

**LGI Denmark ApS**  
**Ulsnæs 33, 6300 Gråsten**

**Annual report 2015**

**CVR no. 28 10 08 92**

Approved at the Company's annual general meeting on 19 May 2016

Chairman:



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	<u>Page</u>
INFORMATION ON THE COMPANY	1
GROUP OUTLINE	2
FINANCIAL HIGHLIGHTS	3
MANAGEMENT REPORT	4-8
MANAGEMENT STATEMENT	9
INDEPENDENT AUDITOR'S REPORT	10-11
ACCOUNTING POLICIES	12-20
LGI	
CONSOLIDATED INCOME STATEMENT	21
CONSOLIDATED BALANCE SHEET	22-23
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	24
CONSOLIDATED CASH FLOW STATEMENT	25
NOTES TO CONSOLIDATED ACCOUNTS	26-32
LGI DENMARK APS	
INCOME STATEMENT	33
BALANCE SHEET	34-35
STATEMENT OF CHANGES IN EQUITY	36
NOTES TO THE ACCOUNTS	37-39

## INFORMATION ON THE COMPANY

LGI Denmark ApS  
Ulsnæs 33  
DK-6300 Gråsten

CVR no. 28 10 08 92

### **Board of Directors:**

Nixon E. Lauridsen (Chairman)  
Vilhelm Hald-Christensen  
Christine J. Lauridsen  
John F. Wheeler

### **Management:**

Asger Jacobsen  
Torben Matzen

### **Auditor:**

Ernst & Young Godkendt Revisionspartnerselskab  
Nørre Havnegade 43  
DK-6400 Sønderborg

State Authorised Public Accountant Thorbjørn Bruhn  
State Authorised Public Accountant Christian S. Christiansen

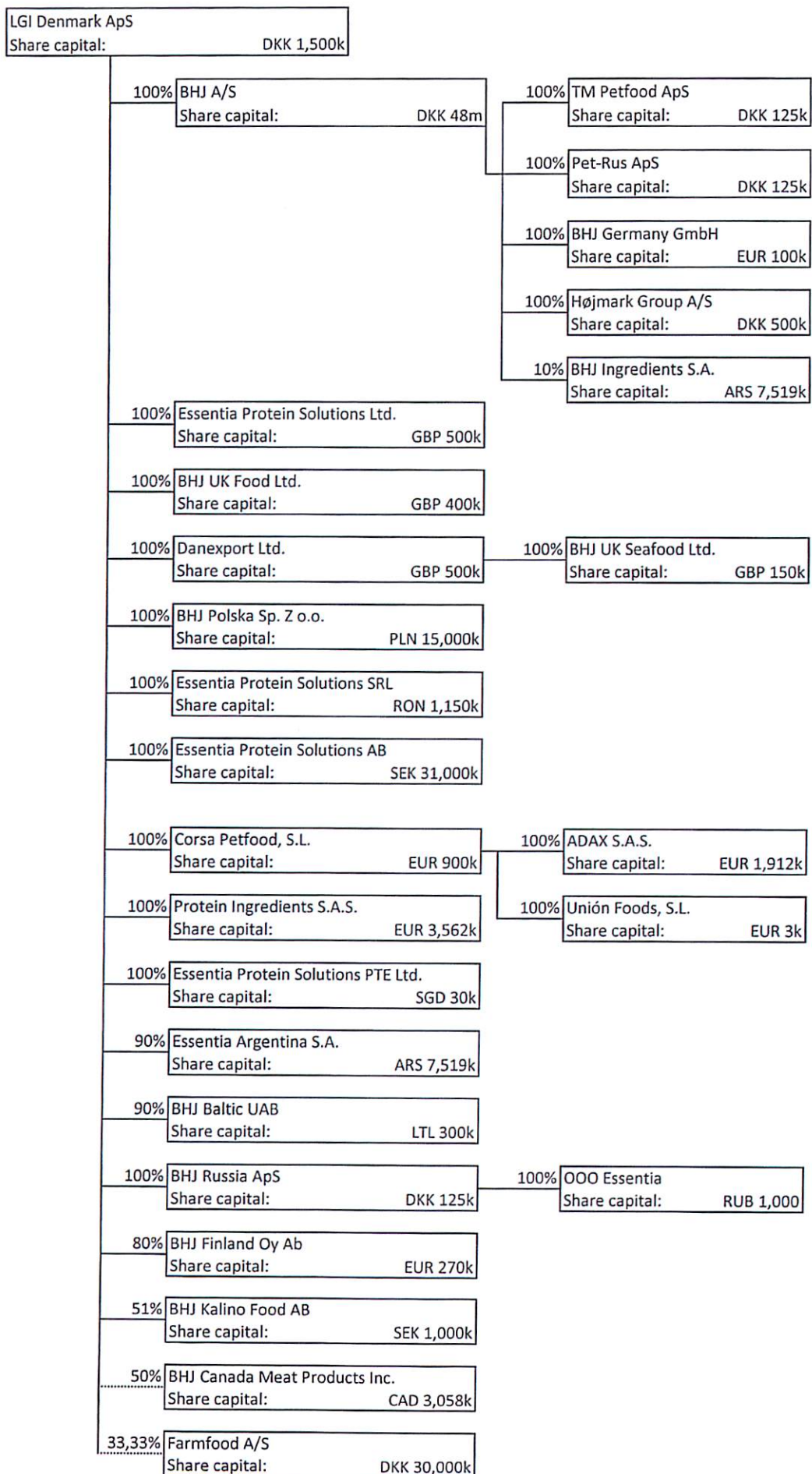
### **Bank:**

Sydbank A/S

### **Annual General Meeting:**

The Annual General Meeting will be held 19 May 2016

## GROUP OUTLINE





## LGI Denmark ApS

### Financial group highlights

	2011	2012	2013	2014	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Consolidated income statement</b>					
<b>Revenue</b>	<b>2.099.984</b>	<b>2.400.671</b>	<b>2.557.230</b>	<b>2.588.897</b>	<b>2.498.463</b>
Operating profit	77.312	66.250	95.882	116.803	104.522
Financial items	(3.109)	(4.313)	(1.133)	(2.962)	(5.615)
<b>Profit before tax</b>	<b>74.204</b>	<b>61.937</b>	<b>94.748</b>	<b>113.841</b>	<b>98.907</b>
<b>Profit after tax</b>	<b>55.884</b>	<b>45.211</b>	<b>71.371</b>	<b>80.889</b>	<b>77.321</b>
<b>Profit for the year attributable to the group</b>	<b>54.652</b>	<b>44.289</b>	<b>70.582</b>	<b>78.924</b>	<b>75.698</b>
<b>Balance sheet</b>					
Fixed assets	444.422	491.703	459.537	438.123	435.161
Current assets	531.228	634.270	652.941	681.811	702.065
<b>Total assets</b>	<b>975.650</b>	<b>1.125.973</b>	<b>1.112.478</b>	<b>1.119.934</b>	<b>1.137.226</b>
<b>Equity</b>	<b>468.345</b>	<b>519.797</b>	<b>583.791</b>	<b>409.493</b>	<b>419.225</b>
Minority interests	5.101	4.953	4.161	4.812	4.564
Provisions	27.300	33.057	30.637	31.238	38.399
Interest-bearing debt	199.925	262.288	187.046	317.276	354.014
Non-interest-bearing debt	274.979	305.878	306.843	357.115	321.024
<b>Cash flow statement</b>					
Net cash inflow from operations	83.628	42.274	131.257	216.515	58.196
Cash flow for investments	(46.833)	(122.879)	(41.224)	(44.390)	(40.748)
of which in property, plant and equipment	(44.195)	(38.404)	(40.296)	(41.185)	(17.705)
Cash flow from financing investments	(78.978)	(290)	(2.013)	(66.341)	(141.638)
Total cash flow	(42.183)	(80.895)	88.020	105.784	(124.190)
<b>Number of employees at year-end</b>	<b>641</b>	<b>668</b>	<b>682</b>	<b>698</b>	<b>718</b>
<b>Key figures<sup>1</sup></b>					
Operating margin	3,7%	2,8%	3,7%	4,5%	4,2%
Return On Capital Employed (ROCE)	12,1%	9,2%	12,6%	16,8%	15,3%
Return on equity	11,6%	9,0%	12,8%	15,9%	18,3%
Debt ratio	42,7%	50,5%	32,0%	77,5%	84,4%
Equity ratio at year-end	48,0%	46,2%	52,5%	36,6%	36,9%

