

# **Cremo Ingredients A/S**

**Toftegårdsvej 3, 5620 Glamsbjerg**

**Company reg. no. 27 68 84 70**

## **Annual report**

**1 January - 31 December 2018**

The annual report was submitted and approved by the general meeting on the 29 April 2019.

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**Brian Cornelius Mehigan**  
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## **Management's report**

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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 2018.

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 at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

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.

Glamsbjerg, 26 April 2019

### **Managing Director**

Brian Cornelius Mehigan

### **Board of directors**

Ronan Deasy

Trevor James Horan

Brian Cornelius Mehigan

## **Independent auditor's report**

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### **To the shareholders 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 2018, 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 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 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.

#### **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.

## **Independent auditor's report**

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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.
- 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.

### **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.

## **Independent auditor's report**

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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.

Odense, 29 April 2019

### **PricewaterhouseCoopers**

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

**Carsten Nielsen**

State Authorised Public Accountant  
mne30212

**Brian Petersen**

State Authorised Public Accountant  
mne33722

## Company data

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### **The company**

Crema Ingredients A/S  
Toftegårdsvej 3  
5620 Glamsbjerg

Phone 6372 1544  
Fax 6372 1568  
E mail crema@kerry.com

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 B.V.

## Financial highlights

DKK in thousands.	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Profit and loss account:</b>					
Net turnover	427.653	448.121	422.724	447.222	398.134
Gross profit	109.384	102.318	106.404	102.288	78.085
Results from operating activities	14.960	15.274	22.257	21.538	25.882
Net financials	-4.351	-4.259	-4.482	-4.483	-4.403
Results for the year	8.271	8.582	14.638	13.536	16.305
<b>Balance sheet:</b>					
Balance sheet sum	285.245	277.589	274.726	260.000	281.422
Investments in tangible fixed assets represent	21.111	12.575	8.365	6.269	71.739
Equity	144.006	135.735	127.153	112.515	98.979
<b>Employees:</b>					
Average number of full time employees	108	105	96	97	0
<b>Key figures in %:</b>					
Gross margin	25,6	22,8	25,2	22,9	19,6
Profit margin	3,5	3,4	5,3	4,8	6,5
Equity share	50,5	48,9	46,3	43,3	35,2
Return on equity	5,9	6,5	12,2	12,8	18,0

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.

The key figures appearing from the survey have been calculated as follows:

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

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

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

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



## Management's review

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### The principal activities of the company

The Company's activity is 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

We have been performing tests with key customers on the application of our cheese powder in the bakery, snacks and dairy segment and we do expect positive development of the business in such area.

2018 net turnover of DKK 427,6m against DKK 448,1m 2017. Results from ordinary activities after tax DKK 8,3m against DKK 8,6 last year. 2018 turnover and results from ordinary activities in line with management expectations expressed in 2017 Annual Report and by management considered to meet expectations.

During 2018 some markets weakened, but financial impact of slight declining sales within some markets offset by tight product cost control. Commodity prices remained stable throughout the year.

Available funds have during 2018 increased from TDKK 9 to TDKK15.

### 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.

### Environmental issues

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

The environmental policy is fulfilled by:

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

## **Management's review**

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The company is 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 is covered by the Parent Program "Anti-Fraud", including all managers and administrative external contact implements the parent company's "Anti-Fraud" course.

Crema is generally covered by the parent company's policies on environmental and social responsibility and has the honour of referring to the parent company Kerry Group plc Annual Report & Accounts 2018.

### **Know-how resources**

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

### **Research and development activities**

Crema performs R&D applications activities (i.e. amendments of existing recipes based on new ideas or on specific customers' requirements on direction from KGS) 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.

### **2019 Expectations**

Management expects 2019 turnover and result from ordinary activities to come in at 2018 level.

As in previous years, main financial uncertainty development in commodity prices. Expectation 2019 purchase prices remain at 2018 level.

### **Events subsequent to the financial year**

The Danish tax authorities (SKAT) have adjusted the Company's taxable income for 2010, 2011 and 2012. In 2017 the Company has paid DKK 25m and in early 2019 an additional DKK 10m on account to SKAT regarding this adjustment, which is recognized under "Receivable corporate tax". The Company disagrees with SKAT and has appealed the ruling. Please see note 15.

### **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/annual-report/>

## Management's review

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### 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 company has already identified one woman to be appointed as part of the Board during 2018, meeting the gender equality target in advance to the original deadline by the end of 2020. Unfortunately the appointment of a woman as part of the Board has been delayed to 2019, but will be performed by the end of 2019.

#### 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 2018 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**

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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**

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### 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

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### 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**

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As regards assets of own production, the cost comprises direct and indirect costs of materials, components and deliveries from subsuppliers.

