Danimex-Food Holding A/S

Ryttervangen 1, DK-7323 Give

Annual Report for 1 January - 31 December 2016

CVR No 15 15 03 78

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26/5 2017

Peter Worre Bech
Chairman

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Danimex-Food Holding A/S for the financial year 1 January - 31 December 2016.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2016.

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.

Give, 26 May 2017

Executive Board

Carl Bruun Jørgensen

Board of Directors

Peter Worre Bech Chairman	Eric Gue Thierry Delarue	Pascale Denise Delarue
Søren Karim Bech	Steen Bitsch	

Independent Auditor's Report

To the Shareholders of Danimex-Food Holding A/S

Report on the Consolidated Financial Statements and the Parent Company Financial Statements

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Danimex-Food Holding A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company 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:

- 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 Company's and the Group'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 Group's and the

Independent Auditor's Report

Company'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 Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the 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.

Reporting obligations under section 7(2) of the Danish Executive Order on Approved Auditors' Reports

Non-compliance with Danish tax legislation
We point out that, contrary to the Danish Tax Control Act, the Company have not timely reported information concerning salaries to the Company's foreign employees; consequently, Management may incur liability. The information has subsequently been reported to the Danish Tax Authorities.

Aarhus, 26 May 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Kristian B. Lassen
State Authorised Public Accountant

Rasmus Mellergaard Stenskrog
State Authorised Public Accountant

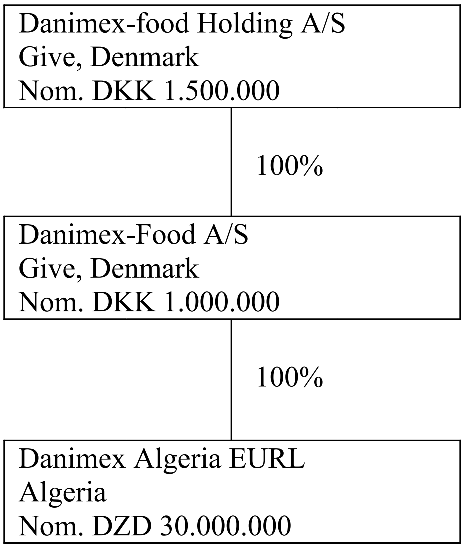
Company Information

The Company	Danimex-Food Holding A/S Ryttervangen 1 DK-7323 Give CVR No: 15 15 03 78 Financial period: 1 January - 31 December Incorporated: 1 May 1991 Municipality of reg. office: Vejle
Bestyrelse	Peter Worre Bech, Chairman Eric Gue Thierry Delarue Pascale Denise Delarue Søren Karim Bech Steen Bitsch
Executive Board	Carl Bruun Jørgensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C
Bankers	Nordea Bank Danmark A/S

Group Chart

Parent Company

Consolidated subsidiaries



Financial Highlights

Seen over a two-year period, the development of the Group is described by the following financial highlights:

	Group	
	2016	2015
	TDKK	TDKK
Key figures		
Profit/loss		
Revenue	118.223	95.286
Operating profit/loss	11.751	9.091
Profit/loss before financial income and expenses	10.986	8.722
Net financials	-3.455	-3.326
Net profit/loss for the year	4.653	3.548
Balance sheet		
Balance sheet total	67.394	64.210
Equity	18.291	13.559
Cash flows		
Cash flows from:		
- operating activities	11.932	-17.192
- investing activities	-1.786	-548
including investment in property, plant and equipment	-1.786	-548
- financing activities	-6.105	11.945
Change in cash and cash equivalents for the year	4.040	-5.796
Number of employees	31	25
Ratios		
Gross margin	13,2%	13,2%
Profit margin	9,3%	9,2%
Return on assets	16,3%	13,6%
Solvency ratio	27,1%	21,1%
Return on equity	29,2%	30,1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

The Group's main activity is trading and agency activities within ingredients and raw materials for the food industry and within machinery for the food and refrigeration industry in especially in Algeria and the surrounding North African countries.

Development in the year

The income statement of the Group for 2016 shows a profit of DKK 4,653,339, and at 31 December 2016 the balance sheet of the Group shows equity of DKK 18,290,864.

The annual results of DKK 4,653,339 are considered as satisfactory by the management.

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

The profit for the year is in line with management profit expectations.

Special risks - operating risks and financial risks

Operating risks

The main commercial risks of the company are connected to the market development and to the ability to have a strong position within Algeria and the surrounding North African countries where the Group products are sold.