<sup>1</sup> Key figures are calculated according to definitions described under accounting policies

## MANAGEMENT REPORT

### Main activities

LGI Denmark ApS owns a number of operating companies of which BHJ A/S is the largest. The company has no further activities.

The group's subsidiaries operate within the following business areas:

- Essentia Protein Solutions
- BHJ Food and Pet Food

Essentia Protein Solutions develops, produces and markets functional protein ingredients within meat processing, soup stock and nutrition.

BHJ Food trades in pork, beef and poultry products.

BHJ Pet Food purchases, processes and sells meat and fish raw materials for pet food and fur feed industries.

### Highlights of the financial year

There were no significant events in 2015.

### Financial performance

Revenue has decreased by 3.5% compared with 2014.

LGI Denmark generated an EBIT of DKK 105 million in the financial year 2015, compared with DKK 117 million in 2014 – a decrease of 10.3%. This development is considered as unsatisfactory.

LGI posted a profit before tax of DKK 99 million in the financial year ended 31 December 2015, compared with DKK 114 million last year.

Total assets amount to DKK 1,137 million, of which equity amounts to DKK 419 million, equal to 36.9%.

### Outlook

The overall expectation for LGI Denmark Group in 2016 is a positive result but at a lower level as 2015.

### Ownership

LGI Denmark ApS is owned by LGI International Holding S.A.r.l., Rue de Neudorf 560 A, L-2220 Luxembourg a subsidiary of The Lauridsen Group, Inc., 2425 S.E. Oak Tree Court, Ankeny, Iowa 50021, USA.



## MANAGEMENT REPORT

### **Special risk**

It is LGI's policy to adequately hedge all major risks.

Being affected by global veterinary factors, LGI takes a proactive approach to quality assurance and production hygiene.

Due to the international scope of LGI's activities, exchange rates as well as national interest rate levels may have an impact on LGI's results, cash flows and shareholders' equity. LGI hedges all major foreign exchange risks. The group's interest exposure is adjusted on an ongoing basis to the current yield curve and its expected developments.

### **Employees**

In its corporate development, LGI relies on a number of core employee competencies.

The number of employees at year-end increased from 698 in 2014 to 718 in 2015.

At 31 December 2015, 60% of LGI's employees were based internationally.

Future expansion is expected mainly to take place outside Denmark.

### **Environmental policy**

LGI Denmark ApS aims to be an environmentally responsible group. The group has established an environmental management system based on its environmental policy, specific environmental targets for each operation, and ongoing registration and assessment of major environmental impact factors for each plant.

### **Development activities**

The most important costs incurred for product development are the remuneration of development staff and the cost of premises. Costs are charged directly to the income statement.

Product development includes development of new products and new applications for existing products.

### **Corporate social responsibility**

#### ***Mission***

Our mission is to create value within the meat and fish industry by focusing on our core business and people.

#### ***Vision***

It is our vision to be the preferred partner within our core business areas by striving for value and quality in everything we do.

#### ***Values and corporate culture***

LGI has a set of values that reflects our attitude and behavior in our everyday life.

We build our business on close and long-term relationships with customers and suppliers.

Respect for individuals plays an important role in our basic values and we find it natural to act in a proper manner – ethically correct and in accordance with legislation. This means that our business partners and employees can rely on us to comply with the following:

## MANAGEMENT REPORT

### 1. **Human rights**

We support and respect protection of internationally proclaimed human rights.

### 2. **Equal opportunities**

We are against discrimination based on ethnic or national origin, religion, sex, sexual orientation, age or political affiliation.

### 3. **Freedom of association**

We uphold the freedom of association and the effective recognition of the right to collective bargaining.

### 4. **Forced labour**

We are against forced labour, and our employees are employed of their own free will.

### 5. **Child labour**

We dissociate child labour.

### 6. **Remuneration and working hours**

We comply with applicable laws and industry standards on remuneration and working hours.

### 7. **Working environment**

We aim at a physically and mentally strong working environment and build our cooperation on true respect for and interest in one another.

### 8. **Employee retention and development**

We recognize that the involvement of our employees contribute to the future success of the business. We are continuously developing employee competences to comply with job requirements. In case of long-term illness, we are in a close dialogue with the employee to retain her/him in the job. We aim to support employees in case of personal crises.

### 9. **Environmental responsibility**

We conduct our daily business in an environmentally responsible manner and show optimum consideration for the environment when planning new activities.

### 10. **Social commitment**

We recognize the importance of a constructive collaboration in the society.

Our code of conduct is based on respect and responsibility.

LGI Denmark ApS has a long tradition of thinking and acting according to the above. Building and maintaining long-term co-operative relations is only possible when constantly focusing on these areas. This is done e.g. through targeted information to and involvement of managers and employees so that the organization is constantly up-to-date and attentive to these matters. We discuss these matters with our co-operation partners on an ongoing basis. Our suppliers are in general regular cooperation partners with whom we have a close cooperation, including inspection of production facilities. Furthermore, some of our customers demand that we can render probable that our suppliers fulfil a number of requirements regarding CSR, including



## MANAGEMENT REPORT

human rights. We are of the firm opinion that LGI – now and in future – lives up to its responsibilities.

### **Sustainability**

#### ***Common sense and long-term perspective***

Sustainability is all about safeguarding our natural resources and utilizing these in the best possible way while avoiding waste. From the foundation of BHJ it has always been core business to utilize the raw materials that would otherwise go to waste and we continually strive to add value to these raw materials.

The fact that we simultaneously do this with focus on efficient production processes, a reduction in energy consumption and CO<sub>2</sub> emissions and with quality and food safety at the centre means that we are able to run an efficient and profitable business on this basis.

