

INTERNATIONAL NUTRITION CO. 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**

Content**Company informations**

Company informations	3
----------------------------	---

Reports

Statement by Management	4
-------------------------------	---

Reports

The independent auditor's report on financial statements	5
--	---

Management's Review

Management's Review	8
---------------------------	---

Key figures and Financial Ratios	8
--	---

Financial statement

Accounting Policies	10
---------------------------	----

Income statement	13
------------------------	----

Balance sheet	14
---------------------	----

Statement of changes in equity	16
--------------------------------------	----

Disclosures	17
-------------------	----

Company information

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

Phone number: 32640700

Fax number: 32640701

CVR-nr: 14874798

Reporting period: 01/01/2016 - 31/12/2016

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

Statement by Management

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 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 as 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 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 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

Alan Nørgaard
State Authorised Public Accountant

ERNST & YOUNG GODKENDT
REVISIONSPARTNERSELSKAB
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Management's Review

Business Review

The Company's principal activities in 2016 are to carry on the business of an investment and holding company as well as the registered owner of Dumex trademark.

Financial Review

The profit of the year is TDKK 46,129 compared to profit of TDKK 106,653 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 TDKK 57,365.

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 2017 is expected to be at the same level as in 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 highlights:

	2016	2015	2014	2013	2012
	T.DKK	T.DKK	T.DKK	T.DKK	T.DKK
Key figures					
Profit/Loss					
Revenue	57,365	67,902	75,558	113,412	150,708
Gross profit	57,365	67,902	75,558	113,412	150,708
Operating profit	53,914	64,490	72,404	109,997	146,824
Net financials	13,347	70,761	85,932	-25,307	-10,711
Net profit/loss for the year	46,129	106,653	119,424	63,412	106,024

Balance sheet

Total assets	82,258	782,864	663,529	518,463	463,418
Shareholder's equity and reserves	56,175	740,046	633,393	513,969	450,557

Financial ratios

Profit margin	94,0%	95,0%	95,8%	97,0%	97,4%
Return on assets	65,5%	8,2%	10,9%	21,2%	31,7%
Solvency ratio	68,3%	94,5%	95,5%	99,1%	97,2%
Return on equity	11,6%	15,5%	20,8%	13,1%	26,7%

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 of International Nutrition Co. A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium sized 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.

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.

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 "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.

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 2016 the company was jointly taxed with Nutricia A/S, INC Shanghai (Holding) Ltd. A/S, Dumex Nutrition Ltd. A/S, Danone Denmark (rep office) and Agua Dór 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.

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.

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 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.

Prepayments and deferred income

Prepayments stated as assets comprise expenses paid relating to subsequent financial years including adjustments to the fair value of derivative financial instruments with a positive fair value.

Deferred income includes payments received in respect of income in subsequent years as well as fair value adjustments of derivative financial instruments with a negative fair value.

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:

Profit margin = Result before financials x 100 / Revenue

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

Return on assets = Result before financials x 100 / Total assets

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

Income statement 1 Jan 2016 - 31 Dec 2016

	Disclosure	2016 kr.	2015 kr.
Revenue		57,365	67,902
Gross Result		57,365	67,902
Administrative expenses	1	-3,451	-3,412
Profit (loss) from ordinary operating activities		53,914	64,490
Other finance income	2	13,347	70,761
Profit (loss) from ordinary activities before tax		67,261	135,251
Tax expense	3	-21,132	-28,598
Profit (loss)		46,129	106,653

Balance sheet 31 December 2016

Assets

	Disclosure	2016 kr.	2015 kr.
Acquired trademarks		2,475	2,926
Intangible assets	4	2,475	2,926
Investments in group enterprises		96	96
Investments	5	96	96
Total non-current assets		2,571	3,022
Receivables from group enterprises		77,371	776,445
Current deferred tax assets		1,529	2,982
Other receivables		58	52
Receivables		78,958	779,479
Cash and cash equivalents		729	363
Current assets		79,687	779,842
Total assets		82,258	782,864