Foreign exchange risks

The Group's turnover is sold to Algeria and the surrounding North African countries. Turnover is settled in DKK, EUR, USD or DZD (Algerian currency). The expenses of the Group are mainly in DKK or DZD. Therefore the most significant risks relates to exchange rate developments between DKK/EUR, USD and DZD, which are monitored closely by Management.

Targets and expectations for the year ahead

Expected is that both revenue and the net profit for the financial year 2017 will be in line with 2016.

Research and development

The Group does not have significant research or development activities.

External environment

The company does not believe that is has significant environmental impacts.

Management's Review

Intellectual capital resources

The Group has a continuous focus on training its employees.

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 2016 of the Group and the results of the activities and cash flows of the Group for the financial year for 2016 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	Group		Parent Company	
		2016	2015	2016	2015
		DKK	DKK	DKK	DKK
Revenue		**118.223.151**	**95.285.695**	**0**	**0**
Other operating income		55.172	81.002	0	0
Expenses for raw materials and consumables		-99.155.510	-79.728.901	0	0
Other external expenses		-3.513.895	-3.025.728	-5.625	-626
Gross profit/loss		**15.608.918**	**12.612.068**	**-5.625**	**-626**
Staff expenses	2	-2.937.788	-2.743.762	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-865.316	-695.872	0	0
Other operating expenses		-819.369	-450.850	0	0
Profit/loss before financial income and expenses		**10.986.445**	**8.721.584**	**-5.625**	**-626**
Income from investments in subsidiaries	1	0	0	4.353.240	3.406.799
Financial income	3	329.971	1.097.368	725.319	483.035
Financial expenses		-3.785.369	-4.423.487	-334.037	-314.509
Profit/loss before tax		**7.531.047**	**5.395.465**	**4.738.897**	**3.574.699**
Tax on profit/loss for the year	4	-2.877.708	-1.847.133	-85.558	-26.367
Net profit/loss for the year		**4.653.339**	**3.548.332**	**4.653.339**	**3.548.332**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2016	2015	2016	2015
		DKK	DKK	DKK	DKK
Acquired licenses		49.611	98.333	0	0
Intangible assets	5	**49.611**	**98.333**	**0**	**0**
Land and buildings		6.786.305	7.109.963	0	0
Other fixtures and fittings, tools and equipment		2.109.921	952.640	0	0
Leasehold improvements		273.500	199.020	0	0
Property, plant and equipment in progress		702.847	621.721	0	0
Property, plant and equipment	6	**9.872.573**	**8.883.344**	**0**	**0**
Investments in subsidiaries	7	0	0	8.654.274	4.222.986
Other receivables	8	188.498	188.740	0	0
Fixed asset investments		**188.498**	**188.740**	**8.654.274**	**4.222.986**
Fixed assets		**10.110.682**	**9.170.417**	**8.654.274**	**4.222.986**
Inventories		**15.113.258**	**24.554.545**	**0**	**0**
Trade receivables		35.171.393	23.014.696	0	0
Receivables from group enterprises		0	0	14.197.826	14.943.484
Other receivables		1.418.173	5.970.850	0	0
Prepayments	9	229.759	188.982	0	0
Receivables		**36.819.325**	**29.174.528**	**14.197.826**	**14.943.484**
Cash at bank and in hand		**5.351.135**	**1.310.666**	**89.144**	**9.197**
Currents assets		**57.283.718**	**55.039.739**	**14.286.970**	**14.952.681**
Assets		**67.394.400**	**64.210.156**	**22.941.244**	**19.175.667**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2016 DKK	Group 2015 DKK	Parent Company 2016 DKK	Parent Company 2015 DKK
Share capital		1.500.000	1.500.000	1.500.000	1.500.000
Reserve for net revaluation under the equity method		0	0	8.755.004	4.323.716
Retained earnings		14.790.864	12.059.477	6.035.860	7.735.761
Proposed dividend for the year		2.000.000	0	2.000.000	0
Equity	10	**18.290.864**	**13.559.477**	**18.290.864**	**13.559.477**
Subordinate loan capital		3.500.000	4.500.000	3.500.000	4.500.000
Long-term debt	12	**3.500.000**	**4.500.000**	**3.500.000**	**4.500.000**
Subordinate loan capital	12	975.000	1.000.000	975.000	1.000.000
Credit institutions		22.123.662	27.203.751	0	0
Trade payables		20.339.273	10.336.990	0	0
Corporation tax		739.475	387.565	85.558	26.367
Other payables		1.019.622	615.300	89.822	89.823
Deferred income	13	406.504	6.607.073	0	0
Short-term debt		**45.603.536**	**46.150.679**	**1.150.380**	**1.116.190**
Debt		**49.103.536**	**50.650.679**	**4.650.380**	**5.616.190**
Liabilities and equity		**67.394.400**	**64.210.156**	**22.941.244**	**19.175.667**

