

INTERNATIONAL NUTRITION CO. LTD. A/S

Rørmosevej 2A, DK-3450 Allerød

CVR-no. 14 87 47 98

Annual Report for 2018

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



Chairman

Contents

	<u>Page</u>
Management's Statement on the Annual Report	1
Independent Auditors' Report	2
Company Information	4
Group Chart	5
Management's Review	6
Accounting Policies	7
Income Statement 1 January – 31 December	10
Balance Sheet 31 December	11
Statement of Changes in Shareholders'Equity and Reserves	12
Notes to the Annual Report	13

Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of International Nutrition Co. Ltd. A/S for the financial year ended 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 as at 31 December 2018 of the Company and of the results of the Company operations for 2017.

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 International Nutrition Co. Ltd. A/S

Opinion

We have audited the financial statements of International Nutrition Co. 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

Independent auditors' report

risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

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

CVR no.: 14 87 47 98

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

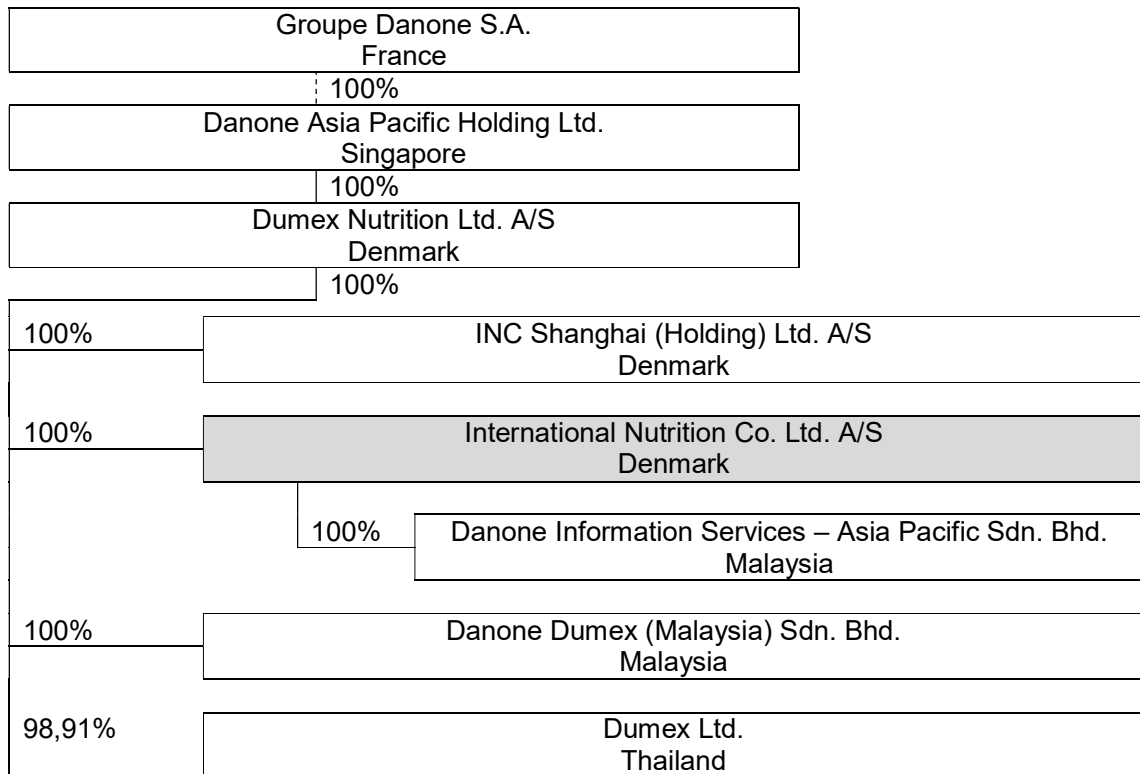
Consolidated Financial Statements

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



Management's Review

Business Review

The Company's principal activities in 2018 are to carry on the business of an investment and holding company as well as being the registered owner of Dumex trademark.

Financial Review

The profit of the year is USD 7,241,877 compared to profit of USD 6,607,372 last year. The profit is satisfactory and meets management's expectations.

Development During the Year

In the course of the year International Nutrition Co. Ltd A/S has received royalty income from Dumex group of USD 9,035,501.

Subsequent events

After the balance sheet date no significant events have occurred which are considered to have a material effect on the assessment of the annual financial statement.

Targets and expectations for the year ahead

The result for 2019 is expected to be at the same level as in 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 International Nutrition Co. A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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.

Financial Statements

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

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 "Financing 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 or of recognition in the latest financial statements are recognised in "Financing expenses and income, net" in the income statement.

Accounting Policies

INCOME STATEMENT

Profit and Cost

All substantial profits and costs are accrued.

Royalty

Royalty comprise royalty amounts from group companies in relation to trademarks.

Administrative Expenses

Administrative expenses comprise expenses for management, administrative staff, office expenses, depreciation etc.

Financing Expenses and Income

Financing 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 was 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.

Deferred tax is measured under the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets, are measured at the value at which the asset is expected to be realised, either by utilisation against tax on future earnings or by offsetting against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates enacted by the balance sheet date. Changes to deferred tax due to changed tax rates are recognised in the income statement.

Accounting Policies

BALANCE SHEET

Intangible assets

Trademarks and Software

Acquired trademarks and software are measured at cost less accumulated amortisation. Trademarks are amortised on a straight-line basis of 20 years, while software are amortised on a straight-line basis of 5 years.

Write-down of intangible assets

Intangible assets are written down to their recoverable amount where the recoverable amount is lower than the carrying amount.

Investments in subsidiaries

Investments in subsidiary is 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 is taken to the income statement.

Dividends received from investment in subsidiary is recognised in the income statement in the year where the dividends have been approved.

