
BG Salmon ApS

Havnegade 19, st., DK-6700 Esbjerg

Annual Report for 1 January - 31 December 2016

CVR No 33 03 96 62

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/5 2017

Henning Brink
Chairman



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of BG Salmon ApS for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Esbjerg, 29 May 2017

Executive Board

Henning Brink

Independent Auditor's Report

To the Shareholders of BG Salmon ApS

Opinion

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 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of BG Salmon ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

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.

Esbjerg, 29 May 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henning Tønder Olesen

statsautoriseret revisor

Company Information

The Company

BG Salmon ApS
Havnegade 19, st.
DK-6700 Esbjerg

CVR No: 33 03 96 62
Financial period: 1 January - 31 December
Municipality of reg. office: Esbjerg

Executive Board

Henning Brink

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Stormgade 50
DK-6700 Esbjerg

Lawyers

Advokatpartnerselskabet Kirk Larsen & Ascanius
Torvet 21
DK-6700 Esbjerg

Bankers

Sydbank
Kongensgade 62
DK-6700 Esbjerg

Management's Review

Main activity

The object of the Company is to purchase and sell fish and related activity, including trade in machinery.

Development in the year

The income statement of the Company for 2016 shows a loss of DKK 789,787, and at 31 December 2016 the balance sheet of the Company shows negative equity of DKK 4,440,975.

Subsequent events

The Company's reconstruction proceedings were completed in 2015 when the reconstruction proposal was affirmed by the probate court in Esbjerg. The dividend declared of DKK 10 million is to be settled over a period of five years from the affirmation of the reconstruction proposal. If the Company does not comply with the settlement of the dividend, of the reconstruction proposal, the Company will be considered to have failed to observe the settlement, and there is a risk that the settlement will be terminated. In the period from the affirmation of the reconstruction proposal up to 31 December 2016, the dividend has been settled in accordance with the reconstruction proposal. Management expects that the Company will be able to continue the settlement of the dividend, of the reconstruction proposal.

The Company's unaudited operating budget for financial year 1 January – 31 December 2017 shows a profit as well as a positive cashflow. Based on this and on the reconstruction, Management assesses that the Company may continue as a going concern and, therefore, the Annual Report has been prepared under the going concern principle. Moreover, Management expects that the share capital may be restored through the Company's own earnings in the years ahead.

Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
Gross profit/loss		2.553.976	19.016.960
Staff expenses	2	-3.876.500	-3.564.438
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		298.654	224.655
Profit/loss before financial income and expenses		-1.023.870	15.677.177
Income from investments in associates		0	2.440
Financial income		531.208	276.241
Financial expenses		-297.125	-54.719
Profit/loss before tax		-789.787	15.901.139
Tax on profit/loss for the year		0	0
Net profit/loss for the year		-789.787	15.901.139

Distribution of profit

Proposed distribution of profit

Retained earnings		-789.787	15.901.139
		-789.787	15.901.139

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Other fixtures and fittings, tools and equipment		1.656.329	0
Property, plant and equipment		1.656.329	0
Investments in associates		0	49.190
Other investments		342.700	0
Other receivables		12.161.269	3.763.224
Fixed asset investments		12.503.969	3.812.414
Fixed assets		14.160.298	3.812.414
Raw materials and consumables		849.300	4.439
Finished goods and goods for resale		138.358	0
Inventories		987.658	4.439
Trade receivables		8.353.473	25.106.446
Other receivables		1.190.437	1.429.180
Prepayments		32.574	48.820
Receivables		9.576.484	26.584.446
Cash at bank and in hand		19.216	1.787
Currents assets		10.583.358	26.590.672
Assets		24.743.656	30.403.086

Balance Sheet 31 December

Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		125.000	125.000
Retained earnings		-4.565.975	-3.776.188
Equity		-4.440.975	-3.651.188
Other payables		3.635.288	5.200.000
Long-term debt	3	3.635.288	5.200.000
Credit institutions		0	467
Trade payables		22.208.469	26.079.442
Payables to owners and Management		0	125
Other payables	3	3.340.874	2.774.240
Short-term debt		25.549.343	28.854.274
Debt		29.184.631	34.054.274
Liabilities and equity		24.743.656	30.403.086
Going concern	1		
Accounting Policies	4		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	125.000	-3.776.188	-3.651.188
Net profit/loss for the year	0	-789.787	-789.787
Equity at 31 December	125.000	-4.565.975	-4.440.975

Notes to the Financial Statements

1 Going concern

The Company's reconstruction proceedings were concluded in 2015 when the reconstruction proposal was affirmed by the probate court in Esbjerg. The dividend agreed upon of DKK 10 million is to be paid over a period of five years from the affirmation of the reconstruction proposal. If the Company does not pay the dividend in accordance with the reconstruction proposal, the composition may be considered in default, and the Company may risk that the composition is suspended. The financing of the dividend of DKK 10 million is primarily based on a five-year payment scheme of proceeds of DKK 6.2 million from the disposal of a previous Polish subsidiary. As the payment scheme covers a five-year period, material uncertainty exists as to whether the buyer of the previous Polish subsidiary will be able to generate adequate earnings in the next four years to be able to fulfil the agreement. Management expects that the buyer of the previous Polish subsidiary will be able to pay the proceeds from the sale of the subsidiary. Based on this, Management expects that the Company will be able to pay the dividend in accordance with the reconstruction proposal. In the period from the affirmation of the reconstruction proposal up to 31 December 2016, the dividend has been settled in accordance with the reconstruction proposal. Although Management expects that the payment scheme will be met and, therefore, presents the Financial Statements under a going concern assumption, the above also indicates the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

	2016 DKK	2015 DKK
2 Staff expenses		
Wages and salaries	3.107.444	2.765.349
Pensions	250.818	226.292
Other social security expenses	56.078	39.836
Other staff expenses	462.160	532.961
	3.876.500	3.564.438
Average number of employees	7	6

Notes to the Financial Statements

3 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2016</u> DKK	<u>2015</u> DKK
Other payables		
Between 1 and 5 years	<u>3.635.288</u>	<u>5.200.000</u>
Long-term part	<u>3.635.288</u>	<u>5.200.000</u>
Within 1 year	1.200.000	1.235.288
Other short-term payables	<u>2.140.874</u>	<u>1.538.952</u>
Short-term part	<u>3.340.874</u>	<u>2.774.240</u>
	<u>6.976.162</u>	<u>7.974.240</u>

Notes to the Financial Statements

4 Accounting Policies

The Annual Report of BG Salmon ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2016 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between

Notes to the Financial Statements

4 Accounting Policies (continued)

the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the enterprise.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

4 Accounting Policies (continued)

Income from investments in associates

The item “Income from investments in associates” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-10	years
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Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the

Notes to the Financial Statements

4 Accounting Policies (continued)

smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in associates

Investments in associates are recognised and measured under the equity method.

The item “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the associates.

Fixed asset investments

Fixed asset investments, which consist of unlisted shares, are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of other receivables measured at the lower of cost and recoverable amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

4 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.