### **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.

### **Available funds**

Available funds comprise cash at bank and in hand.

### **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.

## **Accounting policies used**

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

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

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DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
1 Net turnover	427.653	448.121
Production costs	<u>-318.269</u>	<u>-345.803</u>
<b>Gross results</b>	<b>109.384</b>	<b>102.318</b>
Distribution costs	-5.801	-5.629
Administration costs	<u>-88.623</u>	<u>-81.415</u>
<b>Operating profit</b>	<b>14.960</b>	<b>15.274</b>
Other financial income	0	66
4 Other financial costs	<u>-4.351</u>	<u>-4.325</u>
Financing, net	<u>-4.351</u>	<u>-4.259</u>
<b>Results before tax</b>	<b>10.609</b>	<b>11.015</b>
5 Tax on ordinary results	<u>-2.338</u>	<u>-2.433</u>
<b>6 Results for the year</b>	<b><u>8.271</u></b>	<b><u>8.582</u></b>

## Balance sheet 31 December

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DKK in thousands.

<b>Assets</b>			
<u>Note</u>		<u>2018</u>	<u>2017</u>
<b>Fixed assets</b>			
7	Goodwill	30.145	34.656
	Intangible fixed assets in total	<u>30.145</u>	<u>34.656</u>
8	Land and property	28.341	29.571
9	Production plant and machinery	48.168	41.035
10	Tangible assets under construction and prepayments for tangible assets	16.707	8.731
	Tangible fixed assets in total	<u>93.216</u>	<u>79.337</u>
	<b>Fixed assets in total</b>	<b><u>123.361</u></b>	<b><u>113.993</u></b>
<b>Current assets</b>			
	Raw materials and consumables	33.408	34.475
	Manufactured goods and trade goods	67.466	67.654
	Prepayments for goods	1.516	1.169
	Assets intended for sale	2.647	2.985
	Inventories in total	<u>105.037</u>	<u>106.283</u>
	Amounts owed by group enterprises	27.786	27.114
	Receivable corporate tax	26.567	27.646
	Other debtors	2.141	2.514
11	Deferred expenses	338	30
	Debtors in total	<u>56.832</u>	<u>57.304</u>
	Available funds	<u>15</u>	<u>9</u>
	<b>Current assets in total</b>	<b><u>161.884</u></b>	<b><u>163.596</u></b>
	<b>Assets in total</b>	<b><u>285.245</u></b>	<b><u>277.589</u></b>

## Balance sheet 31 December

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DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
12	501	501
Contributed capital		
Results brought forward	143.505	135.234
<b>Equity in total</b>	<b>144.006</b>	<b>135.735</b>
<b>Provisions</b>		
13	11.214	11.247
Provisions for deferred tax		
<b>Provisions in total</b>	<b>11.214</b>	<b>11.247</b>
<b>Liabilities</b>		
14	100.000	100.000
Debt to group enterprises		
Longterm liabilities in total	100.000	100.000
Bank debts	19	18
Trade creditors	12.372	14.435
Debt to group enterprises	2.676	0
Other debts	14.958	16.154
Shortterm liabilities in total	30.025	30.607
<b>Liabilities in total</b>	<b>130.025</b>	<b>130.607</b>
<b>Equity and liabilities in total</b>	<b>285.245</b>	<b>277.589</b>

2 Staff matters

15 Contingencies

16 Related parties

## Statement of changes in equity

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DKK in thousands.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 January 2018	501	135.234	135.735
Profit or loss for the year brought forward	0	8.271	8.271
<b>Equity 31 December 2018</b>	<b>501</b>	<b>143.505</b>	<b>144.006</b>

## Notes

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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>2018</u>	<u>2017</u>
<b>2. Staff matters</b>		
Salaries and wages	51.406	48.505
Pension costs	4.672	4.306
Other staff costs	796	1.099
	<u><b>56.874</b></u>	<u><b>53.910</b></u>
Average number of employees	<u>108</u>	<u>105</u>

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

### 3. Depreciation and losses are allocated as follows

Production costs	7.232	6.269
Administration costs	4.511	4.511
	<u><b>11.743</b></u>	<u><b>10.780</b></u>

### 4. Other financial costs

Financial costs, group enterprises	4.309	4.309
Other financial costs	42	16
	<u><b>4.351</b></u>	<u><b>4.325</b></u>

### 5. Tax on ordinary results

Tax of the results for the year, parent company	2.371	2.243
Adjustment for the year of deferred tax	-33	190
	<u><b>2.338</b></u>	<u><b>2.433</b></u>

## Notes

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DKK in thousands.

