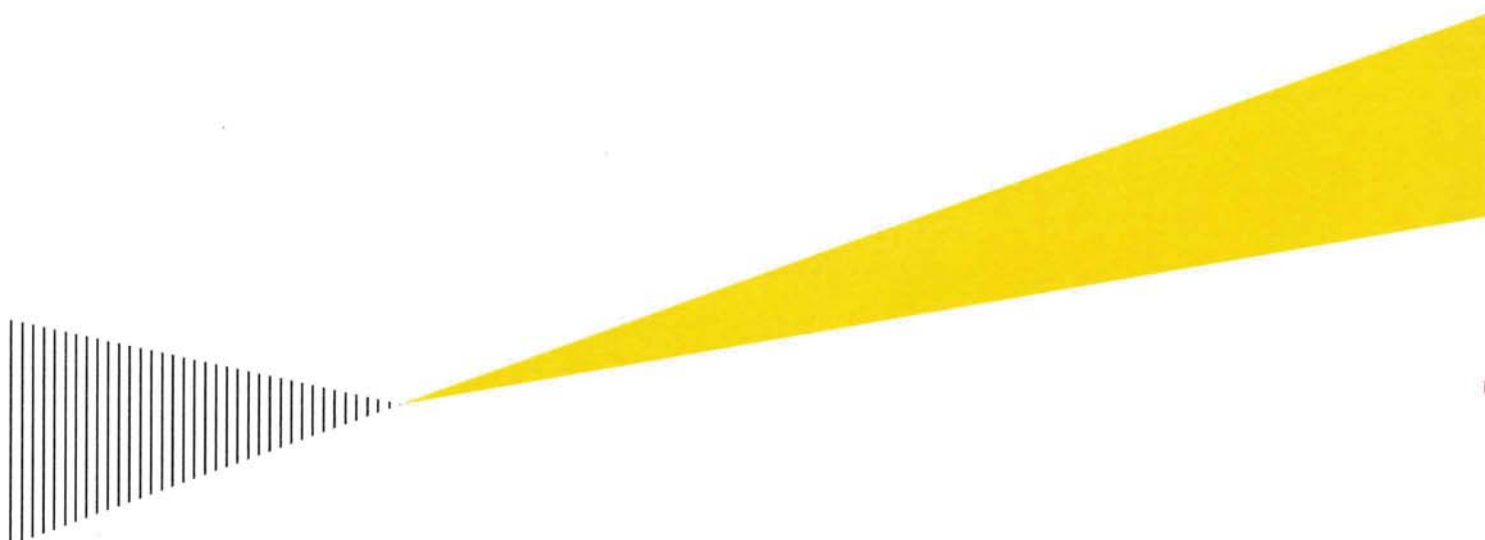


Bioceval Denmark A/S

Dakavej 10, 8723 Løsning

CVR no. 32 33 41 21



Annual report 2016

Approved at the annual general meeting of shareholders on 8 May 2017

Chairman:

Jørn Hager
.....



Building a better
working world



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Bioceval Denmark A/S for the financial year 1 January - 31 December 2016.


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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.


Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Løsning, 2 March 2017
Executive Board:


.....
Christian Bisgaard

Board of Directors:


.....
Lars Krause-Kjær
Chairman
.....
Kurt Stoffel
.....
Christian Bisgaard

Independent auditors' report

To the shareholders of Bioceval Denmark A/S

Opinion

We have audited the financial statements of Bioceval Denmark A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

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

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 the 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.

Independent auditors' report

- ▶ 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 conclusion is 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.

