

Geia Food A/S
Fuglevænget 9
9000 Aalborg
Central Business Registration
No 14983007

Annual report 2017

The Annual General Meeting adopted the annual report on 16.05.2018

Chairman of the General Meeting

Name: Gudmund Schlytter Killi

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2017	9
Consolidated balance sheet at 31.12.2017	10
Consolidated statement of changes in equity for 2017	12
Consolidated cash flow statement for 2017	13
Notes to consolidated financial statements	14
Parent income statement for 2017	19
Parent balance sheet at 31.12.2017	20
Parent statement of changes in equity for 2017	22
Notes to parent financial statements	23
Accounting policies	29

Entity details

Entity

Geia Food A/S
Fuglevænget 9
9000 Aalborg

Central Business Registration No: 14983007

Registered in: Aalborg

Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Gudmund Schlytter Killi
Wilhelm Mohn
Jon Martin Klafstad
Claus Juel Jensen
Jens Junge Mortensen

Executive Board

Claus Ulrik Ravnsbo

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4. sal
9000 Aalborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Geia Food A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

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.

Aalborg, 16.05.2018

Executive Board

Claus Ulrik Ravnsbo

Board of Directors

Gudmund Schlytter Killi

Wilhelm Mohn

Jon Martin Klafstad

Claus Juel Jensen

Jens Junge Mortensen

Independent auditor's report

To the shareholders of Geia Food A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Geia Food A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aalborg, 16.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Birner Sørensen
State Authorised Public Accountant
Identification number (MNE) mne11671

Management commentary

	2017 DKK'000	2016 DKK'000
Financial highlights		
Key figures		
Revenue	1.210.074	1.144.277
Gross profit/loss	90.522	97.884
Operating profit/loss	38.424	42.737
Net financials	1.910	1.757
Profit/loss for the year	29.920	32.978
Total assets	209.396	229.093
Investments in property, plant and equipment	2.980	3.669
Equity incl minority interests	58.529	81.942
Cash flows from (used in) operating activities	77.644	48.824
Cash flows from (used in) investing activities	(2.560)	(3.249)
Cash flows from (used in) financing activities	(52.953)	(40.920)

Ratios

Gross margin (%)	7,5	8,6
Net margin (%)	2,5	2,9

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.

Management commentary

Primary activities

Geia Food is a leading independent food concept provider offering both customers and suppliers a one-point-of-entry platform into the Scandinavian market. We are specialized in supplying value-added conceptual category offerings and have strong partnerships with all well-known retailers in Scandinavia. Geia Food is active in more than 10 different product categories and have an extensive network of suppliers around the globe. With local offices in Denmark, Norway, Sweden and Finland we are close to our main customers and can respond to local needs and consumer tastes.

Development in activities and finances

The Group generated a net profit of t.DKK 29.920 in the financial year. The profit for the year is considered satisfactory by the Board of Directors.

Uncertainty relating to recognition and measurement

There are no uncertainties relating to recognition and measurement.

Unusual circumstances affecting recognition and measurement

There have been no unusual circumstances affecting recognition and measurement.

Outlook

The Group expects an increase in revenue and profit in the financial year 2018 as sales development in Denmark as well as on the foreign markets continues to be positive, with an expected profit for the year in the range of 30-35 m.DKK. Furthermore, the Group expects to develop its current business areas and to develop new ones.

Particular risks

Business risks

The Group's most significant business risk relates to the quality and food safety of the products distributed.

Financial risks

As a consequence of its operations, investments and financing, the Group is exposed to changes in the level of interest and exchange rates. The Group pursues a fiscal policy operating with a low risk profile so that currency risks, interest risks and credit risks only arise based on commercial matters.

Currency risks

Where possible, the Group's currency exposure is hedged through matching of payments received and made in the same currency and by using forward exchange contracts and currency options. At the end of the financial year 2017, the notional value of the Group's forward exchange contracts and currency options for meeting future currency risks amounted to negative t.DKK 1.024.

Forward exchange contracts and currency options consist of hedging of activities in EUR, USD, NOK and SEK with a term up to 24 months.

