BPI A/S

HOLMEGÅRDEN, Lyngbyvej 403, DK-2820 Gentofte

Annual Report for 1. januar - 31. december 2017

CVR No 27 23 70 10

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 17/4 2018

Jan Klarskov Henriksen
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BPI A/S for the financial year 1 January - 31 December 2017.

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 2017 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2017.

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.

HOLMEGÅRDEN Gentofte, 17 April 2018

Executive Board

Ole M. Hansen	Jens Jacob Madsen

Board of Directors

Jan Klarskov Henriksen Chairman	Ole M. Hansen	Flemming Skouboe

Independent Auditor's Report

To the Shareholders of BPI A/S

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 2017 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 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of BPI A/S for the financial year 1 January - 31 December 2017, 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.

Independent Auditor's Report

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 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.

Hellerup, 17 April 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen statsautoriseret revisor mne18628	Jan Bunk Larsen statsautoriseret revisor mne30224

Company Information

The Company	BPI A/S HOLMEGÅRDEN Lyngbyvej 403 DK-2820 Gentofte Website: www.bpi.nu CVR No: 27 23 70 10 Financial period: 1 January - 31 December Municipality of reg. office: Gentofte Kommune
Board of Directors	Jan Klarskov Henriksen, Chairman Ole M. Hansen Flemming Skouboe
Executive Board	Ole M. Hansen Jens Jacob Madsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group				
	2017	2016	2015	2014	2013
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1.217.468	1.025.428	1.026.333	1.187.117	1.016.864
Operating profit/loss	7.421	8.334	7.311	14.880	11.753
Profit/loss before financial income and expenses	7.391	8.421	7.394	14.925	11.770
Net financials	-2.688	-2.987	-4.076	-3.924	-3.296
Net profit/loss for the year	4.330	3.631	2.364	8.158	6.171
Balance sheet					
Balance sheet total	263.482	225.423	233.965	277.429	207.770
Equity	71.768	64.837	60.822	58.351	40.835
Cash flows					
Cash flows from:					
- operating activities	-16.492	38.318	40.134	-1.263	5.291
- investing activities	-2.172	-4.388	-14.225	-30.320	-771
including investment in property, plant and equipment	-2.402	-4.698	-4.732	-13.713	-735
- financing activities	18.193	-32.232	-27.314	32.598	-6.511
Change in cash and cash equivalents for the year	-471	1.698	-1.405	1.015	-1.991
Number of employees	56	55	50	40	35

Financial Highlights

	Group				
	2017	2016	2015	2014	2013
	TDKK	TDKK	TDKK	TDKK	TDKK
Ratios					
Gross margin	3,4%	3,9%	3,6%	3,5%	3,4%
Profit margin	0,6%	0,8%	0,7%	1,3%	1,2%
Return on assets	2,8%	3,7%	3,2%	5,4%	5,7%
Solvency ratio	27,2%	28,8%	26,0%	21,0%	19,7%
Return on equity	6,3%	5,8%	4,0%	16,4%	16,3%

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.

In connection with changes to accounting policies, the comparative figures back to 2013 have not been restated. See the description under accounting policies.

Management's Review

Key activities

BPI A/S operates as a global trader of foodstuffs under its own brands as well as private labels.

Development in the year

The consolidated income statement for 2017 shows an EBIT of DKK 7,391,110 and a profit of DKK 4,329,728. The Group's balance sheet per. 31 December 2017 shows equity of DKK 71,768,192 and a solvency ratio of 27%.

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

The Group has realized revenues of more than mDKK 1,200, which is mDKK 200 above the 2016 figure. Growth is above expectations and despite the fact that more than 70 % of the markets on which we operate is under negative influence of the US Dollar exchange rate development, which have dropped from 705 to 620 during 2017.

Profit of the year amounts to mDKK 4,3 which is mDKK 0,7 above the 2016 figure. However realized profit is below expectations for the year. In the view of the 2017 market and currency conditions as well the loss on a large discountinued business project the realized figures for 2017 are satisfactory.

Significant events during the year

In 2017, BPI decided to discontinue a business project in which management no longer believe in. Influence on profit before tax amounts to mDKK 7,0.

The foreign sales share is still more than 80 pct. and this share is expected to be maintained in the future. Revenue from own brands exceeds 65% of the total revenue.

The market situation has changed radically from the beginning of 2017 until the end of the year 2017. Shortage of our two main product groups has led to increased focus on new suppliers as well as rising prices on certain goods.

