

## **Geia Food A/S**

Fuglevænget 9

9000 Aalborg

Central Business Registration No

14983007

## **Annual report 2016**

The Annual General Meeting adopted the annual report on 21.04.2017

### **Chairman of the General Meeting**

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Name: Keld Gregersen

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## Entity details

### Entity

Geia Food A/S  
Fuglevænget 9  
9000 Aalborg

Central Business Registration No: 14983007

Registered in: Aalborg

Financial year: 01.01.2016 - 31.12.2016

Phone: +4596340414

Fax: +4598189877

Website: [www.geiafood.com](http://www.geiafood.com)

E-mail: [info@geiafood.com](mailto:info@geiafood.com)

### Board of Directors

Keld Gregersen

Lau Hejgaard

Jens Junge Mortensen

### Executive Board

Claus Ulrik Ravnsbo

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Gøteborgvej 18

9200 Aalborg SV

## 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 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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.

Aalborg, 21.04.2017

### Executive Board

Claus Ulrik Ravnsbo

### Board of Directors

Keld Gregersen

Lau Hejgaard

Jens Junge Mortensen

# Independent auditor's report

## To the shareholders of Geia Food A/S

### Opinion

We have audited the financial statements of Geia Food A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the 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.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements section of this auditor's report. We are independent of the Entity 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 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.

In preparing the financial statements, Management is responsible for assessing 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 financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 reasonably be expected to influence the economic decisions of users taken on the basis of these 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:

## Independent auditor's report

- Identify and assess the risks of material misstatement of the 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

## Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the 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, 21.04.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Lars Birner Sørensen

State Authorised Public Accountant

## Management commentary

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	1.075.480	1.086.388	987.873	590.324	500.375
Gross profit/loss	76.335	64.467	57.199	33.699	29.104
Operating profit/loss	37.929	29.238	23.713	13.475	14.058
Net financials	4.785	7.509	(331)	(412)	(4.668)
Profit/loss for the year	32.270	27.276	15.783	9.700	6.904
Total assets	212.837	241.409	259.429	113.131	106.684
Investments in property, plant and equipment	3.179	3.771	1.889	2.634	980
Equity	80.318	99.123	117.522	19.753	29.741
<b>Ratios</b>					
Gross margin (%)	7,1	5,9	5,8	5,7	5,8
Net margin (%)	3,0	2,5	1,6	1,6	1,4
Return on equity (%)	36,0	25,2	23,0	39,2	23,7
Equity ratio (%)	37,7	41,1	45,3	17,5	27,9

Financial highlights are defined and calculated as follows.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios</b>
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.
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.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

## Management commentary

### Primary activities

The Company carries on business in food trading.

### Development in activities and finances

The Company generated a net profit of t.DKK 32.271 in the financial year. The profit for the year is considered satisfactory by the Board of Directors. Profit for the year was achieved from an increasing gross margin as well as a positive development in foreign subsidiaries which was expected because of increasing activities in Denmark and foreign markets.

### 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 Company expects an increase in revenue in the financial year 2017 as sales development in Denmark as well as on the foreign markets continues to be positive. Furthermore, the Company expects to develop its current business areas and to develop new ones.

### Particular risks

#### *Business risks*

The Company'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 Company is exposed to changes in the level of interest and exchange rates. The Company 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 Company'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 2016, the notional value of the Company's forward exchange contracts and currency options for meeting future currency risks amounted to negative t.DKK 1.191 as specified below.

<b>Period</b>	<b>Value recognized in equity</b>	<b>Contractual value</b>
0-6 months	46 t.DKK	262.093 t.DKK
6-12 months	1.486 t.DKK	332.258 t.DKK
12-24 months	(2.723) t.DKK	579.883 t.DKK
	<b>(1.191) t.DKK</b>	<b>1.174.234 t.DKK</b>

## Management commentary

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

### Environmental performance

The Company has no environmental policies but is environmentally conscious and is continuously working to reduce environmental impact from its operations.

### Research and development activities

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

### Foreign branches

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

### Statutory report on corporate social responsibility

The Company has no policies for CSR, including climate and human rights.

### 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 Company operates for which reason it is characterized by an underrepresentation of women.

The Board of Directors and the Executive Board consist of 4 men and 0 women. The target is that by the end of 2020, 1 woman will join the Board of Directors.

