

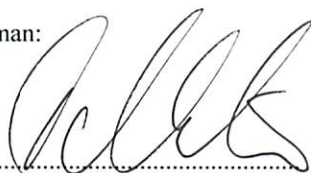
**BHJ A/S**  
**Ulsnæs 33, 6300 Gråsten**

**Annual report for 2015**

**CVR no. 11 42 34 18**

Approved at the Company's annual general meeting on 19 May 2016

Chairman:



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	<u>Page</u>
INFORMATION ON THE COMPANY	1
FINANCIAL HIGHLIGHTS	2
MANAGEMENT REPORT	3-7
MANAGEMENT STATEMENT	8
INDEPENDENT AUDITOR'S REPORT	9-10
ACCOUNTING POLICIES	11-16
 BHJ A/S	
INCOME STATEMENT	17
BALANCE SHEET	18-19
STATEMENT OF CHANGES IN EQUITY	20
NOTES TO THE ACCOUNTS	21-27

## **INFORMATION ON THE COMPANY**

BHJ A/S  
Ulsnæs 33  
DK-6300 Gråsten

CVR no. 11 42 34 18

### **Board of directors:**

Vilhelm Hald-Christensen (Chairman)  
Christine J. Lauridsen  
Nixon E. Lauridsen  
John F. Wheeler

### **Management:**

Asger S. Jacobsen  
Torben Matzen

### **Auditor:**

Ernst & Young Godkendt Revisionspartnerselskab  
Nørre Havnegade 43  
DK-6400 Sønderborg

State Authorised Public Accountant Thorbjørn Bruhn  
State Authorised Public Accountant Christian S. Christiansen

### **Bank:**

Sydbank A/S

### **Annual General Meeting**

The Annual General Meeting will be held 19 May 2016

BHJ A/S

**Financial highlights and key ratios**

	2011	2012	2013	2014	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Consolidated income statement</b>					
<b>Revenue</b>	<b>1.192.128</b>	<b>1.444.726</b>	<b>1.488.880</b>	<b>1.510.764</b>	<b>1.385.638</b>
Operating profit	52.917	49.282	58.950	76.145	54.399
Financial items	(1.709)	1.374	(368)	2.152	(9.957)
<b>Profit before tax</b>	<b>51.209</b>	<b>50.656</b>	<b>58.582</b>	<b>78.297</b>	<b>45.093</b>
<b>Profit for the year</b>	<b>37.475</b>	<b>39.059</b>	<b>43.559</b>	<b>59.087</b>	<b>33.679</b>
<b>Balance sheet</b>					
Fixed assets	298.042	300.520	191.451	368.530	364.334
Current assets	296.906	391.724	394.210	392.314	381.366
<b>Total assets</b>	<b>594.948</b>	<b>692.244</b>	<b>585.661</b>	<b>760.844</b>	<b>745.700</b>
<b>Equity</b>	<b>238.592</b>	<b>256.330</b>	<b>265.806</b>	<b>283.981</b>	<b>249.460</b>
Provisions	7.443	5.108	3.580	2.585	10.005
Interest-bearing debt	171.676	238.351	130.928	255.336	276.885
Non-interest-bearing debt	177.237	192.455	185.347	218.942	209.350
<b>Number of employees at year-end</b>	<b>260</b>	<b>260</b>	<b>272</b>	<b>263</b>	<b>273</b>
<b>Key figures<sup>1</sup></b>					
Operating margin	4,4%	3,4%	4,0%	5,0%	3,9%
Return On Capital Employed (ROCE)	12,4%	10,8%	13,5%	17,5%	10,8%
Return on equity	13,7%	15,8%	16,7%	21,5%	12,6%
Debt ratio	72,0%	93,0%	49,3%	89,9%	111,0%
Equity at year-end	40,1%	37,0%	45,4%	37,3%	33,5%

<sup>1</sup> Key figures are calculated according to definition described under accounting policies

## MANAGEMENT REPORT

### Main activities

BHJ A/S operates within the following two business areas:

- Essentia Protein Solutions
- BHJ Food and Pet Food

Essentia Protein Solutions develops, produces and markets functional protein ingredients within meat processing, soup stock and nutrition

BHJ Food trades in pork, beef and poultry products.

BHJ Pet Food purchases, processes and sells meat and fish raw materials for pet food and fur feed industries.

### Highlights of the financial year

There were no significant events in 2015.

Consolidated accounts have been prepared and disclosed for the parent company, LGI Denmark ApS. The consolidated accounts include the activities of the BHJ group. The consolidated accounts for LGI Denmark ApS include all the necessary information to assess the activities of the BHJ group. Therefore, this annual report only includes the annual accounts of BHJ A/S in accordance with section 112 of the Danish Financial Statements Act, and in accordance with section 86 (4), no cash flow statement has been made.

### Financial performance

Revenue has decreased by 8% compared with 2014.