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1.500.000	0	12.059.477	0	13.559.477
Exchange adjustments	0	0	78.048	0	78.048
Net profit/loss for the year	0	0	2.653.339	2.000.000	4.653.339
Equity at 31 December	**1.500.000**	**0**	**14.790.864**	**2.000.000**	**18.290.864**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January	1.500.000	4.323.716	7.735.761	0	13.559.477
Exchange adjustments relating to foreign entities	0	78.048	0	0	78.048
Net profit/loss for the year	0	4.353.240	-1.699.901	2.000.000	4.653.339
Equity at 31 December	**1.500.000**	**8.755.004**	**6.035.860**	**2.000.000**	**18.290.864**

Cash Flow Statement 1 January - 31 December

	Note	Group 2016	Group 2015
		DKK	DKK
Net profit/loss for the year		4.653.339	3.548.332
Adjustments	14	7.257.086	6.729.597
Change in working capital	15	6.017.527	-22.445.408
Cash flows from operating activities before financial income and expenses		**17.927.952**	**-12.167.479**
Financial income		329.971	1.097.369
Financial expenses		-3.800.370	-4.423.487
Cash flows from ordinary activities		**14.457.553**	**-15.493.597**
Corporation tax paid		-2.525.798	-1.698.437
Cash flows from operating activities		**11.931.755**	**-17.192.034**
Purchase of property, plant and equipment		-1.786.197	-548.320
Cash flows from investing activities		**-1.786.197**	**-548.320**
Repayment of loans from credit institutions		-5.080.089	11.944.511
Repayment of other long-term debt		-1.025.000	0
Cash flows from financing activities		**-6.105.089**	**11.944.511**
Change in cash and cash equivalents		**4.040.469**	**-5.795.843**
Cash and cash equivalents at 1 January		1.310.666	7.106.509
Cash and cash equivalents at 31 December		**5.351.135**	**1.310.666**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		5.351.135	1.310.666
Cash and cash equivalents at 31 December		**5.351.135**	**1.310.666**

Notes to the Financial Statements

		Parent Company	
		2016	2015
		DKK	DKK
1	**Income from investments in subsidiaries**		
	Share of profits of subsidiaries	4.353.240	3.406.799
		4.353.240	**3.406.799**

		Group		Parent Company	
		2016	2015	2016	2015
		DKK	DKK	DKK	DKK
2	**Staff expenses**				
	Wages and salaries	2.323.677	2.262.400	0	0
	Other social security expenses	545.086	404.373	0	0
	Other staff expenses	69.025	76.989	0	0
		2.937.788	**2.743.762**	**0**	**0**
	Average number of employees	**31**	**25**	**0**	**0**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3	**Financial income**				
	Income from fixed asset investments	329.971	978.265	0	0
	Interest received from group enterprises	0	0	725.319	483.035
	Exchange adjustments	0	119.103	0	0
		329.971	**1.097.368**	**725.319**	**483.035**

4	**Tax on profit/loss for the year**				
	Current tax for the year	2.877.708	1.847.133	85.558	26.367
		2.877.708	**1.847.133**	**85.558**	**26.367**

Notes to the Financial Statements

5 Intangible assets

Group

	Acquired licenses
	DKK
Cost at 1 January	253.005
Exchange adjustment	-323
Cost at 31 December	252.682
Impairment losses and amortisation at 1 January	154.672
Exchange adjustment	1.390
Amortisation for the year	47.009
Impairment losses and amortisation at 31 December	203.071
Carrying amount at 31 December	**49.611**

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	5.384.361	2.712.927	374.807	621.721
Exchange adjustment	-6.881	50.481	3.230	1.882
Additions for the year	0	1.597.161	109.792	79.244
Cost at 31 December	5.377.480	4.360.569	487.829	702.847
Revaluations at 1 January	3.590.277	0	0	0
Exchange adjustment	-4.588	0	0	0
Revaluations at 31 December	3.585.689	0	0	0
Impairment losses and depreciation at 1 January	1.864.675	1.856.809	175.787	0
Exchange adjustment	7.896	10.574	1.042	0
Depreciation for the year	304.293	383.265	37.500	0
Impairment losses and depreciation at 31 December	2.176.864	2.250.648	214.329	0
Carrying amount at 31 December	**6.786.305**	**2.109.921**	**273.500**	**702.847**