New activities

The year 2017 has been a year marked by extension of existing business areas as well as the startup of a new department within trading with cheese and dairy products.

Investments

The Group continues to invest in subsidiaries internationally, securing our global presence. Furthermore, BPI A/S has planned to invest in a new ERP-system in order to control our goods and costs even better.

Management's Review

Credit risks

The Group remains relatively independent from individual customers due to heavy diversification. Debtors are for a large part credit-insured to minimize losses. Debtors who cannot be insured, have to prepay or issue letter of credit, alternatively agree to "cash against documents"-terms.

Operating risks

BPI A/S' core business is 'back-to-back' trading, which to a large degree is risk neutral. Combined with the fact that most goods traded have a long shelf life it means that BPI is less exposed than many other companies in the food sector are.

Targets and expectations for the year ahead

Revenue and profit in 2018 is expected to increase compared to 2017.

External environment

As a trading company, BPI A/S does not directly have an environmental impact from production or similar activities. Our environment and climate policy is to strive for environmental consciousness in the daily work. In 2017, this has happened partly by controlling waste management in the different offices and by paying attention to environmental impact in trading and the associated transport to make sure emissions are as low as possible.

Statement of corporate social responsibility

BPI A/S follows the UN's 10 guiding principles for Global Compact, which constitutes the foundation for the company's Code of Conduct. Our Code of Conduct (http://bpi.nu/csr/) makes sure we live up to our responsibility internally and also to secure that our suppliers live up to and follow the principles in our code of Conduct. The Code of Conduct describes the company's values and approach to corporate social responsibility within the areas of environment/climate, human rights, social relations and animal welfare.

BPI A/S has been actively engaged in a list of social projects at home and abroad. Among other initiatives, BPI has supported victims of natural disasters in those areas in the world where we do commercial business activities. BPI wishes to help and contribute to the development locally in those areas of the world where we operate – both socially and environmentally.

In BPI A/S, we believe that competitive prices do not imply ethical compromises. Since BPI operates in the food industry, which is characterized by many global suppliers and increasing demands from both buyers and customers it is of great importance that we and our collaboration partners live up to the international and local standards for human rights.

In 2017, we have made a collaboration with the Danish Animal Protection organization to get our lamb from Chile approved as the first supplier outside the EU. Moreover, we still have an increased focus on the working conditions on the chicken farms in Thailand (initiated in 2016) in order to make sure the products we sell live up to the highest, international standards.

Statement on gender composition

BPI A/S has an ambition to have 25 pct. females in the board of directors no later than 2025. At the end of 2017, status is that there are no women among the three members of the Board of Directors, since the general assembly did not find it necessary to make changes to the Board in 2017.

BPI's gender policy in other management areas is revised on an ongoing basis. The overall aim is to increase the share of females in the management in order to secure a gender composition that represents both genders from a professional, business and managerial perspective. It is BPI's ambition to increase the amount of female managers to 25 pct. while taking in to account relevant experience and qualifications as well. This target was actually reached in the beginning of 2018, where BPI hired another female manager. To qualify even more employees, BPI has offered employees pre-MBA courses at Business Institute.

Uncertainty relating to recognition and measurement

In the past financial year 2017, there have been no events or otherwise unusual circumstances that have affected the recognition or measurement of the company's activities.

Unusual events

The Group's assets, liabilities and financial position per 31 December 2017 and the results of the Group's activities and cash flows for 2017 are not affected by unusual circumstances except for the discontinued business project which negatively influenced BPI's profit before tax mDKK 7,0 in 2017.