Management commentary

Research and development activities

The Group has not incurred any research and development expenses. These are borne by the Group's suppliers. The Group itself has no activities in the area.

Foreign branches

The Group is represented in Sweden through the subsidiary group Geia Food AB, in Finland through the subsidiary group Geia Food OY and in Norway through the subsidiary group Geia Food Norge AS.

Statutory report on corporate social responsibility

The 2017 Corporate Social Responsibility report contains The Groups policies regarding CSR, animal welfare and environmental performance.

The 2017 Corporate Social Responsibility report is available on the following link:

https://www.geiafood.dk/media/63991/geia_csr-2017.pdf

Statutory report on the underrepresented gender

The Board of Directors and the Executive Board of Geia Food A/S have reflected the gender distribution prevailing in the business where the Group operates for which reason it is characterized by an under-representation of women.

The Board of Directors and the Executive Board consist of 5 men and 0 women. The target is that by the end of 2022, 2 women will join the Board of Directors.

The target has not been met in 2017, as the replacements and additions in The Board of Directors and the Executive Board were men.

At other management levels, there is gender equality.

Moreover, the Group's policy is to fill in vacant positions in the Group's management, administration and Board of Directors with the most competent employees regardless of gender.

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.

Consolidated income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue	1	1.210.074	1.144.277
Cost of sales		(1.101.847)	(1.027.707)
Other external expenses	2	(17.705)	(18.686)
Gross profit/loss		90.522	97.884
Staff costs	3	(42.933)	(46.188)
Depreciation, amortisation and impairment losses	4	(9.151)	(8.918)
Other operating expenses		(14)	(41)
Operating profit/loss		38.424	42.737
Other financial income	5	2.740	2.299
Other financial expenses	6	(830)	(542)
Profit/loss before tax		40.334	44.494
Tax on profit/loss for the year	7	(10.414)	(11.516)
Profit/loss for the year	8	29.920	32.978

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Goodwill		40.669	47.447
Intangible assets	9	<u>40.669</u>	<u>47.447</u>
Other fixtures and fittings, tools and equipment		5.557	5.608
Property, plant and equipment	10	<u>5.557</u>	<u>5.608</u>
Deposits		1.059	1.052
Fixed asset investments	11	<u>1.059</u>	<u>1.052</u>
Fixed assets		<u>47.285</u>	<u>54.107</u>
Manufactured goods and goods for resale		56.422	50.606
Inventories		<u>56.422</u>	<u>50.606</u>
Trade receivables		66.812	106.106
Deferred tax		40	250
Other receivables	12	11.364	6.615
Income tax receivable		5	69
Prepayments	13	1.901	1.296
Receivables		<u>80.122</u>	<u>114.336</u>
Cash		<u>25.567</u>	<u>10.044</u>
Current assets		<u>162.111</u>	<u>174.986</u>
Assets		<u>209.396</u>	<u>229.093</u>

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		769	769
Retained earnings		54.975	69.559
Proposed dividend		0	10.000
Equity attributable to the Parent's owners		55.744	80.328
Share of equity attributable to minority interests		2.785	1.614
Equity		58.529	81.942
Other provisions	14	0	1.500
Provisions		0	1.500
Finance lease liabilities		374	1.368
Other payables	15	3.747	2.724
Non-current liabilities other than provisions	16	4.121	4.092
Current portion of long-term liabilities other than provisions	16	1.792	751
Bank loans		0	6.608
Trade payables		101.982	91.555
Income tax payable		10.324	11.431
Other payables		32.117	30.458
Deferred income	17	531	756
Current liabilities other than provisions		146.746	141.559
Liabilities other than provisions		150.867	145.651
Equity and liabilities		209.396	229.093
Financial instruments	19		
Contingent liabilities	20		
Mortgages and securities	21		
Transactions with related parties	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2017

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed extraordinary dividend DKK'000	Proposed dividend DKK'000
Equity beginning of year	769	69.559	0	10.000
Ordinary dividend paid	0	0	0	(10.000)
Extraordinary dividend paid	0	0	(43.000)	0
Exchange rate adjustments	0	(517)	0	0
Value adjustments	0	129	0	0
Other equity postings	0	55	0	0
Profit/loss for the year	0	(14.251)	43.000	0
Equity end of year	769	54.975	0	0

	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	1.614	81.942
Ordinary dividend paid	0	(10.000)
Extraordinary dividend paid	0	(43.000)
Exchange rate adjustments	0	(517)
Value adjustments	0	129
Other equity postings	0	55
Profit/loss for the year	1.171	29.920
Equity end of year	2.785	58.529

Value adjustments comprises of adjustments to foreign exchange forwards contracts.

Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Operating profit/loss		38.424	42.778
Amortisation, depreciation and impairment losses		9.151	8.918
Other provisions		(1.500)	1.500
Working capital changes	18	39.492	15.522
Other adjustments		(35)	(8.040)
Cash flow from ordinary operating activities		85.532	60.678
Financial income received		2.740	2.299
Financial income paid		(830)	(542)
Income taxes refunded/(paid)		(9.798)	(13.611)
Cash flows from operating activities		77.644	48.824
Acquisition etc of intangible assets		(2.980)	(3.669)
Sale of intangible assets		420	420
Cash flows from investing activities		(2.560)	(3.249)
Loans raised		47	580
Dividend paid		(53.000)	(41.500)
Cash flows from financing activities		(52.953)	(40.920)
Increase/decrease in cash and cash equivalents		22.131	4.655
Cash and cash equivalents beginning of year		3.436	(1.219)
Cash and cash equivalents end of year		25.567	3.436
Cash and cash equivalents at year-end are composed of:			
Cash		25.567	10.044
Short-term debt to banks		0	(6.608)
Cash and cash equivalents end of year		25.567	3.436

Notes to consolidated financial statements

1. Revenue

With reference to The Danish Financial Statements Act §96 (1), the information on Revenue is not given on the interest of competitive reasons.

	2017 DKK'000	2016 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	248	127
Tax services	43	0
Other services	91	0
	382	127

	2017 DKK'000	2016 DKK'000
3. Staff costs		
Wages and salaries	36.866	38.916
Pension costs	3.431	3.721
Other social security costs	1.215	2.187
Other staff costs	1.421	1.364
	42.933	46.188
Average number of employees	64	56

	Remunera- tion of manage- ment 2017 DKK'000	Pension liabilities 2017 DKK'000	Remunera- tion of manage- ment 2016 DKK'000	Pension liabilities 2016 DKK'000
Total amount for management categories	6.134	688	6.999	667
	6.134	688	6.999	667

	2017 DKK'000	2016 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	6.778	6.778
Depreciation of property, plant and equipment	2.373	2.140
	9.151	8.918

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
5. Other financial income		
Other financial income	2.740	2.299
	2.740	2.299
	2017 DKK'000	2016 DKK'000
6. Other financial expenses		
Interest expenses	467	542
Other financial expenses	363	0
	830	542
	2017 DKK'000	2016 DKK'000
7. Tax on profit/loss for the year		
Tax on current year taxable income	10.238	11.565
Change in deferred tax for the year	354	(49)
Adjustment concerning previous years	(178)	0
	10.414	11.516
	2017 DKK'000	2016 DKK'000
8. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	10.000
Extraordinary dividend distributed in the financial year	43.000	15.000
Transferred to reserve for net revaluation according to the equity method	0	2.518
Retained earnings	(14.251) –	4.752
Minority interests' share of profit/loss	1.171	708
	29.920 –	32.978
		Goodwill DKK'000
9. Intangible assets		
Cost beginning of year		67.781
Cost end of year		67.781
Amortisation and impairment losses beginning of year		(20.334)
Amortisation for the year		(6.778)
Amortisation and impairment losses end of year		(27.112)
Carrying amount end of year		40.669

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK'000	
10. Property, plant and equipment		
Cost beginning of year		10.391
Additions		2.980
Disposals		(1.370)
Cost end of year		12.001
Depreciation and impairment losses beginning of the year		(4.819)
Depreciation for the year		(2.404)
Reversal regarding disposals		779
Depreciation and impairment losses end of the year		(6.444)
Carrying amount end of year		5.557
		Deposits DKK'000
11. Fixed asset investments		
Cost beginning of year		1.040
Additions		19
Cost end of year		1.059
Carrying amount end of year		1.059
	2017 DKK'000	2016 DKK'000
12. Other receivables		
Derivative financial instruments	6.693	0
Other receivables	4.533	0
	11.226	0

13. Prepayments

Prepayments consists of rent and insurance costs.

