

System Frugt A/S
Central Business Registration No
13473498
Blomstervej 8
8381 Tilst

Annual report 2015/16

The Annual General Meeting adopted the annual report on *23/2/17*

Chairman of the General Meeting



Name: *FLEMMING WINBERG*

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Entity details

Entity

System Frugt A/S
Blomstervej 8
8381 Tilst

Central Business Registration No: 13473498

Founded: 18.12.1989

Registered in: Aarhus

Financial year: 01.10.2015 - 30.09.2016

Phone: 87459595

Fax: 87459596

Board of Directors

Tim Ørting Jørgensen, Chairman

Jørgen Peter Danielsen

Esben Bay Jørgensen

Jacob Østergaard Bergenholtz

Karen Østergaard

Executive Board

Peter Ole Bruun, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of System Frugt A/S for the financial year 01.10.2015 - 30.09.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2016 and of the results of its operations and cash flows for the financial year 01.10.2015 - 30.09.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 12.12.2016

Executive Board



Peter Ole Bruun
CEO

Board of Directors



Tim Ørting Jørgensen
Chairman



Jacob Østergaard Bergenholtz



Jørgen Peter Danielsen



Karen Østergaard



Esben Bay Jørgensen

Independent auditor's reports

To the owners of System Frugt A/S

Report on the financial statements

We have audited the financial statements of System Frugt A/S for the financial year 01.10.2015 - 30.09.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement 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 as 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 about 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 judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity'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 Entity'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 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 audit 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 30.09.2016 and of the results of its operations and cash flows for the financial year 01.10.2015 - 30.09.2016 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

Independent auditor's reports

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Aarhus, 12.12.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Jacob Nørmark

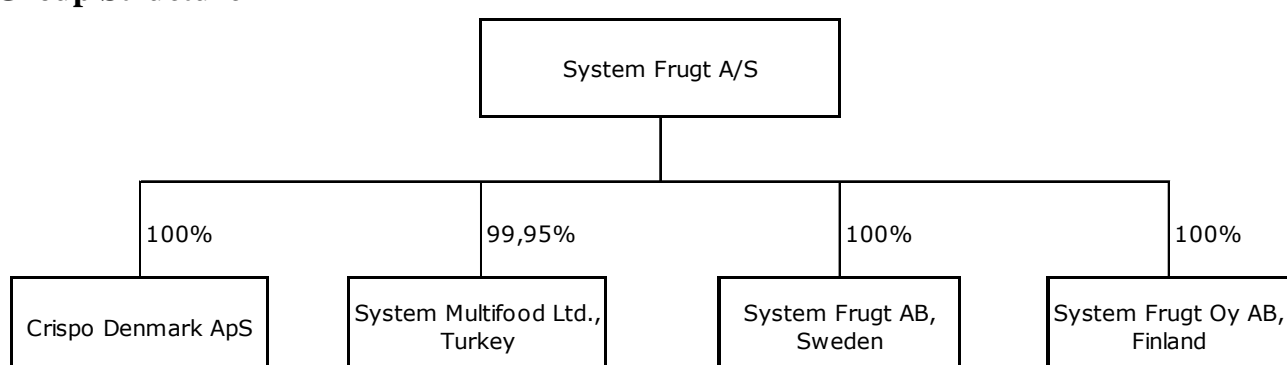
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

	<u>2015/16</u> <u>DKK'000</u>	<u>2014/15</u> <u>DKK'000</u>	<u>2013/14</u> <u>DKK'000</u>	<u>2012/13</u> <u>DKK'000</u>	<u>2011/12</u> <u>DKK'000</u>
Financial high-lights					
Key figures					
Revenue	557.568	567.617	588.778	516.463	423.624
Gross profit/loss	71.075	93.366	104.330	91.394	76.947
Operating profit/loss	(5.840)	13.264	17.312	23.869	7.101
Net financials	(4.062)	7.947	2.768	(2.092)	(931)
Profit/loss for the year	(7.992)	18.885	16.314	16.077	7.871
Total assets	223.631	263.589	242.138	223.752	186.049
Investments in property, plant and equipment	14.377	14.934	3.708	5.570	5.067
Equity	35.784	57.405	49.981	52.985	48.891
Employees in average	166	165	158	143	130
Ratios					
Gross margin (%)	12,7	16,4	17,7	17,7	18,2
Net margin (%)	(1,4)	3,3	2,8	3,1	1,9
Return on equity (%)	(17,2)	35,2	31,7	31,6	15,2
Solvency ratio (%)	16,0	21,8	20,6	23,7	26,3
Revenue per employee	3.359	3.440	3.726	3.612	3.259

Group Structure



Management commentary

Primary activities

System Frugt A/S is a wholly-owned subsidiary in the System Frugt Group. The primary activities comprise:

- Purchase, packing and sale of fresh fruit and vegetables.
- Purchase, packing and sale of dried fruits, nuts, seeds, snacks, crisps and spices.