Income Statement 1 January - 31 December

	Note	Koncern 2017 DKK	Koncern 2016 DKK	Moderselskab 2017 DKK	Moderselskab 2016 DKK
Revenue	1	**1.217.468.252**	**1.025.428.155**	**1.168.535.898**	**1.009.067.189**
Other operating income		31.827	86.927	31.827	86.927
Expenses for raw materials and consumables		-1.149.871.840	-965.189.974	-1.105.436.479	-955.503.187
Other external expenses		-25.684.224	-20.214.844	-31.136.514	-18.760.717
Gross profit/loss		**41.944.015**	**40.110.264**	**31.994.732**	**34.890.212**
Staff expenses	2	-31.158.516	-28.332.815	-30.079.831	-27.172.259
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-3.333.023	-3.356.171	-1.791.719	-1.831.191
Other operating expenses		-61.366	0	-61.366	0
Profit/loss before financial income and expenses		**7.391.110**	**8.421.278**	**61.816**	**5.886.762**
Income from investments in subsidiaries		0	0	6.444.889	1.624.120
Income from investments in associates		1.083.726	440.978	1.083.726	440.978
Financial income	3	169.030	142.698	227.831	120.785
Financial expenses	4	-3.940.498	-3.570.991	-4.280.584	-3.701.039
Profit/loss before tax		**4.703.368**	**5.433.963**	**3.537.678**	**4.371.606**
Tax on profit/loss for the year	5	-373.640	-1.803.372	792.050	-741.015
Net profit/loss for the year		**4.329.728**	**3.630.591**	**4.329.728**	**3.630.591**

Balance Sheet 31 December

Assets

	Note	Koncern 2017 DKK	Koncern 2016 DKK	Moderselskab 2017 DKK	Moderselskab 2016 DKK
Acquired patents		23.401.445	24.706.850	0	0
Goodwill		938.080	1.406.491	640.284	960.427
Intangible assets	6	**24.339.525**	**26.113.341**	**640.284**	**960.427**
Land and buildings		31.331.596	28.320.000	31.331.596	28.320.000
Other fixtures and fittings, tools and equipment		3.136.134	2.227.195	2.913.616	1.972.824
Leasehold improvements		35.517	90.814	0	0
Property, plant and equipment	7	**34.503.247**	**30.638.009**	**34.245.212**	**30.292.824**
Investments in subsidiaries	8	0	0	37.677.647	30.967.998
Investments in associates	9	1.549.704	465.978	1.549.704	465.978
Fixed asset investments		**1.549.704**	**465.978**	**39.227.351**	**31.433.976**
Fixed assets		**60.392.476**	**57.217.328**	**74.112.847**	**62.687.227**
Inventories		**57.253.086**	**31.542.552**	**55.660.357**	**24.934.590**
Trade receivables		138.057.472	127.734.031	136.842.171	122.629.425
Receivables from group enterprises		266.000	0	4.830.683	13.802.018
Other receivables		5.036.567	5.766.302	4.640.097	3.803.539
Corporation tax		0	0	221.361	439.662
Prepayments	10	737.644	953.008	736.654	950.212
Receivables		**144.097.683**	**134.453.341**	**147.270.966**	**141.624.856**
Cash at bank and in hand		**1.738.636**	**2.209.977**	**34.295**	**723.990**
Current assets		**203.089.405**	**168.205.870**	**202.965.618**	**167.283.436**
Assets		**263.481.881**	**225.423.198**	**277.078.465**	**229.970.663**

Balance Sheet 31 December

Liabilities and equity

		Koncern		Moderselskab	
	Note	2017	2016	2017	2016
		DKK	DKK	DKK	DKK
Share capital		4.500.000	4.500.000	4.500.000	4.500.000
Revaluation reserve		11.835.459	9.411.267	11.835.459	9.411.267
Reserve for net revaluation under the equity method		1.524.704	440.978	11.675.384	4.217.559
Other reserves		12.782	12.782	0	0
Retained earnings		53.895.247	50.472.371	43.757.349	46.708.572
Equity		**71.768.192**	**64.837.398**	**71.768.192**	**64.837.398**
Provision for deferred tax	12	1.916.611	2.639.921	1.916.611	2.639.921
Provisions		**1.916.611**	**2.639.921**	**1.916.611**	**2.639.921**
Mortgage loans		13.929.213	14.114.821	13.929.213	14.114.821
Credit institutions		0	5.976.937	0	5.976.937
Long-term debt	13	**13.929.213**	**20.091.758**	**13.929.213**	**20.091.758**
Mortgage loans	13	173.084	175.200	173.084	175.200
Credit institutions	13	54.957.498	30.606.502	54.741.732	30.204.507
Prepayments received from customers		4.707.789	4.077.084	4.707.789	4.077.084
Trade payables		103.602.259	91.883.824	102.552.374	90.277.578
Payables to group enterprises		32.659	25.455	16.318.682	7.158.062
Payables to associates		51.379	52.000	51.379	52.000
Corporation tax		820.789	280.890	0	0
Other payables		11.522.408	10.753.166	10.919.409	10.457.155
Short-term debt		**175.867.865**	**137.854.121**	**189.464.449**	**142.401.586**
Debt		**189.797.078**	**157.945.879**	**203.393.662**	**162.493.344**
Liabilities and equity		**263.481.881**	**225.423.198**	**277.078.465**	**229.970.663**

