

Crema Ingredients A/S

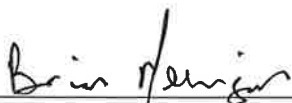
Toftegårdsvej 3, 5620 Glamsbjerg

Company reg. no. 27 68 84 70

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 25 May 2018.



Brian Cornelius Mehigan
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146,940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Cremo Ingredients A/S for the financial year 1 January to 31 December 2017.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

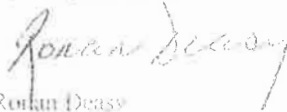
The annual report is recommended for approval by the general meeting.


Glansbjerg, 25 May 2018

Managing Director

Brian Cornelius Mehigan

Board of directors


Rodan Deasy


Trevor James Horan


Brian Cornelius Mehigan

Independent auditor's report

To the shareholder of Cremo Ingredients A/S

Opinion

We have audited the annual accounts of Cremo Ingredients A/S for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Independent auditor's report

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

Independent auditor's report

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Odense, 25 May 2018

PricewaterhouseCoopers

State Authorised Public Accountants
Company reg. no. 33 77 12 31



Carsten Nielsen
State Authorised Public Accountant
MNE-nr. 30212



Brian Petersen
State Authorised Public Accountant
MNE-nr. 33722

Company data

The company

Cremo Ingredients A/S
Toftegårdsvej 3
5620 Glamsbjerg

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Company reg. no. 27 68 84 70
Domicile: Assens
Financial year: 1 January - 31 December

Board of directors

Ronan Deasy
Trevor James Horan
Brian Cornelius Mehigan

Managing Director

Brian Cornelius Mehigan

Auditors

PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab
Rytterkasernen 21
5000 Odense C

Parent company

Kerry Group BV

Financial highlights

DKK in thousands.	2017	2016	2015	2014	2013
Profit and loss account:					
Net turnover	448.121	422.724	447.222	398.134	342.841
Gross profit	102.318	106.404	102.288	78.085	80.219
Results from operating activities	15.274	22.257	21.538	25.882	22.315
Net financials	(4.259)	(4.482)	(4.483)	(4.403)	(7.547)
Results for the year	8.582	14.638	13.536	16.305	11.168
Balance sheet:					
Balance sheet sum	277.589	274.726	260.000	281.422	259.355
Investments in tangible fixed assets represent	12.575	8.365	6.269	71.739	59.458
Equity	135.735	127.153	112.515	98.979	82.674
Key figures in %:					
Gross margin	22,8	25,2	22,9	19,6	23,4
Profit margin	3,4	5,3	4,8	6,5	6,5
Equity share	48,9	46,3	43,3	35,2	31,9
Return on equity	6,5	12,2	12,8	18,0	14,5

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

Gross margin
$$\frac{\text{Gross results} \times 100}{\text{Net turnover}}$$

Profit margin (EBIT margin)
$$\frac{\text{Results from primary activities (EBIT)} \times 100}{\text{Net turnover}}$$

Equity share
$$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$$

Return on equity
$$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$$

Management's review

The principal activities of the company

The Company's activity is the production and sale of processed cheese products for the food industry.

Uncertainties as to recognition or measurement

There have been no particular uncertainty about recognition and measurement of the accounting items.

Development in activities and financial matters

In 2017, Cremo had a good year with high demand for our cheese powder products that has brought an increase in turnover. We are performing tests with key customers on the application of our cheese powder in the bakery segment, and we do expect a development of the business in such area.

The financial position in 2017 has decreased due to the increased level of inventories and capex investments.

The results from ordinary activities after tax are DKK 8.582.000 against DKK 14.638.000 last year - the main reasons are higher cost of raw materials and increase of other operating costs.

Commodity prices have increased throughout the period.

Special risks

Operating risks:

The company's earnings are dependent on the development of commodity prices for purchased products and selling prices for finished products.

Financial risks:

The company is funded by Kerry Group Financial Services, Ireland. The company is financially exposed to primarily EUR.

Environmental issues

The company meets all environmental standards and make continuous efforts for prevention of environmental damage.

Environmental policy fulfilled by:

- environmental impact is managed proactively through waste and effluent minimization, reuse, recycling and ultimately safe disposal.
- focus on energy and natural resources.
- that appropriate and robust measures to manage environmental risks, including contingency plans.
- take into account the environment in all phases including process development, production and distribution.
- encourage, where possible, to suppliers and contractors implement sustainable environmental policies and effective environmental management systems.
- try to continuously improve environmental performance of all aspects of the business.

