Comar Holdings ApS

c/o Citco Denmark, Holbergsgade 14, 2. tv.,

1057 Copenhagen K

CVR no. 25 79 69 18

Annual report 2016

Approved at the Company's annual general meeting on 29 June 2017

Chairman:

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Ole Meier Sørensen

Building a better
working world

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Comar Holdings ApS for the financial year 1 January – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2016 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 29 June 2017
Executive Board:

Carl Edgar Serge Vøgg
CEO

Board of Directors:

Melanie Deirdre Taylor-Moxey Chairman	Ole Meier Sørensen	Carl Edgar Serge Vøgg

Boris Stein

Independent auditor's report

To the shareholders of Comar Holdings ApS

Qualified opinion

We have audited the consolidated financial statements and the parent company financial statements of Comar Holdings ApS for the financial year 1 January – 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, except for the potential effects of the matter described in the "Basis for qualified opinion" section, 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 as well as the consolidated cash flows for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for qualified opinion

The Group has recognized a non-current receivable of DKK 66,817 thousands in the balance sheet. The receivable consists of claims of tax credits from the Canadian Tax Authorities. The claim has been denied by the Canadian Tax Authorities and the Group has filed a notice of objection. We were unable to obtain sufficient and appropriate audit evidence about the valuation of the receivable due to uncertainty towards the outcome of the filed notice of objection.

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 consolidated financial statements and the parent company 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Management's responsibilities for the consolidated financial statements and the parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 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 consolidated financial statements and parent company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 Parent 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

Independent auditor's report

Based on our procedures, we conclude that the 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 of the Management's review.

Copenhagen, 29 June 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Brian Stubtoft
State Authorised
Public Accountant

Management's review

Company details

Name	Comar Holdings ApS
Address, zip code, city	Holbergsgade 14, 2. Tv., 1057 Copenhagen K
CVR no.	25 79 69 18
Registered office	Copenhagen
Financial year	1 January – 31 December
Board of Directors	Melanie Deirdre Taylor-Moxey, Chairman Ole Meier Sørensen Carl Edgar Serge Vøgg Boris Stein
Executive Board	Carl Edgar Serge Vøgg
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bank	Nordea Bank Denmark A/S

Management's review

Financial highlights

DKK'000	2016	2015	2014	2013	2012
Key figures					
Revenue	1,705,596	1,668,809	1,512,169	1,489,458	1,430,784
Operating profit	-5,392	86,118	19,838	18,641	16,467
Net financials	10,948	-51,328	-36,532	-22,147	-13,666
Profit/loss for the year	1,695	30,934	-17,677	-1,960	17,647
Total assets	506,990	538,396	487,314	472,332	624,192
Investments in property, plant and equipment	47,183	29,725	40,176	7,848	38,763
Equity	150,263	139,248	118,439	130,033	126,016
Financial ratios					
Return on assets	-1.0 %	16.8 %	4.1 %	3.4 %	2.9 %
Equity ratio	29.6 %	25.9 %	24.3 %	27.5 %	20.2 %
Return on equity	1.2 %	24.0 %	-14.2 %	-1.5 %	14.9 %

The financial ratios have been prepared in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities of the parent company and the Group

The principal activity of the parent company is to invest in subsidiaries.

The Group is a manufacturer of frozen raw bakery products; proof and bake; pre-bake; freezer-to-oven; thaw and sell; and mass produced baked goods. The Group is an active participant in a number of industry programmes including Accredited Audits; Kosher Certification; Allergen Controls; Health and Safety Programs; Preventative Pest Program; Bioterrorism Act Registration; ECC/UCC Participant and the NAFTA Registration.

Recognition and measurement uncertainties

Non-current other receivables amounts to DKK 66,817 thousands and consist of receivable from the Canadian Tax Authorities. The receivable origins from the Groups claim of tax credits for expenses incurred by the Group from 2011-2014 on behalf of contract workers. The claim has been denied by the Canadian Tax Authorities and the Group has filed a notice of objection.

It is the assessment of Management that the full amount will be recovered however this assessment is subject to uncertainty.

Reference is made to note 2 for more details.