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Statement of Changes in Equity

Koncern

	Share capital	Revaluation reserve	Reserve for net revalua-tion under the equity method	Other reserves	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	4.500.000	9.411.267	440.978	12.782	50.472.371	64.837.398
Revaluation for the year	0	3.425.456	0	0	0	3.425.456
Tax on revaluation for the year	0	-753.600	0	0	0	-753.600
Exchange adjustments relating to foreign entities	0	0	0	0	-70.790	-70.790
Tax on transfers, reserves	0	69.854	0	0	-69.854	0
Transfers, reserves	0	-317.518	0	0	317.518	0
Net profit/loss for the year	0	0	1.083.726	0	3.246.002	4.329.728
Equity at 31 December	**4.500.000**	**11.835.459**	**1.524.704**	**12.782**	**53.895.247**	**71.768.192**

Moderselskab

	Share capital	Revaluation reserve	Reserve for net revalua-tion under the equity method	Other reserves	Retained earnings	Total
Equity at 1 January	4.500.000	9.411.267	4.217.559	0	46.708.572	64.837.398
Revaluation for the year	0	3.425.456	0	0	0	3.425.456
Tax on revaluation for the year	0	-753.600	0	0	0	-753.600
Exchange adjustments relating to foreign entities	0	0	-70.790	0	0	-70.790
Tax on transfers, reserves	0	69.854	0	0	-69.854	0
Transfers, reserves	0	-317.518	0	0	317.518	0
Net profit/loss for the year	0	0	7.528.615	0	-3.198.887	4.329.728
Equity at 31 December	**4.500.000**	**11.835.459**	**11.675.384**	**0**	**43.757.349**	**71.768.192**

Cash Flow Statement 1 January - 31 December

	Note	Koncern 2017	Koncern 2016
		DKK	DKK
Net profit/loss for the year		4.329.728	3.630.591
Adjustments	14	6.384.981	8.132.068
Change in working capital	15	-22.055.099	32.180.695
Cash flows from operating activities before financial income and expenses		**-11.340.390**	**43.943.354**
Financial income		169.030	142.698
Financial expenses		-3.940.498	-3.570.991
Cash flows from ordinary activities		**-15.111.858**	**40.515.061**
Corporation tax paid		-1.380.505	-2.196.774
Cash flows from operating activities		**-16.492.363**	**38.318.287**
Purchase of property, plant and equipment		-2.401.895	-4.698.054
Fixed asset investments made etc		0	-25.000
Sale of property, plant and equipment		230.000	335.200
Cash flows from investing activities		**-2.171.895**	**-4.387.854**
Repayment of mortgage loans		-187.724	0
Repayment of loans from credit institutions		0	-34.114.097
Reduction of lease obligations		0	-124.776
Repayment of payables to group enterprises		0	-736.510
Repayment of payables to associates		-621	0
Raising of mortgage loans		0	2.691.021
Raising of loans from credit institutions		18.374.058	0
Raising of loans from group enterprises		7.204	0
Raising of loans from associates		0	52.000
Cash flows from financing activities		**18.192.917**	**-32.232.362**
Change in cash and cash equivalents		**-471.341**	**1.698.071**
Cash and cash equivalents at 1 January		2.209.977	511.906
Cash and cash equivalents at 31 December		**1.738.636**	**2.209.977**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		1.738.636	2.209.977
Cash and cash equivalents at 31 December		**1.738.636**	**2.209.977**

Notes to the Financial Statements

		Koncern		Moderselskab	
		2017	2016	2017	2016
		DKK	DKK	DKK	DKK
1	**Revenue**				
	Geographical segments				
	Revenue, Denmark	196.687.072	185.690.419	196.687.072	185.690.419
	Revenue, exports	1.020.781.180	839.737.736	971.848.826	823.376.770
		1.217.468.252	**1.025.428.155**	**1.168.535.898**	**1.009.067.189**
	Business segments				
	Meat	827.112.607	666.502.808	827.112.607	666.502.808
	Dairy	259.360.373	272.939.026	259.360.373	272.939.026
	Other	130.995.272	85.986.321	82.062.918	69.625.355
		1.217.468.252	**1.025.428.155**	**1.168.535.898**	**1.009.067.189**
2	**Staff expenses**				
	Wages and salaries	27.184.864	25.048.863	26.106.179	23.888.307
	Pensions	2.399.380	2.189.170	2.399.380	2.189.170
	Other staff expenses	1.574.272	1.094.782	1.574.272	1.094.782
		31.158.516	**28.332.815**	**30.079.831**	**27.172.259**
	Including remuneration to the Executive Board and Board of Directors of:				
	Executive Board	3.153.818	2.910.169	3.153.818	2.910.169
	Supervisory Board	400.000	200.000	400.000	200.000
		3.553.818	**3.110.169**	**3.553.818**	**3.110.169**
	Average number of employees	**56**	**55**	**44**	**43**

