

DUMEX NUTRITION LTD. A/S

Rørmosevej 2
3450 Allerød

Annual report
1 January 2016 - 31 December 2016

**The annual report has been presented and
approved on the company's general meeting the**

21/06/2017

Advokat Tyge Jesper Rothe
Chairman of general meeting

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Company information

Reporting company DUMEX NUTRITION LTD. A/S
Rørmosevej 2
3450 Allerød

CVR-nr: 13457395
Reporting period: 01/01/2016 - 31/12/2016

Auditor ERNST & YOUNG GODKENDT REVISIONSPARTNERSELSKAB
Osvald Helmuths Vej 4
2000 Frederiksberg
DK Danmark
CVR-nr: 30700228
P-number: 1013415044

Statement by Management

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Dumex Nutrition Ltd. A/S for the financial year 1 January 2016 to 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

Opinion of the Directors

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.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

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

Allerød, the 21/06/2017

Management

Deniz Ipek

Board of directors

Tyge Jesper Rothe

Stuart Richard Boyce
Chairman

Deniz Ipek

The independent auditor's report on financial statements

To the shareholders of Dumex Nutrition Ltd. A/S

Opinion

We have audited the financial statements of Dumex Nutrition Ltd. A/S for the financial year 1 January – 31 December 2016, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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 for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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.

Responsibilities of management 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 responsibility

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 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 the financial statements.

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

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 conclusion is 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 note 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.

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 our procedures, 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 21/06/2017

Søren Skov Larsen
State Authorised Public Accountant
ERNST & YOUNG GODKENDT

Allan Nørgaard
State Authorised Public Accountant
ERNST & YOUNG GODKENDT

REVISIONSPARTNERSELSKAB
CVR: 30700228

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Management's Review

Business Review

The only activity of the company is acting as a holding company for the Dumex activities.

Financial Review

The result for the year is positive and amounts to TDKK 1,128,531.

The result for 2016 is as expected.

Subsequent events

After the balance sheet date no significant events have occurred which could have a significant effect on the assessment of the company's annual financial statement as at 31 December 2016.

Targets and expectations for the year ahead

The result for 2017 is expected to be at the same level as 2016.

Special Risks

There are no special risks to the company or the business model of the company.

Key figures and Financial Ratios

Seen over a five-year period, the development of the company is described by the following financial ratios:

	2016	2015	2014	2013	2012
	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK
Key figures					
Profit/loss					
Profit/loss before financial income and expenses	-306	-280	-30,631	-256	-129
Dividend from subsidiaries	1,024,280	215,938	81,507	218,582	206,269
Net financials	110,927	-62,036	-57,670	20,013	7,369
Net profit/loss for the year	1,128,531	166,382	6,472	220,757	200,756
Balance sheet					
Balance sheet total	606,561	846,580	685,758	696,596	698,243

Equity	247,124	237,553	141,507	213,223	200,225
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Ratios

Return on net assets	168,82%	25,47%	7,42%	31,34%	29,53%
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Solvency ratio	40,74%	28,06%	20,64%	30,61%	28,68%
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Return on equity	465,68%	87,79%	3,65%	106,79%	151,50%
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Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class C, medium-size enterprise.

Basis of Preparation

The Annual Report Dumex Nutrition Ltd. A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium enterprises of reporting class C. With effect from 1 January 2016, the Company has implemented Law No. 738 of June 1, 2015.

In addition to new and amended presentation and disclosure requirements pursuant to Act No. 738 of June 1, 2015, the financial statements have been prepared in accordance with the same accounting policies as last year.

The Annual Report for 2016 is presented in DKK thousands.

Consolidated Financial Statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The Annual Report of Dumex Nutrition Ltd. A/S and its subsidiary are included in the Consolidated Financial Statements of the parent Group Danone S.A.

Cash Flow Statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no Cash flow statements have been prepared.

General recognition and measurement criteria

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

Liabilities are recognised in the balance sheet when it is probable there will be an outflow of future economic benefits from the company, and the value of the liability can be measured reliably.

Upon initial recognition, assets and liabilities are measured at historical cost. Subsequently, assets and liabilities are measured as described for each item below.

Foreign currency translation

For the purpose of initial recognition, transactions in foreign currencies are translated at the exchange rates at the transaction date. Gains and losses arising between the exchange rates at the transaction date and the exchange rates at the settlement date are recognised in "Financial expenses and income, net" in the income statement.

Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Differences between the exchange rates at the balance sheet date and the exchange rates at the time of the occurrence of the receivable or the payable are recognised in "Financial expenses and income" in the income statement.

Accounting Policies

INCOME STATEMENT

Profit and Cost

All substantial profits and costs are accrued.

Dividend from Subsidiaries

Dividends received from investment in subsidiaries are recognised in the income statement, in the year where the dividends have been approved.

Administrative Expenses

Administrative expenses comprise expenses for administrative staff, office expenses, audit, etc.

Financing Expenses and Income

Financial expenses and income comprise interest receipts and costs, exchange gains and losses on debt and transactions in foreign currencies.

Corporation tax and deferred tax

For the income year 2016 the company is jointly taxed with Nutricia A/S, International Nutrition Co. Ltd. A/S, INC Shanghai (holding) Limited A/S, Danone Denmark (rep office) and Agua D'or Mineral Water A/S. A contribution of 22% of the profit before tax has been set aside for joint taxation.

The tax for the year consists of current tax and movements in deferred tax for the year. The tax relating to the profit for the year is recognised in the income statement, whereas the tax directly relating to items recognised in equity is recognised directly in equity.

The company has no deferred tax liabilities.

Accounting Policies

BALANCE SHEET

Investments in Subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts of the investments taken to the income statement.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realizable value. Provisions for bad debts are made.

Financial Liabilities

Other liabilities comprising trade payables, payables to subsidiaries and associated undertakings and other liabilities are measured at amortised cost.

Shareholder's Equity

Dividends

Dividends are recognised as a liability at the time of adoption at the Annual General Meeting. Dividends proposed for the year are shown as a separate equity item.

Liabilities

Financial liabilities

Other liabilities comprising trade payables, payables to subsidiaries undertakings and other liabilities are measured at amortised cost.

Financial ratios

The financial ratios have been calculated as follows:

Return on net assets = Profit before financials x 100 / Total assets

Solvency ratio = Equity at year end x 100 / Total assets

Return on equity = Net profit for the year x 100 / Average equity

Income statement 1 Jan 2016 - 31 Dec 2016

	Disclosure	2016 kr.	2015 kr.
Administrative expenses	1	-306	-280
Profit (loss) from ordinary operating activities		-306	-280
Income from investments in group enterprises		1,024,280	215,938
Other finance income	2	118,663	0
Other finance expenses	3	-7,736	-62,036
Profit (loss) from ordinary activities before tax		1,134,901	153,622
Tax expense	4	-6,370	12,760
Profit (loss)		1,128,531	166,382

Balance sheet 31 December 2016

Assets

	Disclosure	2016	2015
		kr.	kr.
Investments in group enterprises		574,417	602,693
Investments	5	574,417	602,693
Total non-current assets		574,417	602,693
Receivables from group enterprises		22,357	202,889
Tax receivables		9,530	40,910
Other receivables		257	88
Receivables		32,144	243,887
Current assets		32,144	243,887
Total assets		606,561	846,580

Balance sheet 31 December 2016

Liabilities and equity

	Disclosure	2016 kr.	2015 kr.
Contributed capital	6	51,000	51,000
Retained earnings		118,124	36,553
Proposed dividend		78,000	150,000
Total equity		247,124	237,553
Payables to group enterprises		358,607	608,791
Other payables, including tax payables, liabilities other than provisions		830	236
Short-term liabilities other than provisions, gross		359,437	609,027
Liabilities other than provisions, gross		359,437	609,027
Liabilities and equity, gross		606,561	846,580

Statement of changes in equity 1 Jan 2016 - 31 Dec 2016

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
	kr.	kr.	kr.	kr.
Equity, beginning balance	51,000	36,553	150,000	237,553
Dividend paid		-968,960	-150,000	-1,118,960
Profit (Loss)		1,050,531	78,000	1,128,531
Equity, ending balance	51,000	118,124	78,000	247,124

2015	Share capital	Retained earnings	Proposed dividend for the year	Total
	T.DKK	T.DKK	T.DKK	T.DKK
Equity at 1 January 2015	51,000	20,171	70,336	141,507
Net profit/(loss) for the year	-	16,382	150,000	166,382
Dividend paid, during the year	-	-	(70,336)	(70,336)
Equity at 31 December 2015	51,000	36,553	150,000	237,553

Disclosures

1. Administrative expenses

No fees have been paid to the executive and supervisory board.

