

Crema Ingredients A/S

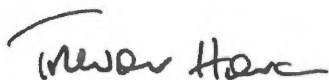
Toftegårdsvej 3, 5620 Glamsbjerg

Company reg. no. 27 68 84 70

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 29 / 5 2020



Trevor Horan

Chairman of the meeting

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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 2019.

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 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

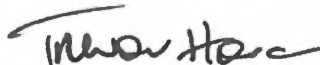
We are of the opinion that the management's review includes a fair description of the issues dealt with. The annual report is recommended for approval by the general meeting.

Glamsbjerg, 29 May 2020

Managing Director

Ronan Deasy

Board of directors


Trevor James Horan


Ronan Deasy


Marguerite Brigid Larkin

Independent auditor's report

To the shareholders of Cremo Ingredients A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of Cremo Ingredients A/S at 31 December 2019, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Cremo Ingredients A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company 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 Financial Statements Act.

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of 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 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 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 judgment and maintain professional skepticism 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 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 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 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.

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.

Odense, 29 May 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



Carsten Nielsen
State Authorised Public Accountant
mne30212



Brian Petersen
State Authorised Public Accountant
mne33722

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
Marguerite Brigid Larkin

Managing Director

Ronan Deasy

Auditors

PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab
Rytterkasernen 21
5000 Odense C

Parent company

Kerry Group B.V.

Financial highlights

DKK in thousands.	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Profit and loss accounts:					
Net turnover	485.041	427.653	448.121	422.724	447.222
Gross profit	157.474	109.384	102.318	106.404	102.288
Results from operating activities	17.642	14.960	15.274	22.257	21.538
Net financials	(4.235)	(4.351)	(4.259)	(4.482)	(4.483)
Results for the year	10.441	8.271	8.582	(14.638)	(13.536)
Balance sheet:					
Balance sheet sum	338.101	285.245	277.589	274.726	260.000
Investment in tangible fixed assets represent	2.625	21.111	12.575	8.365	6.269
Equity	154.447	144.006	135.735	127.153	112.515
Employees:					
Average number of full time employees	106	108	105	96	97
Key figures in %					
Gross margin	32,5%	25,6%	22,8%	25,2%	22,9%
Profit margin	3,6%	3,5%	3,4%	5,3%	4,8%
Equity share	45,7%	50,5%	48,9%	46,3%	43,3%
Return on equity	7,00%	5,9%	6,5%	12,2%	12,8%

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:

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	$\frac{\text{Equity} - \text{closing balance} \times 100}{\text{Assets in total} - \text{closing balance}}$
Return of equity	$\frac{\text{Result for the year} \times 100}{\text{Average equity}}$

Management's review

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.

2019 was a satisfactory year with a high demand for our cheese powder products that has brought an increase in net turnover, gross profit and results for the year compared to last year.

The results from ordinary activities after tax are DKK 10.4m against DKK 8.3m last year.

Commodity prices remained stable 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.

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.

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 2019.

Know-how resources

The company aims to maintain and develop human resources as much 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 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 expects 2020 performance on the same level as 2019.

Events subsequent to the financial year

The identification and spread of Covid-19 subsequent to the year-end is a non-adjusting event, its post year end impact has not been taken account of in the recognition and measurement of the company's assets or liabilities at 31 December 2019. As the wide spread of Covid-19 since the beginning of 2020 is a fluid and challenging situation facing all industries, the Company, at this juncture, is unable to reliably estimate the financial impact of Covid-19 on the Company's results for the next financial period. The Company will continue to monitor the situation, and take appropriate and timely actions to minimise the impact.

Management expects to have sufficient capital resources to carry out operations in 2020.

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/investor-centre/agm/KerryGroup_AR_2019.pdf

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

BoD has set a target to have at least one woman on the Board in 2020 at the latest. The company appointed in 2019 one woman to the board, now 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 2019 we have continued to look for and find qualified female candidates for leadership positions in Crema Ingredients A/S. Due to few vacant positions on management level during 2019, we have not registered a change in the gender composition in management. The company will intensify its efforts going forward to improve the proportion using external headhunters and encouraging all to apply for open positions.

Crema Ingredients A/S is constantly considering relevant activities to raise awareness of the industry and of Crema Ingredients A/S in particular.

Employments in the financial year have been in compliance with the policy.