The board of directors consists of three persons. The board of executives consists of two persons, of which one is also a member of the board of directors.

Notes to the Financial Statements

	Koncern		Moderselskab	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK

3 Financial income

Interest received from group enterprises	0	0	226.747	107.219
Other financial income	169.030	142.698	1.084	13.566
	169.030	**142.698**	**227.831**	**120.785**

4 Financial expenses

Impairment losses on financial assets	0	276.667	0	276.667
Interest paid to group enterprises	3.006	0	357.601	184.086
Other financial expenses	3.937.492	3.294.324	3.922.983	3.240.286
	3.940.498	**3.570.991**	**4.280.584**	**3.701.039**

5 Tax on profit/loss for the year

Current tax for the year	1.850.550	1.972.695	684.860	910.338
Deferred tax for the year	-1.476.910	-169.323	-1.476.910	-169.323
	373.640	**1.803.372**	**-792.050**	**741.015**

Notes to the Financial Statements

6 Intangible assets

Koncern

	Completed development projects	Acquired patents	Goodwill	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	1.872.852	27.240.862	2.985.360	32.099.074
Cost at 31 December	1.872.852	27.240.862	2.985.360	32.099.074
Impairment losses and amortisation at 1 January	1.872.852	2.534.012	1.578.869	5.985.733
Amortisation for the year	0	1.305.405	468.411	1.773.816
Impairment losses and amortisation at 31 December	1.872.852	3.839.417	2.047.280	7.759.549
Carrying amount at 31 December	**0**	**23.401.445**	**938.080**	**24.339.525**
Amortised over	5 years	5-20 years	7 years	

Moderselskab

	Completed development projects	Acquired patents	Goodwill	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	1.872.852	200.000	2.241.000	4.313.852
Cost at 31 December	1.872.852	200.000	2.241.000	4.313.852
Impairment losses and amortisation at 1 January	1.872.852	200.000	1.280.573	3.353.425
Amortisation for the year	0	0	320.143	320.143
Impairment losses and amortisation at 31 December	1.872.852	200.000	1.600.716	3.673.568
Carrying amount at 31 December	**0**	**0**	**640.284**	**640.284**
Amortised over	5 years	5-8 years	7 years	

Notes to the Financial Statements

7 Property, plant and equipment

Koncern

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	16.646.136	6.637.809	311.651	23.595.596
Additions for the year	111.600	2.280.234	10.061	2.401.895
Disposals for the year	0	-663.010	0	-663.010
Cost at 31 December	16.757.736	8.255.033	321.712	25.334.481
Revaluations at 1 January	12.645.309	0	0	12.645.309
Revaluations for the year	3.425.456	0	0	3.425.456
Revaluations at 31 December	16.070.765	0	0	16.070.765
Impairment losses and depreciation at 1 January	971.445	4.410.584	220.837	5.602.866
Depreciation for the year	525.460	1.054.999	65.358	1.645.817
Impairment and depreciation of sold assets for the year	0	-346.684	0	-346.684
Impairment losses and depreciation at 31 December	1.496.905	5.118.899	286.195	6.901.999
Carrying amount at 31 December	**31.331.596**	**3.136.134**	**35.517**	**34.503.247**
Depreciated over	40 years	3-8 years	3-10 years	

Notes to the Financial Statements

7 **Property, plant and equipment** (continued)