BHJ generated an EBIT of DKK 55 million in the financial year 2015, compared with DKK 76 million in 2014 – a decrease of 27.4%. This development is considered as unsatisfactory.

BHJ posted a profit on ordinary activities before tax of DKK 45 million.

Total assets amount to DKK 746 million, of which equity amounts to DKK 249 million, equal to 33.4

### Outlook

The overall expectation for BHJ A/S in 2016 is a positive result but at a lower level as 2015.

### Special risk

It is BHJ's policy to adequately hedge all major risks.

Being affected by global veterinary factors, BHJ takes a proactive approach to quality assurance and production hygiene.

## **MANAGEMENT REPORT**

Due to the international scope of BHJ's activities, exchange rates as well as national interest rate levels may have an impact on BHJ's results, cash flows and shareholder's equity. BHJ hedges all major foreign exchange risks. The group's interest exposure is adjusted on an ongoing basis to the current yield curve and its expected developments.

### **Employees**

In its corporate development, BHJ relies on a number of core employee competencies.

The number of employees at year-end was 273, which is an increase of 10 compared to 2014.

### **Environmental policy**

BHJ aims to be an environmentally responsible group. The group has established an environmental management system based on its environmental policy, specific environmental targets for each operation, and ongoing registration and assessment of major environmental impact factors for each plant.

### **Development activities**

The most important costs incurred for product development are the remuneration of development staff and the cost of premises. Costs are charged directly to the income statement.

Product development includes development of new products and new applications for existing products.

### **Corporate social responsibility**

#### ***Mission***

Our mission is to create value within the meat and fish industry by focusing on our core business and people.

#### ***Vision***

It is our vision to be the preferred partner within our core business areas by striving for value and quality in everything we do.

#### ***Values and corporate culture***

BHJ has a set of values that reflects our attitude and behavior in our everyday life.

We build our business on close and long-term relationships with customers and suppliers.

Respect for individuals plays an important role in our basic values and we find it natural to act in a proper manner – ethically correct and in accordance with legislation. This means that our business partners and employees can rely on us to comply with the following:

#### **1. Human rights**

We support and respect protection of internationally proclaimed human rights.

## MANAGEMENT REPORT

### 2. **Equal opportunities**

We are against discrimination based on ethnic or national origin, religion, sex, sexual orientation, age or political affiliation.

### 3. **Freedom of association**

We uphold the freedom of association and the effective recognition of the right to collective bargaining.

### 4. **Forced labour**

We are against forced labour, and our employees are employed of their own free will.

### 5. **Child labour**

We dissociate child labour.

### 6. **Remuneration and working hours**

We comply with applicable laws and industry standards on remuneration and working hours.

### 7. **Working environment**

We aim at a physically and mentally strong working environment and build our cooperation on true respect for and interest in one another.

### 8. **Employee retention and development**

We recognize that the involvement of our employees contribute to the future success of the business. We are continuously developing employee competences to comply with job requirements. In case of long-term illness, we are in a close dialogue with the employee to retain her/him in the job. We aim to support employees in case of personal crises.

### 9. **Environmental responsibility**

We conduct our daily business in an environmentally responsible manner and show optimum consideration for the environment when planning new activities.

### 10. **Social commitment**

We recognize the importance of a constructive collaboration in the society.  
Our code of conduct is based on respect and responsibility.

BHJ has a long tradition of thinking and acting according to the above. Building and maintaining long-term co-operative relations is only possible when constantly focusing on these areas. This is done e.g. through targeted information to and involvement of managers and employees so that the organization is constantly up-to-date and attentive to these matters. We discuss these matters with our co-operation partners on an ongoing basis. Our suppliers are in general regular cooperation partners with whom we have a close cooperation, including inspection of production facilities. Furthermore, some of our customers demand that we can render probable that our suppliers fulfil a number of requirements regarding CSR, including human rights. We are of the firm opinion that BHJ – now and in future – lives up to its responsibilities.

## MANAGEMENT REPORT

### **Sustainability**

#### *Common sense and long-term perspective*

Sustainability is all about safeguarding our natural resources and utilizing these in the best possible way while avoiding waste. From the foundation of BHJ it has always been core business to utilize the raw materials that would otherwise go to waste and we continually strive to add value to these raw materials.

The fact that we simultaneously do this with focus on efficient production processes, a reduction in energy consumption and CO<sub>2</sub> emissions and with quality and food safety at the centre means that we are able to run an efficient and profitable business on this basis.

Our day-to-day focus on sustainability can be expressed in four principles:

#### *Taking good care of the environment*

We invest in energy efficiency to make sure that our facilities produce more with less energy and to minimize CO<sub>2</sub> emissions and waste. We work closely with our key suppliers to ensure that all our raw materials comply with relevant regulations and treaties. All disposals are handled according to or better than local regulations.