	<u>2018</u>	<u>2017</u>
<b>6. Proposed distribution of the results</b>		
Allocated to results brought forward	<u>8.271</u>	<u>8.582</u>
<b>Distribution in total</b>	<u><b>8.271</b></u>	<u><b>8.582</b></u>
	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>7. Goodwill</b>		
Cost 1 January 2018	<u>90.212</u>	<u>90.212</u>
<b>Cost 31 December 2018</b>	<u><b>90.212</b></u>	<u><b>90.212</b></u>
Amortisation and writedown 1 January 2018	-55.556	-51.045
Amortisation for the year	<u>-4.511</u>	<u>-4.511</u>
<b>Amortisation and writedown 31 December 2018</b>	<u><b>-60.067</b></u>	<u><b>-55.556</b></u>
<b>Book value 31 December 2018</b>	<u><b>30.145</b></u>	<u><b>34.656</b></u>
<b>8. Land and property</b>		
Cost 1 January 2018	47.094	44.344
Additions during the year	19	2.060
Transfers	<u>167</u>	<u>690</u>
<b>Cost 31 December 2018</b>	<u><b>47.280</b></u>	<u><b>47.094</b></u>
Depreciation and writedown 1 January 2018	-17.523	-16.112
Depreciation for the year	<u>-1.416</u>	<u>-1.411</u>
<b>Depreciation and writedown 31 December 2018</b>	<u><b>-18.939</b></u>	<u><b>-17.523</b></u>
<b>Book value 31 December 2018</b>	<u><b>28.341</b></u>	<u><b>29.571</b></u>

## Notes

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DKK in thousands.

	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>9. Production plant and machinery</b>		
Cost 1 January 2018	81.509	75.685
Additions during the year	4.535	2.297
Transfers	8.414	3.527
<b>Cost 31 December 2018</b>	<b><u>94.458</u></b>	<b><u>81.509</u></b>
Depreciation and writedown 1 January 2018	-40.474	-35.616
Depreciation for the year	-5.816	-4.858
<b>Depreciation and writedown 31 December 2018</b>	<b><u>-46.290</u></b>	<b><u>-40.474</u></b>
<b>Book value 31 December 2018</b>	<b><u>48.168</u></b>	<b><u>41.035</u></b>
<b>10. Tangible assets under construction and prepayments for tangible assets</b>		
Cost 1 January 2018	8.731	4.731
Additions during the year	16.557	8.217
Transfers	-8.581	-4.217
<b>Cost 31 December 2018</b>	<b><u>16.707</u></b>	<b><u>8.731</u></b>
<b>Book value 31 December 2018</b>	<b><u>16.707</u></b>	<b><u>8.731</u></b>

## Notes

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DKK in thousands.

	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>11. Deferred expenses</b>		
Other prepayments	338	30
	<u><b>338</b></u>	<u><b>30</b></u>
<b>12. Contributed capital</b>		
Contributed capital 1 January 2018	501	501
<b>Contributed capital 31 December 2018</b>	<u><b>501</b></u>	<u><b>501</b></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.		
No change to the contributed capital in the past 5 years.		
<b>13. Provisions for deferred tax</b>		
Provisions for deferred tax 1 January 2018	11.247	11.057
Deferred tax of the results for the year	-33	190
<b>Provisions for deferred tax 31 December 2018</b>	<u><b>11.214</b></u>	<u><b>11.247</b></u>
The following items are subject to deferred tax:		
Intangible fixed assets	5.509	6.127
Tangible fixed assets	6.051	5.466
Financial fixed assets	-346	-346
<b>Provisions for deferred tax in total</b>	<u><b>11.214</b></u>	<u><b>11.247</b></u>
<b>14. Debt to group enterprises</b>		
Debt to group enterprises in total	100.000	100.000
Share of amount due within 1 year	0	0
<b>Debt to group enterprises in total</b>	<u><b>100.000</b></u>	<u><b>100.000</b></u>
Share of liabilities due after 5 years	0	0



## Notes

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DKK in thousands.

### 15. Contingencies

#### Contingent liabilities

##### Leasing liabilities

The company has entered into operational leasing contracts with an average annual leasing payment of DKK 0,9m and a combined leasing obligation of DKK 0,5m. 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, 2011 and 2012. In 2017 the Company has paid DKK 25m and in early 2019 an additional DKK 10m on account to SKAT regarding this adjustment, which is recognized under "Receivable corporate tax". The Company disagrees with SKAT and has appealed the ruling.

### 16. Related parties

#### Controlling interest

Kerry Group B.V. Majority shareholder  
Maarssebroeksedijk 2a,  
3542 DN Utrecht  
The Netherlands

#### Other related parties

Kerry Group B.V., 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.

## Notes

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DKK in thousands.

### **Consolidated annual accounts**

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