There were no employees in the company in 2016 and 2015.

2. Other finance income

	2016	2015
	T.DKK	T.DKK
Income from Capital Reduction in Dumex Malaysia	104,622	0
Exchange rate gain	13,853	0
Interest from Danone Finance International	188	0
	118,663	0

3. Other finance expenses

	2016	2015
	T.DKK	T.DKK
Exchange rate loss	0	-62,036
Interest to Danone Finance International	-431	0
Interest on long-outstanding Intercompany balance	-7,305	0
	-7,736	-62,036

4. Tax expense

	2016	2015
	T.DKK	T.DKK
Current tax for the year	-2,172	14,644
Prior year adjustments	7,479	12,678
Withholding tax on dividends	-11,676	-14,562
	-6,370	12,760

5. Investments

	2016	2015
	T.DKK	T.DKK
Cost at 1 January	602,693	602,693
Disposal for the year	-28,276	0
Cost at 31 December	574,417	602,693

Name and registered office	Voting rights and ownership	Profit/loss	Equity
		T.DKK	T.DKK
INC Shanghai Hldgs A/S, Denmark	100 %	20,945	549,627
International Nutrition Co A/S, Denmark	100 %	46,129	56,175
Dumex Limited, Thailand	99 %	364,331	2,889,442
Danone Dumex Malaysia Sdn Bhd, Malaysia (A)	100 %	189,337	1,137,904
		670,742	4,633,148

(A) Capital reduction in Dumex Malaysia - no change in number of shares, but value of shares changed from RM 1,00 to RM 0,33 ('000)

	MYR	DKK
Capital reduction in Dumex Malaysia 29.03.2016	80,400	132,898
Disposal of investment in subsidiary	-63,294	-104,633
	17,106	28,276

6. Contributed capital

The share capital comprises:

	2016	2015
1 class A share(s) of 51,000,000 each	51,000,000	51,000,000

Every class A share carries 1 voting right(s). The share capital has remained unchanged for the past five years.

The Company owns no treasury shares at the balance sheet date. Nor did it purchase or sell any treasury shares in the financial year.

7. Disclosure of contingent liabilities

The Company is jointly taxed with other Danish companies in the Danone Group. The Danish companies of the Group are jointly and severally liable to tax of the Group's jointly taxed income etc. Furthermore, the Danish companies of the Group are jointly and severally liable to the Danish withholding taxes in form of dividend tax, royalty tax and interest tax. Any future corrections to corporate taxes and withholding taxes can result in a larger amount of the Company's liability.

8. Disclosure of ownership

Groupe Danone S.A. 15, rue du Helder 75 439 Paris Cedex 09 France. Ultimate parent company. Owns through other companies 100% of share capital in Dumex Nutrition Ltd A/S.

Danone Asia Pacific Holding Pte. Ltd. Guoco Towers 1 Wallich Street 078881 Singapore - owns 100% of share capital.

Danone Asia Pacific Holding Pte Ltd is included in the consolidated Financial Statements of the ultimate parent company Groupe Danone S.A. in which Dumex Nutrition Ltd A/S is also included as a subsidiary.

The consolidated Financial Statements may be obtained on application to Groupe Danone S.A.

The Group Annual Report for Group Danone S.A. may be obtained at the following address:

Group Danone S.A.17, bd Haussmann Paris France

9. Information on transactions with related parties made on an arm's length basis

	2016	2016
	T.DKK	T.DKK
Interest income from:		
Danone Finance International	188	0
Income on Capital Reduction in:		
Dumex Malaysia	104,622	0
Dividend income from:		
-Dumex Malaysia	177,517	70,320
-Dumex Limited	116,763	145,618
-International Nutrition Co Ltd A/S	730,000	0
	1,024,280	215,938
Interest Expense:		
Danone Finance International	-431	0

10. Proposed distribution of results

	2016	2015
	kr.	kr.
Proposed dividend recognised in equity	78,000	150,000
Distributions	1,118,960	
Retained earnings	-68,429	16,382
Gross	1,128,531	166,382