Our day-to-day focus on sustainability can be expressed in four principles:

#### ***Taking good care of the environment***

We invest in energy efficiency to make sure that our facilities produce more with less energy and to minimize CO<sub>2</sub> emissions and waste. We work closely with our key suppliers to ensure that all our raw materials comply with relevant regulations and treaties. All disposals are handled according to or better than strict local regulations.

We have implemented a number of projects and several projects are also on-going right now, partly in Denmark and partly at our subsidiaries abroad. The purpose is to focus on reduction of energy consumption in the short term as well as in the long term and making environmental improvements. The effect of these projects are shown in the nature of larger energy savings.

#### ***Developing high quality products***

All products are manufactured and developed according to recognized standards within quality and food safety. Our products are manufactured and distributed efficiently, and we co-operate with our suppliers and customers to optimize the total value chain for all parties involved with the purpose of using fewer resources per unit produced.

#### ***Providing the best working conditions for our employees***

The employees are the most important resource in LGI. To maintain and develop the necessary skills, we invest in employee training. LGI is a safe place to work as we invest in workplace improvements to create safe and healthy working conditions for our employees.

We have during 2014 to 2016 implemented a training and coaching program in BHJ. Yearly surveys are being done in order to evaluate the outcome of these efforts.

#### ***Using profitability to create long-term sustainable business***

LGI invests a considerable part of the profit in the further development of our overall business strategy in order to secure a sustainable growth taking our values and business ethics into consideration.

## MANAGEMENT REPORT

### **Management structure and gender quota**

The management structure of LGI Denmark ApS consists of a board of directors appointed at the annual general meeting of 4 members and a management of 2.

The gender quota of the board of directors of LGI Denmark ApS is based on a desire to have both male and female board members. With 4 board members, the objective of at least 25% of each gender in the board has been achieved.

The appointment of other managers is based on a desire to have an as efficient organization as possible. In our opinion, this is best done by promoting each individual's possibilities for further development – regardless of age, gender etc. When appointing someone within the organization to a management position, the policy is to have both male and female applicants. In our opinion the goal of equal representation of both gender is achieved.



## MANAGEMENT STATEMENT

The Board of Directors and the Management have today discussed and approved the annual report of LGI Denmark ApS for the financial year 1 January – 31 December 2015.

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

It is our opinion that the annual report gives a true and fair view of the group's and the company's financial position at 31 December 2015 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015.

We also consider the management report to give a true and fair view of the development in the group's and parent company's operations and financial matters, and the results of the group's and the company's operations and financial position.

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

Gråsten, 19 May 2016

### Management:



Asger S. Jacobsen



Torben Matzen

### Board of Directors:

Nixon E. Lauridsen  
(Chairman)

Vilhelm Hald-Christensen  
(Deputy Chairman)

Christine J. Lauridsen

John F. Wheeler

## INDEPENDENT AUDITOR'S REPORT

To the shareholder of LGI Denmark ApS

### **Independent auditors' report on the consolidated financial statements and the parent company financial statements**

We have audited the consolidated financial statements and the parent company financial statements of LGI Denmark ApS for the financial year 1 January – 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

### *Management's responsibility for the consolidated financial statements and the parent company financial statements*

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Our audit has not resulted in any qualifications.



## INDEPENDENT AUDITOR'S REPORT

### *Opinion*

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.


### **Statement on the Management's review**

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.


Sønderborg, 19 May 2016

### **ERNST & YOUNG**

Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Thorbjørn Bruhn  
*State Authorised  
Public Accountant*



Christian S. Christiansen  
*State Authorised  
Public Accountant*

## ACCOUNTING POLICIES

LGI's annual report for 1 January – 31 December 2015 has been prepared in accordance with the provisions applying to (large) class C enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as applied in the accounting year 2014.

### **Recognition and measurement in general**

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when they are probable and can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below in respect of each individual item.

Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective rate of interest to maturity. Amortised cost is stated as original cost less any principal payments and plus or minus the accumulated amortisation of any difference between cost and the nominal amount.

Recognition and measurement take into consideration gains, losses, and risks that arise before the annual report is released and that confirm or invalidate matters existing at the balance sheet date.

Income is recognised in the income statement as earned. This includes the recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Also recognised are costs incurred to achieve the year's revenues, including amortisation, depreciation, impairment losses and provision as well as reversals made to reflect changed accounting estimates concerning amounts previously recognised in the income statement.

### **Basis of consolidation**

The group's financial statements consolidate the financial statements of the parent company, LGI Denmark ApS, and subsidiaries in which LGI Denmark ApS controls more than 50% of the voting rights. Companies other than subsidiaries in which LGI Denmark ApS or a subsidiary holds between 20% and 50% of the voting rights and has a significant but not a controlling interest are considered associates.

In the consolidation, intra-group income and expenses, shareholdings, balances, dividends and realised and unrealised intra-group gains and losses are eliminated.

Investments in subsidiaries are eliminated by the proportionate share of the subsidiaries' market value of net assets and liabilities at the time of acquisition.



## **ACCOUNTING POLICIES**

Newly acquired or newly established companies are recognised in the consolidated financial statements from the date of acquisition. Companies divested or wound up are included in “Income in respect of activities divested” in the income statement and balance sheet until the date they are divested or wound up. Comparative figures have been restated to reflect divestments or companies wound up, but not acquisitions.

Acquisitions are accounted for using the purchase method, according to which identifiable assets and liabilities of companies acquired are measured at fair value at the time acquisition.

Positive differences (goodwill) between the historic cost and fair value of identifiable assets and liabilities taken over are recognised under intangible fixed assets and amortised systematically in the income statement over a period not to exceed 20 years.

### **Minority interests**

The line items of subsidiaries’ financial statements are fully consolidated in the group’s financial statements. The proportionate shares of the results and equity of subsidiaries attributable to minority interests are adjusted annually and stated separately in the income statement and the balance sheet.

### **Foreign currency translation**

On initial recognition, transactions in foreign currency are translated into Danish kroner at the exchange rate ruling at the transaction date or, if hedging contracts have been entered into, at the contract rate. Exchange differences arising between the date of initial recognition and the date of payment are recognised in the income statement under financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currency that have not been settled on the balance sheet date are translated at the exchange rates ruling at the balance sheet date. The difference between the exchange rate ruling at the balance sheet date and the exchange rate at the time where the receivable or payable arose or was recorded in the most recent financial statements is recognised in the income statement under financial income or expenses.

On recognition of foreign subsidiaries and associates income statements are translated at monthly average exchange rates, while balance sheet items are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising on the translation of foreign subsidiaries’ opening equity using the exchange rates prevailing at the balance sheet date as well as on the translation of the income statements using average exchange rates at the balance sheet date are taken directly to equity.

### **Derivative financial instruments**

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently re-measured at their fair value. Positive and negative fair values of derivatives are recognised under other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments that are designated as and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the value of the hedged asset or hedged liability.

## **ACCOUNTING POLICIES**

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised directly in equity. Income and expenses relating to such hedge transactions are transferred from equity on realisation of the hedged item and recognised in the same item as the hedged item.

For derivative financial instruments not qualifying as hedges, changes in fair value are recognised in the income statement as and when they occur.

Shareholdings in foreign subsidiaries and associates are not hedged.