The target has not been met in 2016 as there have not been any changes in the Board of Directors and the Executive Board.

At other management levels, there is gender equality since 43% of the Company's other executives are women.

Moreover, the Company's policy is to fill in vacant positions in the Company'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.

## Income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Revenue	1	1.075.480	1.086.388
Cost of sales		(987.219)	(1.010.441)
Other external expenses	2	<u>(11.926)</u>	<u>(11.480)</u>
<b>Gross profit/loss</b>		<b>76.335</b>	<b>64.467</b>
Staff costs	3	(29.506)	(26.770)
Depreciation, amortisation and impairment losses		(8.859)	(8.472)
Other operating expenses		<u>(41)</u>	<u>13</u>
<b>Operating profit/loss</b>		<b>37.929</b>	<b>29.238</b>
Income from investments in group enterprises		3.011	283
Other financial income	4	2.181	7.811
Other financial expenses	5	<u>(407)</u>	<u>(585)</u>
<b>Profit/loss before tax</b>		<b>42.714</b>	<b>36.747</b>
Tax on profit/loss for the year	6	<u>(10.444)</u>	<u>(9.471)</u>
<b>Profit/loss for the year</b>	7	<u><b>32.270</b></u>	<u><b>27.276</b></u>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Goodwill		47.447	54.225
<b>Intangible assets</b>	8	<b>47.447</b>	<b>54.225</b>
Other fixtures and fittings, tools and equipment		5.159	4.977
<b>Property, plant and equipment</b>	9	<b>5.159</b>	<b>4.977</b>
Investments in group enterprises		1.545	3.620
Receivables from group enterprises		3.417	0
Deposits		934	669
Deferred tax	11	297	0
<b>Fixed asset investments</b>	10	<b>6.193</b>	<b>4.289</b>
<b>Fixed assets</b>		<b>58.799</b>	<b>63.491</b>
Manufactured goods and goods for resale		36.083	55.996
<b>Inventories</b>		<b>36.083</b>	<b>55.996</b>
Trade receivables		97.595	99.637
Receivables from group enterprises		6.096	2.645
Other receivables	12	4.913	13.291
Prepayments	13	1.189	802
<b>Receivables</b>		<b>109.793</b>	<b>116.375</b>
<b>Cash</b>		<b>8.162</b>	<b>5.547</b>
<b>Current assets</b>		<b>154.038</b>	<b>177.918</b>
<b>Assets</b>		<b>212.837</b>	<b>241.409</b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital	14	769	769
Reserve for net revaluation according to the equity method		2.394	288
Retained earnings		67.155	71.566
Proposed dividend		10.000	26.500
<b>Equity</b>		<b><u>80.318</u></b>	<b><u>99.123</u></b>
Deferred tax	11	0	2.591
Other provisions	15	1.500	0
<b>Provisions</b>		<b><u>1.500</u></b>	<b><u>2.591</u></b>
Finance lease liabilities		1.368	584
Other payables	16	2.724	0
<b>Non-current liabilities other than provisions</b>	17	<b><u>4.092</u></b>	<b><u>584</u></b>
Current portion of long-term liabilities other than provisions	17	751	956
Bank loans		1.437	10.185
Trade payables		85.941	88.006
Income tax payable		10.540	10.222
Other payables	18	28.226	29.742
Deferred income	19	32	0
<b>Current liabilities other than provisions</b>		<b><u>126.927</u></b>	<b><u>139.111</u></b>
<b>Liabilities other than provisions</b>		<b><u>131.019</u></b>	<b><u>139.695</u></b>
<b>Equity and liabilities</b>		<b><u>212.837</u></b>	<b><u>241.409</u></b>
Contingent liabilities	20		
Mortgages and securities	21		
Related parties with controlling interest	22		
Transactions with related parties	23		
Group relations	24		

## Statement of changes in equity for 2016

	<b>Contributed capital DKK'000</b>	<b>Reserve for net revaluation according to the equity method DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed extraordinary dividend DKK'000</b>
Equity beginning of year	769	288	71.566	0
Ordinary dividend paid	0	0	0	0
Extraordinary dividend paid	0	0	0	(15.000)
Exchange rate adjustments	0	(412)	0	0
Value adjustments	0	0	(11.954)	0
Tax of equity postings	0	0	2.791	0
Profit/loss for the year	0	2.518	4.752	15.000
<b>Equity end of year</b>	<b>769</b>	<b>2.394</b>	<b>67.155</b>	<b>0</b>

	<b>Proposed dividend DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	26.500	99.123
Ordinary dividend paid	(26.500)	(26.500)
Extraordinary dividend paid	0	(15.000)
Exchange rate adjustments	0	(412)
Value adjustments	0	(11.954)
Tax of equity postings	0	2.791
Profit/loss for the year	10.000	32.270
<b>Equity end of year</b>	<b>10.000</b>	<b>80.318</b>

The Item Value adjustments concerns adjustments on forward exchange contracts.

