



FOODIES A/S
Central Business Registration No 32667023
Fjordvej 90
6000 Kolding

Annual report 2016

The Annual General Meeting adopted the annual report on 04.04.2017

Chairman of the General Meeting

Name: Jørgen Meyer



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Entity details

Entity

FOODIES A/S

Fjordvej 90

6000 Kolding

Central Business Registration No: 32667023

Registered in: Kolding

Financial year: 01.01.2016 - 31.12.2016

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Board of Directors

Jørgen Meyer, Chairman

Ole Koed-Madsen

Morten Koed Refshauge

Executive Board

Morten Koed Refshauge, Chief Executive Officer

Bank

Danske Bank A/S

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of FOODIES A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kolding, 04.04.2017

Executive Board



Morten Koed Refshauge
Chief Executive Officer

Board of Directors



Jørgen Meyer
Chairman



Ole Koed-Madsen



Morten Koed Refshauge

Independent auditor's report

To the shareholders of FOODIES A/S

Opinion

We have audited the financial statements of FOODIES A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Kolding, 04.04.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Lars Bjerregaard Nielsen

State Authorised Public Accountant

Management commentary

Primary activities

FOODIES AS having a long experience and know how in the market is promoting, selling and delivering meat raw materials to the meat processing industry and HoReCa segment.

In order to offer our customers the best price, quality and specification at any time, we are continuously developing our network of selected cutting plants and slaughter houses working across most of the continents:

EU > EU

EU > South America

EU > Asia

Oceania > Asia

South America > Asia

North America > South America

We aim to be the preferred supplier of meat by being market oriented, dynamic and innovative. With the highest credit rating “AAA” (Triple-A) we are a reliable partner and we also believe that good chemistry, flexibility, being service minded, loyal and acting responsible with a high level of business ethic bring the strongest foundation for a long term partnership.

Development in activities and finances

The year in outline

Starting from first quarter 2016, the prices in EU increased considerably due to a sudden strong demand from China suffering from lack of livestock.

During a few years end users Worldwide had been used to a certain oversupply resulting in unhealthily low prices. Consequently, the rapid increases and less volume available made most decision makers hesitate signing new contracts, waiting for the market to get back to normal. However, against expectations, the demand from China for European pork remained strong throughout the period.

The company’s strategy, to be present in various continents therefore again proved to be successful. Compared to previous year, the volumes increased by 12% with a slightly higher margin.

FOODIES AS remains self-financing with a strong cash flow throughout the year.

In 2016, the company has achieved a profit before tax of TDKK 2,136 which is satisfactory.

Commercial, financial and other risks

Debtors constitute the greatest asset, which means that giving credit is a very vital element. The risk is reduced through effective management, when credit is authorized as well as during the continued trade. The company’s debtors are insured against loss based on an individual evaluation of each debtor.

The significant financial risk that the company is faced with is related to changes in exchange rates, as purchasing as well as sale take place in foreign currency. In order to counteract this risk, according to the company

Management commentary

policy, the company is using derivative financial instruments on all significant commercial transactions. No speculation is made.

Events after the end of the financial year

No conditions that disturb the assessment of the annual report have occurred.

The expected development

The budget for the current year shows a satisfactory result.

Income statement for 2016

	Notes	2016 DKK	2015 DKK'000
Gross profit	1	4,210,297	2,980
Distribution costs	1	(276,891)	(348)
Administrative costs		(1,707,657)	(1,683)
Other operating expenses		(77,769)	(21)
Operating profit/loss		2,147,980	928
Other financial income	2	6,087	23
Other financial expenses	3	(17,970)	(1)
Profit/loss before tax		2,136,097	950
Tax on profit/loss for the year	4	(470,318)	(225)
Profit/loss for the year		1,665,779	725
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		1,000,000	1,000
Retained earnings		665,779	(275)
		1,665,779	725

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Goodwill		0	114
Intangible assets	5	0	114
Land and buildings		3,433,308	1,805
Other fixtures and fittings, tools and equipment		178,542	74
Prepayments for property, plant and equipment		0	1,309
Property, plant and equipment	6	3,611,850	3,188
Fixed assets		3,611,850	3,302
Trade receivables		9,954,139	12,901
Receivables from group enterprises		0	575
Deferred tax		3,631	0
Other receivables		52,972	35
Prepayments		4,126	19
Receivables		10,014,868	13,530
Cash		4,295,656	3,317
Current assets		14,310,524	16,847
Assets		17,922,374	20,149