## **INCOME STATEMENT**

### **Revenue**

Income recognition is based on invoiced sales less goods returned and discounts granted in connection with sales. Sales are mainly invoiced on shipment. Refunds received from the EU are included in revenue.

### **Cost of sales**

The cost of sales comprises the purchase price or production costs of goods sold during the financial year. The cost of sales includes the prices of raw materials, consumables, direct wage costs and production overheads such as maintenance costs and depreciation charges for production plant, operating costs, plant management and administrative costs.

### **Product development**

The most important costs incurred for product development are the remuneration of development staff and the cost of premises. Costs are charged directly to the income statement.

Product development includes development of new products and new applications for existing products.

### **Selling and distribution costs**

Selling and distribution costs include the costs of sales staff, advertising and exhibition costs, and similar costs, including depreciation, bad debts and movements in provisions for bad debts.

### **Administrative expenses**

Administrative expenses include the costs of administrative staff, management, office premises, office expenses, and similar expenses, including depreciation.



## ACCOUNTING POLICIES

### **Other operating income and expenses**

Other operating income and expenses comprise items of a secondary nature relative to the principal objects of the companies, including gains and losses on the sale of tangible and intangible fixed assets.

### **Profit from investments in subsidiaries and associates**

The income statement includes the proportionate share of the profit or loss of each individual subsidiary after full elimination of intercompany gains/losses and deduction of goodwill amortisation.

The proportionate share of the profit or loss of associates is recognised in the income statement.

### **Financial income and expenses**

Financial income and expenses include interest income and expenses, capital gains and losses on securities, payables and transactions in foreign currency, amortisation of financial assets and liabilities. Financial income and expenses are recognised in the amounts relating to the financial year.

### **Tax on the profit for the year**

The company is covered by the Danish rules on compulsory joint taxation of the LGI Group's Danish companies. Subsidiaries are included in the joint taxation scheme from the time they are consolidated in the consolidated financial statements until they are no longer consolidated.

LGI Denmark ApS is the administration company for the joint taxation scheme and therefore makes all payments of corporation tax to the tax authorities.

Current Danish corporation tax is allocated between the jointly taxed Danish companies by making joint taxation contributions in proportion to their taxable income. In this context, companies with tax losses receive joint taxation contributions from companies which have been able to use these losses to reduce their own taxable profits.

Tax for the year – comprising the year's current corporation tax, the year's joint taxation contributions and changes in deferred tax (including result of changes in tax rates) – is recognised in the income statement where it relates to the profit/loss for the year, and directly in equity where it relates to items recognised directly in equity.

## BALANCE SHEET

### **Intangible assets**

#### *Goodwill*

Goodwill is amortised over its estimated useful economic life determined on the basis of Management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over a maximum of 20 years.

## ACCOUNTING POLICIES

Where investments with long-term impact and long-term strategic influence have been made, an amortisation period of 10 or 20 years has been used.

The carrying amount of goodwill is assessed regularly and is written down in the income statement to the recoverable amount if the carrying amount exceeds the anticipated future net income from the company or operations to which the goodwill relates.

### **Rights**

Rights acquired in connection with company acquisitions are amortised over a period of 5-10 years.

### **Property, plant, and equipment**

Assets are measured at cost less accumulated depreciation.

Cost encompasses the purchase price and costs directly associated with the purchase until the time when the asset is ready to be brought into use.

The cost of leases is calculated as the lower of the fair value and the present value of future lease payments.

Assets are depreciated on a straight line basis over their estimated useful lives, as follows:

Buildings	16-39 years
Installations	12 ½-15 years
Plant and machinery	1-10 years
Operating assets and equipment	3-5 years

Depreciation is recognised in the income statement under production costs, distribution costs, administrative expenses and other operating expenses.

Property, plant, and equipment is written down to the lower of the recoverable amount and the carrying amount.

Gains and losses arising from the sale or scrapping of property, plant, and equipment are stated as the difference between the selling price less selling costs, including costs of dismantling or re-establishment, and the carrying amount at the date of disposal. Such gain or loss is included in the income statement under "Other operating income" or "Other operating expenses" as appropriate.

Grants received in connection with the acquisition of intangible assets are set off against the value of the asset and recognized as income concurrently with the amortisation of the asset.

### **Investments**

#### ***Investments in subsidiaries and associates***

Investments in subsidiaries and in associates are measured according to the equity method.



## ACCOUNTING POLICIES

Investments in subsidiaries and associates are measured in the balance sheet at the proportionate share of the companies' net asset value calculated in accordance with the parent company's accounting policies less or plus any unrealised intra-group gains and losses and plus any residual amount of goodwill.

The above measurement also applies to subsidiaries and associates with negative equities.

The net revaluation of investments in subsidiaries and associates is recognised under equity as "Revaluation reserve based on the equity method" to the extent that the carrying amount exceeds the acquisition cost.

Acquisitions are accounted for using the purchase method. See above under "Basis of consolidation".

### *Other securities*

Other, unlisted securities acquired as an investment are stated at fair value.

Realised capital gains or losses as well as impairment losses are included in the income statement.

### **Inventories**

Inventories are measured at cost using the FIFO method. Inventories are written down to the lower of cost and net realisable value.

The cost of goods for resale and raw materials and consumables includes the average purchase price plus transport costs.

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

The net realisable value of inventories is calculated as the selling price less costs incurred in making the sale, and is determined on the basis of marketability, obsolescence and changes in the expected selling price.

### **Receivables**

Receivables are measured at amortised cost. Receivables are written down for anticipated loss.

Receivables include trade receivables and receivables from group enterprises and associates as well as other receivables.

## ACCOUNTING POLICIES

### **Prepayments**

Prepayments comprise costs incurred relating to the following financial year.

### **Securities**

Listed securities and participating interests recognised under current assets are measured at fair value at the balance sheet date.

### **Equity**

#### *Dividends*

Proposed dividends are recognised as a liability when adopted by the shareholders at the general meeting. Dividends expected to be paid in respect of the year are stated as a separate line item under equity.

### **Income tax and deferred tax**

According to the joint taxation rules, LGI Denmark ApS as the administration company is liable for the income tax of subsidiaries towards the tax authorities concurrently with the subsidiaries settling the joint taxation contributions.

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

Joint tax contributions payable and receivable are recognised in the balance sheet under receivables from or payables to group enterprises.

Deferred tax is calculated according to the balance sheet liability method on all timing differences between the carrying amount and the tax value of assets and liabilities. No deferred tax liability is recognised for timing differences regarding non-deductible goodwill.

Deferred tax assets, including the tax value of any tax loss carried forward, are recognised in the amount at which they are expected to be used, either by setting off tax on future earnings or by setting off deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of various countries' tax rules and tax rates that will apply under the legislation in force at the balance sheet date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

If Danish taxes have been reduced by including the deficits in foreign subsidiaries in the joint taxation, deferred tax concerning expected re-taxation of these deficits is set aside in the consolidated accounts.



## **ACCOUNTING POLICIES**

### **Other provisions**

Other provisions comprise anticipated costs relating to complaints, etc. Provisions are recognised when, as a consequence of a past event, the company has a legal or constructive obligation, and it is likely that the obligation will require an outflow of the company's financial resources.

