



De Danske Gærfabrikker



De Danske Gærfabrikker A/S

Annual report 2015/16

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

19/5

20 16

chairman

CVR no. 30 92 18 60
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 De Danske Gærfabrikker A/S 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:

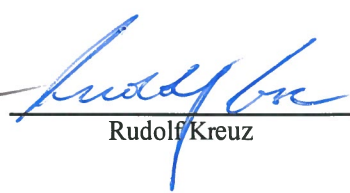


Nicolai Francis Jensen

Board of Directors:



Johannes Gerhardus Steenkamp
Chairman

Francois Leblanc

Rudolf Kreuz

Antoine Chagnon



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Independent auditors' report

To the shareholders of De Danske Gærfabrikker A/S

Independent auditors' report on the financial statements

We have audited the financial statements of De Danske Gærfabrikker A/S for the financial year 1 February 2015 – 31 January 2016. The financial statements 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.

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.



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Independent auditors' report

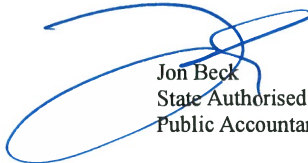
Statement on the Management's review

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.

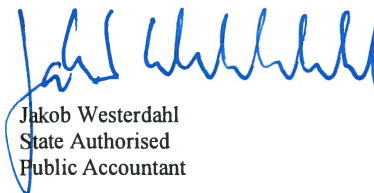
Aarhus, 19 May 2016

KPMG

Statsautoriseret Revisionspartnerselskab



Jon Beck
State Authorised
Public Accountant



Jakob Westerdahl
State Authorised
Public Accountant

Management's review

Company details

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

Telephone: +45 87 58 24 00

CVR no.: 30 92 18 60

Established: 23 october 2007

Registered office: Grenaa

Financial year: 1 February – 31 January

Board of Directors

Johannes Gerhardus Steenkamp
Francois Leblanc
Rudolf Kreuz
Antoine Chagnon

Executive Board

Nicolai Francis Jensen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Financial highlights

DKK'000	2015/16	2014/15	2013/14	2012/13	2011/12
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Key figures

Revenue	216.285	201.853	228.231	221.120	227.148
Gross profit	72.041	65.211	59.462	62.936	65.456
Operating profit	19.000	11.333	2.456	7.384	16.288
Financial income and expenses	-1.755	-1.887	-2.161	-1.925	-1.023
Profit for the year	11.105	7.965	610	3.513	10.929
Total assets	197.630	212.575	195.441	241.269	239.755
Investment in property, plant and equipment	22.511	9.165	10.445	9.103	17.233
Equity	125.844	114.739	106.774	106.164	137.641
Operating margin	8,8%	5,6%	1,1%	3,3%	7,2%
Return on invested capital	9,4%	5,6%	1,1%	3,2%	8,5%
Gross margin	33,3%	32,3%	26,1%	28,5%	28,8%
Current ratio	101,2%	99,5%	84,8%	87,9%	111,3%
Solvency ratio	63,7%	54,0%	54,6%	44,0%	57,4%
Return on equity	9,2%	7,2%	0,6%	2,9%	8,3%
Average number of full-time employees	84	85	92	86	84

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, see the accounting policies.

Management's review

Operating review

Ownership

Lallemand Denmark A/S owns the entire capital of De Danske Gærfabrikker A/S. Lallemand Denmark A/S is part of the Lallemand Group (Lallemand Inc., Canada), which is one of the world's leading yeast and bacteria producers.

Principal activities

De Danske Gærfabrikker A/S is Denmark's only manufacturer of yeast for bakeries, specialities, wine yeast and yeast extract.

At year end, the Company has 84 employees.

Development in the Company's activities and financial position

The price of molasses will continue to influence the market opportunities for bakers' yeast in the coming year. The consumption of yeast in artisanal bakeries is declining, but a positive development in the sale of organic yeast, imported yeast from group companies as well as new delivery formats for conventional yeast, are expected to compensate for some of this decline. Markets for wine yeast, yeast extracts and whole-cell inactivated yeast remain promising.

The Company's income statement shows a profit of DKK 11,105 thousand, and equity stood at DKK 125,844 thousand at 31 January 2016.

Financial results were satisfactory and in line with last years expectations. Market conditions for bakers' yeast were characterised by continued strong competition.

