

**Aktieselskabet Dansk Gærings-Industri**

*Annual report 2015/16*

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

19 May 2016



chairman

CVR no. 24 21 41 17  
Bredstrupvej 33  
DK-8500 Grenaa

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

The Board of Directors and the Executive Board have today discussed and approved the annual report of Aktieselskabet Dansk Gærings-Industri 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 results of the Company's operations for the financial year 1 February 2015 - 31 January 2016

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

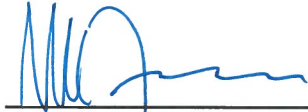
We recommend that the annual report be approved at the annual general meeting.

Grenaa, 19 May 2016

Executive Board:

  
\_\_\_\_\_  
Anne-Marie Jodoin

Board of Directors:

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

  
\_\_\_\_\_  
Anne-Marie Jodoin

\_\_\_\_\_  
Finn Jeff Lernø



KPMG  
Statsautoriseret Revisionspartnerselskab  
Bredskifte Allé 13  
8210 Aarhus V  
Denmark

Telephone +45 70 70 77 60  
www.kpmg.dk  
CVR no. 25 57 81 98

## Independent auditors' report

To the shareholders of Aktieselskabet Dansk Gærings-Industri

### Independent auditors' report on the financial statements

We have audited the financial statements of Aktieselskabet Dansk Gærings-Industri 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.

#### *Auditor's 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the Company's preparation of 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 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.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and 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.



KPMG  
Statsautoriseret Revisionspartnerselskab  
Bredskifte Allé 13  
8210 Aarhus V  
Denmark

Telephone +45 70 70 77 60  
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## Independent auditors' report

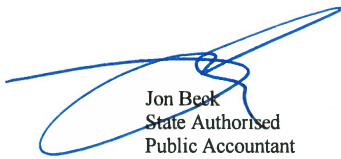
### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further 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**

Aktieselskabet Dansk Gærings-Industri  
Bredstrupvej 33  
DK-8500 Grenaa

Telephone: +45 87 58 24 00

CVR no.: 24 21 41 17  
Established: 13 September 1918  
Registered office: Grenaa

Financial year: 1 February – 31 January

### **Board of Directors**

Nicolai Francis Jensen, Chairman  
Anne-Marie Jodoin  
Finn Jeff Lernø

### **Executive Board**

Anne-Marie Jodoin

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Bredskifte Allé 13  
DK-8210 Aarhus V

## **Management's review**

### **Operating review**

#### **Principal activities**

The Company's most significant activities comprise the development and technology adaptation of industrial fermentation processes for manufacturing fermentation products. The Company's research activities are carried out at the premises in Grenaa.

These financial statements cover the period 1 February 2015 – 31 January 2016

#### **Research activities**

In general, costs for research activities are financed by means of foundation grants.

#### **Outlook**

The Company's activities will still be limited to research activities.

#### **Significant events after the balance sheet date**

No events have occurred after the balance sheet date which are significant to the financial statements for 2015/16.

## **Financial statements 1 February 2015 – 31 January 2016**

### **Accounting policies**

The annual report of Aktieselskabet Dansk Gærings-Industri for 2015/16 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

Joint taxation and deferred tax in the balance sheet have been reclassified compared to previous years - comparative items have been adjusted.

The accounting policies used in the preparation of the financial statements 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 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 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 income or financial expenses.

### **Income statement**

#### **Revenue**

Income from the sale of goods comprising special fermentation products, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, the income may be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed remuneration excluding VAT and taxes charged on behalf of third parties. All discounts granted are included in revenue.

#### **Production costs**

Production costs comprise costs, including depreciation, incurred to generate revenue for the year.

#### **Administrative expenses**

Administrative expenses comprise expenses incurred during the year for administration, supplies, etc.

#### **Other operating income**

Other operating costs comprise foundation grants and income secondary to the Company's principal activity. Foundation grants are recognised as revenue in the financial year when it is probable that the grants will be received.



## **Financial statements 1 February 2015 – 31 January 2016**

### **Accounting policies**

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

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

The Company is covered by the Danish rules on compulsory joint taxation and is therefore jointly taxed with its ultimate parent company, Lallemand Denmark A/S.

The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

### **Balance sheet**

#### **Property, plant and equipment**

Plant and machinery are measured at cost less accumulated depreciation and impairment losses.

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

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	3-10 years
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Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

#### **Receivables**

Receivables are measured at amortised cost.

## **Financial statements 1 February 2015 – 31 January 2016**

### **Accounting policies**

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of projected cash flows, including the realisable value of any collateral received.

### **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.

### **Equity**

#### **Dividends**

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

#### **Corporation tax and deferred tax**

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group entities.