### **Financial liabilities**

Debt to mortgage and credit institutions is recognised in the amount of the proceeds after deduction of transaction costs at the time a loan is obtained. In subsequent periods, financial liabilities are recognised at amortised cost. The difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

In addition, the capitalised residual lease liability under finance leases is recognised under financial liabilities.

Other liabilities, which comprise trade payables and amounts owing to group enterprises and associates and other payables, are measured at amortised cost.

## **CASH FLOW STATEMENT**

The cash flow statement shows the group's cash flows for the year, broken down by operating, investing, and financing activities, and the year's changes in cash and cash equivalents as well as the company's cash and cash equivalents at the beginning and end of the year.

### **Cash flows from operating activities**

Cash flows from operating activities are calculated as the group's share of results adjusted for non-cash operating items, movements in working capital and income taxes paid.

### **Cash flows for investing activities**

Cash flows for investing activities comprise payments made in connection with the acquisition and disposal of companies and activities, and the acquisition and disposal of property, plant, and equipment.

### **Cash flows from financing activities**

Cash flows from financing activities comprise changes in the size or composition of the group's share capital and associated costs and the raising of loans, repayment of interest-bearing debt and dividend payments to shareholders.

### **Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand as well as short-term securities that can immediately be converted into cash and that involve insignificant risk of value fluctuations.

## **ACCOUNTING POLICIES**

### **SEGMENT INFORMATION**

Information is provided about the breakdown of turnover on business segments and geographical segments. The segment information follows the company's accounting policies, risks, and in-house financial management.

### **KEY RATIOS**

#### **Operating margin**

Operating profit as a percentage of revenue.

#### **Return on invested capital (ROIC)**

Operating profit divided by the average total assets less cash and cash equivalents and securities.

#### **Return on equity**

Profit for the year attributable to the group as a percentage of average equity.

#### **Debt ratio**

Interest-bearing debt (mortgages and loans as well as bank loans and overdrafts) divided by equity.

#### **Equity ratio at year-end**

Equity divided by total assets.



**LGI****Consolidated income statement for 1 January - 31 December 2015**

Note	2015 DKK '000	2014 DKK '000
1 <b>Revenue</b>	<b>2.498.463</b>	<b>2.588.898</b>
2, 6 Goods consumed and cost of sales	(2.186.227)	(2.278.381)
<b>Gross profit</b>	<b>312.236</b>	<b>310.517</b>
Product development costs	(4.384)	(4.118)
2, 6 Selling and distribution costs	(109.112)	(99.838)
2, 6 Administrative expenses	(89.116)	(88.391)
Other operating income	22.084	7.688
2, 6 Other operating expenses	(27.186)	(9.054)
<b>Operating profit</b>	<b>104.522</b>	<b>116.804</b>
3 Share of profit in associates	13.165	9.785
Financial income	5.565	7.457
Financial expenses	(24.345)	(20.204)
<b>Profit before tax</b>	<b>98.907</b>	<b>113.842</b>
4 Tax on profit from ordinary activities	(21.586)	(32.952)
<b>Profit for the year</b>	<b>77.321</b>	<b>80.890</b>
Profit on group enterprises attributable to minority shareholders	(1.623)	(1.965)
<b>Profit for the year attributable to the group</b>	<b>75.698</b>	<b>78.925</b>

## LGI

## Consolidated balance sheet at 31 December 2015

Note	2015 DKK '000	2014 DKK '000
<b>ASSETS</b>		
<b>Fixed assets</b>		
5	<b>Intangible assets</b>	
	Goodwill	44.830 48.952
	Rights	14.530 14.024
		<b>59.360 62.976</b>
6	<b>Property, plant and equipment</b>	
	Land and buildings	191.264 204.477
	Plant and machinery	94.556 97.954
	Other fixtures and fittings, tools and equipment	12.488 14.445
	Property, plant and equipment in progress	13.932 -
		<b>312.240 316.876</b>
<b>Investments</b>		
7	Investments in associates	50.677 42.860
8	Receivables from associates	- 991
8	Other securities	12.884 14.420
		<b>63.561 58.271</b>
	<b>Total fixed assets</b>	<b>435.161 438.123</b>
<b>Current assets</b>		
<b>Inventories</b>		
	Raw materials and consumables	15.770 13.161
	Finished goods	249.279 187.368
	Prepayment of goods	1.925 2.950
		<b>266.974 203.479</b>
<b>Receivables</b>		
	Trade receivables	269.830 302.444
	Receivables from group enterprises	4.567 7.396
	Receivables from associates	882 755
9	Capitalised deferred tax	7.556 7.355
16	Corporation tax receivable	8.290 -
	Other receivables	41.577 44.303
10	Prepayments	1.286 1.080
		<b>333.988 363.333</b>
11	<b>Cash</b>	<b>101.103 114.999</b>
	<b>Total current assets</b>	<b>702.065 681.811</b>
	<b>Total assets</b>	<b>1.137.226 1.119.934</b>

## LGI

### Consolidated balance sheet at 31 December 2015

Note	2015 DKK '000	2014 DKK '000	
<b>LIABILITIES AND EQUITY</b>			
<b>Equity</b>			
	1.500	1.500	
	417.725	337.993	
	-	70.000	
	<b>419.225</b>	<b>409.493</b>	
12	<b>Minority interests</b>	<b>4.564</b>	<b>4.812</b>
<b>Provisions</b>			
13	Deferred tax	25.600	25.201
14	Other provisions	12.799	6.037
	<b>38.399</b>	<b>31.238</b>	
<b>Liabilities</b>			
<b>Long-term debt</b>			
15	Mortgages and loans	36.072	37.755
15	Loans from group enterprises	126.162	194.353
	<b>162.234</b>	<b>232.108</b>	
<b>Short-term debt</b>			
15	Mortgage and loan repayments due in 2016 financial year	5.648	7.841
	Bank loans and overdrafts	186.132	77.499
	Trade payables	177.796	187.769
	Payables to group enterprises	1.609	3.863
	Payables to associates	4.164	1.546
16	Corporation tax due	-	1.176
	Other debt	137.455	162.589
	<b>512.804</b>	<b>442.283</b>	
	<b>Total debt</b>	<b>675.038</b>	<b>674.391</b>
	<b>Total liabilities and equity</b>	<b>1.137.226</b>	<b>1.119.934</b>
17	<b>Collateral security</b>		
18	<b>Hedging contracts</b>		
19	<b>Lease commitments</b>		
20	<b>Transactions with related parties</b>		
21	<b>Auditors' fees</b>		

## LGI

### Consolidated statement of changes in equity at 31 December 2015

	Contributed capital DKK '000	Retained earnings DKK '000	Proposed dividend DKK '000	Total DKK '000
<b>Balance at 31 December 2013</b>	<b>1.500</b>	<b>582.291</b>	-	<b>583.791</b>
Interim dividend	-	(250.000)	-	(250.000)
Retained earnings	-	8.924	70.000	78.924
Value adjustment of hedging instruments	-	(917)	-	(917)
Exchange difference on foreign group enterprises	-	(2.305)	-	(2.305)
<b>Balance at 31 December 2014</b>	<b>1.500</b>	<b>337.993</b>	<b>70.000</b>	<b>409.493</b>
Ordinary dividend	-	-	(70.000)	(70.000)
Retained earnings	-	75.698	-	75.698
Value adjustment of hedging instruments	-	1.784	-	1.784
Exchange difference on foreign group enterprises	-	2.250	-	2.250
<b>Balance at 31 December 2015</b>	<b>1.500</b>	<b>417.725</b>	-	<b>419.225</b>

The share capital comprises 15,000 shares with a nominal value of DKK 100 each.

