


DUMEX NUTRITION LTD. A/S

Rørmosevej 2A, DK-3450 Allerød

CVR-no. 13 45 73 95

Annual Report for 2018

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



Chairman

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Management's Statement

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 2018 to 31 December 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

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, 14 June 2019

Executive Board



Deniz Ipek

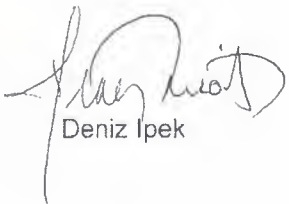
Supervisory Board



Chin Fen Wei
Chairman



Jesper Rothe



Deniz Ipek

Independent auditors' report

To the shareholder 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 2018, which comprise accounting policies, income statement, balance sheet, statement of changes in equity, and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 scepticism 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

Independent auditors' report

our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the 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 the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 14 June 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Søren Skov Larsen
State Authorised
Public Accountant
mne26797



Allan Nørgaard
State Authorised
Public Accountant
mne35501

Company Information

The Company

Dumex Nutrition Ltd. A/S
Rørmosevej 2A
DK-3450 Allerød

CVR no.: 13 45 73 95

Financial year: 1 January - 31 December

Municipality of
reg. office:: Allerød

Supervisory Board

Chin Fen Wei (Chairman)
Jesper Rothe
Deniz Ipek

Executive Board

Deniz Ipek

Auditors

Ernst & Young P/S
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg

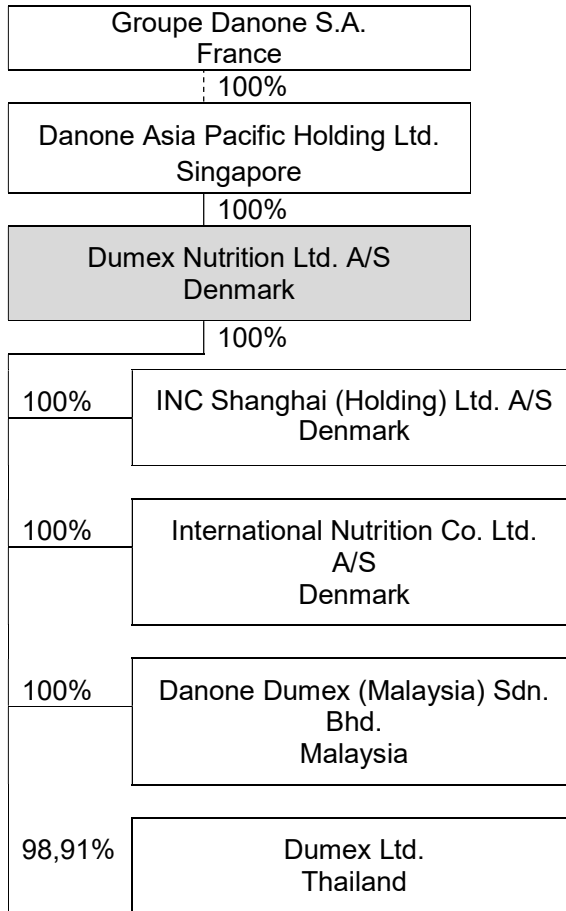
Consolidated Financial Statements

The Company is included in the Group Annual Report of Group
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

Group Chart



Financial Highlights

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

	<u>2018</u> USD	<u>2017</u> USD	<u>2016</u> USD	<u>2015</u> USD	<u>2014</u> USD
Key figures					
Profit/(loss)					
Profit/(loss) before financial income and expenses	(70.758)	(117.261)	(45.537)	(41.624)	(5.451.281)
Dividend from Subsidiaries	48.802.350	44.610.360	152.296.219	32.100.828	14.505.487
Net financials	(1.035.982)	249.122	16.493.305	(9.222.124)	(10.263.308)
Net profit/(loss) for the year	46.680.583	41.389.054	167.796.930	24.733.951	1.151.797
Balance sheet					
<i>Balance sheet total</i>	92.476.705	91.341.135	85.966.218	119.983.412	97.190.561
Equity	59.488.076	65.207.493	35.024.229	33.667.721	20.055.391
Ratios					
Return on net assets	52,70%	48,71%	168,82%	25,47%	7,42%
Solvency ratio	64,33%	71,39%	40,74%	28,06%	20,64%
Return on equity	74,87%	82,59%	465,68%	87,79%	3,65%

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.

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 USD 46,680,583.

The result for 2018 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 2018.

Targets and expectations for the year ahead

The result for 2019 is expected to be at the same level as 2018.

Special Risks

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

Accounting Policies

Basis of Preparation

The Annual Report of Dumex Nutrition Ltd. A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium enterprises of reporting class C.

The financial statements have been prepared in accordance with the same accounting policies as last year.

The Annual Report for 2018 is presented in US dollars.

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 2018 the company is jointly taxed with Danish Danone Group enterprises. 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.

As interpretation regarding impairment of financial receivables, the company has applied IAS 39.

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.