Management's review

The company are ISO 14001: 2015 certified and carries out measurements and audits accordingly. The company is subject to inspection by the Food Authority. In addition, a cooperation agreement signed with ALECTIA about improvements to the working environment and job satisfaction.

Crema are covered by the Parent Program "Anti-Fraud", including all managers and administrative external contact implement the parent company's "Anti-Fraud" course.

Crema are generally covered by the parent company's policies on environmental and social responsibility and have the honour of referring to the parent company Kerry Group plc Annual Report & Account 2017.

Know how resources

The company aim to maintain and develop human resources as possible in accordance with the requirements of the company.

Research and development activities

Crema perform R&D applications activities (i.e. amendments of existing recipes based on new ideas or on specific customers' requirements on direction from KGSi) as a sub-contractor on behalf of Kerry Group Services International Ltd, charging its full loaded R&D costs plus a mark-up for providing this service.

The expected development

Crema Ingredients A / S expect an unchanged performance in 2018 and a performance on the same level as 2017.

Events subsequent to the financial year

From the balance sheet date and until today, no events have occurred which affect the assessment of the annual report.

Statement of corporate social responsibility cf. article 99a in Danish Financial Statements Act

Regarding the Company's statement of corporate social responsibility, we refer to the group annual report for Kerry Group:

https://www.kerrygroup.com/investors/results-presentations/Kerry_2017_AnnualReport_web.pdf

Management's review

Target figures and policies for the under-represented sex

The company is covered by The Danish Financial Statements Act §99b regarding the under represented gender. This imply reporting on gender composition on the BoD and on other management levels of the company.

Our Board of Directors

Currently, the Board of Directors consists of three members that are all men. However, the BoD has set a target to have one woman on the Board in 2020 at the latest. The Board was re-elected at the general assembly. Therefore the gender composition was unchanged and thus the general target of gender equality in the Board was not met. The company has already identified one woman to be appointed as part of the Board by the end of 2018, meeting the gender equality target in advance to the original deadline by the end of 2020.” .

Other management levels

On the other management levels in the company, it is also the policy not to discriminate but to employ the best qualified candidates irrespective of gender. It is also the policy to give both genders the same rights, opportunities and conditions related to their employment.

In 2017 we have continued to look for and find qualified female candidates for leadership positions in Cremo Ingredients A/S. Cremo Ingredients A/S is constantly considering relevant activities to raise awareness of the industry and of Cremo Ingredients A/S in particular. Despite of our efforts during the year, we have not registered a change in the gender composition in management during the year. Employments in the financial year have been in compliance with the policy. The company will intensify its efforts going forward to improve the proportion.

Accounting policies used

The annual report for Cremo Ingredients A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

Accounting policies used

The profit and loss account

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Production costs

The production costs comprise costs, including salaries, wages and depreciation, which are incurred in order to achieve the net turnover of the year. These costs include direct and indirect costs for raw materials and consumables, salaries and wages, and depreciation on the production plant.

Distribution costs

The distribution costs comprise costs which have been incurred for distribution of goods sold during the year and for sales campaigns carried out during the year. Additionally, costs for sales staff, costs for advertising and exhibitions, and depreciation are recognised in the profit and loss account.

Administration costs

Administration costs comprise costs which have been incurred during the year for management and administration, including costs for the administrative staff, the executive board, offices, stationery and office supplies, and depreciation.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting policies used

The balance sheet

Intangible fixed assets

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation.

Goodwill is depreciated over its estimated useful life determined based on the management's experience within the individual business areas. The amortization period is usually 5 years, but can be up to 20 years for strategic acquisitions. The company was initially acquired to strengthen the future platform in ingredients business. Based on the company's strategic market position and expectations for future earnings, depreciation horizon therefore set at 20 years.

Goodwill is impaired to its recoverable value if this is lower than the carrying value

Tangible fixed assets

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life :

	Useful life
Buildings	33 years
Technical plants and machinery	14 years
Other plants, operating assets, fixtures and furniture	5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Depreciation are recognised in the profit and loss account as production costs and administration costs, as well as separate entry for depreciation for goodwill and other intangible fixed assets.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Accounting policies used

As regards assets of own production, the cost comprises direct and indirect costs for materials, components and deliveries from sub-suppliers.

Leasing contracts

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages and other direct production costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Accounting policies used

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Segment information

Pursuant to section 96(1) of the Danish Financial Statements Act, no information is provided on the geographical markets of the revenue..

Profit and loss account 1 January - 31 December

DKK in thousands.

