


**Lallemand Human Nutrition A/S**  
Toftebakken 9b  
3460 Birkerød

*Annual report 2015/16*

The annual report was presented and adopted at the  
Company's annual general meeting on

19 May 2016

  
chairman

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## Statements

### Statement by the Board of Directors and Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Lallemand Human Nutrition A/S for the financial year 1 February 2015 - 31 January 2016.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 January 2016 and of the result of the Company's operations for the financial year 1 February 2015 - 31 January 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and its financial position.

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

Birkerød, 19 May 2016

Executive Board:

\_\_\_\_\_  
Ivan Krogsgaard Kristensen

Board of Directors:

\_\_\_\_\_  
William John Nankervis  
Chairman

\_\_\_\_\_  
Nicolai Francis Jensen

\_\_\_\_\_  
Francine Mondou

\_\_\_\_\_  
Francois Leblanc



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## Statements

### Independent auditors' report

To the shareholders of **Lallemand Human Nutrition A/S**

#### Independent auditors' report on the financial statements

We have audited the financial statement of Lallemand Human Nutrition A/S for the financial year 1 February 2015 - 31 January 2016. The financial statements comprise accounting policies, income statement, balance sheet 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.

#### Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the 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.



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## *Statements*

### **Independent auditors' report**

#### **Opinion**

In our opinion, the financial statements gives a true and fair view of the Company's financial position at 31 January 2016 and of the results of the Company's operations for the financial year 1 February 2015 - 31 January 2016 in accordance with the Danish Financial Statements Act.

#### **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 other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aarhus, 19 May 2016

**KPMG**

Statsautoriseret Revisionspartnerselskab

Jon Beck

State Authorised  
Public Accountant

Jakob Westerdahl

State Authorised  
Public Accountant

## Management's review

### Company details

Lallemand Human Nutrition A/S  
Toftebakken 9B  
DK-3460 Birkerød

Telephone: +45 45 95 08 50  
Fax: +45 45 83 99 88

Registration No: 13 34 13 89  
Established: 11 August 1989  
Registered office: Birkerød  
Financial year: 1 February - 31 January

### Board of Directors

William John Nankervis  
Francine Mondou  
Nicolai Francis Jensen  
Francois Leblanc

### Executive Board

Ivan Krogsgaard Kristensen

### Auditors

KPMG  
Statsautoriseret Revisionspartnerselskab  
Bredskifte Allé 13  
DK-8210 Aarhus V

## **Management's review**

### **Operating review**

#### **Ownership and activities**

The company is a wholly-owned subsidiary of Lallemand Denmark A/S.

The primarily activity of the company is sale of raw materials and health products.

#### **The financial year**

The company's income statement shows a profit of DKK 958,406 and the balance sheet at 31 January 2016 shows a total equity of DKK 4,269,639.

The development during the financial year is considered to be satisfactory and according to budget 2015-16.

#### **Outlook**

Total activities are expected to continue at the same level in 2016/17.

#### **Post balance sheet events**

No events have occurred after the balance sheet date that materially affect the financial position of the company at 31 January 2016.

## Financial statements 1 February 2015 - 31 January 2016

### Accounting policies

The annual report of Lallemand Human Nutrition A/S for 2015/16 has been prepared in accordance with the provisions applying to class B enterprises under the Danish Financial Statements Act with addition of certain provisions applying to class C enterprises.

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

### Foreign currency translation

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

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

### Income statement

#### Revenue

Revenue from the sale of raw materials and health products as well as commission income is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end. Revenue is measured ex. VAT, and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

#### Cost of goods sold

Cost of goods sold comprises goods for resale and other direct costs incurred in generating the revenue for the year.

#### Other external costs

Other external costs comprise expenses incurred during the year for distribution, sales campaigns, administration, office premises, losses on debtors, operating leases etc.

#### Staff costs

Staff costs includes salary and wages, including holiday allowance, pensions and other costs to social security to the company's employees. Refunds of salaries from the government are deducted from staff costs.



## Financial statements 1 February 2015 - 31 January 2016

### Accounting policies

#### Interest income and expense and similar items

Interest income and expense and similar items comprise interest income and expense, realised and unrealised, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities.

#### Tax on profit/loss for the year

The Company is subject to the Danish rules on joint taxation with Lallemand Denmark A/S. The parent company Lallemand Denmark A/S is the administrative company under the joint taxation and accordingly pays all corporation taxes to the tax authorities.