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.

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

Accounting policies used

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.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

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.

Accounting policies used

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.

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 2019

DKK in thousands.

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Net turnover	2	485.041	427.653
Production cost		<u>(327.567)</u>	<u>(318.269)</u>
Gross results		157.474	109.384
Distribution cost		(6.415)	(5.801)
Administrative expenses		<u>(133.417)</u>	<u>(88.623)</u>
Operating profit		17.642	14.960
Other financial income		29	-
Other financial costs	5	<u>(4.264)</u>	<u>(4.351)</u>
Financing net		(4.235)	(4.351)
Results before tax		13.407	10.609
Tax on ordinary results	6	<u>(2.966)</u>	<u>(2.338)</u>
Results for the year		<u>10.441</u>	<u>8.271</u>

Balance sheet 31 December

DKK in thousands.

	<i>Note</i>	<u>2019</u>	<u>2018</u>
Fixed assets			
Goodwill and customer relationships	8	25.634	30.145
Intangible fixed assets in total		<u>25.634</u>	<u>30.145</u>
Land and property	9	26.925	28.341
Production plant and machinery	10	42.568	48.168
Tangible assets under construction	11	18.485	16.707
Tangible fixed assets in total		<u>87.978</u>	<u>93.216</u>
Fixed assets in total		<u>113.612</u>	<u>123.361</u>
Current assets			
Raw materials and consumables		30.623	33.408
Manufactured goods and trade goods		58.564	67.466
Prepayments for goods		1.353	1.516
Assets intended for sale		<u>3.203</u>	<u>2.647</u>
Inventories in total		<u>93.743</u>	<u>105.037</u>
Amounts owed by group companies		94.773	27.786
Receivable corporate tax		35.961	26.567
Other debtors		0	2.141
Deferred expenses	12	<u>0</u>	<u>338</u>
Debtors in total		<u>130.734</u>	<u>56.832</u>
Available funds		<u>12</u>	<u>15</u>
Current assets in total		<u>224.489</u>	<u>161.884</u>
Assets in total		<u>338.101</u>	<u>285.245</u>

Balance sheet 31 December

DKK in thousands

	<i>Notes</i>	<u>2019</u>	<u>2018</u>
Equity			
Contributed capital	13	501	501
Results brought forward		153.946	143.505
Equity in total		<u>154.447</u>	<u>144.006</u>
Provisions			
Provisions for deferred tax	14	10.721	11.214
Provisions in total		<u>10.721</u>	<u>11.214</u>
Liabilities			
Debt to group companies	15	100.000	100.000
Holiday pay as regards freezing period		2.235	0
Long term liabilities in total		<u>102.235</u>	<u>100.000</u>
Bank debt		5	19
Payable corporate tax		3.552	0
Trade creditors		17.832	12.372
Debt to group companies		32.360	2.676
Other debts		16.949	14.958
Short term liabilities in total		<u>70.698</u>	<u>30.025</u>
Liabilities in total		<u>172.933</u>	<u>130.025</u>
 Equity and liabilities in total		 <u>338.101</u>	 <u>285.245</u>

Statement of changes in equity

DKK in thousands

	<u>Contributed Capital</u>	<u>Result Brought Forward</u>	<u>Total</u>
Equity 01.01.2019	501	143.505	144.006
Net profit for the year	<u>0</u>	<u>10.441</u>	<u>10.441</u>
	<u>501</u>	<u>153.946</u>	<u>154.447</u>

Notes

1. Subsequent events

The identification and spread of Covid-19 subsequent to the year-end is a non-adjusting event, its post year end impact has not been taken account of in the recognition and measurement of the company's assets or liabilities at 31 December 2019. As the wide spread of Covid-19 since the beginning of 2020 is a fluid and challenging situation facing all industries, the Company, at this juncture, is unable to reliably estimate the financial impact of Covid-19 on the Company's results for the next financial period. The Company will continue to monitor the situation, and take appropriate and timely actions to minimise the impact.

2. 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.