Financial review

In 2016, the Parent company incurred a loss of DKK 1,154 thousand against a loss of DKK 217 thousand last year. The result is in line with expectations.

In 2016, the Group's revenue amounted to DKK 1,705,596 thousand against DKK 1,668,809 thousand last year. The income statement for 2016 shows a profit of DKK 1,695 thousand against a profit of DKK 30,934 thousand last year, and the balance sheet at 31 December 2016 shows equity of DKK 150,263 thousand. The result for 2016 is below Management's expectations.

Statutory CSR report

The Company has not drawn up any CSR policy.

Account of the gender composition of Management

The Board of Directors consists of four members of which one is a woman. There is only one member of the Executive Board.

Events after the balance sheet date

No events have occurred after the financial year-end, which could significantly affect the Company's financial position.

Outlook

For 2017, Management expects a significant increase in operating profit for the Group compared to 2016.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Income statement

Note	DKK'000	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
	Revenue	1,705,596	1,668,809	0	0
	Cost of sales	-1,157,572	-1,032,100	0	0
	Other external expenses	-210,986	-228,004	-1,201	-254
	Gross profit/loss	337,038	408,705	-1,201	-254
3	Staff costs	-312,471	-292,220	0	0
	Depreciation and impairment of intangible assets and property, plant and equipment	-29,959	-30,367	0	0
	Operating profit/loss	-5,392	86,118	-1,201	-254
4	Financial income	23,901	8,556	48	49
5	Financial expenses	-12,954	-59,884	-1	-3
	Profit/loss before tax	5,556	34,789	-1,154	-208
6	Tax on profit/loss	-3,860	-3,855	0	-9
	Profit/loss for the year	1,695	30,934	-1,154	-217

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
	ASSETS				
	Non-current assets				
	Leasehold improvements	1,199	1.792	0	0
	Plant and machinery	132,990	110,197	0	0
	Other fixtures and fittings, tools and equipment	15,383	12,024	0	0
	Property, plant and equipment in progress	4,373	7,914	0	0
7	Property, plant and equipment	153,945	131,927	0	0
8	Investments in group entities, net asset value	0	0	165,952	165,952
2	Other receivables	66,817	0	0	0
	Other non current assets	66,817	0	165,952	165,952
	Total non-current assets	220,762	131,927	165,952	165,952
	Current assets				
	Raw materials and consumables	7,877	11,627	0	0
	Manufactured goods and goods for resale	27,030	32,609	0	0
	Inventories	34,908	44,236	0	0
	Trade receivables	129,271	182,696	0	0
	Receivables from group entities	0	0	1,212	1,171
2	Other receivables	39,170	86,279	8	8
	Receivables	168,441	268,975	1,220	1,179
	Cash	82,879	93,258	0	0
	Total current assets	286,229	406,469	1,220	1,179
	TOTAL ASSETS	506,990	538,396	167,172	167,131

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	Consolidated 2016	Consolidated 2015	Parent company 2016	Parent company 2015
	EQUITY AND LIABILITIES				
	Equity				
9	Share capital	151	151	151	151
	Retained earnings	150,112	139,097	164,175	165,329
	Total equity	150,263	139,248	164,326	165,480
	Liabilities				
	Government loan, long-term	6,152	5,975	0	0
	Other payables	0	204,533	0	0
10	Long-term liabilities	6,152	210,508	0	0
	Bank loans	147,847	0	0	
	Trade payables	141,704	132,154	0	0
	Payables to associates	0	0	2,450	1,393
	Income taxes payable	27,942	25,281	0	0
	Other financial liabilities	26,200	24,595	0	0
	Government loan, short-term	2,735	2,568	0	0
	Other payables	4,148	4,042	396	258
	Short-term liabilities	350,575	188,640	2,846	1,651
	Total liabilities	356,727	399,148	2,846	1,651
	TOTAL EQUITY AND LIABILITIES	506,990	538,396	167,172	167,131

1 Accounting policies
2 Recognition and measurement uncertainties
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Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Consolidated			
Equity at 1 January 2016	151	139,097	139,248
Exchange rate adjustments	0	9,320	9,320
Profit for the year cf. appropriation of profit/loss	0	1,695	1,695
Equity at 31 December 2016	151	150,112	150,263