The Danish Tax Authorities have finalized a transfer pricing audit of the company and result hereof are reflected in the financial statement.

Investments

Capital expenditure focus on products and application areas expected to generate growth in the coming years. Investments in production equipment are expected to remain at a constant level compared to 2015/16.

Outlook

The Company is expected to continue improving its profitability and will continue to focus on its teams, customers and services.

Particular risks

No particular risks have been identified.

Management's review

Operating review

General risks

Leading up to the liberalization of the European Sugar market in 2017, uncertainties over the price point and availability of local beet molasses for fermentation purposes are expected.

The introduction of new Danish environmental taxes and regulations are likely to further influence the competitiveness of De Danske Gærfabrikker A/S.

Financial risks

Strict customer opening procedures and a stringent collection policy are applied for controlling credit risk.

The Company has no external debt so there is only a minimum interest rate risks exposure.

Currency risks are considered minimal since the Company is doing business in EUR or DKK only.

Intellectual capital

The Company maneuvers on markets dominated by knowledge-driven companies. Management will increasingly focus on securing, maintaining and developing the human, structural and relational capital of the company.

Environmental issues

The Company focuses on maintaining high environmental standards, adhering to or exceeding national regulations. This includes updating environmental approvals whilst keeping in close contact with local authorities on the local effects of our presence and production.

Research and development activities

The company's research and development activities are primarily conducted in the subsidiary Aktieselskabet Dansk Gærings-industri. These activities focus on new processed and specialised products.

Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the financial position of the Company at 31 January 2016.

Financial statements 1 February 2015 – 31 January 2016

Accounting policies

The annual report of De Danske Gærfabrikker A/S for 2015/16 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of De Danske Gærfabrikker A/S and its subsidiaries are included in the consolidated financial statements of Lallemand Denmark A/S that are submitted with this annual report.

In accordance with section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. The Company's cash flows are included in the consolidated cash flow statement of Lallemand Denmark A/S.

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 for resale and finished goods, comprising the sale of yeast, 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.

Raw materials and consumables

Cost of raw materials and consumables comprise raw materials and consumables used to generate revenue for the year.

Financial statements 1 February 2015 – 31 January 2016

Accounting policies

Other income

Other operating income comprises items secondary to the activities to the company.

Other external costs

Other external costs comprise expenses incurred during the year for distribution, sales campaigns, administration, office premises, losses on debtors, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Income from equity investments in group entities

The proportionate share of the individual group entities' profit/loss after tax is recognised in the income statement after full elimination of intercompany gains/losses.

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.

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

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment 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.

Financial statements 1 February 2015 – 31 January 2016

Accounting policies

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:

Buildings	10-30 years
Plant and machinery	10-20 years
Fixtures and fittings, tools and equipment	3-7 years

Land is not depreciated.

Non-current assets under construction are recognized and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

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.

Leases

All leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

Investments

Equity investments in group entities are measured at the proportionate share of the entities' net asset value, calculated in accordance with the parent company's accounting policies, plus or minus unrealised intra-group gains or losses, plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by the parent company's share of the negative net asset value. To the extent that the negative balance exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entity prior to the approval of the annual report, are not tied up in the revaluation reserve.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of

Financial statements 1 February 2015 – 31 January 2016

Accounting policies

the asset or the group of assets, including forecast net cash flows from the disposal of the asset or group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the average method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries, as well as the maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount, less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

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

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

Prepayments

Prepayments comprise prepayments of costs relating to subsequent financial years.

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 changes in value.

Equity

Net revaluation reserve according to the equity method

The net revaluation reserve according to the equity method, comprises net revaluation of equity investments in group entities in proportion to cost.

Reserves may be eliminated in connection with loss, realisation of equity investments or changes in accounting estimates.

Reserves can not be recognized at a negative amount.

Financial statements 1 February 2015 – 31 February 2016

Accounting policies

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

The Company is jointly taxed with all Danish entities in the Lallemand Group.

Joint taxation contributions payable and receivable are recognised in the balance sheet under joint taxation contribution.

Current joint 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.