We have implemented a number of projects and several projects are also on-going right now, partly in Denmark and partly at our subsidiaries abroad. The purpose is to focus on reduction of energy consumption in the short term as well as in the long term and making environmental improvements. The effect of these projects are shown in the nature of larger energy savings.

#### *Developing high quality products*

All products are manufactured and developed according to recognized standards within quality and food safety. Our products are manufactured and distributed efficiently, and we co-operate with our suppliers and customers to optimize the total value chain for all parties involved with the purpose of using fewer resources per unit produced.

#### *Providing the best working conditions for our employees*

The employees are the most important resource in BHJ. To maintain and develop the necessary skills, we invest in employee training. BHJ is a safe place to work as we invest in workplace improvements to create safe and healthy working conditions for our employees.

We have during 2014 to 2016 implemented a training and coaching program in BHJ. Yearly surveys are being done in order to evaluate the outcome of these efforts.

#### *Using profitability to create long-term sustainable business*

BHJ invests a considerable part of the profit in the further development of our overall business strategy in order to secure a sustainable growth taking our values and business ethics into consideration.

### **Management structure and gender quota**

The management structure of BHJ consists of a board of directors appointed at the annual general meeting of 4 members and a management of 2.



## **MANAGEMENT REPORT**

The gender quota of the board of directors of BHJ is based on a desire to have both male and female board members. With 4 board members, the objective of at least 25% of each gender on the board has been achieved.

The appointment of other managers is based on a desire to have an as efficient organization as possible. In our opinion, this is best done by promoting each individual's possibilities for further development – regardless of age, gender etc. When appointing someone within the organization to a management position, the policy is to have both male and female applicants. The distribution of male/female managers has changed from 59%/41% in 2014 to 53%/47% in 2015. In our opinion the goal of equal representation of both gender is achieved.

### **Ownership**

BHJ A/S is owned by LGI Denmark ApS, Ulsnæs 33, DK-6300 Gråsten, CVR no. 28 10 08 92, a subsidiary of The Lauridsen Group, Inc., 2425 S.E. Oak Tree Court, Ankeny, Iowa 50021, USA.

## MANAGEMENT STATEMENT

The Board of Directors and the Management have today discussed and approved the annual report of BHJ A/S for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the annual report gives a true and fair view of the company's financial position at 31 December 2015 and of the results of the company's operations and cash flows for the financial year 1 January – 31 December 2015.

We also consider the management report to give a true and fair view of the development of the company's operations and financial matters, and the results of the company's operations and financial position.

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

Gråsten, 19 May 2016

### Management:



Asger S. Jacobsen



Torben Matzen

### Board of Directors:

Vilhelm Hald-Christensen  
(Chairman)

Christine J. Lauridsen

Nixon E. Lauridsen

John F. Wheeler

## INDEPENDENT AUDITOR'S REPORT

To the shareholder of BHJ A/S

### **Independent auditors' report on the financial statements**

We have audited the financial statements of BHJ A/S for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. 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.

### *Auditors' 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 auditors' judgment, 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 auditors consider 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 the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 financial position at 31 December 2015 and of the results of its operations and its cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

## INDEPENDENT AUDITOR'S 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 other 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.

Sønderborg, 19 May 2016

### ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Thorbjørn Bruhn  
State Authorised  
Public Accountant



Christian S. Christiansen  
State Authorised  
Public Accountant

## **ACCOUNTING POLICIES**

BHJ's annual report for the financial year 1 January – 31 December 2015 has been prepared in accordance with the provisions applying to (large) class C enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as applied in the accounting year 2014.

### **Recognition and measurement in general**

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when they are probable and can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below in respect of each individual item.

Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective rate of interest to maturity. Amortised cost is stated as original cost less any principal payments and plus or minus the accumulated amortisation of any difference between cost and the nominal amount.

Recognition and measurement take into consideration gains, losses, and risks that arise before the annual report is released and that confirm or invalidate matters existing at the balance sheet date.

Income is recognised in the income statement as earned. This includes the recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Also recognised are costs incurred to achieve the year's revenues, including amortisation, depreciation, impairment losses and provision as well as reversals made to reflect changed accounting estimates concerning amounts previously recognised in the income statement.

### **Foreign currency translation**

On initial recognition, transactions in foreign currency are translated into Danish kroner at the exchange rate ruling at the transaction date or, if hedging contracts have been entered into, at the contract rate. Exchange differences arising between the date of initial recognition and the date of payment are recognised in the income statement under financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currency that have not been settled on the balance sheet date are translated at the exchange rates ruling at the balance sheet date. The difference between the exchange rate ruling at the balance sheet date and the exchange rate at the time where the receivable or payable arose or was recorded in the most recent financial statements is recognised in the income statement under financial income or expenses.

### **Derivative financial instruments**

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently remeasured at their fair value. Positive and negative fair values of derivatives are recognised under other receivables and other payables, respectively.