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from other companies that have used the tax losses to reduce their own taxable profit.

Tax for the year comprises joint taxation contributions and changes in deferred tax for the year, including changes as a result of a change in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes in equity is recognised directly in equity.

### Balance sheet

#### Equipment

Tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment.

The depreciation base is cost less expected residual value after ended use.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Tools and equipment	3-5 years
Leasehold improvements	5 years

Gains and losses on the disposal of equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively

## Financial statements 1 February 2015 - 31 January 2016

### Accounting policies

#### Impairment of tools and equipment

The carrying amount of tools and equipment is subject to an annual impairment test.

When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. Impairment is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its capital value. The capital value is determined as the present value of the expected net income from the use of the asset or the asset group.

#### Inventories

Inventories are measured at cost in accordance with the average cost price method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Inventories are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

#### Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

#### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of change in value.

## Financial statements 1 February 2015 - 31 January 2016

### Accounting policies

#### Corporation tax and deferred tax

In accordance with the joint taxation rules, the liability of the Company for payment of corporation taxes to the tax authorities is settled as the joint taxation contributions are paid to the administrative company.

Payable and receivable joint taxation contributions are recognised in the balance sheet under balances with group enterprises.

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

#### Liabilities other than provisions

Financial liabilities, comprising trade payables and amounts owed to group enterprises and other payables are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

## Financial statements 1 February 2015 - 31 January 2016

### Income statement

	Note	<u>2015/16</u>	<u>2014/15</u>
<b>Revenue</b>		9,979,420	9,437,169
Cost of sales		-1,835,454	-1,591,609
Other external costs		<u>-2,402,246</u>	<u>-2,677,661</u>
<b>Gross profit</b>		5,741,720	5,167,899
Staff costs	1	-4,491,553	-5,071,291
Depreciation on equipment	2	<u>-10,391</u>	<u>-6,932</u>
<b>Operating profit</b>		1,239,776	89,676
Other financial income	3	45,638	570,923
Other financial expenses	4	<u>-10,875</u>	<u>-713,616</u>
<b>Profit before tax</b>		<u>1,274,539</u>	<u>-53,017</u>
Tax on profit/loss for the year	5	<u>-316,133</u>	<u>11,024</u>
<b>Profit/loss for the year</b>		<u><u>958,406</u></u>	<u><u>-41,993</u></u>
<b>Proposed profit appropriation</b>			
Retained earnings		<u>958,406</u>	<u>-41,993</u>
		<u><u>958,406</u></u>	<u><u>-41,993</u></u>

## Financial statements 1 February 2015 - 31 January 2016

### Balance sheet

	Note	2015/16	2014/15
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Equipment</b>			
Tools and equipment		80,814	0
Leasehold improvements		2,538	5,582
	6	<u>83,352</u>	<u>5,582</u>
<b>Total fixed assets</b>		<u>83,352</u>	<u>5,582</u>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		116,124	157,044
Finished goods		1,562,174	699,160
		<u>1,678,298</u>	<u>856,204</u>
<b>Receivables</b>			
Trade receivables		767,562	415,560
Receivables from group entities		1,512,676	1,523,333
Deferred tax asset	7	4,613	26,374
Other receivables		443,313	297,739
Prepayments		161,782	132,192
		<u>2,889,946</u>	<u>2,395,198</u>
<b>Cash at bank and in hand</b>		<u>2,122,182</u>	<u>1,873,568</u>
<b>Total current assets</b>		<u>6,690,426</u>	<u>5,124,970</u>
<b>Total assets</b>		<u><u>6,773,778</u></u>	<u><u>5,130,552</u></u>

## Financial statements 1 February 2015 - 31 January 2016

### Balance sheet

	Note	<u>2015/16</u>	<u>2014/15</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		500,000	500,000
Retained earnings		<u>3,769,639</u>	<u>2,811,239</u>
<b>Total equity</b>	8	<u>4,269,639</u>	<u>3,311,239</u>
<b>Liabilities</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		1,051,477	80,494
Payables to group entities		95,740	676,133
Corporation tax		294,372	0
Other payables		1,062,550	1,062,686
<b>Total liabilities other than provisions</b>		<u>2,504,139</u>	<u>1,819,313</u>
<b>Total equity and liabilities</b>		<u>6,773,778</u>	<u>5,130,552</u>
<b>Contractual obligations, contingencies, etc</b>	9		
<b>Ownership</b>	10		
<b>Related parties</b>	11		