Accounting Policies

Financial ratios

The financial ratios have been calculated as follows:

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

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

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

Income Statement 1 January - 31 December

	Note	<u>2018</u>	<u>2017</u>
		USD	USD
Administrative expenses	1	<u>(70.758)</u>	<u>(117.261)</u>
Profit/(loss) before financial income and expenses		<u>(70.758)</u>	<u>(117.261)</u>
Dividends from subsidiaries	9	48.802.350	44.610.360
Financial Income	2	-	791.743
Financial Expense	2	<u>(1.035.982)</u>	<u>(542.621)</u>
Result before tax		47.695.610	44.742.221
Tax on profit/(loss) for the year	3	<u>(1.015.027)</u>	<u>(3.353.167)</u>
Net result for the year		46.680.583	41.389.054
Distribution of profit			
Proposed distribution of profit			
Retained earnings		(4.319.417)	(11.010.946)
Proposed dividend for the year		51.000.000	52.400.000
		46.680.583	41.389.054

Balance Sheet at 31 December

Assets

	Note	<u>2018</u>	<u>2017</u>
		USD	USD
Non-Current Assets			
Investments in subsidiaries	4	81.410.538	81.410.538
		<u>81.410.538</u>	<u>81.410.538</u>
Current assets			
Receivables from group entities		8.218.380	8.660.749
Corporate tax		2.822.059	1.231.245
Other Receivables		25.728	38.603
		<u>11.066.167</u>	<u>9.930.597</u>
Assets		<u>92.476.705</u>	<u>91.341.135</u>

Liabilities and equity

	Note	<u>2018</u>	<u>2017</u>
		USD	USD
Share capital	5	7.228.087	7.228.087
Retained earnings		1.259.989	5.579.406
Proposed Dividend	6	51.000.000	52.400.000
Equity		<u>59.488.076</u>	<u>65.207.493</u>
Payables to group enterprises		32.864.952	26.042.706
Other payables		123.677	90.936
Current Liabilities		<u>32.988.629</u>	<u>26.133.642</u>
Liabilities and equity		<u>92.476.705</u>	<u>91.341.135</u>

Staff	1
Contingent assets, liabilities, and other financial obligations	7
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Statement of Changes in Equity

2018

	Note	Share capital	Retained earnings	Proposed dividend for the year	Total
		USD	USD	USD	USD
Equity at 1 January 2018		7.228.087	5.579.406	52.400.000	65.207.493
Net profit/(loss) for the year	6	-	46.680.583	-	46.680.583
Proposed dividend for the year			(51.000.000)	51.000.000	-
Dividend paid, during the year			-	(52.400.000)	(52.400.000)
Equity at 31 December 2018		<u>7.228.087</u>	<u>1.259.989</u>	<u>51.000.000</u>	<u>59.488.076</u>

Share capital

	DKK
Ordinary shares of DKK 100 each	<u>51.000.000</u>
Total	<u>51.000.000</u>

Notes to the Annual Report

1 Staff

No fees have been paid to the executive board and the supervisory board.
There were no employees in the company in 2018 and 2017.

2 Financial Income

	2018	2017
	USD	USD
Exchange rate gain	-	791.743
	<u>-</u>	<u>791.743</u>

Financial Expenses

	2018	2017
	USD	USD
Interest from Danone Finance International	(575.234)	(542.621)
Exchange rate loss	(460.748)	
	<u>(1.035.982)</u>	<u>(542.621)</u>

3 Tax on profit/(loss) for the year

	2018	2017
	USD	USD
Current tax for the year	1.023.621	(474.159)
Withholding Tax on Dividend	(2.038.648)	(2.879.008)
	<u>(1.015.027)</u>	<u>(3.353.167)</u>

4 Investments in subsidiaries

	2018	2017
	USD	USD
Cost at 1 January	81.410.538	81.410.538
Disposal for the year	-	-
Cost at 31 December	<u>81.410.538</u>	<u>81.410.538</u>

Name and registered office	Voting rights and ownership	Currency	Profit/loss**	Equity**
			'000	'000
INC Shanghai Hldgs A/S, Denmark	100%	USD	519.528	80.591.661
International Nutrition Co A/S, Denmark	100%	USD	7.175.061	13.425.184
Dumex Limited, Thailand	99%	THB	895.588.920	907.786.807
Danone Dumex Malaysia Sdn Bhd, Malaysia	100%	MYR	130.972	761.554

** Result and equity are stated in thousands local currency based on local GAAP in the respective countries and the latest available annual report.

5 Share Capital

The share capital comprises:

	<u>2018</u>	<u>2017</u>
	USD	USD
1 class A share of DKK 51,000,000 each	7.228.087	7.228.087

The share is denominated in DKK amounting to DKK 51,000,000.

The class A share carries 1 voting right. 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.

6 Proposed profit appropriation

	<u>2018</u>	<u>2017</u>
	USD	USD
Retained earnings	(4.319.417)	(11.010.946)
Dividend proposed for the year	51.000.000	52.400.000
Interim dividend for the year	-	-
	<u>46.680.583</u>	<u>41.389.054</u>

7 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 Related parties and ownership

	Basis
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.

9 **Transactions with related parties**

	<u>2018</u>	<u>2017</u>
	USD	USD
Dividend Income from:		
- Dumex Malaysia	20.015.867	15.820.282
- Dumex Limited	20.386.483	28.790.078
- International Nutrition Co Ltd A/S	8.400.000	-
	<u>48.802.350</u>	<u>44.610.360</u>
 Interest Expense:		
Danone Finance International	(575.234)	(542.621)