## Notes

### 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.

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Fees to the auditor appointed by the Annual General Meeting</b>		
Statutory audit services	105	90
Other services	0	65
	<b>105</b>	<b>155</b>

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>3. Staff costs</b>		
Wages and salaries	25.758	23.919
Pension costs	2.477	1.995
Other staff costs	1.271	856
	<b>29.506</b>	<b>26.770</b>
Average number of employees	<b>45</b>	<b>40</b>

	<b>Remunera- tion of manage- ment 2016 DKK'000</b>	<b>Pension liabilities 2016 DKK'000</b>	<b>Remunera- tion of manage- ment 2015 DKK'000</b>
Executive Board	6.099	503	6.294
	<b>6.099</b>	<b>503</b>	<b>6.294</b>

The Fee for the board of directors and management is given in total value according to the Danish Financial Statements Act §98b (3).

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4. Other financial income</b>		
Financial income arising from group enterprises	197	299
Other financial income	1.984	7.512
	<b>2.181</b>	<b>7.811</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>5. Other financial expenses</b>		
Financial expenses from group enterprises	249	51
Interest expenses	158	534
	<b>407</b>	<b>585</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>6. Tax on profit/loss for the year</b>		
Tax on current year taxable income	10.540	10.222
Change in deferred tax for the year	(96)	(751)
	<b>10.444</b>	<b>9.471</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>7. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	10.000	26.500
Extraordinary dividend distributed in the financial year	15.000	0
Transferred to reserve for net revaluation according to the equity method	2.518	283
Retained earnings	4.752	493
	<b>32.270</b>	<b>27.276</b>

## Notes

	<b>Goodwill DKK'000</b>
<b>8. Intangible assets</b>	
Cost beginning of year	67.781
<b>Cost end of year</b>	<b>67.781</b>
Amortisation and impairment losses beginning of year	(13.556)
Amortisation for the year	(6.778)
<b>Amortisation and impairment losses end of year</b>	<b>(20.334)</b>
<b>Carrying amount end of year</b>	<b>47.447</b>
	<b>Other fixtures and fittings, tools and equipment DKK'000</b>
<b>9. Property, plant and equipment</b>	
Cost beginning of year	8.750
Additions	3.179
Disposals	(2.071)
<b>Cost end of year</b>	<b>9.858</b>
Depreciation and impairment losses beginning of the year	(3.773)
Depreciation for the year	(2.081)
Reversal regarding disposals	1.155
<b>Depreciation and impairment losses end of the year</b>	<b>(4.699)</b>
<b>Carrying amount end of year</b>	<b>5.159</b>
Recognised assets not owned by entity	<b>2.262</b>

## Notes

	<b>Investments in group enterprises DKK'000</b>	<b>Receivables from group enterprises DKK'000</b>	<b>Deposits DKK'000</b>	<b>Deferred tax DKK'000</b>
<b>10. Fixed asset investments</b>				
Cost beginning of year	3.332	0	669	0
Additions	0	3.417	265	297
<b>Cost end of year</b>	<b>3.332</b>	<b>3.417</b>	<b>934</b>	<b>297</b>
Revaluations beginning of year	288	0	0	0
Exchange rate adjustments	(412)	0	0	0
Amortisation of goodwill	493	0	0	0
Share of profit/loss for the year	2.518	0	0	0
Other adjustments	(4.674)	0	0	0
<b>Revaluations end of year</b>	<b>(1.787)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>1.545</b>	<b>3.417</b>	<b>934</b>	<b>297</b>
Carrying amount if asset had not been revalued	5.726	-	-	-
Goodwill or negative goodwill recognised in the financial year / period?	(4.182)	-	-	-