Development in activities and finances

The financial year was characterised by slight decline in turnover compared to last year. This was unexpected and mainly from January and onwards turnover was below budgets in general. Total revenue ended at DKK 557,568k (2014/15: DKK 567,617k), which is 1.8% down on last year. The decrease can be attributed to dried products, whereas fresh fruit and vegetables experienced quite significant growth, mainly in the first half of the year.

Gross margins have been significant below expectations during the first half of the financial year due to a combination of price development on raw materials, high stock levels and price competition. Fixed costs are kept at current level due to continued efforts to strengthen the organization and the estimated future growth.

The combination of lower sales and low gross margins are the mains reasons for realization of a loss from ordinary activities of DKK -5,840k (2014/15: DKK 13,264k).

Loss for the year after tax amounts to DKK -7,992k (2014/15: DKK 18,885k), of which the loss from the subsidiaries has a negative impact of DKK -1,026k (2014/15: DKK 10,877k).

In the financial year, dividend was distributed to System Frugt Holding A/S amounting to DKK 15,000k (2014/15: DKK 15,000k).

The financial performance for the year is considered very unsatisfying.

The consolidated financial statements have only been prepared at holding level. For further information, see the annual report of System Frugt Holding A/S, CVR 33151799.

Investments

In the financial year, investments amounted to DKK 14,915k (2014/15: DKK 14,934k). The main investment is in a new production line, where production will start in the beginning of the new financial year. Other investments have primarily been made in production equipment, IT infrastructure and software.

Financial resources

The solvency ratio is 16.0% (2014/15: 21.8%), equivalent to equity at 30 September 2016 of DKK 35,784k (2015: DKK 57,405k).

Management commentary

Outlook

Revenue is expected to decline further in the forthcoming financial year whereas gross margins are expected to return to an acceptable level. As a whole the financial performance is expected to show significant improvement.

Particular risks

Price risks:

The Group's most significant operating risk relates to the development in raw material prices and the possibility of passing on increases to sales prices. The Company has well-developed policies and procedures to reduce these price risks.

Exchange rate risks:

A considerable part of the Company's purchase is made in USD, which results in a risk of exchange rate fluctuations and a derived impact on financial performance, equity and cash flows. It is the Company's policy to hedge these commercial foreign exchange risks mainly by using options and forward exchange contracts.

Intellectual capital resources

System Frugt A/S is BRC-certified and has implemented a well-functioning quality control system, which is developed on a regular basis. Moreover, the Company has built considerable knowledge about the individual products and their sourcing.

Environmental performance

The Company does not run any business resulting in dangerous or special impacts on the external environment. It is environmentally conscious and seeks to reduce the environmental impacts from operations.

Research and development activities

System Frugt A/S constantly invests in development and marketing of new products and to optimise methods and processes.

Corporate social responsibility

In our daily operations, we focus on acting responsibly towards our surrounding society and the environment. This section contains our disclosure on Corporate Social Responsibility according to the Danish Financial Statements Act §99a and §99b during the financial year 2015/16.

Gender diversity in management bodies

In accordance with §99b, System Frugt A/S has drawn up a policy for gender diversity in the management bodies of the Company with the aim to ensure more female representatives on both the Board of Directors and at other management levels of the organization.

Management commentary

One of the five seats on the Board of Directors is currently held by a woman, which equals a share of 20 %. It is the Company's objective to have at least 2 female members before 2018. We are on a continuous basis working towards this objective.

The top management of the Company consists of six members. Currently, there are no female members of the top management. The Company has implemented a policy for ensuring more women in management positions at System Frugt A/S, and progress is expected from future selections of vacant positions to top management. In the financial year 2015/16, there have not been any changes in the gender composition of the top management, so the initiated activities for diversity in the top management have not yet been successful.

Corporate social responsibility

Our focus for corporate social responsibility stems from four overall areas:

- Working conditions
- Health & Safety
- Local community
- Environment & Climate

We do currently not have a specific policy for human rights, but during the last four years, the Group has been a member of the Business Social Compliance Initiative, BSCI, in order to implement a rigorous system for managing CSR-related risks in our supply chain.