	2019	2018
	DKK'000	DKK'000
3. Staff matters		
Salaries and wages	54.876	51.406
Pension costs	5.025	4.672
Other staff costs	870	796
	<u>60.771</u>	<u>56.874</u>
Average number of employees	<u>106</u>	<u>108</u>

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

4. Depreciation and amortisation are allocated as follows

Production costs	7.864	7.232
Administration costs	4.511	4.511
	<u>12.375</u>	<u>11.743</u>

5. Other financial costs

Financial costs, group enterprises	4.243	4.309
Other financial costs	21	42
	<u>4.264</u>	<u>4.351</u>

Notes

Notes

	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
6. Tax on ordinary results		
Tax of the results for the year, parent company	3.552	2.371
Adjustment prior year tax of the results for the year	(93)	0
Adjustment for the year of deferred tax	(493)	(33)
	<u>2.966</u>	<u>2.338</u>
 7. Proposed distribution of the result		
Allocated to result brought forward	<u>10.441</u>	<u>8.271</u>
Distribution in total	<u>10.441</u>	<u>8.271</u>
 8. Goodwill and customer relationships		
Cost 1 January 2019	<u>90.212</u>	<u>90.212</u>
Cost 31 December 2019	90.212	90.212
Amortisation and writedown 1 January 2019	(60.067)	(55.556)
Amortisation for the year	(4.511)	(4.511)
Amortisation and writedown 31 December 2019	<u>(64.578)</u>	<u>(60.067)</u>
Book value 31 December 2019	<u>25.634</u>	<u>30.145</u>
 9. Land and property		
Cost 1 January 2019	47.280	47.094
Additions during the year	0	19
Transfers	0	167
Cost 31 December 2019	<u>47.280</u>	<u>47.280</u>
Depreciation and writedown 1 January 2019	(18.939)	(17.523)
Depreciation for the year	(1.416)	(1.416)
Depreciation and writedown 31 December 2019	<u>(20.355)</u>	<u>(18.939)</u>
Book value 31 December 2019	<u>26.925</u>	<u>28.341</u>

	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
10. Production plant and machinery		
Cost 1 January 2019	94.458	81.509
Additions during the year	371	4.535
Transfers	477	8.414
Cost 31 December 2019	<u>95.306</u>	<u>94.458</u>
Depreciation and writedown 1 January 2019	(46.290)	(40.474)
Depreciation for the year	(6.448)	(5.816)
Depreciation and writedown 31 December 2019	<u>(52.738)</u>	<u>(46.290)</u>
Book value 31 December 2019	<u>42.568</u>	<u>48.168</u>
11. Tangible assets under construction and prepayments for tangible assets		
Cost 1 January 2019	16.707	8.731
Additions during the year	2.255	16.557
Transfers	(477)	(8.581)
Cost 31 December 2019	<u>18.485</u>	<u>16.707</u>
Book value 31 December 2019	<u>18.485</u>	<u>16.707</u>
12. Deferred expenses		
Other prepayments	0	338
	<u>0</u>	<u>338</u>
13. Contributed capital		
Contributed capital 1 January 2019	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.

No change to the contributed capital in the past 5 years.

	<u>31/12 2019</u> <u>DKK'000</u>	<u>31/12 2018</u> <u>DKK'000</u>
14. Provisions for deferred tax		
Provisions for deferred tax 1 January 2019	11.214	11.247
Deferred tax of the result of the year	<u>(493)</u>	<u>(33)</u>
Provision for deferred tax 31 December 2019	<u>10.721</u>	<u>11.214</u>

The following items are subject to deferred tax:

Fixed Assets	4.891	5.509
Tangible Fixed Assets	6.061	6.051
Current Assets	<u>(231)</u>	<u>(346)</u>
	<u>10.721</u>	<u>11.214</u>

15. Debt to group enterprises

Debt to group enterprises in total	100.000	100.000
Share of amount due within 1 year	<u>0</u>	<u>0</u>
Debt to group enterprises in total	<u>100.000</u>	<u>100.000</u>

16. Contingencies

Contingent liabilities

Leasing liabilities

The company has entered into operational leasing contracts with an average annual leasing payment of t.DKK 1.384 and a combined leasing obligation of t.DKK 3.459. 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 early 2019 additional DKK 9,3m on account to SKAT regarding this adjustment which is recognized under "Receivable corporate tax". The Company disagrees with SKAT and has appealed the ruling.

17. Related parties

Controlling interest

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

Other related parties

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

Kerry Group plc, Prince's Street, Tralee, Co. Kerry, V92 EH11 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.

Marguerite Brigid Larkin, 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.