Note	2017	2016
1 Net turnover	448.121	422.724
2-4 Production costs	<u>(345.803)</u>	<u>(316.320)</u>
Gross results	102.318	106.404
2 Distribution costs	(5.629)	(2.349)
2-4 Administration costs	<u>(81.415)</u>	<u>(81.798)</u>
Operating profit	15.274	22.257
Other financial income	66	-
5 Other financial costs	<u>(4.325)</u>	<u>(4.482)</u>
Financing, net	<u>-4.259</u>	<u>(4.482)</u>
Results before tax	11.015	17.775
6 Tax on ordinary results	<u>(2.433)</u>	<u>(3.137)</u>
7 Results for the year	8.582	14.638

Balance sheet 31 December

DKK in thousands.

Assets		2017	2016
<u>Note</u>		<u></u>	<u></u>
Fixed assets			
8	Goodwill	34.656	39.167
	Intangible fixed assets in total	<u>34.656</u>	<u>39.167</u>
9	Land and property	29.571	28.232
10	Production plant and machinery	41.035	40.069
11	Tangible assets under construction	8.731	4.731
	Tangible fixed assets in total	<u>79.337</u>	<u>73.032</u>
	Fixed assets in total	<u>113.993</u>	<u>112.199</u>
Current assets			
	Raw materials and consumables	34.475	31.019
	Manufactured goods and trade goods	67.654	37.133
	Prepayments for goods	1.169	1.072
	Assets intended for sale	2.985	3.092
	Inventories in total	<u>106.283</u>	<u>72.316</u>
	Amounts owed by group enterprises	27.114	89.611
	Receivable corporate tax	27.646	576
	Other debtors	2.514	-
12	Deferred expenses	30	-
	Debtors in total	<u>57.304</u>	<u>90.187</u>
	Available funds	<u>9</u>	<u>24</u>
	Current assets in total	<u>163.596</u>	<u>162.527</u>
	Assets in total	<u>277.589</u>	<u>274.726</u>

Balance sheet 31 December

DKK in thousands.

<u>Note</u>	<u>2017</u>	<u>2016</u>
Equity and liabilities		
Equity		
13	501	501
	135.234	126.652
	135.735	127.153
Provisions		
14	11.247	11.058
	11.247	11.058
Liabilities		
15	100.000	100.000
	100.000	100.000
	18	-
	14.435	19.221
	16.154	17.294
	30.607	36.515
	130.607	136.515
	277.589	274.726
Equity and liabilities in total		
2 Staff matters		
3 Fee, auditor		
16 Contingencies		
17 Related parties		

Statement of changes in equity

DKK in thousands.

	Contributed capital	Results brought forward	In total
Equity 1 January 2017	501	126.652	127.153
Profit or loss for the year brought forward	-	8.582	8.582
	501	135.234	135.735

Notes

DKK in thousands.

1. Net turnover

The market for processed cheese products consists of only a few manufacturers and information surrounding segmentation could affect the market as well as the market prices. For competitive reasons information regarding segmented revenue will not be disclosed.

	<u>2017</u>	<u>2016</u>
2. Staff matters		
Salaries and wages	48.505	46.367
Pension costs	4.306	4.163
Other costs for social security	1.099	1.009
	<u>53.910</u>	<u>51.539</u>
Average number of employees	<u>105</u>	<u>96</u>

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

3. Fee, auditor

Total fee for PricewaterhouseCoopers, State Authorised Public Accountants

	<u>174</u>	<u>159</u>
Fee concerning compulsory audit	<u>174</u>	<u>159</u>
	<u>174</u>	<u>159</u>

4. Depreciation and losses are allocated as follows

Production costs	6.269	5.884
Administration costs	4.511	4.510
	<u>10.780</u>	<u>10.394</u>

5. Other financial costs

Financial costs, group enterprises	4.309	4.321
Other financial costs	<u>16</u>	<u>161</u>
	<u>4.325</u>	<u>4.482</u>

Notes

DKK in thousands.