Working conditions

During the last four years, the Group has been a member of the Business Social Compliance Initiative, BSCI, in order to implement a rigorous system for managing CSR-related risks in our supply chain. Through BSCI, our goal is to contribute to creating and implementing continued improvements in social standards in our production companies worldwide. During 2015/16 we have increased the number of audits of our suppliers to ensure their compliance and focus on the guidelines.

Health & Safety

The Group has established internal policies and guidelines to ensure a safe and healthy working environment for all our employees. This includes training, a constant focus on safety and flexible job solutions. During 2015/16 the number of working accidents causing absence from work was reduced to 5 (2014/15: 11) at our site in Tilst.

Local Community

We care about our local community, and therefore the Group is an active supporter of the organizations; Children's Welfare, the Danish Cancer Society and Familier med kræfttramte børn (Families with children suffering from cancer). Our support has contained membership and/or donations.

Management commentary

Environment & Climate

To System Frugt ensuring sustainability also means working systematically with the environment. New and improved policy on the environment and climate area is expected to be implemented by the beginning of 2017.

One of our initiatives within this area is a business sponsorship agreement with the World Wildlife Fund, WWF. The reason for this initiative is that our products are primarily sourced from raw materials found in nature across the world – raw materials that need nature's scarce resources to be maintained. Hereby, we too want to contribute to WWF's nature conservation programs to help ensure long-term sustainability. During the fiscal year of 2014/15, an amount of DKK 450.000 has been donated and sponsored to WWF from our Earth Control® product campaigns, which were launched during August and September 2015. It has been agreed with WWF to repeat the initiative again during 2016/17. System Frugt as a group has entered into a corporate membership of WWF until 2018.

In addition, the Group has launched a string of initiatives aimed at further enhancing the sustainability of our work. Among these initiatives are:

- We continue our aim to reduce our packaging consumption in percent of volumes sold, measured in kilos.
- Our Fruit & Vegetables division continues our working relationship with Randers Rainforest, who collects our surplus products not reaching the consumers and hereby minimizing our amount of waste.
- From 1 January 2015, we ceased using palm oil direct in our products, converting to the use of the less environmentally harmful sunflower oil. Other products continuing to rely on palm oil are about to be switched to 100% RSPO-certified palm oil, and full conversion it is expected by the end of 2016.

If you want to know more about our sustainability efforts, please refer to the Group's latest CSR Report (2015).:

http://systemfrugt.dk/wp-content/uploads/Latest_CSR_Report.pdf.

Since spring 2016 effort has been put into the development a stronger, clearer and more ambitious CSR strategy for the group with focus on how to live it when approved and implemented. The strategy and day to day operation will be based on the requirements from our membership of UN Global Compact and BSCI, and will lead to a set of policies and processes that will ensure that we live up to our own System Frugt Code of Conduct, including an active attitude towards requirements from stakeholders, adoption in policies, clear supplier demands and daily operations. The strategy is expected to be approved during December 2016 where after the implementation starts.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (big).

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with the Parent and all the Parent's other Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, which is estimated at 5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	3-8 years
Other fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	5 years

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

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Accounting policies

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Finance lease commitments

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Accounting policies

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank debt.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Solvency Ratio(%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the Entity.

Accounting policies

Revenue per employee

$$\frac{\text{Revenue}}{\text{Average number of employees}}$$

The Entity's productivity

Income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Revenue	1	557.568	567.617
Production costs	2, 3	<u>(486.493)</u>	<u>(474.251)</u>
Gross profit/loss		71.075	93.366
Distribution costs	2, 3	(58.677)	(58.962)
Administrative costs	2, 3	<u>(18.238)</u>	<u>(21.140)</u>
Operating profit/loss		(5.840)	13.264
Income from investments in group enterprises		(1.026)	10.877
Other financial income		99	290
Other financial expenses		<u>(3.135)</u>	<u>(3.220)</u>
Profit/loss from ordinary activities before tax		(9.902)	21.211
Tax on profit/loss from ordinary activities	4	<u>1.910</u>	<u>(2.326)</u>
Profit/loss for the year		<u>(7.992)</u>	<u>18.885</u>
 Proposed distribution of profit/loss			
Extraordinary dividend		15.000	15.000
Reserve for net revaluation according to the equity method		(1.026)	(58)
Retained earnings		<u>(21.966)</u>	<u>3.943</u>
		<u>(7.992)</u>	<u>18.885</u>