DKK'000	Share capital	Retained earnings/ accumulated loss	Total
Parent company			
Equity at 1 January 2016	151	165,329	165,480
Profit for the year cf. appropriation of profit/loss	0	-1,154	-1,154
Equity at 31 December 2016	151	164,175	164,326

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Cash flow statement

Note	DKK'000	Consolidated 2016	Consolidated 2015
	Profit/loss for the year	1,695	30,934
16	Adjustments	22,872	50,594
17	Changes in working capital	54,649	16,111
	Cash flows from operating activities before net financials	79,216	97,639
	Exchange gains, realized	12,916	0
	Interest paid, etc.	-9,775	-12,816
	Income taxes paid	-312	0
	Cash flows from operating activities	82,045	84,823
	Additions of intangible assets	0	0
	Disposals of intangible assets	0	0
	Additions of property, plant and equipment	-51,567	-29,725
	Disposals of property, plant and equipment	4,385	0
	Cash flows from investing activities	-47,183	-29,725
	Proceeds from bank loans	147,847	0
	Payment of advances from related parties	-204,533	0
	Cash flows from financing activities	-56,686	0
	Net cash flows	-21,824	55,098
	Cash and cash equivalents		
	Cash and cash equivalents at 1 January	93,258	48,285
	Exchange-rate adjustments	11,445	-10,125
	Net cash flow	-21,824	55,098
18	Cash and cash equivalents at 31 December	82,879	93,258

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Comar Holdings ApS for 2016 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following areas:

1. Yearly reassessment of residual values of property, plant and equipment

Re 1: In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment.

None of the above changes impacts on the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner.

Consolidation

The consolidated financial statements comprise the parent, Comar Holdings ApS, and entities controlled by the parent. All entities beside, Bakery Deluxe Company, holds the same balance sheet date as the parent company. Bakery Deluxe Company is consolidated on basis of the balance sheet of November 30, 2016.

Control over subsidiaries is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity. Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether control exists.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items. Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated. Investments in consolidated entities are set off by the parent's proportionate share of the consolidated entity's fair value of assets and liabilities at the time of acquisition.

Recently acquired or sold subsidiaries are recognised in the consolidated income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

The purchase method of accounting is applied to the acquisition of subsidiaries. The cost is made up at the net present value of the consideration agreed plus directly attributable expenses. Conditional payments are recognised at the amount expected to be paid. Identifiable assets and liabilities in the acquired entities are recognised at the fair value at the time of acquisition. Provisions for restructuring expenses relating to the acquired entity are recognised if the restructuring has been decided at the time of acquisition. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the cost and the Group’s share of the fair value of the identifiable assets and liabilities is recognised as goodwill or negative goodwill.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at cost. On subsequent recognition, derivative financial instruments are measured at fair value. Positive and negative fair values are recognised as other receivables and other payables, respectively.

Fair value adjustments of derivative financial instruments designated and qualifying as a cash flow hedge are taken to equity until the hedged transaction is carried through. Where the future transaction results in recognition of an asset or a liability, the accumulated fair value adjustment is transferred from equity to the cost of the asset or liability. Where the future transaction results in income or expenses, the accumulated fair value adjustment is transferred from equity to the income statement together with the hedged item.

Fair value adjustments of derivative financial instruments which do not qualify for being treated as hedging instruments are recognised in the income statement.

Leases

Leases in respect of which the entity does not bear all significant risks and enjoy all significant benefits associated with the title to the assets are considered operating leases. Payments under operating leases are recognised in the income statement over the term of the lease.

Public grants

Grants given to acquire assets are recognised as a cut-off item and are taken to income as the asset to which the grant relates is amortised/depreciated.

Income statement

Revenue

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Depreciation and impairment of intangible assets and property plant and equipment

Other external expenses

Other external expenses include expenses related to administration, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

The item comprises depreciation and impairment of intangible assets and property, plant and equipment.

Property and machinery and leasehold improvements are depreciated on a straight-line basis over the expected useful life which is estimated to 10 years.