Balance sheet 31 December 2016

Liabilities and equity

	Disclosure	2016 kr.	2015 kr.
Contributed capital	6	3,100	3,100
Retained earnings		53,075	736,946
Total equity		56,175	740,046
Payables to group enterprises		22,546	269
Tax payables		2,052	41,768
Other payables, including tax payables, liabilities other than provisions		1,485	781
Short-term liabilities other than provisions, gross		26,083	42,818
Liabilities other than provisions, gross		26,083	42,818
Liabilities and equity, gross		82,258	782,864

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	3,100	6,946	730,000	740,046
Dividend paid			-730,000	-730,000
Profit (Loss)		46,129		46,129
Equity, ending balance	3,100	53,075	0	56,175

2015	Share capital	Retained earnings	Proposed dividend for the year	Total
	T.DKK	T.DKK	T.DKK	T.DKK
Equity at 1 January 2015	3,100	630,293	-	633,393
Net profit/(loss) for the year	-	(623,347)	730,000	106,653
Dividend paid, during the year	-	-	-	-
Equity at 31 December 2015	3,100	6,946	730,000	740,046

Disclosures

1. Administrative expenses

Staff

There were no employees in the company in 2016 and 2015. No fees have been paid to the executive and supervisory board.

Administrative expenses	2016	2015
	T.DKK	T.DKK
Litigation fees & charges	33	95
Consulting fees	850	909
Auditor fees	209	73
Licence charges & fees	1,267	1,878
Depreciation	451	451
Other expenses	3	0
Banking Commissions & fees	9	5
Tax Interest Surcharge	628	0
	3,451	3,411

2. Other finance income

	2016	2015
	T.DKK	T.DKK
Interest received from group enterprises	7,411	6,166
Interest expenses	0	0
Exchange rate gains, net	5,936	64,595
Exchange losses, net	0	0
	13,347	70,761

3. Tax expense

	2016	2015
	T.DKK	T.DKK
Current tax for the year	-14,936	-32,181
Prior year adjustments	-6,196	3,583
	-21,132	-28,598
Deferred tax asset 1 January	2,982	5,847
Prior year adjustments	0	-1,090
Recognised in Profit & Loss	-1,453	-1,775
Deferred tax asset 31 December	1,529	2,982

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
	kr.
Cost at 1 January 2016	8,084
Additions	0
Cost at 31 December 2016	8.084
Amortisation and impairment losses at 1 January 2016	-5.158
Amortisation	-451
Amortisation and impairment losses at 31 December 2016	-5,609
Carrying amount at 31 December 2016	-2,475

5. Investments

	2016	2015
	T.DKK	T.DKK
Cost at 1 January	96	96
Addition	0	0
Cost at 31 December	96	96
Value adjustment at 1 January	0	0
Value adjustment at 31 December	0	96
Carrying amount at 31 December	96	96

Investments in subsidiaries are specified as follows:

Name and registered office	Voting	Profit /loss	Equity
Danone Information Services - Asia Pacific Sdn Bhd Malaysia	100 %	1,995	6,248

6. Contributed capital

The Share capital comprises:

	2016	2015
1 class A shares of DKK 3,100,000 each	3,100,000	3,100,000

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

International Nutrition Co Ltd A/S has been audited by the Danish Tax Authorities in relation to transfer pricing. The audit has been concluded resulting in a tax correction of 2,3m DKK. No cash tax is due as all corrections will be absorbed by tax loss carryforwards. However, due to the joint taxation, the companies which tax losses have been utilized must be compensated equal to the tax value of the losses.

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

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

Dumex Nutrition Ltd A/S is included in the consolidated Financial Statements of the ultimate parent company Groupe Danone S.A. in which International Nutrition Co. Ltd A/S also enter into as a subsidiary company.

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

Transactions with related parties

	2016 T.DKK	2015 T.DKK
Royalty Income - Danone Asia Pacific Holdings Pte Ltd	<u>57,365</u>	<u>67,902</u>
Interest income:		
- Danone Asia Pacific Holdings Pte Ltd	7,472	6,166
- Danone Finance International	21	0
	<u>7,493</u>	<u>6,166</u>

10. Proposed distribution of results

	2016 kr.	2015 kr.
Proposed dividend recognised in equity	0	730,000
Retained earnings	46,129	-623,347
Gross	46,129	106,653