There have been no changes to the share capital within the last 5 years.

## LGI

### Consolidated cash flow statement

	2015	2014
	DKK '000	DKK '000
<b>Operating activities</b>		
Operating profit	104.522	116.803
Reversal of depreciation and write-downs	54.502	72.203
Reversal of other non-cash items in the income statement	1.897	2.777
<b>Cash flow of primary operations before changes in working capital</b>	<b>160.921</b>	<b>191.783</b>
<b>Changes in working capital</b>		
Change in inventories	(61.955)	36.703
Change in receivables	39.488	(16.836)
Change in trade payables, group payables and other payables	(32.041)	50.459
<b>Total changes</b>	<b>(54.508)</b>	<b>70.326</b>
<b>Net cash flow from primary activities</b>	<b>106.413</b>	<b>262.109</b>
Financial items	(18.780)	(12.747)
Tax paid	(35.171)	(32.847)
<b>Net cash flow from operating activities</b>	<b>52.462</b>	<b>216.515</b>
<b>Investing activities</b>		
Investment in new enterprises	(24.579)	-
Purchase/sale of property, plant and equipment	(17.705)	(41.185)
Net change in financial fixed assets	7.270	(3.205)
<b>Net cash flow for investing activities</b>	<b>(35.014)</b>	<b>(44.390)</b>
<b>Net cash inflow/(outflow) before financing</b>	<b>17.448</b>	<b>172.125</b>
<b>Financing activities</b>		
Net proceeds from/repayment of mortgage debt/loans	(72.067)	183.581
Dividend payment	(70.000)	(250.000)
Sale and purchase of investments to minority shareholder	(562)	78
Loans to associates	991	-
<b>Net cash flow for financing</b>	<b>(141.638)</b>	<b>(66.341)</b>
<b>Net change in cash</b>	<b>(124.190)</b>	<b>105.784</b>
Cash at 1 January	37.500	(68.284)
Addition of cash from companies acquired	1.661	-
Cash at 31 December	(85.029)	37.500
which can be specified as follows:		
Cash	101.103	114.999
Bank debt	(186.132)	(77.499)
<b>Cash at 31 December</b>	<b>(85.029)</b>	<b>37.500</b>



## LGI

### Notes to the consolidated accounts at 31 December 2015

#### 1 Revenue

For competitive reasons, the distribution of the group net revenue on main activities is not mentioned.

	2015	2014
	DKK '000	DKK '000
Geographical distribution of revenue:		
Scandinavia	839.899	813.829
Western Europe	883.960	1.068.834
Eastern Europe	462.644	371.782
The Far East	224.617	248.947
Rest of the world	87.343	85.506
	<b>2.498.463</b>	<b>2.588.898</b>

#### 2 Staff costs

Wages, salaries and related costs:

Wages and salaries	251.492	231.568
Pension contributions	15.327	12.964
Other social security costs	27.046	26.918
	<b>293.865</b>	<b>271.450</b>

Staff costs are included in the following items:

Cost of sales	164.997	153.959
Selling and distribution costs	73.457	66.138
Administrative expenses	53.402	51.353
Other operating expenses	2.009	-
	<b>293.865</b>	<b>271.450</b>

Of which remuneration to the Management and Board of Directors of the company

Management	3.729	6.925
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Average number of employees	701	682
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#### 3 Share of profit in associates

BHJ Canada Meat Products Inc., Canada - CAD 3,058k, 50%	11.618	7.980
Farmfood A/S, Denmark - DKK 30 million, 33.33%	1.547	1.805
	<b>13.165</b>	<b>9.785</b>



## LGI

### Notes to the consolidated accounts at 31 December 2015

#### 4 Income tax

The tax charge can be specified as follows:

	2015	2014
	DKK '000	DKK '000
Tax on profit for the year:		
Tax charge for the year	25.852	36.113
Change in deferred tax/capitalised deferred tax	(3.735)	(3.829)
Foreign withholding tax	213	175
	<b>22.330</b>	<b>32.459</b>
Prior-year tax adjustments	(190)	196
<b>Total tax</b>	<b>22.140</b>	<b>32.655</b>

Tax is distributed as follows:

Tax on the profit for the year	21.586	32.952
Tax on changes in equity	554	(297)
<b>Total tax</b>	<b>22.140</b>	<b>32.655</b>

Income tax paid during the year	<b>35.171</b>	<b>32.847</b>
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Breakdown of effective tax rate

Danish corporation tax	23,5	24,5
Adjustment of tax for prior years	(0,2)	0,1
Tax value of non-deferred loss/recovery hereof	0,4	3,7
Additional tax in foreign subsidiaries and associates due to higher tax	(0,2)	(0,1)
Impact on capitalized deferred tax of tax rate reduction	-	0,2
Calculated tax of eliminations	0,4	2,1
Other non-taxable income and non-deductible expenses	1,2	0,3
<b>Effective tax rate for the year</b>	<b>25,1</b>	<b>30,8</b>

#### 5 Intangible assets

	Goodwill	Rights	Total
	DKK '000	DKK '000	DKK '000
Cost at 1 January	78.171	22.976	101.147
Exchange difference on translation of foreign assets at year-end exchange rates	(39)	12	(27)
Additions	-	3.200	3.200
Disposals at cost	(688)	-	-
Cost at 31 December	77.444	26.188	104.320
Amortisation and write-downs at 1 January	29.219	8.952	38.171
Exchange difference on translation of foreign assets at year-end exchange rates	(60)	(12)	(72)
Amortisation and write down on disposals	(688)	-	-
Amortisation during the year	4.143	2.718	6.861
Amortisation and write-downs at 31 December	32.614	11.658	44.960
<b>Carrying amount at 31 December</b>	<b>44.830</b>	<b>14.530</b>	<b>59.360</b>

## LGI

## Notes to the consolidated accounts at 31 December 2015

## 5 Intangible assets (continued)

	2015	2014
	DKK '000	DKK '000
Amortisation is included in the following item:		
Production costs	6.648	6.838
Other operating expenses	213	-
Production costs	<b>6.861</b>	<b>6.838</b>

## 6 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fix- tures and fittings, tools and equipment	Tangible fixed assets under construction	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January	371.259	364.609	43.524	-	779.392
Exchange difference on translation of foreign assets at year-end exchange rates	2.247	5.552	585	-	8.384
Additions from new group enterprises	5.232	15.970	257	-	21.459
Additions	1.743	16.957	2.851	13.932	35.483
Disposals at cost	-	(46.446)	(1.585)	-	(48.031)
<b>Cost at 31 December</b>	<b>380.481</b>	<b>356.642</b>	<b>45.632</b>	<b>13.932</b>	<b>796.687</b>
Amortisation and write-downs at 1 January	166.782	266.655	29.079	-	462.516
Exchange difference on translation of foreign assets at year-end exchange rates	1.094	3.090	395	-	4.579
Depreciation and write-downs on disposals	-	(28.797)	(1.492)	-	(30.289)
Depreciation and write-downs	21.341	21.138	5.162	-	47.641
Depreciation and write-downs at 31 December	189.217	262.086	33.144	-	484.447
<b>Carrying amount at 31 December</b>	<b>191.264</b>	<b>94.556</b>	<b>12.488</b>	<b>13.932</b>	<b>312.240</b>