## **ACCOUNTING POLICIES**

Changes in the fair value of derivative financial instruments that are designated as and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the value of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised directly in equity. Income and expenses relating to such hedge transactions are transferred from equity on realisation of the hedged item and recognised in the same item as the hedged item.

For derivative financial instruments not qualifying as hedges, changes in fair value are recognised in the income statement as and when they occur.

Shareholdings in foreign subsidiaries and associates are not hedged.

## **INCOME STATEMENT**

### **Revenue**

Income recognition is based on invoiced sales less goods returned and discounts granted in connection with sales. Sales are mainly invoiced on shipment. Refunds received from the EU are included in revenue.

### **Cost of sales**

The cost of sales comprises the purchase price or production costs of goods sold during the financial year. The cost of sales includes the prices of raw materials, consumables, direct wage costs and production overheads such as maintenance costs and depreciation charges for production plant, operating costs, plant management and administrative costs.

### **Product development**

The most important costs incurred for product development are the remuneration of development staff and the cost of premises. Costs are charged directly to the income statement.

Product development includes development of new products and new applications for existing products.

### **Selling and distribution costs**

Selling and distribution costs include the costs of sales staff, advertising and exhibition costs, and similar costs, including depreciation, bad debts and movements in provisions for bad debts.

### **Administrative expenses**

Administrative expenses include the costs of administrative staff, management, office premises, office expenses, and similar expenses, including depreciation.

## ACCOUNTING POLICIES

### **Other operating income and expenses**

Other operating income and expenses comprise items of a secondary nature relative to the principal objects of the companies, including gains and losses on the sale of tangible and intangible fixed assets.

### **Profit from investments in subsidiaries and associates**

The income statement includes the proportionate share of the profit or loss of each individual subsidiary after full elimination of intercompany gains/losses and deduction of goodwill amortisation.

The proportionate share of the profit or loss of associates is recognised in the income statement.

### **Financial income and expenses**

Financial income and expenses include interest income and expenses, capital gains and losses on securities, payables and transactions in foreign currency, amortisation of financial assets and liabilities. Financial income and expenses are recognised in the amounts relating to the financial year.

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

The company is covered by the Danish rules on compulsory joint taxation of LGI Denmark ApS' Danish companies. Subsidiaries are included in the joint taxation scheme from the time they are consolidated in the consolidated financial statements until such time as they are no longer consolidated.

The parent company, LGI Denmark ApS, is the administration company for the joint taxation scheme and therefore makes all payments of corporation tax to the tax authorities.

Current Danish corporation tax is allocated between the jointly taxed Danish companies by making joint taxation contributions in proportion to their taxable income. In this context, companies with tax losses receive joint taxation contributions from companies which have been able to use these losses to reduce their own taxable profits.

Tax for the year – comprising the year's joint taxation contributions and changes in deferred tax (including result of changes in tax rates) – is recognised in the income statement.

## BALANCE SHEET

### **Intangible assets**

#### **Rights**

Rights acquired in connection with company acquisitions are amortised over a period of 5-10 years.

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

Assets are measured at cost less accumulated depreciation.

Cost encompasses the purchase price and costs directly associated with the purchase until the time when the asset is ready to be brought into use.

## ACCOUNTING POLICIES

Assets are depreciated on a straight line basis over their estimated useful lives, as follows:

Buildings	16-39 years
Installations	12 ½-15 years
Plant and machinery	1-10 years
Operating assets and equipment	3-5 years

Depreciation is recognised in the income statement under production costs, distribution costs, administrative expenses and other operating expenses.

Property, plant, and equipment is written down to the lower of the recoverable amount and the carrying amount.

Gains and losses arising from the sale or scrapping of property, plant, and equipment are stated as the difference between the selling price less selling costs, including costs of dismantling or re-establishment, and the carrying amount at the date of disposal. Such gain or loss is included in the income statement under “Other operating income” or “Other operating expenses” as appropriate.

Grants received in connection with the acquisition of intangible assets are set off against the value of the asset and recognized as income concurrently with the amortisation of the asset.

### **Investments**

#### ***Investments in subsidiaries and associates***

Investments in subsidiaries and in associates are measured according to the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportionate share of the companies’ net asset value calculated in accordance with the parent company’s accounting policies less or plus any unrealised intra-group gains and losses and plus any residual amount of goodwill.

The above measurement also applies to subsidiaries and associates with negative equities.

The net revaluation of investments in subsidiaries and associates is recognised under equity as “Revaluation reserve based on the equity method” to the extent that the carrying amount exceeds the acquisition cost.

Acquisitions are accounted for using the purchase method, according to which identifiable assets and liabilities of companies acquired are measured at fair value at the time of acquisition.

#### ***Other securities***

Other, unlisted securities acquired as an investment are stated at fair value or cost where fair value cannot be measured.

Realised capital gains or losses as well as impairment losses are included in the income statement.



