
Kraft Foods Danmark Intellectual Property ApS

Søndre Ringvej 55, DK-2605 Brøndby

Annual Report for 1 January - 31 December 2015

CVR No 15 10 97 34

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/5 2016

Marianne Nyholm
Chairman

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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Kraft Foods Danmark Intellectual Property ApS for the financial year 1 January - 31 December 2015.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for 2015.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 30 May 2016

Executive Board

Synnøve Smedal
Managing Director

Board of Directors

Kaj Snorre Eikrem
Chairman

Synnøve Smedal

Jeanette Ruby Høyer

Marianne Nyholm

Independent Auditor's Report on the Financial Statements

To the Shareholder of Kraft Foods Danmark Intellectual Property ApS

Report on the Financial Statements

We have audited the Financial Statements of Kraft Foods Danmark Intellectual Property ApS for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 30 May 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Rasmus Friis Jørgensen

Danish State Authorised Public Accountant

Company Information

The Company

Kraft Foods Danmark Intellectual Property ApS
Søndre Ringvej 55
DK-2605 Brøndby

Telephone: 43 96 96 22

Facsimile: 43 96 01 02

Website: www.kraftfoodsgroup.com

CVR No: 15 10 97 34

Financial period: 1 January - 31 December

Board of Directors

Kaj Snorre Eikrem, Chairman
Synnøve Smedal
Jeanette Ruby Høyer
Marianne Nyholm

Executive Board

Synnøve Smedal

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Main activity

Kraft Foods Danmark Intellectual Property ApS owns the chewing gum brands STIMOROL®, DIROL® and V6®. The company pays the cost of development and maintenance of the trademarks and receives royalty income from the affiliated enterprises selling the brands.

Development in the year

The income statement of the Company for 2015 shows a profit of TDKK 14,347, and at 31 December 2015 the balance sheet of the Company shows equity of TDKK 63,933.

Royalty income have decreased by 8 MDKK compared to last year. The decrease is partly driven by adverse exchange rates. Profit before financial items is 40 MDKK which is a decrease of 8 MDKK compared to the previous year driven by the lower Royalty income. Costs for maintenance and development of the company's brands is the same level as 2014.

In May 2016 the company received a proposed assessment from SKAT related to the taxable income for 2010. The company strongly disagrees with SKAT's proposal, and it has not been incorporated in the income statement or balance sheet for 2015. Further information can be found in the notes under Contingent Liabilities.

The past year and follow-up on development expectations from last year

The result is in line with expectations and is considered satisfactory. The company anticipates a positive result for the coming year.

Special risks - operating risks and financial risks

Operating risks

The tax authorities' aggressive focus on multi-national corporations' tax payments is considered a special risk, since this creates an uncertainty about the tax payments for previous years.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2015 of the Company and the results of the activities of the Company for the financial year for 2015 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2015 TDKK	2014 TDKK
Revenue		79.941	87.895
Other external expenses		(31.002)	(30.631)
Gross profit/loss		48.939	57.264
Depreciation, amortisation and impairment of intangible assets		(8.667)	(8.667)
Profit/loss before financial income and expenses		40.272	48.597
Financial income	1	57	239
Financial expenses	2	(14)	(503)
Profit/loss before tax		40.315	48.333
Tax on profit/loss for the year	3	(25.968)	(12.690)
Net profit/loss for the year		14.347	35.643

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0	59.000
Retained earnings	14.347	(23.357)
	14.347	35.643

Balance Sheet 31 December

	Note	2015 TDKK	2014 TDKK
Assets			
Trademarks		17.333	26.000
Intangible assets	4	17.333	26.000
Fixed assets		17.333	26.000
Receivables from group enterprises		67.260	108.846
Prepayments		39	0
Receivables		67.299	108.846
Currents assets		67.299	108.846
Assets		84.632	134.846
Liabilities and equity			
Share capital		50.001	50.001
Retained earnings		13.932	(411)
Proposed dividend for the year		0	59.000
Equity	5	63.933	108.590
Provision for deferred tax		3.693	4.183
Provisions		3.693	4.183
Trade payables		89	70
Payables to group enterprises		6.953	9.930
Corporation tax		9.964	12.073
Short-term debt		17.006	22.073
Debt		17.006	22.073
Liabilities and equity		84.632	134.846
Contingent assets, liabilities and other financial obligations	6		
Related parties and ownership	7		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	50.001	-415	59.000	108.586
Ordinary dividend paid	0	0	-59.000	-59.000
Net profit/loss for the year	0	14.347	0	14.347
Equity at 31 December	50.001	13.932	0	63.933

Notes to the Financial Statements

	2015 TDKK	2014 TDKK
1 Financial income		
Exchange gains	57	239
	57	239
2 Financial expenses		
Other financial expenses	14	13
Exchange loss	0	490
	14	503
3 Tax on profit/loss for the year		
Current tax for the year	10.788	12.920
Deferred tax for the year	(490)	(230)
Adjustment of tax concerning previous years	15.670	0
	25.968	12.690
4 Intangible assets		
		Trademarks TDKK
Cost at 1 January		156.339
Cost at 31 December		156.339
Impairment losses and amortisation at 1 January		130.340
Amortisation for the year		8.666
Impairment losses and amortisation at 31 December		139.006
Carrying amount at 31 December		17.333

Notes to the Financial Statements

5 Equity

The share capital consists of 50,001 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

6 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has a dispute with the Danish Tax Authorities regarding the income year 2010. There is a potential liability which is unsettled due to the proposal of an adjustment to the taxable income for 2010. The adjustment amounts to kDKK 501,712 and the company strongly disagrees with Danish Tax Authorities proposal, and it has not been incorporated in the income statement or balance sheet for 2015.

7 Related parties and ownership

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

Kraft Foods Schweiz Holding GmbH, Chollerstrasse 4, 6301 Zug, Schweiz, owns the total share capital and is the parent company which prepares the annual report for the smallest group in which the company is included as a subsidiary.

Accounting Policies

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Other external expenses

Other external expenses comprise expenses for maintenance and development cost regarding trademarks etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Accounting Policies

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Trademarks are measured at the lower of cost less accumulated amortisation and recoverable amount. Trademarks are amortised over 12 years.

Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Accounting Policies

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.