	<b>Registered in</b>	<b>Corpo- rate form</b>	<b>Equity inte- rest %</b>	<b>Equity DKK'000</b>	<b>Profit/loss DKK'000</b>
Investments in group enterprises comprise:					
Geia Food AB	Stockholm	AB	100,0	524	471
Geia Food OY	Helsinki	OY	100,0	13	(57)
Geia Food Norge AS	Oslo	AS	75,0	6.918	2.827

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>11. Deferred tax</b>		
Property, plant and equipment	(500)	(2.753)
Receivables	0	(177)
Provisions	330	0
Liabilities other than provisions	467	339
	<b>297</b>	<b>(2.591)</b>

### Changes during the year

Beginning of year	(2.591)
Recognised in the income statement	96
Recognised directly in equity	2.792
<b>End of year</b>	<b>297</b>

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>12. Other receivables</b>		
Derivative financial instruments	2.974	10.762
Other receivables	1.939	2.529
	<b>4.913</b>	<b>13.291</b>

### 13. Prepayments

Prepayments consists of rent and insurance costs.

	<b>Number</b>	<b>Par value</b>	<b>Nominal</b>
		<b>DKK'000</b>	<b>value</b>
			<b>DKK'000</b>
<b>14. Contributed capital</b>			
Share	10	50	500
Share	269.231	1	269
	<b>269.241</b>		<b>769</b>

### 15. Other provisions

Other provisions concerns supplier compensations.

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>16. Other long-term payables</b>		
Derivative financial instruments	2.724	0
	<b>2.724</b>	<b>0</b>

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

<b>Period</b>	<b>Value recognized</b>	
	<b>in equity</b>	<b>Contractual value</b>
0-6 months	46 t.DKK	262.093 t.DKK
6-12 months	1.486 t.DKK	332.258 t.DKK
12-24 months	(2.723) t.DKK	579.883. t.DKK
	<b>(1.191) t.DKK</b>	<b>1.174.234 t.DKK</b>

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

	<b>Instalments within 12 months 2016 DKK'000</b>	<b>Instalments within 12 months 2015 DKK'000</b>	<b>Instalments beyond 12 months 2016 DKK'000</b>
<b>17. Liabilities other than provisions</b>			
Finance lease liabilities	751	956	1.368
Other payables	0	0	2.724
	<b>751</b>	<b>956</b>	<b>4.092</b>

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>18. Other payables</b>		
VAT and duties	13.248	14.705
Wages and salaries, personal income taxes, social security costs, etc payable	41	57
Holiday pay obligation	2.828	2.522
Derivative financial instruments	1.442	0
Other costs payable	10.667	12.458
	<b>28.226</b>	<b>29.742</b>

## Notes

### 19. Deferred income

Deferred income consists of freight charges.

### 20. Contingent liabilities

The Entity has entered an agreement of rented premises. The Contract is irredeemable for 11,5 years corresponding to 24.681 t.DKK.

The annual rent is 2.146 t.DKK.

The Entity participates in a Danish joint taxation arrangement in which Geia Food Holding A/S 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 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on 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.

### 21. Mortgages and securities

Mortgage debt is secured by way of company charges. The company charge comprises stocks, goodwill and receivables, limited to 25.000 t.DKK.

### Collateral security provided for subsidiaries and other group enterprises

The Entity has guaranteed the subsidiaries' debt to Danske Bank. The subsidiaries' bank loans amount to 5.171 t.DKK.

### 22. Related parties with controlling interest

Geia Food Holding A/S, 9000 Aalborg

### 23. Transactions with related parties

All transaction with related parties are made on market conditions.

### 24. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Geia Food Holding A/S, Fuglevænget 9, 9000 Aalborg

## 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 financial statements are consistent with those applied last year.

### Consolidated financial statements

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### Changes in accounting policies

***Accounting policies has been changed as an effect of the new Danish Financial Statement Act.***

According to the transition regulations of the Danish Financial Statement Act will tangible fixed assets be reassessed yearly from 31 December 2016.

### 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 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

## Accounting policies

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 classified directly as 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 at 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.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

### 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.

## Accounting policies

### 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 amortisation, 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 gains and 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 intra-group 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, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies 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.

## Accounting policies

### 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. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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.

#### 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 profitæ or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

## Accounting policies

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.

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.

### 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.

### 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.

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### 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

## Accounting policies

is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

### 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 computed 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

Cash flow statement for Geia Food A/S is included in the cash flow statement for the Geia Food Group.