	<u>2017</u>	<u>2016</u>
6. Tax on ordinary results		
Tax of the results for the year, parent company	2.243	4.424
Adjustment for the year of deferred tax	190	(1.287)
	<u>2.433</u>	<u>3.137</u>
7. Proposed distribution of the results		
Allocated to results brought forward	8.582	14.638
Distribution in total	<u>8.582</u>	<u>14.638</u>
8. Goodwill		
Cost 1 January 2017	90.212	90.212
Cost 31 December 2017	<u>90.212</u>	<u>90.212</u>
Amortisation and writedown 1 January 2017	(51.045)	(46.536)
Amortisation for the year	(4.511)	(4.509)
Amortisation and writedown 31 December 2017	<u>(55.556)</u>	<u>(51.045)</u>
Book value 31 December 2017	<u>34.656</u>	<u>39.167</u>
9. Land and property		
Cost 1 January 2017	44.344	44.344
Additions during the year	2.060	-
Transfers	690	-
Cost 31 December 2017	<u>47.094</u>	<u>44.344</u>
Depreciation and writedown 1 January 2017	(16.112)	(14.715)
Depreciation for the year	(1.411)	(1.397)
Depreciation and writedown 31 December 2017	<u>(17.523)</u>	<u>(16.112)</u>
Book value 31 December 2017	<u>29.571</u>	<u>28.232</u>

Notes

DKK in thousands.

	<u>31/12 2017</u>	<u>31/12 2016</u>
10. Production plant and machinery		
Cost 1 January 2017	75.685	68.215
Additions during the year	2.297	5.000
Disposals during the year	-	(1.447)
Transfers	3.527	3.918
Cost 31 December 2017	<u>81.509</u>	<u>75.686</u>
Depreciation and writedown 1 January 2017	(35.616)	(32.259)
Depreciation for the year	(4.858)	(4.488)
Depreciation, amortisation and writedown for the year, assets disposed of	-	1.130
Depreciation and writedown 31 December 2017	<u>(40.474)</u>	<u>(35.617)</u>
Book value 31 December 2017	<u>41.035</u>	<u>40.069</u>
11. Tangible assets under construction		
Cost 1 January 2017	4.731	6.269
Additions during the year	8.217	3.365
Disposals during the year	-	(985)
Transfers	(4.217)	(3.918)
Cost 31 December 2017	<u>8.731</u>	<u>4.731</u>
Book value 31 December 2017	<u>8.731</u>	<u>4.731</u>
12. Deferred expenses		
Other prepayments	30	-
	<u>30</u>	<u>-</u>
13. Contributed capital		
Contributed capital 1 January 2017	501	501
	<u>501</u>	<u>501</u>

The share capital consists of 501 shares, each with a nominal value of DKK 1.000. The contributed capital is not divided into classes.

Notes

DKK in thousands.

	<u>31/12 2017</u>	<u>31/12 2016</u>
No change to the contributed capital in the past 5 years.		
14. Provisions for deferred tax		
Provisions for deferred tax 1 January 2017	11.247	11.058
	<u>11.247</u>	<u>11.058</u>
The following items are subject to deferred tax:		
Intangible Fixed Assets	6.127	6.745
Tangible Fixed Assets	5.466	5.052
Current Assets	(346)	(739)
	<u>11.247</u>	<u>11.058</u>
15. Debt to group enterprises		
Debt to group enterprises in total	100.000	100.000
Share of amount due within 1 year	-	-
Debt to group enterprises in total	<u>100.000</u>	<u>100.000</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>
16. Contingencies		
Contingent liabilities		
Leasing liabilities		
The company has entered into operational leasing contracts with an average annual leasing payment of t.DKK 1.036 and a combined leasing obligation of t.DKK 3.413. The leasing contracts concerns company cars, forklifts and photocopiers.		
Tax dispute		
The Danish tax authorities (SKAT) have adjusted the Company's taxable income for 2010 and 2011. In 2017 the Company has paid DKK 25m on account to SKAT regarding this adjustment which is recognized under "Receivable corporate tax". The Company disagrees with SKAT and has appealed the ruling.		

Notes

DKK in thousands.

17. Related parties

Controlling interest

Kerry Group BV Majority shareholder
Maarssebroeksedijk 2a,
3542 DN Utrecht
The Netherlands

Other related parties

Kerry Group BV, Maarssebroeksedijk 2a, 3542 DN Utrecht, The Netherlands
Parent company

Kerry Group plc, Prince's Street, Tralee, Co. Kerry, Ireland
Ultimate parent company

Ronan Deasy, 44 Mounthawk Manor, Tralee, Co. Kerry, Ireland.
Member of Board of directors.

Trevor James Horan, Killeeneenmore, Craughwell, Co. Galway, Ireland
Member of Board of directors.

Brian Cornelius Mehigan, Kerry Group plc., Prince's Street, Tralee, Co. Kerry, Ireland
Member of Board of directors.

All transactions with related parties are performed at arm's length.

Consolidated annual accounts

Cremo Ingredients A/S is included in the Group Annual report of the Ultimate Parent company Kerry Group plc.