Balance sheet at 30.09.2016

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Acquired trademarks		1.012	674
Intangible assets	5	1.012	674
Plant and machinery		15.582	9.459
Other fixtures and fittings, tools and equipment		7.938	5.593
Leasehold improvements		4.441	4.623
Property, plant and equipment	6	27.961	19.675
Investments in group enterprises		55.401	48.316
Receivables from group enterprises		5.269	4.200
Fixed asset investments	7	60.670	52.516
Fixed assets		89.643	72.865
Manufactured goods and goods for resale		84.732	94.923
Prepayments for goods		227	961
Inventories		84.959	95.884
Trade receivables		23.078	72.273
Receivables from group enterprises		20.460	21.568
Deferred tax assets	8	1.232	0
Other short-term receivables		3.337	24
Prepayments	9	826	464
Receivables		48.933	94.329
Cash		96	511
Current assets		133.988	190.724
Assets		223.631	263.589

Balance sheet at 30.09.2016

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Contributed capital	10	500	500
Reserve for net revaluation according to the equity method		12.900	13.636
Retained earnings		22.384	43.269
Equity		<u>35.784</u>	<u>57.405</u>
Provisions for deferred tax	8	0	372
Provisions		<u>0</u>	<u>372</u>
Finance lease liabilities		730	567
Payables to group enterprises		175	5.278
Non-current liabilities other than provisions	11	<u>905</u>	<u>5.845</u>
Current portion of long-term liabilities other than provisions	11	269	155
Bank loans		40.413	71.563
Trade payables		71.293	64.718
Debt to group enterprises		53.100	38.069
Income tax payable		0	2.043
Other payables		21.867	23.419
Current liabilities other than provisions		<u>186.942</u>	<u>199.967</u>
Liabilities other than provisions		<u>187.847</u>	<u>205.812</u>
Equity and liabilities		<u><u>223.631</u></u>	<u><u>263.589</u></u>
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		
Ownership	16		
Consolidation	17		

Statement of changes in equity for 2015/16

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed extraordinary dividend DKK'000	Total DKK'000
Equity beginning of year	500	13.636	43.269	0	57.405
Extraordinary dividend paid	0	0	0	(15.000)	(15.000)
Exchange rate adjustments	0	290	0	0	290
Value adjustments	0	0	1.386	0	1.386
Tax of equity postings	0	0	(305)	0	(305)
Profit/loss for the year	0	(1.026)	(21.966)	15.000	(7.992)
Equity end of year	500	12.900	22.384	0	35.784

Cash flow statement 2015/16

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Operating profit/loss		(5.840)	13.260
Amortisation, depreciation and impairment losses		6.074	3.711
Working capital changes	12	<u>78.994</u>	<u>(31.184)</u>
Cash flow from ordinary operating activities		79.228	(14.213)
Financial income received		99	290
Financial income paid		(3.135)	(3.215)
Income taxes refunded/(paid)		<u>(2.043)</u>	<u>(4.417)</u>
Cash flows from operating activities		74.149	(21.555)
Acquisition etc of intangible assets		(539)	0
Acquisition etc of property, plant and equipment		(14.377)	(14.934)
Sale of property, plant and equipment		218	227
Acquisition of fixed asset investments		(7.821)	(7.462)
Dividends received		0	9.902
Loans		(3.347)	(4.200)
Instalments received		<u>2.278</u>	<u>1.489</u>
Cash flows from investing activities		(23.588)	(14.978)
Loans raised		493	6.025
Instalments on loans etc		(5.319)	(1.467)
Dividend paid		(15.000)	(15.000)
Other cash flows from financing activities		<u>0</u>	<u>15.000</u>
Cash flows from financing activities		(19.826)	4.558
Increase/decrease in cash and cash equivalents		30.735	(31.975)
Cash and cash equivalents beginning of year		<u>(71.052)</u>	<u>(39.077)</u>
Cash and cash equivalents end of year		(40.317)	(71.052)
Cash and cash equivalents at year-end are composed of:			
Cash		96	511
Short-term debt to banks		<u>(40.413)</u>	<u>(71.563)</u>
Cash and cash equivalents end of year		(40.317)	(71.052)

Notes

	2015/16	2014/15
	DKK'000	DKK'000
1. Revenue		
Denmark	375.063	368.245
Other countries	182.505	199.372
	557.568	567.617
	2015/16	2014/15
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	70.757	72.875
Pension costs	11.312	9.956
Other social security costs	1.391	1.669
Other staff costs	1.868	1.517
	85.328	86.017
Average number of employees	166	165
	Remune- ration of manage- ment 2015/16 DKK'000	Remune- ration of manage- ment 2014/15 DKK'000
Total amount for management categories	2.938	4.167
	2.938	4.167
	2015/16	2014/15
	DKK'000	DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	201	251
Depreciation on property, plant and equipment	6.091	3.680
Profit/loss from sale of intangible assets and property, plant and equipment	(218)	(219)
	6.074	3.712