Receivables

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

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

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.

Income Statement 1 January - 31 December

	Note	<u>2018</u>	<u>2017</u>
		USD	USD
Royalty		9.035.501	8.538.139
Administrative expenses	1	<u>(233.848)</u>	<u>(313.889)</u>
Profit/(loss) before financial income and expenses		8.801.653	8.224.250
Financial income	2	416.462	86.696
Financial expenses	2	-	(368.846)
Dividend from Subsidiaries	5	-	453.176
Result before tax		<u>9.218.115</u>	<u>8.395.276</u>
Tax on profit/(loss) for the year	3	<u>(1.976.238)</u>	<u>(1.787.904)</u>
Net result for the year		<u>7.241.877</u>	<u>6.607.372</u>
Distribution of profit			
Proposed distribution of profit			
Retained earnings		(1.758.123)	(1.792.628)
Proposed dividend for the year		9.000.000	8.400.000
Interim dividend for the year		-	-
		<u>7.241.877</u>	<u>6.607.372</u>

Balance Sheet at 31 December

Assets

	Note	2018	2017
		USD	USD
Non-Current Assets			
Trademarks, rights and software	4	213.788	282.281
Investments in subsidiary	5	13.606	13.606
		<u>227.394</u>	<u>295.887</u>
Current Assets			
Receivables from group enterprises		14.762.132	15.833.790
Deferred tax asset	3	-	27.389
Corporate Tax	3	4.352	124.727
Other receivables		2.318.161	2.213.801
Cash and Cash Equivalents		51.297	46.338
		<u>17.135.942</u>	<u>18.246.045</u>
		<u>17.363.336</u>	<u>18.541.932</u>

Shareholder's equity and liabilities

	Note	2018	2017
		USD	USD
Share capital	6	439.354	439.354
Retained earnings		4.052.646	5.810.769
Proposed dividend for the year		9.000.000	8.400.000
Equity and reserves		<u>13.492.000</u>	<u>14.650.123</u>

Liabilities

Deferred tax liability	3	72.769	-
Payables to group enterprises		3.584.364	3.646.748
Other payables		214.203	245.061
Short-term debt		<u>3.871.336</u>	<u>3.891.809</u>

Equity and Liabilities		<u>17.363.336</u>	<u>18.541.932</u>
-------------------------------	--	--------------------------	--------------------------

Staff	1
Related Parties and Ownership	8
Contingent assets, liabilities and other financial obligations	9

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		439.354	5.810.769	8.400.000	14.650.123
Net profit/(loss) for the year	7	-	7.241.877	-	7.241.877
Proposed dividend for the year		-	(9.000.000)	9.000.000	-
Dividend paid, during the year		-	-	(8.400.000)	(8.400.000)
Equity at 31 December 2018		<u>439.354</u>	<u>4.052.646</u>	<u>9.000.000</u>	<u>13.492.000</u>

Notes to the Annual Report

1 Staff

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

2 Financing expenses and income, net

	<u>2018</u>	<u>2017</u>
	USD	USD
Interest received from group enterprises	245.860	86.696
Exchange rate gains, net	170.602	-
Exchange losses, net	-	(368.845)
	<u>416.462</u>	<u>(282.149)</u>

3 Tax

	<u>2018</u>	<u>2017</u>
	USD	USD
Current tax for the year	(1.876.080)	(1.598.527)
Change in deferred taxes:	(100.158)	(189.378)
	<u>(1.976.238)</u>	<u>(1.787.905)</u>
Deferred tax asset 1 January	27.389	216.767
Recognised in Profit & Loss	(100.158)	(189.378)
Deferred tax (liability)/asset 31 December	<u>(72.769)</u>	<u>27.389</u>

The deferred tax asset is recognized on the temporary differences arising between the tax bases of software, operating equipment and trademarks, and their carrying amount in the financial statements.

4 Intangible assets

	Trademarks, rights, and software
Cost at 1 January 2018	<u>1.145.723</u>
Cost at 31 December 2018	<u>1.145.723</u>
Amortisation and Impairment losses at 1 January 2018	(863.441)
Amortisation	(68.494)
Amortisation and Impairment losses at 31 December 2018	<u>(931.935)</u>
Carrying amount at 31 December 2018	<u>213.788</u>

The amortisation cost has in the profit & loss statement been recognised as part of administrative expenses.

5 Fixed investments

Investments in subsidiaries	2018	2017
	USD	USD
Cost at 1 January	13.606	13.606
Cost at 31 December	13.606	13.606

Investments in subsidiaries are specified as follows:

Name and registered office	Voting rights and ownership	Currency	Profit/loss*	Equity*
			'000	'000
Danone Information Services -	100%	MYR	227	2 749

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

6 Share Capital

The share capital comprises:

	2018	2017
	USD	USD
1 class A share of DKK 3,100,000 each.	439.354	439.354

The share is denominated in DKK amounting to DKK 3,100,000.

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.

7 Appropriation of profit/loss

Recommended appropriation of profit/loss

	2018	2017
	USD	USD
Dividend proposed for the year	9.000.000	8.400.000
Transferred to reserves under equity	(1.758.123)	(1.792.628)
	7.241.877	6.607.372

8 Related parties and ownership

Controlling influence

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

Dumex Nutrition Co. Ltd. A/S Owns 100% of share capital in International Nutrition Co. Ltd. A/S
Rørmosevej 2A
3450 Allerød

Dumex Nutrition Ltd A/S is included in the consolidated Financial Statements of the ultimate parent Groupe Danone S.A. in which International Nutrition Co. Ltd A/S also enter into as a subsidiary
The consolidated Financial Statements may be obtained on application to Groupe Danone S.A.

9 Contingent assets, liabilities and other financial obligations

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