Notes to the Financial Statements

7 Investments in subsidiaries

	Parent Company 2016	Parent Company 2015
	DKK	DKK
Cost at 1 January	4.000.000	6.345.143
Disposals for the year	0	-2.345.143
Cost at 31 December	4.000.000	4.000.000
Value adjustments at 1 January	222.986	903.261
Disposals for the year	0	-4.100.730
Exchange adjustment	78.048	13.656
Net profit/loss for the year	4.353.240	3.406.799
Value adjustments at 31 December	4.654.274	222.986
Carrying amount at 31 December	**8.654.274**	**4.222.986**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Danimex-Food A/S	Vejle	DKK 1.000k	100%	8.654.274	4.353.240
Danimex Algeria EURL	Algeria	DZD 30.000k	100%	10.648.829	3.296.336

8 Other fixed asset investments

	Group Other receivables
	DKK
Cost at 1 January	188.740
Exchange adjustment	-242
Cost at 31 December	188.498
Carrying amount at 31 December	**188.498**

Notes to the Financial Statements

9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

10 Equity

The share capital consists of 1,500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

11 Distribution of profit

	Parent Company	
	2016	2015
	DKK	DKK
Proposed dividend for the year	2.000.000	0
Reserve for net revaluation under the equity method	4.353.240	3.406.799
Retained earnings	-1.699.901	141.533
	4.653.339	**3.548.332**

12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2016	2015	2016	2015
	DKK	DKK	DKK	DKK
Subordinate loan capital				
Between 1 and 5 years	3.500.000	4.500.000	3.500.000	4.500.000
Long-term part	3.500.000	4.500.000	3.500.000	4.500.000
Within 1 year	975.000	1.000.000	975.000	1.000.000
	4.475.000	**5.500.000**	**4.475.000**	**5.500.000**

Notes to the Financial Statements

13 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

14 Cash flow statement - adjustments

	Group 2016	Group 2015
	DKK	DKK
Financial income	-329.971	-1.097.368
Financial expenses	3.785.369	4.423.487
Depreciation, amortisation and impairment losses, including losses and gains on sales	865.316	695.872
Tax on profit/loss for the year	2.877.708	1.847.133
Other adjustments	58.664	860.473
	7.257.086	**6.729.597**

15 Cash flow statement - change in working capital

	2016	2015
Change in inventories	9.441.287	-7.416.314
Change in receivables	-7.629.797	-9.236.637
Change in trade payables, etc	4.206.037	-5.792.457
	6.017.527	**-22.445.408**

Notes to the Financial Statements

16 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

Group:
The Parent company has provided a guarantee for the Danish subsidiary's bank debt amounting to DKK 4,378k at 31 December 2016.

Nordea has received a floating company charge in Danimex-Food A/S in the form of a letter of indemnity of TDKK 6.000 with security in trade receivables, inventories, equipment and goodwill.

Parent Company:
The Company has provided a guarantee for the Danish subsidiary's bank debt amounting to DKK 4,378k at 31 December 2016.

The Company has provided its shares in the Danish subsidiary as collateral for the subsidiary's bank debt amounting to DKK 4,378k.

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

17 Related parties

	Basis
Controlling interest	
Peter Worre Bech, Cite Des 120 Logem., Ben Aknoun, 1600 Alger, Algeriet	Board Member

Notes to the Financial Statements

17 Related parties (continued)

Transactions

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Danimex-Food Holding A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2016 are presented in DKK.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Notes to the Financial Statements

18 Accounting Policies (continued)

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Danimex-Food Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where

Notes to the Financial Statements

18 Accounting Policies (continued)

foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

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 Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprises, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

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 wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3-5 years.

Property, plant and equipment

On acquisition land and buildings are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and supsuppliers up until the time when the asset is ready for use.

After the initial recognition land and buildings are measured at fair value.

18 Accounting Policies (continued)

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

In Management's opinion the determination of fair value for the year was enabled through comparable market transactions and, consequently, valuation is based on the expected selling price of land and buildings.

The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material.

Other property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Land and buildings	5-30 years
Other fixtures and fittings, tools and equipment	5-10 years
Leasehold improvements	5-10 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

Notes to the Financial Statements

18 Accounting Policies (continued)

The items “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of other receivables.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

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, and in respect of trade receivables, a general provision is also made based on the Company’s experience from previous years.

Prepayments

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

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

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

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment los-

18 Accounting Policies (continued)

ses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$