Moderselskab

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	16.646.136	6.249.364	183.261	23.078.761
Additions for the year	111.600	2.203.235	0	2.314.835
Disposals for the year	0	-663.010	0	-663.010
Kostpris at 31 December	16.757.736	7.789.589	183.261	24.730.586
Revaluations at 1 January	12.645.309	0	0	12.645.309
Revaluations for the year	3.425.456	0	0	3.425.456
Revaluations at 31 December	16.070.765	0	0	16.070.765
Impairment losses and depreciation at 1 January	971.445	4.276.540	183.261	5.431.246
Depreciation for the year	525.460	946.117	0	1.471.577
Impairment and depreciation of sold assets for the year	0	-346.684	0	-346.684
Impairment losses and depreciation at 31 December	1.496.905	4.875.973	183.261	6.556.139
Carrying amount at 31 December	**31.331.596**	**2.913.616**	**0**	**34.245.212**
Depreciated over	40 years	3-8 years	3-10 years	

Notes to the Financial Statements

8 Investments in subsidiaries

	Moderselskab 2017	Moderselskab 2016
	DKK	DKK
Cost at 1 January	27.191.417	27.191.417
Cost at 31 December	27.191.417	27.191.417
Value adjustments at 1 January	3.776.581	2.167.251
Exchange adjustment	-70.790	-14.790
Net profit/loss for the year	7.750.294	2.929.525
Amortisation of goodwill	-1.305.405	-1.305.405
Value adjustments at 31 December	10.150.680	3.776.581
Equity investments with negative net asset value amortised over receivables	335.550	0
Carrying amount at 31 December	**37.677.647**	**30.967.998**

Pursuant to section 127(4) of the Danish Financial Statements Act investments in subsidiaries are not disclosed.

9 Investments in associates

	Koncern 2017	Koncern 2016	Moderselskab 2017	Moderselskab 2016
	DKK	DKK	DKK	DKK
Cost at 1 January	25.000	0	25.000	0
Additions for the year	0	25.000	0	25.000
Cost at 31 December	25.000	25.000	25.000	25.000
Value adjustments at 1 January	440.978	0	440.978	0
Net profit/loss for the year	1.083.726	440.978	1.083.726	440.978
Value adjustments at 31 December	1.524.704	440.978	1.524.704	440.978
Carrying amount at 31 December	**1.549.704**	**465.978**	**1.549.704**	**465.978**

Notes to the Financial Statements

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Fanuakram Pet Food ApS	Denmark	50.000 DKK	50%

10 Prepayments

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

Notes to the Financial Statements

	Koncern		Moderselskab	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK

11 Distribution of profit

Reserve for net revaluation under the equity method	1.083.726	440.978	7.528.615	2.065.098
Retained earnings	3.246.002	3.189.613	-3.198.887	1.565.493
	4.329.728	**3.630.591**	**4.329.728**	**3.630.591**

12 Provision for deferred tax

Provision for deferred tax at 1 January	2.639.921	2.696.607	2.639.921	2.696.607
Amounts recognised in the income statement for the year	-1.476.910	-169.323	-1.476.910	-169.323
Amounts recognised in equity for the year	753.600	112.637	753.600	112.637
Provision for deferred tax at 31 December	**1.916.611**	**2.639.921**	**1.916.611**	**2.639.921**

Deferred tax has been provided at 22% corresponding to the current tax rate.

Notes to the Financial Statements

13 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:

	Koncern		Moderselskab	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK
Mortgage loans				
After 5 years	13.231.517	13.414.021	13.231.517	13.414.021
Between 1 and 5 years	697.696	700.800	697.696	700.800
Long-term part	13.929.213	14.114.821	13.929.213	14.114.821
Within 1 year	173.084	175.200	173.084	175.200
	14.102.297	**14.290.021**	**14.102.297**	**14.290.021**
Credit institutions				
Between 1 and 5 years	0	5.976.937	0	5.976.937
Long-term part	0	5.976.937	0	5.976.937
Within 1 year	6.076.937	7.332.000	6.076.937	7.332.000
Other short-term debt to credit institutions	48.880.561	23.274.502	48.664.795	22.872.507
Short-term part	54.957.498	30.606.502	54.741.732	30.204.507
	54.957.498	**36.583.439**	**54.741.732**	**36.181.444**

Notes to the Financial Statements

		Koncern	
		2017	2016
		DKK	DKK
14	**Cash flow statement - adjustments**		
	Financial income	-169.030	-142.698
	Financial expenses	3.940.498	3.570.991
	Depreciation, amortisation and impairment losses, including losses and gains on sales	3.394.389	3.356.171
	Income from investments in associates	-1.083.726	-440.978
	Tax on profit/loss for the year	373.640	1.803.372
	Other adjustments	-70.790	-14.790
		6.384.981	**8.132.068**