## **ACCOUNTING POLICIES**

### **Inventories**

Inventories are measured at cost using the FIFO method. Inventories are written down to the lower of cost and net realisable value.

The cost of goods for resale and raw materials and consumables includes the average purchase price plus transport costs.

The cost of finished goods comprises the cost of raw materials, consumables, direct labour, and indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery used in the manufacturing process as well as costs of factory administration and management.

The net realisable value of inventories is calculated as the selling price less costs incurred in making the sale, and is determined on the basis of marketability, obsolescence and changes in the expected selling price.

### **Receivables**

Receivables are measured at amortised cost. Receivables are written down for anticipated loss.

Receivables include trade receivables and receivables from group enterprises and associates as well as other receivables.

### **Prepayments**

Prepayments comprise costs incurred relating to the following financial year.

### **Equity**

#### ***Dividends***

Proposed dividends are recognised as a liability when adopted by the shareholders at the general meeting. Dividends expected to be paid in respect of the year are stated as a separate line item under equity.

### **Income tax and deferred tax**

Joint taxation contributions payable and receivable are recognised in the balance sheet under receivables from or payables to group enterprises.

Deferred tax is calculated according to the balance sheet liability method on all timing differences between the carrying amount and the tax value of assets and liabilities. No deferred tax liability is recognised for timing differences regarding non-deductible goodwill.

Deferred tax assets, including the tax value of any tax loss carried forward, are recognised in the amount at which they are expected to be used, either by setting off tax on future earnings or by setting off deferred tax liabilities within the same legal tax entity.

### **Other provisions**

Other provisions comprise anticipated costs relating to complaints, etc. Provisions are recognised when, as a consequence of a past event, the company has a legal or constructive obligation, and it is likely that the obligation will require an outflow of the company's financial resources.

## ACCOUNTING POLICIES

### **Financial liabilities**

Debt to mortgage and credit institutions is recognised in the amount of the proceeds after deduction of transaction costs at the time a loan is obtained. In subsequent periods, financial liabilities are recognised at amortised cost. The difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

In addition, the capitalised residual lease liability under finance leases is recognised under financial liabilities.

Other liabilities, which comprise trade payables and amounts owing to group enterprises and associates and other payables, are measured at amortised cost.

## SEGMENT INFORMATION

Information is provided about business segments and geographical segments. The segment information follows the company's accounting policies, risks, and in-house financial management.

## KEY RATIOS

### **Operating margin**

Operating profit as a percentage of revenue.

### **Return on capital employed (ROCE)**

Operating profit divided by the average capital employed (Working capital + Fixed assets).

### **Return on equity**

Profit for the year attributable to the group as a percentage of average equity.

### **Debt ratio**

Interest-bearing debt (mortgages and loans as well as bank loans and overdrafts) divided by equity.

### **Equity ratio at year-end**

Equity divided by total assets.

**BHJ A/S****Income statement for the year ended 31 December 2015**

Note	2015 DKK '000	2014 DKK '000
1 Revenue	1.385.638	1.510.764
2, 10 Goods consumed and cost of sales	(1.208.533)	(1.328.992)
<b>Gross profit</b>	<b>177.105</b>	<b>181.772</b>
Product development costs	(2.518)	(3.132)
2, 10 Selling and distribution costs	(61.210)	(54.897)
2, 10 Administrative expenses	(46.685)	(43.336)
3 Other operating income	3.971	5.792
4, 10 Other operating costs	(16.264)	(10.054)
<b>Operating profit</b>	<b>54.399</b>	<b>76.145</b>
5 Share of profit in group enterprises	(2.711)	1.531
6 Financial income	14.523	8.410
7 Financial expenses	(21.118)	(7.789)
<b>Profit before tax</b>	<b>45.093</b>	<b>78.297</b>
8 Tax on profit	(11.414)	(19.210)
<b>Profit for the year</b>	<b>33.679</b>	<b>59.087</b>
Proposed allocation of the profit for the year:		
Dividend	-	70.000
Retained earnings	33.679	(10.913)
	<b>33.679</b>	<b>59.087</b>