	2015	2014
	DKK '000	DKK '000
Depreciation is included in the following items:		
Cost of sales	40.353	57.005
Selling and distribution costs	2.267	2.815
Administrative expenses	4.491	4.419
Other operating expenses	530	1.126
	<b>47.641</b>	<b>65.365</b>

Recognised gains on sale of fixed assets totalled	36	339
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## LGI

## Notes to the consolidated accounts at 31 December 2015

## 7 Investments in associates

	2015	2014
	DKK '000	DKK '000
Cost at 31 December	25.479	25.479
Value adjustment at 1 January	17.381	9.328
Profit for the year	13.165	9.785
Dividend	(3.405)	(2.478)
Exchange difference	(1.943)	746
Value adjustment at 31 December	25.198	17.381
<b>Carrying amount at 31 December</b>	<b>50.677</b>	<b>42.860</b>
Company:		
BHJ Canada Meat Products Inc., Canada - CAD 3,058k, 50%	28.753	22.483
Farmfood A/S, Denmark - DKK 30 million, 33.33%	21.924	20.377
	<b>50.677</b>	<b>42.860</b>

## 8 Receivables from associates and other securities

	Receivables from associates DKK '000	Other securities DKK '000
Cost at 1 January	991	14.420
Additions	-	3.082
Disposals	(991)	(3.598)
Cost at 31 December	-	<b>13.904</b>
Write-down of securities	-	(1.020)
<b>Carrying amount at 31 December</b>	<b>-</b>	<b>12.884</b>

## 9 Capitalised deferred tax

	2015	2014
	DKK '000	DKK '000
Balance at 1 January	7.355	7.500
Additions/disposals/transfer	-	(2.427)
Exchange differences relating to foreign subsidiaries	(200)	(20)
Change during the year	401	2.302
<b>Balance at 31 December</b>	<b>7.556</b>	<b>7.355</b>
Capitalised deferred tax relates to:		
Buildings	4.604	4.277
Plant and equipment	3.846	3.203
Inventories	(3.438)	(2.041)
Receivables	914	760
Other items, provisions and the value of tax losses	1.630	1.156
	<b>7.556</b>	<b>7.355</b>



LGI

Notes to the consolidated accounts at 31 December 2015

10 Prepayments

	2015	2014
	DKK '000	DKK '000
Other items	1.286	1.080
	<b>1.286</b>	<b>1.080</b>

11 Cash

Cash includes the following tied-up funds:

Holiday allowance accounts	994	1.466
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12 Minority interests

Balance at 1 January	4.812	4.161
Additions/disposals	(562)	78
Share of profit for the year	1.623	1.965
Dividend declared	(1.430)	(925)
Exchange difference relating to foreign subsidiaries	121	(467)
<b>Balance at 31 December</b>	<b>4.564</b>	<b>4.812</b>

13 Deferred tax

Balance at 1 January	25.201	29.144
Additions new companies/disposals	3.535	-
Prior-year adjustments	75	-
Transferred from capitalized deferred tax	-	(2.433)
Exchange difference relating to foreign subsidiaries	123	17
Change during the year	(3.334)	(1.527)
<b>Balance at 31 December</b>	<b>25.600</b>	<b>25.201</b>

The provision for deferred tax relates to:

Other rights	856	1.051
Buildings	14.485	16.224
Plant and equipment	4.893	1.982
Other items and provisions	5.366	5.944
	<b>25.600</b>	<b>25.201</b>

14 Other provisions

Balance at 1 January	6.037	1.493
Additions	9.183	5.463
Disposals	(2.311)	(916)
Exchange difference relating to foreign subsidiaries	(110)	(3)
<b>Balance at 31 December</b>	<b>12.799</b>	<b>6.037</b>

## LGI

### Notes to the consolidated accounts at 31 December 2015

#### 15 Mortgages and loans

Loan	Effective rate of interest		Carrying amount	
	2015	2014	2015	2014
			DKK '000	DKK '000
Mortgage credit institutions, DKK - floating rate	9,46%	8,11%	35.121	39.864
Other credit institutions, DKK - fixed rate		3,50%	-	2.006
Other long-term debt			6.599	3.726
			<b>41.720</b>	<b>45.596</b>
Portion of mortgages and loans falling due after more than five years			<b>17.758</b>	<b>21.452</b>

The interest-reset loans have six-month maturities and will be reset annually at 30 June and 31 December.

Loans from group enterprises fall due within five years.

#### 16 Corporation tax

	2015	2014
	DKK '000	DKK '000
Balance at 1 January	1.176	(2.353)
Exchange difference relating to foreign subsidiaries	96	214
Prior-year adjustment of tax payable	(243)	49
Income tax paid	(35.171)	(32.847)
Tax on profit for the year	25.852	36.113
<b>Balance at 31 December</b>	<b>(8.290)</b>	<b>1.176</b>

#### 17 Collateral security

Collateral for mortgages and bank debt:

Registered mortgages and mortgages registered to the mortgagor on the group's property booked at DKK 91,753k	<b>35.122</b>	<b>40.115</b>
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The Company has issued mortgages registered to the owner of DKK 8,800k, secured on plant, which are held in the company's safe deposit box.

Mortgage deeds in movable plant and equipment	-	<b>1.182</b>
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## LGI

### Notes to the consolidated accounts at 31 December 2015

#### 18 Hedging transactions

As part of the hedging of recognised and unrecognised purchasing and selling transactions, LGI applies the cash flow and hedging instruments such as forward exchange contracts and currency options. Amounts in EUR are not hedged.

Exchange risks associated with net investments in foreign subsidiaries are not hedged. The need for such hedging is monitored and assessed in an ongoing process.

The hedging of recognised transactions primarily comprises receivables and debt obligations.

Hedges of future purchasing and selling transactions are based on individual assessment.

The BHJ group mainly has floating rate interest-bearing debt. An assessment of the need for hedging of interest rate risk is made on an ongoing basis, primarily by using interest rate swaps and swaptions in EUR and DKK.

#### 19 Lease commitments

	2015	2014
	DKK '000	DKK '000
Total lease payments until expiry of the contracts amount to	19.301	9.393

#### 20 Related party transactions

Related party with controlling influence on the company is The Lauridsen Group, Inc., USA.

Related parties with a significant influence comprise group enterprises and associates as well as members of the Board of Directors, the Management, and the managements of group enterprises and associates.

During the year, transactions were made with group enterprises and associates. Intragroup transactions have been eliminated in the consolidated financial statements.

Transactions with related parties have been made in terms of commercial conditions.