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.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

Financial statements 1 February 2015 – 31 January 2016

Accounting policies

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{current liabilities}}$

Financial statements 1 February 2015 – 31 January 2016

Income statement

DKK'000	Note	2015/16	2014/15
Revenue		216,285	201,853
Changes in inventories of finished goods and work in progress		-3,459	698
Raw materials and consumables		-105,684	-93,196
Other income		32	131
Other external costs		-35,133	-44,275
Gross profit		72,041	65,211
Staff costs	1	-40,527	-41,376
Depreciation	2	-12,514	-12,502
Operating profit		19,000	11,333
Income from equity investments in group entities	7	-279	-324
Financial income	3	0	129
Financial expenses	4	-1,755	-2,016
Profit before tax		16,966	9,122
Tax on profit for the year	5	-5,861	-1,157
Profit for the year		11,105	7,965
Proposed profit appropriation			
Net revaluation reserve according to the equity method		-279	-324
Retained earnings		11,384	8,289
		11,105	7,965

Financial statements 1 February 2015 – 31 January 2016

Balance sheet

DKK'000	Note	2015/16	2014/15
ASSETS			
Non-current assets			
Property, plant and equipment			
Land and buildings	6	9,161	10,156
Plant and machinery		101,109	90,450
Fixtures and fittings, tools and equipment		696	441
Property, plant and equipment under construction		12,782	12,704
		<u>123,748</u>	<u>113,751</u>
Investments			
Equity investments in group entities	7	1,220	1,499
		<u>124,968</u>	<u>115,250</u>
Total non-current assets			
Current assets			
<i>Inventories</i>			
Raw materials and consumables		26,753	31,715
Work in progress		2,625	2,717
Finished goods and goods for resale		21,666	25,033
		<u>51,044</u>	<u>59,465</u>
Receivables			
Trade receivables		10,449	9,275
Receivables from group entities		9,585	25,334
Other receivables		5	5
Prepayments		1,118	1,056
		<u>21,157</u>	<u>35,670</u>
Cash at bank and in hand			
		<u>461</u>	<u>2,190</u>
Total current assets			
		<u>72,662</u>	<u>97,325</u>
TOTAL ASSETS			
		<u>197,630</u>	<u>212,575</u>

Financial statements 1 February 2015 – 31 January 2016

Balance sheet

DKK'000	Note	2015/16	2014/15
EQUITY AND LIABILITIES			
Equity			
Share capital	8	1,000	1,000
Net revaluation reserve according to the equity method		1,220	1,499
Retained earnings		123,624	112,240
Total equity		125,844	114,739
Provisions			
Deferred tax	9	12,888	12,429
Total provisions		12,888	12,429
Current liabilities other than provisions			
Trade payables		8,652	16,119
Payables to group entities		27,715	53,509
Joint taxation contribution to Lallemand Denmark A/S		6,046	2,447
Other payables		16,485	13,332
		58,898	85,407
Total liabilities other than provisions		58,898	85,407
TOTAL EQUITY AND LIABILITIES		197,630	212,575
Contingent liabilities, charges, etc.	10		
Related parties	11		

Financial statements 1 February 2015 – 31 January 2016

Statement of changes in equity

DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 February 2015	1,000	1,499	112,240	114,739
Transferred; see the profit appropriation	0	-279	11,384	11,105
Equity at 31 January 2016	1,000	1,220	123,624	125,844

Financial statements 1 February 2015 – 31 January 2016

Notes

DKK'000	<u>2015/16</u>	<u>2014/15</u>
1 Staff costs		
Wages and salaries	36,277	37,339
Pensions	3,426	3,172
Other social security costs	277	251
Other staff costs	547	614
	<u>40,527</u>	<u>41,376</u>
Average number of employees	<u>84</u>	<u>85</u>

Remuneration of the Executive Board of De Danske Gærfabrikker A/S is not disclosed separately referring to section 98b (3) of the Danish Financial Statements Act. No remuneration was paid to the Board of Directors.