BHJ A/S

Balance sheet at 31 December 2015

Note		2015 DKK '000	2014 DKK '000
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
9	<b>Intangible assets</b>		
	Rights	1.357	1.588
		<b>1.357</b>	<b>1.588</b>
10	<b>Property, plant and equipment</b>		
	Land and buildings	53.079	59.658
	Plant and machinery	19.999	22.706
	Other fixtures and fittings, tools and equipment	2.362	3.031
	Property, plant and equipment in progress	12.226	-
		<b>87.666</b>	<b>85.395</b>
	<b>Investments</b>		
5	Investments in group enterprises	17.261	1.331
11	Receivables from group enterprises	249.192	268.212
11	Receivables from associates	-	991
11	Other securities	8.858	11.013
		<b>275.311</b>	<b>281.547</b>
	<b>Total fixed assets</b>	<b>364.334</b>	<b>368.530</b>
	<b>Current assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	7.470	4.631
	Finished goods	154.239	101.507
	Prepayment of goods	1.925	2.950
		<b>163.634</b>	<b>109.088</b>
	<b>Receivables</b>		
	Trade receivables	137.756	164.216
	Receivables from group enterprises	35.056	42.171
	Receivables from associates	464	643
12	Capitalised deferred tax	6.046	5.796
	Other receivables	18.445	20.101
13	Prepayments	1.678	935
		<b>199.445</b>	<b>233.862</b>
14	<b>Cash</b>	<b>18.287</b>	<b>49.364</b>
	<b>Total current assets</b>	<b>381.366</b>	<b>392.314</b>
	<b>Total assets</b>	<b>745.700</b>	<b>760.844</b>

BHJ A/S

Balance sheet at 31 December 2015

Note		2015 DKK '000	2014 DKK '000
	<b>LIABILITIES AND EQUITY</b>		
	<b>Equity</b>		
	Contributed capital	48.000	48.000
	Retained profit	201.460	165.981
	Proposed dividend	-	70.000
	<b>Total equity</b>	<b>249.460</b>	<b>283.981</b>
	<b>Provisions</b>		
15	Other provisions	10.005	2.585
		<b>10.005</b>	<b>2.585</b>
	<b>Liabilities</b>		
16	<b>Long-term debt</b>		
	Mortgages and loans	31.675	34.982
	Loans from group enterprises	126.162	194.354
	Other debt	2.235	172
		<b>160.072</b>	<b>229.508</b>
	<b>Short-term debt</b>		
16	Mortgage and loan repayments due in 2016 financial year	5.402	6.888
	Bank loans and overdrafts	115.601	19.112
	Trade payables	90.280	85.646
	Payables to group enterprises	9.802	12.432
	Payables to associates	4.179	1.546
	Other debt	100.899	119.146
		<b>326.163</b>	<b>244.770</b>
	<b>Total debt</b>	<b>486.235</b>	<b>474.278</b>
	<b>Total liabilities and equity</b>	<b>745.700</b>	<b>760.844</b>
17	<b>Contingent liability</b>		
18	<b>Collateral security</b>		
19	<b>Hedging contracts</b>		
20	<b>Other commitments</b>		
21	<b>Transactions with related parties</b>		

**BHJ A/S****Statement of changes in equity at 31 December 2015**

	Contributed capital DKK '000	Reserve for net revaluation DKK '000	Retained earnings DKK '000	Proposed dividend DKK '000	Total DKK '000
<b>Balance at 31 December 2013</b>	<b>48.000</b>	-	<b>177.806</b>	<b>40.000</b>	<b>265.806</b>
Dividend declared	-	-	-	(40.000)	(40.000)
Retained earnings	-	-	59.087	-	59.087
Value adjustment of hedging instruments	-	-	(917)	-	(917)
Exchange difference on foreign group enterprises	-	-	5	-	5
Proposed dividend	-	-	(70.000)	70.000	-
<b>Balance at 31 December 2014</b>	<b>48.000</b>	-	<b>165.981</b>	<b>70.000</b>	<b>283.981</b>
Dividend declared	-	-	-	(70.000)	(70.000)
Retained earnings	-	-	33.679	-	33.679
Value adjustment of hedging instruments	-	-	1.804	-	1.804
Exchange difference on foreign group enterprises	-	-	(4)	-	(4)
Proposed dividend	-	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>48.000</b>	-	<b>201.460</b>	-	<b>249.460</b>

The share capital comprises 2,400,000 shares with a nominal value of DKK 20 each.

There have been no changes to the share capital within the last 5 years.

## BHJ A/S

### Notes to the accounts for the year ended 31 December 2015

#### 1 Revenue

For competitive reasons, the distribution of BHJ A/S' net revenue on main activities is not mentioned.

	<b>2015</b>	<b>2014</b>
	DKK '000	DKK '000
Geographical distribution of revenue:		
Scandinavia	531.406	545.735
Western Europe	439.092	453.380
Eastern Europe	193.241	248.783
The Far East	162.837	206.458
Rest of the world	59.062	56.408
	<b>1.385.638</b>	<b>1.510.764</b>

#### 2 Staff costs

Wages, salaries and related costs:

Wages and salaries	141.489	130.161
Pension contributions	9.683	8.980
Other social security costs	3.120	3.178
	<b>154.292</b>	<b>142.319</b>

Staff costs are included in the following items:

Cost of sales	75.859	73.519
Selling and distribution costs	42.293	37.603
Administrative expenses	36.140	31.197
	<b>154.292</b>	<b>142.319</b>

Of which remuneration to the Management and Board of Directors of the parent company:

Management	3.729	3.175
Board of Directors	225	225
Management and Board of Directors	<b>3.954</b>	<b>3.400</b>