Other fixtures and fittings, tools and equipment are depreciated at a rate of 20% annually.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and is reassessed yearly. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in group entities

Investments in subsidiaries are measured at cost. Dividends received which exceed the accumulated earnings in the subsidiary in the period of ownership are treated as a cost reduction.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

As administration company for all the entities in the Danish joint taxation arrangement, the parent is liable for the Danish subsidiaries’ income taxes vis-à-vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivables are recognised in the balance sheet as income tax receivable or payable.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Government loan

Received loan from the government is accounted for as a liability when it is determined that it will be repayable in the future. Government loans received for capital expenditures are netted against the corresponding property, plant and equipment additions in the year in which they were received.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are presented using the indirect method and are made up as the profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid net financials and paid income taxes.

Cash flows from investing activities comprise payments in connection with purchase and sale of fixed assets, securities which are part of investment activities and payments in connection with purchase and sale of businesses and activities.

Cash flows from financing activities comprise dividends paid to shareholders, capital increases and reductions, borrowings and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities in respect of which the risk of changes in value is insignificant.

Segment information

Segment information is not presented as the Group operates in only one segment.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from ordinary operating activities}}{\text{Average assets x 100}}$
Equity ratio	$\frac{\text{Closing equity}}{\text{Equity and liabilities at year end x 100}}$
Return on equity	$\frac{\text{Profit/loss for the year}}{\text{Average equity x 100}}$

2 Recognition and measurement uncertainties

Group

Non-current other receivables amounts to DKK 66,817 thousands and consist of receivable from the Canadian Tax Authorities. The receivable origins from the Groups claim of tax credits for expenses incurred by the Group in 2011-2014 on behalf of contract workers. The claim has been denied by the Canadian Tax Authorities and the Group has filed a notice of objection.

It is the assessment of Management that the full amount will be recovered however this assessment is subject to uncertainty.

The total receivable from claim of tax credits amounts to DKK 100,687 thousands of which DKK 33,870 is recognized as current other receivables. The amount recorded as other current receivables has been received by the Group during 2017.

	Consolidated		Parent company	
DKK'000	2016	2015	2016	2015
3 Staff costs				
Analysis of staff costs:				
Wages and salaries	305,617	280,934	0	0
Pensions	3,888	3,768	0	0
Other social security costs	2,965	7,517	0	0
	312,471	292,219	0	0
Average number of full-time employees	508	446	0	0

Group

Group management is not employed by neither parent nor group entities.

The parent company has no employees.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

		Consolidated		Parent company	
	DKK'000	2016	2015	2016	2015
4	**Financial income**				
	Interest receivable, group entities	0	0	41	40
	Other financial income	23,901	8,556	7	9
		23,901	8,556	48	49

		Consolidated		Parent company	
	DKK'000	2016	2015	2016	2015
5	**Financial expenses**				
	Other financial expenses	12,954	59.884	1	3
		12,954	59.884	1	3
6	**Tax for the year**				
	Estimated tax charge for the year	3,860	3,855	0	9
		3,860	3,855	0	9

7 Property, plant and equipment

	Consolidated				
DKK'000	Leasehold improve-ments	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost					
Balance at 1 January 2016	38,849	555,806	49,128	7,914	651,697
Exchange adjustment	2,535	32,898	3,206	516	39,155
Additions in the year	0	44,164	7,403	0	51,567
Disposals in the year	0	0	-328	-4,057	-4,385
Cost at 31 December 2016	41,384	632,868	59,410	4,373	738,035
Depreciation and impairment losses					
Balance at 1 January 2016	37,057	445,609	37,104	0	519,770
Exchange adjustment	2,418	29,521	2,421	0	34,361
Depreciation	710	24,747	4,502	0	29,959
Disposals	0	0	0	0	0
Depreciation and impairment losses at 31 December 2016	40,185	499,878	44,027	0	584,090
Carrying amount at 31 December 2016	1,199	132,990	15,383	4,373	153,945

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

8 Investments in group entities

DKK'000	Investment in group entities
Parent company	
Cost	
Balance at 1 January 2016	165,952
Cost at 31 December 2016	165,952
Carrying amount at 31 December 2016	165,952