14. Other provisions

Other provisions prior year concerns supplier compensation.

Notes to consolidated financial statements

	2017 DKK'000	2016 DKK'000
15. Other long-term payables		
Derivative financial instruments	3.747	2.724
	3.747	2.724

	Instalments within 12 months 2017 DKK'000	Instalments within 12 months 2016 DKK'000	Instalments beyond 12 months 2017 DKK'000
16. Liabilities other than provisions			
Subordinate loan capital	0	0	0
Finance lease liabilities	1.792	751	374
Other payables	0	0	3.747
	1.792	751	4.121

17. Short-term deferred income

Deferred income consists of freight charges.

	2017 DKK'000	2016 DKK'000
18. Change in working capital		
Increase/decrease in inventories	(5.816)	5.389
Increase/decrease in receivables	34.214	(2.424)
Increase/decrease in trade payables etc	12.086	11.945
Other changes	(992)	612
	39.492	15.522

19. Financial instruments

The Company hedges currency risks on expected transactions in EUR, USD, NOK and SEK with forward exchange contracts.

Period	Value recognized	
	in equity	Contractual value
0-6 months	838 t.DKK	307.667 t.DKK
6-12 months	(1.201) t.DKK	378.521 t.DKK
12-24 months	(662) t.DKK	307.687 t.DKK
	(1.025) t.DKK	993.874 t.DKK

Forward exchange contracts relates purchase of goods. Value adjustments are recognized in the equity and are expected to be carried out and recognized in the income statement after the balance sheet day.

Beyond 95% of the forward exchange contracts are hedging towards currency risks relating to DKK/EUR.

Notes to consolidated financial statements

20. Contingent liabilities

The entity has entered agreements of rented premises. The Contracts are irredeemable for 9,5 years corresponding to 22.019 t.DKK.

The annual rent is 2.318 t.DKK.

21. Mortgages and securities

Mortgage debt is secured by way of company charges. The Company charge comprises stocks, goodwill and receivables, limited to 50.000 t.DKK.

22. Transactions with related parties

All transactions with related parties are made in marked conditions and therefore there is nothing to disclose in the annual report.

23. Subsidiaries

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Geia Food AB	Sverige	AB	100,0
Geia Food OY	Finland	OY	100,0
Geia Food Norge AS	Norge	AS	75,0

Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue		1.117.914	1.075.480
Cost of sales		(1.032.266)	(987.219)
Other external expenses		(13.350)	(11.927)
Gross profit/loss		72.298	76.334
Staff costs	1	(31.572)	(29.506)
Depreciation, amortisation and impairment losses	2	(9.000)	(8.859)
Other operating expenses		(14)	(41)
Operating profit/loss		31.712	37.928
Income from investments in group enterprises		4.585	3.011
Other financial income	3	1.839	2.181
Other financial expenses	4	(642)	(407)
Profit/loss before tax		37.494	42.713
Tax on profit/loss for the year	5	(8.742)	(10.444)
Profit/loss for the year	6	28.752	32.269

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Goodwill		40.669	47.447
Intangible assets	7	40.669	47.447
Other fixtures and fittings, tools and equipment		5.250	5.160
Property, plant and equipment	8	5.250	5.160
Investments in group enterprises		5.611	1.545
Receivables from group enterprises		1.518	3.417
Deposits		952	932
Deferred tax		147	297
Fixed asset investments	9	8.228	6.191
Fixed assets		54.147	58.798
Manufactured goods and goods for resale		53.797	36.083
Inventories		53.797	36.083
Trade receivables		61.001	97.595
Receivables from group enterprises		5.808	6.096
Other receivables	10	11.280	4.913
Prepayments	11	1.321	1.189
Receivables		79.410	109.793
Cash		14.079	8.162
Current assets		147.286	154.038
Assets		201.433	212.836