Average number of employees	<b>269</b>	<b>262</b>
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#### 3 Other operating income

Gains on the sale of fixed assets	101	300
Other operating income	3.870	5.492
	<b>3.971</b>	<b>5.792</b>

BHJ A/S

Notes to the accounts for the year ended 31 December 2015

4 Other operating expenses

	2015	2014
	DKK '000	DKK '000
Other operating expenses	16.264	10.054
	<b>16.264</b>	<b>10.054</b>

5 Result and investments in group enterprises

Cost at 1 January	1.950	1.950
Additions	19.509	-
Cost at 31 December	21.459	1.950
Value adjustment at 1 January	(619)	(687)
Share of profit	(2.711)	1.531
Exchange difference	(5)	5
Write-back of provisions	(863)	(1.468)
Value adjustment at 31 December	(4.198)	(619)
<b>Carrying amount at 31 December</b>	<b>17.261</b>	<b>1.331</b>

		Contributed capital	Share	Share of net profit DKK '000	Carrying amount DKK '000
Company:					
BHJ Germany GmbH, Germany	EUR '000	100	100%	867	-
TM Petfood ApS, Denmark	DKK '000	125	100%	18	261
Pet-Rus ApS, Denmark	DKK '000	125	100%	39	173
Hoejmark Group, Denmark	DKK '000	500	100%	(578)	3.244
Essentia Argentina S.A., Argentina	ARS '000	7.518	10%	(735)	359
Revaluation of assets and debt				(2.322)	13.224
				<b>(2.711)</b>	<b>17.261</b>

6 Financial income

	2015	2014
	DKK '000	DKK '000
Interest receivable etc. from group enterprises	4.510	2.816
Interest receivable etc. from associates	14	24
Return on capital investments	3	3
Other interest receivable and capital gains	9.996	5.567
	<b>14.523</b>	<b>8.410</b>

7 Financial expenses

Interest payable to group enterprises	4.935	1.652
Interest on loan	3.547	3.487
Other interest payable and exchange losses	12.636	2.650
	<b>21.118</b>	<b>7.789</b>



**BHJ A/S****Notes to the accounts for the year ended 31 December 2015****8 Income tax**

	<b>2015</b>	<b>2014</b>
	DKK '000	DKK '000
The tax charge can be specified as follows:		
Tax on profit for the year:		
Tax charge for the year	12.175	20.494
Change in deferred tax	(250)	(1.616)
Foreign withholding tax	42	35
Prior-year tax adjustments	-	-
<b>Total tax</b>	<b>11.967</b>	<b>18.913</b>
Tax is distributed as follows:		
Tax on ordinary profit	11.414	19.210
Tax on changes in equity	553	(297)
<b>Total tax</b>	<b>11.967</b>	<b>18.913</b>
Breakdown of tax rate (tax on ordinary profit):		
Danish corporation tax rate	23,5%	24,5%
Non-deductible expenses and non-taxable income	0,3%	0,3%
Impact on capitalized deferred tax of tax rate reduction	0,0%	0,2%
	<b>23,8%</b>	<b>25,0%</b>

**9 Intangible assets (Rights)**

Cost at 31 December	2.307	2.307
Amortisation and write-downs at 1 January	719	489
Amortisation during the year	231	230
Amortisation and write-downs at 31 December	950	719
<b>Carrying amount at 31 December</b>	<b>1.357</b>	<b>1.588</b>

Amortisation is included in production costs.

BHJ A/S

Notes to the accounts for the year ended 31 December 2015

10 Property, plant and equipment

	Land and buildings DKK '000	Plant and machinery DKK '000	Other fixtures and fittings, tools and equipment DKK '000	Tangible fixed assets under construction DKK '000	Total DKK '000
Cost at 1 January	224.084	337.003	17.190	-	578.277
Additions	1.065	6.658	905	12.226	20.854
Disposals at cost	-	(1.873)	(866)	-	(2.739)
Cost at 31 December	225.149	341.788	17.229	12.226	596.392
Depreciation and write-downs at 1 January	164.426	314.297	14.159	-	492.882
Depreciation and write-downs on disposals	-	(1.285)	(866)	-	(2.151)
Depreciation and write-downs during the year	7.644	8.777	1.574	-	17.995
Depreciation and write-downs at 31 December	172.070	321.789	14.867	-	508.726
<b>Carrying amount at 31 December</b>	<b>53.079</b>	<b>19.999</b>	<b>2.362</b>	<b>12.226</b>	<b>87.666</b>

	2015 DKK '000	2014 DKK '000
Depreciation is included in the following items:		
Cost of sales	12.758	18.593
Selling and distribution costs	1.762	2.230
Administrative expenses	2.945	3.181
Other operating expenses	530	1.126
	<b>17.995</b>	<b>25.130</b>