2 Depreciation		
Buildings	1,270	1,262
Plant and machinery	10,838	10,939
Fixtures and fittings, other plant and equipment	243	301
Gains on disposal of property, plant and equipment	163	0
	<u>12,514</u>	<u>12,502</u>

Financial statements 1 February 2015 – 31 January 2016

Notes

DKK'000	<u>2015/16</u>	<u>2014/15</u>
3 Financial income		
Other financial income	<u>0</u>	<u>129</u>
	<u>0</u>	<u>129</u>
4 Financial expenses		
Interest expense to group entities	1,123	1,636
Other financial expenses	<u>632</u>	<u>380</u>
	<u>1,755</u>	<u>2,016</u>
5 Tax on profit for the year		
Current tax prior year	1,857	0
Current tax for the year	3,546	2,447
Adjustment of deferred tax for the year	<u>458</u>	<u>-1,290</u>
	<u>5,861</u>	<u>1,157</u>

Financial statements 1 February 2015 – 31 January 2016

Notes

6 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 February 2015	37,530	199,548	4,785	12,704	254,567
Adjustment of prior period	0	-528	528	0	0
Transferred	275	22,158	0	-22,433	0
Additions	0	0	0	22,511	22,511
Disposals	0	-3,581	-53	0	-3,634
Cost at 31 January 2016	<u>37,805</u>	<u>217,597</u>	<u>5,260</u>	<u>12,782</u>	<u>273,444</u>
Depreciation and impairment losses at 1 February 2015	27,374	109,098	4,344	0	140,816
Adjustment of prior period	0	-30	30	0	0
Depreciation	1,270	10,838	243	0	12,351
Disposals	0	-3,418	-53	0	-3,471
Depreciation and impairment losses at 31 January 2016	<u>28,644</u>	<u>116,488</u>	<u>4,564</u>	<u>0</u>	<u>149,696</u>
Carrying amount at 31 January 2016	<u>9,161</u>	<u>101,109</u>	<u>696</u>	<u>12,782</u>	<u>123,748</u>
Depreciated over	<u>10-30 years</u>	<u>10-20 years</u>	<u>3-7 years</u>		

Financial statements 1 February 2015 – 31 January 2016

Notes

7 Equity investments in group entities

DKK'000	<u>Investments in group entities</u>
Cost at 1 February 2015	2,501
Cost at 31 January 2016	<u>2,501</u>
Value adjustments at 1 February 2015	-1,002
Loss for the year	<u>-279</u>
Value adjustments at 31 January 2016	<u>-1,281</u>
Carrying amount at 31 January 2016	<u>1,220</u>

Investment in subsidiary is specified as follows:

Name	<u>Ownership</u>	<u>Share capital</u> DKK'000	<u>Equity</u> DKK'000	<u>Loss for the year</u> DKK'000
Aktieselskabet Dansk Gærings-Industri, Grenaa, Denmark	<u>100%</u>	<u>1,000</u>	<u>1,220</u>	<u>-279</u>

Financial statements 1 February 2015 – 31 January 2016

Notes

8 Share capital

The share capital has not undergone any changes during the past five years.

The share capital consists of 1,000 shares of nom. DKK 1,000 each.

All shares rank equally.

9 Deferred tax

	<u>2015/16</u>	<u>2014/15</u>
Deferred tax at 1 February 2015	12,429	13,718
Deferred tax adjustment for prior year	-31	0
Deferred tax adjustment for the year	490	118
Reduction of Danish corporation tax rate	<u>0</u>	<u>-1,407</u>
	<u>12,888</u>	<u>12,429</u>
Provision for deferred tax related to property, plant and equipment	<u>12,888</u>	<u>12,429</u>

10 Contingent liabilities, charges, etc.

Joint taxation

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.

Operating lease obligations

Within 1 year	509
Between 1 and 5 years	<u>501</u>
	<u>1,010</u>

Financial statements 1 February 2015 – 31 January 2016

Notes

11 Related parties

De Danske Gærfabrikker A/S' related parties comprise the following:

The Company's parent company and ultimate parent company exercise control.

The Company's related parties with significant influence comprise the Company's Board of Directors, Executive Board and executive staff. In addition, related parties comprise group entities in the Lallemand Group.

Control

The Company's ultimate parent company is Lallemand Inc., 151 Skyway Ave., Toronto, Canada M9W 4Z5. The consolidated financial statements in which De Danske Gærfabrikker A/S is included can be obtained by contacting Lallemand Inc.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Lallemand Denmark A/S
Bredstrupvej 33
DK-8500 Grenaa

The consolidated financial statements of the Lallemand Denmark A/S Group, in which De Danske Gærfabrikker A/S is included, can be obtained from Lallemand Denmark A/S.