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		769	769
Reserve for net revaluation according to the equity method		5.995	2.394
Retained earnings		48.914	67.154
Proposed dividend		0	10.000
Equity		<u>55.678</u>	<u>80.317</u>
Other provisions	12	0	1.500
Provisions		<u>0</u>	<u>1.500</u>
Finance lease liabilities		374	1.368
Other payables	13	3.747	2.724
Non-current liabilities other than provisions	14	<u>4.121</u>	<u>4.092</u>
Current portion of long-term liabilities other than provisions	14	1.792	751
Bank loans		0	1.437
Trade payables		100.225	85.941
Income tax payable		8.629	10.540
Other payables	15	30.943	28.226
Deferred income	16	45	32
Current liabilities other than provisions		<u>141.634</u>	<u>126.927</u>
Liabilities other than provisions		<u>145.755</u>	<u>131.019</u>
Equity and liabilities		<u>201.433</u>	<u>212.836</u>
Financial instruments	17		
Contingent liabilities	18		
Mortgages and securities	19		
Related parties with controlling interest	20		
Transactions with related parties	21		

Parent statement of changes in equity for 2017

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed extraordinary dividend DKK'000
Equity beginning of year	769	2.394	67.151	0
Ordinary dividend paid	0	0	0	0
Extraordinary dividend paid	0	0	0	(43.000)
Exchange rate adjustments	0	(517)	0	0
Value adjustments	0	0	129	0
Profit/loss for the year	0	4.118	(18.366)	43.000
Equity end of year	769	5.995	48.914	0
			Proposed dividend DKK'000	Total DKK'000
Equity beginning of year			10.000	80.314
Ordinary dividend paid			(10.000)	(10.000)
Extraordinary dividend paid			0	(43.000)
Exchange rate adjustments			0	(517)
Value adjustments			0	129
Profit/loss for the year			0	28.752
Equity end of year			0	55.678

Value adjustments comprises of adjustments to foreign exchange forwards contracts.

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
1. Staff costs		
Wages and salaries	27.405	25.758
Pension costs	3.040	2.477
Other staff costs	1.127	1.271
	31.572	29.506
Average number of employees	51	45

	Remunera- tion of manage- ment 2017 DKK'000	Pension liabilities 2017 DKK'000	Remunera- tion of manage- ment 2016 DKK'000	Pension liabilities 2016 DKK'000
Total amount for management categories	5.136	537	6.098	503
	5.136	537	6.098	503

	2017 DKK'000	2016 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	6.778	6.778
Depreciation of property, plant and equipment	2.222	2.081
	9.000	8.859

	2017 DKK'000	2016 DKK'000
3. Other financial income		
Financial income arising from group enterprises	189	197
Other financial income	1.650	1.984
	1.839	2.181

	2017 DKK'000	2016 DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	11	249
Interest expenses	254	158
Other financial expenses	377	0
	642	407

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	8.629	10.540
Change in deferred tax for the year	291	(96)
Adjustment concerning previous years	(178)	0
	8.742	10.444
	2017 DKK'000	2016 DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	10.000
Extraordinary dividend distributed in the financial year	43.000	15.000
Transferred to reserve for net revaluation according to the equity method	4.118	2.518
Retained earnings	(18.366) –	4.751
	28.752 –	32.269
		Goodwill DKK'000
7. Intangible assets		
Cost beginning of year		67.781
Cost end of year		67.781
Amortisation and impairment losses beginning of year		(20.334)
Amortisation for the year		(6.778)
Amortisation and impairment losses end of year		(27.112)
Carrying amount end of year		40.669

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK'000
8. Property, plant and equipment	
Cost beginning of year	9.859
Additions	2.903
Disposals	(1.370)
Cost end of year	11.392
Depreciation and impairment losses beginning of the year	(4.699)
Depreciation for the year	(2.222)
Reversal regarding disposals	779
Depreciation and impairment losses end of the year	(6.142)
Carrying amount end of year	5.250