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 value 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 value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a setoff against deferred tax liabilities in the same legal tax entity.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

The Company is part of the joint taxation with all Danish entities in the Lallemand Group.

#### **Liabilities other than provisions**

Liabilities other than provisions are measured at net realisable value.

## Financial statements 1 February 2015 – 31 January 2016

### Income statement

	Note	2015/16	2014/15
<b>Revenue</b>		438,642	509,804
Production costs		<u>-892,963</u>	<u>-1,008,873</u>
<b>Gross loss</b>		-454,321	-499,069
Administrative expenses		-92,834	-58,880
Other operating income		<u>161,667</u>	<u>117,534</u>
<b>Operating loss</b>		-385,488	-440,415
Financial income	1	6,906	36,682
Financial expenses	2	<u>-750</u>	<u>-3,072</u>
<b>Loss before tax</b>		-379,332	-406,805
Tax on loss for the year	3	<u>99,478</u>	<u>83,226</u>
<b>Profit/loss for the year</b>		<u>-279,854</u>	<u>-323,579</u>
<b>Proposed profit appropriation/distribution of loss</b>			
Retained earnings		<u>-279,854</u>	<u>-323,579</u>

## Financial statements 1 February 2015 – 31 January 2016

### Balance sheet

	Note	<u>2015/16</u>	<u>2014/15</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>	4		
Plant and machinery		<u>109,641</u>	<u>170,276</u>
<b>Total non-current assets</b>		<u>109,641</u>	<u>170,276</u>
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from group entities		712,256	1,551,275
Tax receivables by jointly taxed companies		78,247	0
Deferred tax asset		275	136,092
Other receivables		<u>358,424</u>	<u>253,841</u>
		<u>1,149,202</u>	<u>1,941,208</u>
<b>Cash at bank and in hand</b>		<u>1,105,216</u>	<u>601,524</u>
<b>Total current assets</b>		<u>2,254,418</u>	<u>2,542,732</u>
<b>TOTAL ASSETS</b>		<u>2,364,059</u>	<u>2,713,008</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	5	1,000,000	1,000,000
Retained earnings		<u>219,856</u>	<u>499,710</u>
<b>Total equity</b>		<u>1,219,856</u>	<u>1,499,710</u>
<b>Liabilities</b>			
Payables to group entities		1,116,203	1,185,298
Other payables		<u>28,000</u>	<u>28,000</u>
		<u>1,144,203</u>	<u>1,213,298</u>
<b>Total liabilities</b>		<u>1,144,203</u>	<u>1,213,298</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,364,059</u>	<u>2,713,008</u>
<b>Contingent liabilities and collateral</b>	6		
<b>Related parties</b>	7		

## Financial statements 1 February 2015 – 31 January 2016

### Notes

	<u>2015/16</u>	<u>2014/15</u>
<b>1 Financial income</b>		
Interest from group entities	6,906	36,682
	<u>6,906</u>	<u>36,682</u>
<b>2 Financial expenses</b>		
Interest expense to group entities	0	583
Other financial expenses	750	2,489
	<u>750</u>	<u>3,072</u>
<b>3 Tax on profit for the year</b>		
Joint taxation contribution from Lallemand Denmark A/S	157,046	87,001
Adjustment of deferred tax for the year	-57,568	-3,775
	<u>99,478</u>	<u>83,226</u>
<b>4 Plant and machinery</b>		
		<u>Plant and machinery</u>
Cost at 1 February 2015		907,143
Cost at 31 January 2016		<u>907,143</u>
Depreciation and impairment at 1 February 2015		736,868
Depreciation		60,634
Depreciation and impairment at 31 January 2016		<u>797,502</u>
<b>Carrying amount at 31 January 2016</b>		<u>109,641</u>

## Financial statements 1 February 2015 – 31 January 2016

### Notes

#### 5 Equity

	Share capital	Retained earnings	Total
Balance at 1 February 2015	1,000,000	499,710	1,499,710
Transferred: see the distribution of loss	0	-279,854	-279,854
<b>Balance at 31 January 2016</b>	<b>1,000,000</b>	<b>219,856</b>	<b>1,219,856</b>

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

#### 6 Contingent liabilities and collateral

The Company is jointly taxed with Lallemand Denmark A/S. 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 is recognized in the consolidated Financial Statements of Lallemand Denmark A/S. Any subsequent corrections of the taxable jointly taxed income or withholding taxes, etc., may entail an increase in the Company's liability.

#### 7 Related party disclosures

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

De Danske Gærfabrikker A/S  
Bredstrupvej 33  
DK-8500 Grenaa

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

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.