11 Receivables from group enterprises and associates, and other receivables

	Receivables from group enterprises DKK '000	Receivables from associates DKK '000	Other securities DKK '000
Cost at 1 January	268.212	991	11.013
Additions	8.918	-	1.488
Disposals	(27.938)	(991)	(3.643)
Cost at 31 December	249.192	-	8.858
<b>Carrying amount at 31 December</b>	<b>249.192</b>	<b>-</b>	<b>8.858</b>

BHJ A/S

Notes to the accounts for the year ended 31 December 2015

12 Capitalised deferred tax

	2015	2014
	DKK '000	DKK '000
Balance at 1 January	5.796	4.180
Change during the year	250	1.616
Balance at 31 December	<b>6.046</b>	<b>5.796</b>
Capitalised deferred tax relates to:		
Buildings	4.613	4.342
Plant and equipment	3.835	3.167
Inventories	(3.438)	(2.041)
Receivables	264	520
Other items, provisions	772	(192)
	<b>6.046</b>	<b>5.796</b>

13 Prepayments

Other items	1.678	935
	<b>1.678</b>	<b>935</b>

14 Cash

Cash includes the following tied-up funds:

Holiday allowance accounts	994	1.466
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15 Other provisions

Balance at 1 January	2.585	3.580
Additions	9.109	842
Disposals	(1.689)	(1.837)
Balance at 31 December	<b>10.005</b>	<b>2.585</b>

16 Mortgages and loans

Loan	Effective rate		Carrying amount	
	2015	2014	2015	2014
			DKK '000	DKK '000
Mortgage credit institutions, DKK - floating rate	9,46%	8,11%	35.122	39.864
Other credit institutions, DKK - fixed rate		3,50%	-	2.006
Other long-term debt			4.190	172
			<b>39.312</b>	<b>42.042</b>

Portion of mortgage credit institutions falling due after more than five years **17.758** **21.426**

Other credit institutions and other long-term debt fall due within five years.

The interest-reset loans have six-month maturities and will be reset at 30 June and 31 December.

Loans from group enterprises fall due within five years.

BHJ A/S

Notes to the accounts for the year ended 31 December 2015

17 Contingent liability

The company is jointly taxed with LGI Denmark ApS' consolidated companies. Together with the jointly taxed companies, the company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the jointly taxed group.

*Operating lease obligations*

Lease obligations (operating leases) falling due within 4 years total DKK 3,968k (2014: DKK 3,483k).

18 Collateral security

Collateral for mortgages and bank debt:

Registered mortgages and mortgages registered to the mortgagor on the company's property booked at DKK 53,079k	35.122	39.864
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The Company has issued mortgages registered to the owner of DKK 8,800k, secured on plant, which are held in the company's safe deposit box.

19 Hedging contracts

As part of the hedging of recognised and unrecognised purchasing and selling transactions, BHJ applies the cash flow and hedging instruments such as forward exchange contracts and currency options. Amount in Euro are not hedged.

Exchange risks associated with net investments in foreign subsidiaries are not hedged. The need for such hedging is monitored and assessed in an ongoing process.

The hedging of recognised transactions primarily comprises receivables and debt obligations.

Hedges of future purchasing and selling transactions are based on individual assessments.

The BHJ group mainly has floating rate interest-bearing debt. An assessment of the need for hedging of interest rate risk is made on an ongoing basis, primarily by using interest rate swaps and swaptions in EUR and DKK.

## BHJ A/S

### Notes to the accounts for the year ended 31 December 2015

#### 20 Other commitments

The company has guaranteed overdraft facilities for the following companies:

	Currency	Guaranteed amount	Drawing at 31 December 2015 mDKK
BHJ Polska Sp. z o.o.	PLN	5,0	1,6
ADAX S.A.S.	EUR	0,3	1,6

Furthermore, a cash pool has been established for the companies BHJ A/S, Essentia Protein Solutions AB, BHJ Kalino Food AB, BHJ Finland Oy Ab, BHJ UK Food Ltd., Essentia Protein Solutions Ltd., BHJ UK Seafood Ltd., Corsa Petfood S.L. and ADAX S.A.S. The net limit of the cash pool is DKK 110 million guaranteed by BHJ A/S.

A notice of withdrawal for EUR 100k has been given to creditors in BHJ Germany GmbH.

#### 21 Related party transactions

Related party with controlling influence on the company is LGI Denmark ApS, Gråsten, and The Lauridsen Group Inc., Iowa, USA.

Related parties with significant influence comprise group enterprises and associates as well as members of the Board of Directors, the Management and the managements of group enterprises and associates.

During the year, transactions were made with group enterprises and associates. Intragroup transactions have been eliminated in the consolidated financial statements.

Transactions with the Management and Board of Directors comprise management remuneration, which is disclosed in note 2.

Transactions with related parties have been made in terms of commercial conditions.

BHJ A/S is included in the consolidated accounts for LGI Denmark ApS.