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Deposits DKK'000	Deferred tax DKK'000
9. Fixed asset investments				
Cost beginning of year	3.333	3.417	932	0
Exchange rate adjustments	(350)	(379)	0	0
Transfers	0	(1.709)	0	0
Additions	0	189	20	147
Cost end of year	2.983	1.518	952	147
Revaluations beginning of year	(1.788)	0	0	0
Exchange rate adjustments	(209)	0	0	0
Amortisation of goodwill	474	0	0	0
Share of profit/loss for the year	4.151	0	0	0
Revaluations end of year	2.628	0	0	0
Carrying amount end of year	5.611	1.518	952	147
Carrying amount if asset had not been revalued	80.515	-	-	-
Goodwill or negative goodwill recognised during the financial year	77.173	-	-	-

Notes to parent financial statements

	2017 DKK'000	2016 DKK'000
10. Other receivables		
Derivative financial instruments	6.693	2.974
Other receivables	4.587	1.939
	11.280	4.913

11. Prepayments

Prepayments consists of rent and insurance costs.

12. Other provisions

Other provisions prior year concerns supplier compensations.

	2017 DKK'000	2016 DKK'000
13. Other long-term payables		
Derivative financial instruments	3.747	2.724
	3.747	2.724

	Instalments within 12 months 2017 DKK'000	Instalments within 12 months 2016 DKK'000	Instalments beyond 12 months 2017 DKK'000
14. Liabilities other than provisions			
Finance lease liabilities	1.792	751	374
Other payables	0	0	3.747
	1.792	751	4.121

	2017 DKK'000	2016 DKK'000
15. Other payables		
VAT and duties	14.920	13.248
Wages and salaries, personal income taxes, social security costs, etc payable	312	41
Holiday pay obligation	2.912	2.828
Derivative financial instruments	3.971	1.442
Other costs payable	8.828	10.667
	30.943	28.226

Notes to parent financial statements

16. Deferred income

Deferred income consists of freight charges.

17. Financial instruments

The Company hedges currency risks on expected transactions in EUR, USD, NOK and SEK with forward exchange contracts.

Period	Value recognized	
	in equity	Contractual value
0-6 months	838 t.DKK	307.667 t.DKK
6-12 months	(1.201) t.DKK	378.521 t.DKK
12-24 months	(662) t.DKK	307.687 t.DKK
	(1.025) t.DKK	993.874 t.DKK

Forward exchange contracts relates to purchase of goods. Value adjustments are recognized in the equity and are expected to be carried out and recognized in the income statement after the balance sheet day.

Beyond 95% of the forward exchange contracts are hedging towards currency risks relating to DKK/EUR.

18. Contingent liabilities

The entity participates in a Danish joint taxation arrangement in which Cena Partnerskab ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2017 for income taxes etc for the jointly taxed entities, and from 1. December 2017 for obligations, if any, relation to the withholding of tax interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

The entity has entered agreements of rented premises. The Contracts are irredeemable for 9,5 years corresponding to 22.019 t.DKK.

The annual rent is 2.318 t.DKK.

19. Mortgages and securities

Mortgage debt is secured by way of company charges. The Company charge comprises stocks, goodwill and receivables, limited to 50.000 t.DKK.

Notes to parent financial statements

20. Related parties with controlling interest

- Cena Partnerskab Holding ApS, 9000 Aalborg

21. Transactions with related parties

All transactions with related parties are made on market conditions and are therefore there is nothing to disclose in the 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 to these consolidated financial statements and parent 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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Accounting policies

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

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 rate 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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Accounting policies

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.

Information regarding revenue is not given in segments due to competitive conditions.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation relating to intangible assets and property, plant and equipment comprise depreciation for the financial year, calculated on the basis of the residual values and useful lives of the individual assets.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities such as losses from the sale of equipment.

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 from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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. The salvage value of the assets are 1.295 t.DKK:

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually.

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

Accounting policies

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 value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

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.

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

Receivables

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

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 carry forwards, 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.

Accounting policies

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests

Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Finance lease liabilities

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.

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.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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.

Accounting policies

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 and short-term securities with an insignificant price risk less short-term bank loans.