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 2 March 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Jes Lauritzen
State Authorised Public Accountant



Christian Jøker
State Authorised Public Accountant



Management's review

Company details

Name	Bioceval Denmark A/S
Address, Postal code, City	Dakavej 10, 8723 Løsning
CVR no.	32 33 41 21
Established	6 February 2014
Registered office	Hedensted
Financial year	1 January - 31 December
Board of Directors	Lars Krause-Kjær, Chairman Kurt Stoffel Christian Bisgaard
Executive Board	Christian Bisgaard
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights

DKKt	2016	2015	2014
Key figures			
Gross margin	-5,368	-857	715
Net financials	-1,601	-865	-24
Profit/loss before tax	-16,864	-1,923	692
Profit/loss for the year	-13,157	-1,478	519
Balance sheet			
Fixed assets	785	1,178	0
Total assets	52,450	64,074	15,447
Equity	883	14,040	1,019
Financial ratios			
Return on assets	-26.2%	-2.7%	4,634.9%
Solvency ratio	1.7%	21.9%	6.6%
Return on equity	-176.3%	-19.6%	50.9%
Operational metrics			
Average number of employees	8	0	0



Management's review

Management commentary

Business review

The Company's main activity is trading of by-productes from the fish-processing industry.

Financial review

The financial statements for 2016 show a net loss of DKK 13.157 thousand, which is below expectations. Management consider the result for the year unacceptable.

Outlook

Due to the negative result in 2016 the Company has desided to scale down it's activities in 2017. Costs will be reduced correspondingly. Due to these adaptations the Management expects a minor profit for 2017.



Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross margin	-5,368,051	-856,787
2	Staff costs	-5,645,205	0
	Depreciation of property, plant and equipment	-979,966	-200,931
	Other operating expenses	-3,269,819	0
	Profit/loss before net financials	-15,263,041	-1,057,718
	Financial income	581,173	260,162
3	Financial expenses	-2,181,717	-1,125,170
	Profit/loss before tax	-16,863,585	-1,922,726
4	Tax for the year	3,706,460	444,271
	Profit/loss for the year	-13,157,125	-1,478,455

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2016</u>	<u>2015</u>
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	784,899	852,853
	Property, plant and equipment under construction	0	325,500
		<u>784,899</u>	<u>1,178,353</u>
	Total fixed assets	<u>784,899</u>	<u>1,178,353</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	31,668,318	16,001,293
		<u>31,668,318</u>	<u>16,001,293</u>
	Receivables		
	Trade receivables	8,471,041	3,797,864
	Receivables from group enterprises	1,765,957	0
8	Deferred tax assets	77,600	0
	Joint taxation contribution receivable	3,615,060	458,071
	Other receivables	5,908,410	5,205,176
	Prepayments	158,851	242,008
		<u>19,996,919</u>	<u>9,703,119</u>
	Cash	0	37,191,209
	Total non-fixed assets	<u>51,665,237</u>	<u>62,895,621</u>
	TOTAL ASSETS	<u>52,450,136</u>	<u>64,073,974</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	600,000	600,000
	Retained earnings	283,164	13,440,289
	Total equity	<u>883,164</u>	<u>14,040,289</u>
	Provisions		
8	Deferred tax	0	13,800
	Total provisions	<u>0</u>	<u>13,800</u>
	Liabilities other than provisions		
7	Non-current liabilities other than provisions		
	Payables to group enterprises	37,172,000	26,118,750
		<u>37,172,000</u>	<u>26,118,750</u>
	Current liabilities other than provisions		
	Bank debt	2,020,201	14,412,435
	Trade payables	10,562,423	6,998,782
	Payables to group enterprises	291,306	2,489,918
	Other payables	1,521,042	0
		<u>14,394,972</u>	<u>23,901,135</u>
	Total liabilities other than provisions	<u>51,566,972</u>	<u>50,019,885</u>
	TOTAL EQUITY AND LIABILITIES	<u>52,450,136</u>	<u>64,073,974</u>

1 Accounting policies

9 Contractual obligations and contingencies, etc.



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2016	600,000	13,440,289	14,040,289
10 Profit/loss for the year	0	-13,157,125	-13,157,125
Equity at 31 December 2016	600,000	283,164	883,164

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Bioceval Denmark A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report medium-sized reporting class C entities.