Subsidiaries	Domicile	Interest (%)	Equity (DKK'000)	Profit/loss (DKK'000)
Corit Inc.	British Virgin Islands	100.00	-1,209	-68
Marit Inc.	British Virgin Islands	100.00	-949	-69
Bakery Deluxe Company (balance at 30 November 2016)	Canada (Indirect ownership via Marit Inc. and Corit Inc.)	100.00	14,630	368
Fiera Foods Company	Canada (Indirect ownership via Marit Inc. and Corit Inc.)	100.00	162,922	6,204

9 Share capital

	Parent company	
DKK'000	2016	2015
Analysis of the parent's share capital, DKK 151 thousand:		
90,600 class A shares of DKK 1.00 each	91	91
60,400 class B shares of DKK 1,00 each	60	60
	151	151

The parent's share capital has remained DKK 151 thousand over the past 5 years.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

10 Long-term liabilities

Consolidated
Analysis of long-term liabilities:

DKK'000	Falling due between 1 and 5 years	Falling due after more than 5 years	Total long-term liabilities at 31/12 2016	Current portion of long-term liabilities
Government loan	6,152	0	6,152	2,735
	6,152	0	6,152	2,735

11 Security for loans

Consolidated

The groups bank loans are secured by a general security agreement creating a first-ranking security interest over all present and future assets.

12 Contractual obligations and contingencies, etc.

Contingent liabilities

The Group is party to the following pending legal actions. In Management's opinion, the outcome of these legal actions will not affect the Company's nor the Group's financial position significantly however it is not possible to assess the financial outcome of the pending legal actions or the timing of their completion:

- Litigation for two prosecutions relating to alleged violations under Canadian Health & Safety Act. A third prosecution under the Health and Safety act is expected in 2017. The potential loss relating to these proceedings is undeterminable at this time.
- Litigation for two prosecutions relating to alleged violations under Canadian Environmental Protection Act. The potential loss relating to these proceedings is undeterminable at this time.
- In the ordinary course of business, the Group's activities are such that there is usually litigation pending or in progress at any one time. In management's opinion the outstanding claims are either without merit or the outcome cannot be determined at this time. In the event any claim against the Group becomes determinable, any related loss thereon will be accounted for at that time.
- The subsidiary Fiera Foods has been included as defendant in lawsuit filed against a related party. The claim amounts to USD 155 million and has been met by a counterclaim. The potential loss relating to these proceedings is undeterminable at this time.

Operating lease liabilities

The Group is not subject to any lease liabilities. All rented assets is under contracts running from month to month.

Commitments

The group uses forward contracts to hedge receivables that are denominated in United States dollars. The Group has entered into foreign exchange contracts that expire on January 30, 2017 for an aggregate amount of DKK 70.5 million.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

13 Related parties

Information about related parties with a controlling interest:

Related party	Domicile	Basis for control
Konogate Trading Corp.	British Virgin Islands	Parent company

Related party transactions

DKK'000	2016
Group	
Purchases of goods from associates	521,238
Rent and occupancy costs	3,380
Consulting fees	9,823
Management fees	29,274
Interest on long-term debt	9,722
Property, plant and equipment acquisitions	5,132
Payables to associates	25,439
Parent	
Interest income from subsidiaries	40
Receivables from subsidiaries	1,211

14 Appropriation of profit/loss

Recommended appropriation of profit/loss

	Parent company	
DKK'000	2016	2015
Dividend proposed for the year	0	0
Transferred to reserves under equity	-1,154	-217
	-1,154	-217

15 Fees to auditors appointed by the company in general meeting

	Consolidated		Parent company	
DKK'000	31/12 2016	31/12 2015	31/12 2016	31/12 2015
Fee for the statutory audit of the financial statements	223	215	38	29
Fee for other services	67	61	67	49
	290	276	105	78

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

16 Adjustment - Cash flow statement

DKK'000	Consolidated 2016
Amortisation/depreciation and impairment losses	29,959
Financial income	-23,901
Financial expenses	12,954
Exchange losses included in financial expenses	0
Tax for the year	3,860
	22,872

17 Changes in working capital, cash flow statement

DKK'000	Consolidated 2016
Changes in inventory	9,328
Changes in receivables	33,716
Changes in trade payables, etc.	9,550
Other changes in working capital	2,055
	54,649