ratios have been calculated as follows:

$$\text{Profit margin} = \frac{\text{Operating Profit} \times 100}{\text{Revenue}}$$

$$\text{Return on net assets} = \frac{\text{Operating Profit} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net Profit for the period} \times 100}{\text{Average equity}}$$