#### 21 Auditors' fees

	2015	2014
	DKK '000	DKK '000
Total fees to EY		
Audit	630	613
Non-audit services	25	7
Fees to other audit firms		
Audit	1.248	1.152
Non-audit services	118	131
Total audit fees	1.878	1.765
Total non-audit fees	143	138
Total fees to auditors	2.021	1.903



## LGI Denmark ApS

### Income statement for 1 January - 31 December 2015

Note	2015 DKK '000	2014 DKK '000
	<b>8.400</b>	<b>10.320</b>
	<b>1.114</b>	<b>2.360</b>
1	(7.286)	(7.960)
	<b>1.114</b>	<b>2.360</b>
2	65.128	68.212
3	13.165	9.785
4	379	1.338
5	(4.370)	(2.726)
	<b>75.416</b>	<b>78.969</b>
6	282	(44)
	<b>75.698</b>	<b>78.925</b>
Proposed allocation of profit for the year:		
Interim dividend	-	250.000
Dividend	-	70.000
Retained earnings	75.698	(241.075)
	<b>75.698</b>	<b>78.925</b>

LGI Denmark ApS

Balance sheet at 31 December 2015

Note	2015 DKK '000	2014 DKK '000	
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Investments</b>			
2	Investments in group enterprises	563.304	580.369
3	Investments in associates	50.677	42.860
	Receivables from group enterprises	38.047	40.197
	Other securities	2.366	3.166
	<b>654.394</b>	<b>666.592</b>	
	<b>Total fixed assets</b>	<b>654.394</b>	<b>666.592</b>
<b>Current assets</b>			
<b>Receivables</b>			
	Receivables from group enterprises	518	3.538
7	Corporation tax receivable	4.019	-
	<b>4.537</b>	<b>3.538</b>	
	<b>Cash</b>	<b>-</b>	<b>1</b>
	<b>Total current assets</b>	<b>4.537</b>	<b>3.539</b>
	<b>Total assets</b>	<b>658.931</b>	<b>670.131</b>

LGI Denmark ApS

Balance sheet at 31 December 2015

Note	2015 DKK '000	2014 DKK '000
<b>LIABILITIES AND EQUITY</b>		
<b>Equity</b>		
	1.500	1.500
	417.725	337.993
	-	70.000
	<b>419.225</b>	<b>409.493</b>
<b>Liabilities</b>		
<b>Short-term debt</b>		
	239.142	259.912
7	-	45
	564	681
	<b>239.706</b>	<b>260.638</b>
	<b>239.706</b>	<b>260.638</b>
	<b>658.931</b>	<b>670.131</b>
8	<b>Transactions with related parties</b>	
9	<b>Other commitments</b>	



## Statement of changes in equity at 31 December 2015

	Contributed capital DKK '000	Retained earnings DKK '000	Proposed dividend DKK '000	Total DKK '000
<b>Balance at 31 December 2013</b>	<b>1.500</b>	<b>582.291</b>	-	<b>583.791</b>
Retained earnings	-	8.925	70.000	78.925
Value adjustment of hedging instruments	-	(917)	-	(917)
Exchange difference on foreign group enterprises	-	(2.306)	-	(2.306)
Interim dividend	-	(250.000)	-	(250.000)
<b>Balance at 31 December 2014</b>	<b>1.500</b>	<b>337.993</b>	<b>70.000</b>	<b>409.493</b>
Retained earnings	-	75.698	-	75.698
Value adjustment of hedging instruments	-	1.784	-	1.784
Exchange difference on foreign group enterprises	-	2.250	-	2.250
Ordinary dividend	-	-	(70.000)	(70.000)
<b>Balance at 31 December 2015</b>	<b>1.500</b>	<b>417.725</b>	-	<b>419.225</b>

The share capital comprises 15,000 shares with a nominal value of DKK 100 DKK each.

There have been no changes to the share capital within the last 5 years.

## LGI Denmark ApS

### Notes to the accounts for the year ended 31 December 2015

#### 1 Staff costs

The company has not incurred any staff costs.

No remuneration has been paid to the Management and Board of Directors of the company.

#### 2 Result and investments in group enterprises

	2015	2014
	DKK '000	DKK '000
Cost at 1 January	782.809	783.780
Additions	1.818	620
Disposals	-	(1.591)
Cost at 31 December	784.627	782.809
Value adjustment at 1 January	(202.440)	(217.676)
Share of profit	65.128	68.212
Retained dividend	(89.989)	(49.935)
Disposal	-	927
Exchange difference	4.194	(3.051)
Value adjustment of hedging instruments	1.784	(917)
Value adjustment at 31 December	(221.323)	(202.440)
<b>Carrying amount at 31 December</b>	<b>563.304</b>	<b>580.369</b>

Company:	Contributed capital	Share	Share of net profit	Carrying amount
			DKK '000	DKK '000
BHJ A/S, Denmark	mDKK 48	100%	34.414	250.196
BHJ UK Food Ltd., UK	tGBP 400	100%	4.928	10.917
BHJ Kalino Food AB, Sweden	tSEK 1.000	51%	1.237	3.037
Essentia Protein Solutions Ltd., UK	tGBP 500	100%	13.577	42.682
BHJ Baltic UAB, Lithuania	tLTL 300	90%	2.287	7.713
Essentia Protein Solutions SRL, Romania	tRON 11.497	100%	711	1.837
Danexport Ltd., UK	tGBP 150	100%	193	3.718
BHJ Finland Oy Ab, Finland	tEUR 270	80%	721	3.157
Essentia Protein Solutions AB, Sweden	tSEK 31.000	100%	(6.448)	35.987
BHJ Polska Sp. z o.o., Poland	tPLN 15.000	100%	3.392	26.036
Corsa Petfood S.L., Spain	tEUR 900	100%	13.088	91.473
BHJ Russia ApS, Denmark	tDKK 125	100%	2.924	5.516
Essentia Argentina S.A., Argentina	tARS 7.518	100%	(71)	2.501
Protein Ingredients S.A.S., France	tEUR 3.562	100%	1.515	-
Essentia Protein Solutions Pte Ltd., Singapore	tSGD 142	100%	(124)	(516)
Revaluation of assets and debt			(3.942)	44.438
Goodwill			(3.274)	34.612
			<b>65.128</b>	<b>563.304</b>





## LGI Denmark ApS

### Notes to the accounts for the year ended 31 December 2015

#### 7 Corporation tax

	2015	2014
	DKK '000	DKK '000
Balance at 1 January	45	(104)
Prior-year adjustments	45	-
Income tax paid	(15.656)	(20.268)
Tax on profit for the year incl. jointly taxed companies	11.547	20.417
Balance at 31 December	(4.019)	45

#### 8 Related party transactions

Related party with controlling influence on the company is The Lauridsen Group, Inc., USA. There have been no transactions with the company during the year.

Related parties with significant influence on the company - in addition to the Board of Directors and the Management - include the BHJ group and its Board of Directors and Management.

#### 9 Other commitments

A letter of comfort for a total of EUR 1.25 million has been issued to a subsidiary's bank.

The parent company is jointly taxed with the Danish subsidiary. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interests and royalties.

The Group's Danish companies are jointly and severally liable for group VAT registration.