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Contributed capital		1,000,000	1,000
Retained earnings		4,833,279	4,168
Proposed dividend		1,000,000	1,000
Equity		6,833,279	6,168
Deferred tax		0	2
Provisions		0	2
Trade payables		9,852,843	13,180
Payables to group enterprises		92,696	0
Income tax payable		476,261	229
Other payables	7	667,295	570
Current liabilities other than provisions		11,089,095	13,979
Liabilities other than provisions		11,089,095	13,979
Equity and liabilities		17,922,374	20,149
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		

Statement of changes in equity for 2016

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1,000,000	4,167,500	1,000,000	6,167,500
Ordinary dividend paid	0	0	(1,000,000)	(1,000,000)
Profit/loss for the year	0	665,779	1,000,000	1,665,779
Equity end of year	1,000,000	4,833,279	1,000,000	6,833,279

Cash flow statement 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Operating profit/loss		2,147,980	928
Amortisation, depreciation and impairment losses		195,284	152
Working capital changes	8	<u>379,538</u>	<u>(1,026)</u>
Cash flow from ordinary operating activities		2,722,802	54
Financial income received		6,087	23
Financial income paid		(17,970)	(1)
Income taxes refunded/(paid)		<u>(228,762)</u>	<u>(844)</u>
Cash flows from operating activities		2,482,157	(768)
Acquisition etc of property, plant and equipment		<u>(504,802)</u>	<u>(3,122)</u>
Cash flows from investing activities		(504,802)	(3,122)
Dividend paid		<u>(1,000,000)</u>	<u>(1,000)</u>
Cash flows from financing activities		(1,000,000)	(1,000)
Increase/decrease in cash and cash equivalents		977,355	(4,890)
Cash and cash equivalents beginning of year		<u>3,318,301</u>	<u>8,207</u>
Cash and cash equivalents end of year		4,295,656	3,317

Notes

	2016	2015
	DKK	DKK'000
1. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	114,284	114
Depreciation on property, plant and equipment	54,940	31
	169,224	145
2. Other financial income		
Financial income arising from group enterprises	3,952	23
Other financial income	2,135	0
	6,087	23
3. Other financial expenses		
Interest expenses	846	1
Other financial expenses	17,124	0
	17,970	1
4. Tax on profit/loss for the year		
Tax on current year taxable income	476,261	229
Change in deferred tax for the year	(5,943)	(4)
	470,318	225
5. Intangible assets		Goodwill
		DKK
Cost beginning of year		800,000
Cost end of year		800,000
Amortisation and impairment losses beginning of year		(685,716)
Amortisation for the year		(114,284)
Amortisation and impairment losses end of year		(800,000)
Carrying amount end of year		0

Notes

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Prepay- ments for property, plant and equipment DKK
6. Property, plant and equipment			
Cost beginning of year	1,812,460	154,700	1,309,126
Additions	1,653,928	160,000	0
Disposals	0	0	(1,309,126)
Cost end of year	3,466,388	314,700	0
Depreciation and impairment losses beginning of the year	(7,020)	(81,218)	0
Depreciation for the year	(26,060)	(54,940)	0
Depreciation and impairment losses end of the year	(33,080)	(136,158)	0
Carrying amount end of year	3,433,308	178,542	0

	2016 DKK	2015 DKK'000
7. Other payables		
Wages and salaries, personal income taxes, social security costs, etc payable	419,418	214
Holiday pay obligation	155,717	201
Derivative financial instruments	0	15
Other costs payable	92,160	140
	667,295	570

	2016 DKK	2015 DKK'000
8. Change in working capital		
Increase/decrease in receivables	3,516,129	(5,279)
Increase/decrease in trade payables etc	(3,136,591)	4,253
	379,538	(1,026)

Notes

	2016	2015
	DKK	DKK'000
9. Unrecognised rental and lease commitments		
Herof liabilities under rental agreements or leases with group enterprises until expiry	0	36

10. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which M PLUS M HOLDING APS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and production costs.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Accounting policies

Production costs

Production costs comprise direct and indirect costs incurred to earn revenue for the financial year. Production costs includes consumption of goods as well as freight and customs charges as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc.

Administrative costs

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationary and office supplies.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on securities, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with the Parent company and all the Parent company's Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually seven years, which is expected to be the useful life.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Other fixtures and fittings, tools and equipment	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.