Changes in accounting policies

The Company has implemented act no. 738 of 1 June 2015 with effect from 1 January 2016. This implies changes in the recognition and measurement of property, plant and equipment as residual values of property, plant and equipment must be reassessed annually. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

Apart from the above new and changed presentation and disclosure requirements which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Saria Denmark ApS.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of finished goods comprising sale of fishmeal and other fish by-products is recognised in the income statement provided that delivery and transfer of risk have taken place before year-end and that the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-8 years
--	-----------

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the expected taxable income and deferred tax adjustments for the year. The amount of tax for the year relating to the profit/loss for the year is recognised in the income statement, whereas the amount relating to transactions taken to equity is recognised in equity.

The Company is subject to the Danish rules on compulsory joint taxation with the parent company, SARIA Denmark ApS.

The parent company is the administration company under the joint taxation and accordingly pays all corporation taxes to the tax authorities. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies which are entitled to a tax refund are reimbursed by the administration company according to the rates applicable to interest allowances; and jointly taxed companies which have paid too little tax pay a surcharge to the administration company according to the rates applicable to interest surcharges.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

DKK	2016	2015
2 Staff costs		
Wages/salaries	5,365,397	0
Pensions	228,848	0
Other social security costs	50,960	0
	<u>5,645,205</u>	<u>0</u>
Average number of full-time employees	<u>8</u>	<u>0</u>

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

DKK	2016	2015
3 Financial expenses		
Interest expenses, group entities	985,257	604,170
Other financial expenses	1,196,460	521,000
	<u>2,181,717</u>	<u>1,125,170</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2016	2015
4 Tax for the year		
Estimated tax charge for the year	-3,615,060	-458,071
Deferred tax adjustments in the year	-91,400	13,800
	<u>-3,706,460</u>	<u>-444,271</u>

5 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2016	1,053,784	325,500	1,379,284
Additions	1,049,132	0	1,049,132
Disposals	-917,435	0	-917,435
Transferred	325,500	-325,500	0
Cost at 31 December 2016	<u>1,510,981</u>	<u>0</u>	<u>1,510,981</u>
Impairment losses and depreciation at 1 January 2016	200,931	0	200,931
Depreciation	979,966	0	979,966
Depreciation and impairment of disposals	-454,815	0	-454,815
Impairment losses and depreciation at 31 December 2016	<u>726,082</u>	<u>0</u>	<u>726,082</u>
Carrying amount at 31 December 2016	<u>784,899</u>	<u>0</u>	<u>784,899</u>
Amortised over	<u>3-8 years</u>		

6 Share capital

The share capital consists of 6,000 shares of DKK 100 each.

Analysis of changes in the share capital over the past 3 years:

DKK	2016	2015	2014
Opening balance	600,000	500,000	500,000
Capital increase	0	100,000	0
	<u>600,000</u>	<u>600,000</u>	<u>500,000</u>

7 Long-term liabilities

Of the long-term liabilities, DKK 0 falls due for payment more than 5 years after the balance sheet date.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	<u>2016</u>	<u>2015</u>
8 Deferred tax		
Deferred tax at 1 January	13,800	0
Adjustment of deferred tax	-91,400	13,800
Deferred tax at 31 December	<u>-77,600</u>	<u>13,800</u>

9 Contingencies, etc.

Contingent liabilities

Rent and lease liabilities include a rent obligation totalling DKK 516 thousand under non-cancellable rent agreements with remaining contract terms of up to 1 year.

The Company is jointly taxed with other Danish group companies in the SARIA Denmark ApS Group. As a group company, the Company is jointly and severally liable together with the other group companies included in the joint taxation for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The jointly taxed companies' total known net liabilities to SKAT are stated in the administration company's financial statements. Any subsequent corrections to the joint taxation income and withholding taxes, etc. may increase the Company's liability.

DKK	<u>2016</u>	<u>2015</u>
10 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-13,157,125	-1,478,455
	<u>-13,157,125</u>	<u>-1,478,455</u>