15	**Cash flow statement - change in working capital**		
	Change in inventories	-25.710.536	12.046.534
	Change in receivables	-9.644.342	-231.362
	Change in trade payables, etc	13.299.779	20.365.523
		-22.055.099	**32.180.695**

Notes to the Financial Statements

	Koncern		Moderselskab	
	2017	2016	2017	2016
	DKK	DKK	DKK	DKK

16 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Grunde og bygninger med en regnskabsmæssig værdi på	31.331.596	24.600.000	31.331.596	28.320.000

Contingent liabilities

BPI A/S is jointly taxed with other Danish group interprises. As a group enterprise, together with the other group enterprises, BPI A/S has joint and unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalities within the joint taxation. The known total net taxes payable to the Danish Central Tax Administration by the companies included in the joint taxation are disclosed in the financial statements of the administrative company, FMH ApS, registration no. 10 14 14 27. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase.

BPI A/S has granted a floating charge of a nominal amount of DKK 48.1 million for bank debt to Jyske Bank A/S. On the balance date, BPI A/S debt to Jyske Bank A/S amounts to DKK 54.7 million.
BPI A/S has granted security in the share capital of the Irish and Rumanian subsidies towards BPI A/S bank facility.
BPI A/S has granted security in the share capital of the Rumanian subsidies towards Westcon ApS bank facility.
BPI A/S has provided a surety (primary liability) in respect of the parent company MCM International A/S bank facility. On the balance date, MCM International A/S debt to Jyske Bank A/S amounts to DKK 26.5 million.
BPI A/S has provided a surety (primary liability) in respect of Westcon ApS bank facility. On the balance date, Westcon ApS debt to Jyske Bank A/S amounts to DKK 0.2 million.
BPI A/S has issued a letter of credit amounting to DKK 5.7 million.
BPI A/S has assumed lease obligations, which at the balance sheet date amounted to DKK 1.3 million in the period of non-terminability.

Notes to the Financial Statements

17 Related parties

	Basis
Controlling interest	
MCM International A/S	Majority shareholder

Transactions

Transactions during the year with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties are made on market conditions.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company

Name	Place of registered office
FMH ApS, CVR-nr. 10141427	Rudersdal

18 Fee to auditors appointed at the general meeting

	Koncern	
	2017	2016
	DKK	DKK
PricewaterhouseCoopers		
Audit fee	235.000	225.000
Tax advisory services	25.000	25.000
Other services	25.000	25.000
	285.000	**275.000**

19 Subsequent events

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

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of BPI A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2017 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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, BPI 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.

Notes to the Financial Statements

20 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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 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.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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 indirect production costs and 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.

Other operating income and expenses

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

Income from investments in subsidiaries and associates

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill is amortised over the estimated useful life, which is determined on the basis of management's experience with in the individual business areas. The amortisation period is beetween 5-20 years, the longest for strategic acquistions with a strong market position and long earningsprofile.

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 20 years.

Property, plant and equipment

Land and buildings

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

Interest expenses on loans contracted directly for financing the construction of assets are recognised in cost over the construction period.

After the initial recognition assets are measured at fair value.

Fair value is the amount for which the asset 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.

The fair value of certain assets has been determined at 31 December 2017 for each property by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on property budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The budgeted cash flow is divided by the estimated rate of return to arrive at the fair value of the properties.

The fair value of assets has been assessed by the independent assessor firm at 1 January 2018.

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 expec-

Notes to the Financial Statements

20 Accounting Policies (continued)

ted. Such difference may be material. The assumptions applied are disclosed in the notes.

Other fixed assets

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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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:

Other buildings	40	years
Other fixtures and fittings, tools and equipment	3-8	years
Leasehold improvements	3-10	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

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 associates

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

The item"Investments in associates" 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 the remaining value of any increases in value and goodwill calculated at the time of acquisi-

Notes to the Financial Statements

20 Accounting Policies (continued)

tion of the enterprises.

The total net revaluation of investments in associates 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 the associates.

Associates 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.

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 of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Notes to the Financial Statements

20 Accounting Policies (continued)

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 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 or in equity if the deferred tax relates to items recognised in equity.

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

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

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 losses, and provisions. Working capital comprises current assets less short-term debt excluding items

Notes to the Financial Statements

20 Accounting Policies (continued)

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	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$