Notes

	2015/16	2014/15	
	DKK'000	DKK'000	
4. Tax on ordinary profit/loss for the year			
Current tax	0	795	
Change in deferred tax for the year	(1.910)	1.531	
	(1.910)	2.326	
		Acquired trade-marks	
		DKK'000	
5. Intangible assets			
Cost beginning of year		1.007	
Additions		539	
Cost end of year		1.546	
Amortisation and impairment losses beginning of year		(333)	
Amortisation for the year		(201)	
Amortisation and impairment losses end of year		(534)	
Carrying amount end of year		1.012	
	Plant and machinery	Other fixtures and fittings, tools and equipment	
	DKK'000	DKK'000	
6. Property, plant and equipment		Leasehold improvements	
		DKK'000	
Cost beginning of year	37.467	12.419	7.421
Additions	8.032	5.052	1.293
Disposals	0	(809)	0
Cost end of year	45.499	16.662	8.714
Depreciation and impairment losses beginning of the year	(28.008)	(6.826)	(2.798)
Depreciation for the year	(1.909)	(2.707)	(1.475)
Reversal regarding disposals	0	809	0
Depreciation and impairment losses end of the year	(29.917)	(8.724)	(4.273)
Carrying amount end of year	15.582	7.938	4.441
Recognised assets not owned by entity	0	995	0

Notes

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000
7. Fixed asset investments		
Cost beginning of year	34.679	4.200
Additions	7.822	3.347
Disposals	0	(2.278)
Cost end of year	42.501	5.269
Revaluations beginning of year	13.635	0
Exchange rate adjustments	290	0
Share of profit/loss after tax	(1.274)	0
Adjustment of intra-group profits	249	0
Revaluations end of year	12.900	0
Carrying amount end of year	55.401	5.269
	Registered in	Equity interest %
Subsidiaries:		
System Multifood	Turkey	99,95
Crispo Denmark ApS	Hjørring, Denmark	100,00
System Frugt AB	Sweden	100,00
System Frugt Oy AB	Finland	100,00
	2015/16 DKK'000	2014/15 DKK'000
8. Deferred tax		
Intangible assets	(223)	(148)
Property, plant and equipment	(1.287)	52
Inventories	(341)	(276)
Other taxable temporary differences	3.083	0
	1.232	(372)
9. Prepayments		

Prepayments relate to prepaid costs, including prepaid costs, including prepaid licenses and insurance etc.

Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK'000</u>
10. Contributed capital			
Ordinary Shares	2	150.000,00	300
Ordinary Shares	2	100.000,00	200
	<u>4</u>		<u>500</u>

There have been no changes in share capital in the past five financial years. The shares have not been divided into classes.

	<u>Instalments within 12 months 2014/15 DKK'000</u>	<u>Instalments within 12 months 2015/16 DKK'000</u>	<u>Instalments beyond 12 months 2015/16 DKK'000</u>
11. Long-term liabilities other than provisions			
Finance lease liabilities	155	269	730
Payables to group enterprises	0	0	175
	<u>155</u>	<u>269</u>	<u>905</u>

	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
12. Change in working capital		
Increase/decrease in inventories	10.927	(10.598)
Increase/decrease in receivables	48.014	931
Increase/decrease in trade payables etc	20.053	(21.517)
	<u>78.994</u>	<u>(31.184)</u>
	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
13. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	<u>12.674</u>	<u>12.666</u>

Unrecognised rental and lease commitments relate to operating leases totalling DKK 6,024k as well as rental commitments totalling DKK 6,650k.

Notes

14. Contingent liabilities

The Company has committed itself to fixed price and quantity contracts towards its suppliers of goods and services on delivery of raw materials in the coming financial years. The contractual residual commitments from the concluded contracts at 30 September 2016 amount to DKK 81,004k.

The Company participates in a Danish joint taxation arrangement in which Anpartsselskabet af 9. September 2010 serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

15. Assets charged and collateral

The Company has issued letters of credit and payment guarantees through its bank to suppliers amounting to DKK 664k.

16. Ownership

The Company has registered the following shareholders as holding more than 5% of the voting rights or more than 5% of the nominal value of the share capital:

System Frugt Holding A/S, Fredensborg

17. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Anpartsselskabet af 9. September 2010, Fredensborg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

System Frugt Holding A/S, Fredensborg