## Financial statements 1 February 2015 - 31 January 2016

### Notes

	<u>2015/16</u>	<u>2014/15</u>
<b>1 Staff costs</b>		
Wages and salaries	3,888,412	4,443,474
Pension	372,620	423,961
Other costs to social security	230,521	203,856
	<u>4,491,553</u>	<u>5,071,291</u>
Average number of full-time employees	<u>8</u>	<u>10</u>
<b>2 Depreciation on equipment</b>		
Depreciation for the year	10,391	6,932
	<u>10,391</u>	<u>6,932</u>
<b>3 Other financial income</b>		
Other interest income and similar items	3	24
Interest income from group entities	45,635	570,899
Currency exchange gain	6,825	0
	<u>45,638</u>	<u>570,923</u>

## Financial statements 1 February 2015 - 31 January 2016

### Notes

	<u>2015/16</u>	<u>2014/15</u>
<b>4 Other financial expenses</b>		
Other interest expense and similar items	1,647	822
Interest expense to group entities	0	603,516
Currency exchange loss	<u>9,227</u>	<u>109,278</u>
	<u><u>10,875</u></u>	<u><u>713,616</u></u>
<b>5 Tax on profit/loss for the year</b>		
Adjustment of provision for deferred tax	21,761	-11,024
Current tax for the year transferred to jointly taxed income	294,372	0
<b>Current tax for the year transferred to jointly taxed income</b>	<u><u>316,133</u></u>	<u><u>-11,024</u></u>



## Financial statements 1 February 2015 - 31 January 2016

### Notes

#### 6 Equipment

	Tools and equipment	Leasehold improve- ments
Cost at 1 February 2015	501,918	165,633
Additions	88,161	0
Disposals	-111,631	0
Cost at 31 January 2016	<u>478,448</u>	<u>165,633</u>
Accumulated depreciation at 1 February 2015	501,918	160,050
Depreciation	7,347	3,044
Disposals	-111,630	0
Accumulated depreciation at 31 January 2016	<u>397,633</u>	<u>163,096</u>
Carrying amount at 31 January 2016	<u>80,814</u>	<u>2,538</u>
Depreciated over	3-5 years	5 years

## Financial statements 1 February 2015 - 31 January 2016

### Notes

	<u>2015/16</u>	<u>2014/15</u>	
<b>7 Deferred tax</b>			
Deferred tax at 1 February 2015	26,374	15,350	
Provision for the year	<u>-21,761</u>	<u>11,024</u>	
<b>Deferred tax at 31 January 2016</b>	<u><u>4,613</u></u>	<u><u>26,374</u></u>	
Deferred tax concerns:			
Tangible fixed assets	<u><u>4,613</u></u>	<u><u>26,374</u></u>	
<b>8 Equity</b>			
	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at 1 February 2015	500,000	2,811,233	3,311,233
Profit of the year	<u>                    </u>	<u>958,406</u>	<u>958,406</u>
<b>Balance at 31 January 2016</b>	<u><u>500,000</u></u>	<u><u>3,769,639</u></u>	<u><u>4,269,639</u></u>

The share capital consists of 1,000 shares of DKK 500 each.  
 The share capital has not undergone any changes during the past five years.  
 All shares rank equally.

## Financial statements 1 February 2015 - 31 January 2016

### Notes

#### 9 Contractual obligations, contingencies etc.

##### Contingent liabilities

The Company is jointly taxed with Lallemand Denmark A/S. As the administrative company, together with the subsidiary, the Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends and interest under the joint taxation scheme. The jointly taxed companies' total net liability to the Danish tax authorities amounted to DKK 528 thousand at 31 January 2016. Any subsequent corrections of the taxable jointly taxed income or withholding taxes, etc., may entail an increase in the Company's liability.

##### Lease liabilities

The company has entered into lease agreements regarding premises and operating equipment for a period of up to five years with a residual obligation of DKK 1,852,211 (2014-15: 2,372,942)

#### 10 Ownership

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

Lallemand Denmark A/S  
Bredstrupvej 33  
8500 Grenaa

#### 11 Related parties

The Company is part of a group structure under Lallemand Danmark A/S, Bredstrupvej 33, DK-8500 Grenaa.

The Company's ultimate parent is Lallemand Inc., 151 Skyway Ave., Toronto, Ontario, Canada M9W 4Z5. The consolidated financial statements can be obtained from Lallemand Inc.