BG Salmon ApS

Skolegade 81, 1., DK-6700 Esbjerg

Annual Report for 1 January - 31 December 2015

CVR No 33 03 96 62

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26/4 2016

Henning Brink
Chairman

pwc

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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 2015.

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 2015 of the Company and of the results of the Company operations for 2015.

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

Esbjerg, 25 April 2016

Board of directors

Henning Brink

Independent Auditor's Report on the Financial Statements

To the Shareholders of BG Salmon ApS

Report on the Financial Statements

We have audited the Financial Statements of BG Salmon ApS for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility 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.

Auditor's Responsibility
Our responsibility is to express an opinion on the 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 whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of 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 Financial Statements.

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor’s Report on the Financial Statements

Emphasis of Matter
Without it having affected our opinion, we draw attention to the information in note 1, in which Management describes that 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 five years to be able to fulfil the agreement. This matter indicates the existence of material uncertainty with respect to whether the Company will be able to pay the dividend, that may cast significant doubt on the Company’s ability to continue as a going concern.

Statement on Management’s Review

We have read Management’s Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management’s Review is in accordance with the Financial Statements.

Esbjerg, 25 April 2016
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henning Tønder Olesen
statsautoriseret revisor

Company Information

The Company	BG Salmon ApS Skolegade 81, 1. DK-6700 Esbjerg CVR No: 33 03 96 62 Financial period: 1 January - 31 December Municipality of reg. office: Esbjerg
Board of directors	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 2015 shows a profit of DKK 16,159,763, and at 31 December 2015 the balance sheet of the Company shows negative equity of DKK 3,651,188.

The Company's reconstruction proceedings were completed on 6 January 2015 when the reconstruction proposal was affirmed by the probate court in Esbjerg. As the reconstruction was completed after the end of financial year 2014 but before the preparation of the Annual Report for 2014, the reconstruction proposal was recognised already in the Annual Report for 2014. In Management's opinion, the reconstruction proposal should not have been recognised until in the Annual Report for 2015 and, therefore, the recognition in the Annual Report for 2014 is considered to give rise to a fundamental misstatement of the Company's equity at 1 January 2015. The fundamental misstatement has been corrected in the Company's equity at 1 January 2015, and the reconstruction proposal has been recognised in the Annual Report for 2015. Moreover, the comparative figures for 2014 have been restated. The recognition of the reconstruction agreement in 2015 has affected results for the year positively by DKK 15.3 million.

Subsequent events

The Company's reconstruction proceedings were completed on 6 January 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, cf 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 2015, 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, cf the reconstruction proposal.

The Company's unaudited operating budget for financial year 1 January – 31 December 2016 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	2015 DKK	2014 DKK
Gross profit/loss		**19.275.584**	**4.279.732**
Staff expenses		-3.564.438	-3.517.570
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		224.655	-175.457
Profit/loss before financial income and expenses		**15.935.801**	**586.705**
Income from investments in associates		2.440	0
Financial income		276.241	327.982
Financial expenses		-54.719	-51.089
Profit/loss before tax		**16.159.763**	**863.598**
Tax on profit/loss for the year		0	0
Net profit/loss for the year		**16.159.763**	**863.598**

Distribution of profit

Proposed distribution of profit

Retained earnings	16.159.763	863.598
	16.159.763	**863.598**

Balance Sheet 31 December

Assets

	Note	2015	2014
		DKK	DKK
Goodwill		0	266.500
Intangible assets	2	**0**	**266.500**
Other fixtures and fittings, tools and equipment		0	209.145
Property, plant and equipment	3	**0**	**209.145**
Investments in associates	4	49.190	0
Other receivables		3.763.224	5.005.140
Fixed asset investments		**3.812.414**	**5.005.140**
Fixed assets		**3.812.414**	**5.480.785**
Inventories		**4.439**	**0**
Trade receivables		25.106.446	0
Receivables from associates		0	953.507
Other receivables		1.429.180	1.256.462
Corporation tax		0	123.000
Prepayments		48.820	72.464
Receivables		**26.584.446**	**2.405.433**
Cash at bank and in hand		**1.787**	**112.783**
Currents assets		**26.590.672**	**2.518.216**
Assets		**30.403.086**	**7.999.001**

Balance Sheet 31 December

Liabilities and equity

	Note	2015	2014
		DKK	DKK
Share capital		125.000	125.000
Retained earnings		-3.776.188	-19.935.951
Equity	5	**-3.651.188**	**-19.810.951**
Other payables		5.200.000	0
Long-term debt	6	**5.200.000**	**0**
Subordinate loan capital		0	353.000
Credit institutions		467	223.099
Lease obligations		0	77.437
Trade payables		26.079.442	5.560.362
Payables to owners and Management		125	0
Other payables		2.774.240	21.596.054
Short-term debt		**28.854.274**	**27.809.952**
Debt		**34.054.274**	**27.809.952**
Liabilities and equity		**30.403.086**	**7.999.001**
Capital resources and going concern	1		
Contingent assets, liabilities and other financial obligations	7		

Notes to the Financial Statements

1 Capital resources and going concern

The Company's reconstruction proceedings were concluded on 6 January 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 five 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 2015, 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.

2 Intangible assets

	Goodwill
	DKK
Cost at 1 January	585.000
Disposals for the year	-585.000
Cost at 31 December	0
Impairment losses and amortisation at 1 January	318.500
Reversal of amortisation of disposals for the year	-318.500
Impairment losses and amortisation at 31 December	0
Carrying amount at 31 December	**0**

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	655.040
Disposals for the year	-407.650
Cost at 31 December	247.390

Notes to the Financial Statements

3 Property, plant and equipment (continued)

	Other fixtures and fittings, tools and equipment
	DKK
Impairment losses and depreciation at 1 January	445.895
Depreciation for the year	61.645
Reversal of impairment and depreciation of sold assets	-260.150
Impairment losses and depreciation at 31 December	247.390
Carrying amount at 31 December	**0**

4 Investments in associates

	2015	2014
	DKK	DKK
Cost at 1 January	40.000	40.000
Additions for the year	46.750	0
Cost at 31 December	86.750	40.000
Value adjustments at 1 January	-40.000	-40.000
Net profit/loss for the year	2.440	0
Value adjustments at 31 December	-37.560	-40.000
Carrying amount at 31 December	**49.190**	**0**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Vilstrup Innovation ApS	Haderslev	DKK 80.000	50%
Dantech DK ApS	Haderslev	DKK 166.667	25%

Notes to the Financial Statements

5 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	125.000	-4.626.352	-4.501.352
Net effect from adjustment of fundamental error	0	-15.309.599	-15.309.599
Adjusted equity at 1 January	125.000	-19.935.951	-19.810.951
Net profit/loss for the year	0	16.159.763	16.159.763
Equity at 31 December	**125.000**	**-3.776.188**	**-3.651.188**

The share capital is broken down as follow:

	Number	Nominal value
		DKK
A-shares	40.000	40.000
B-shares	37.500	37.500
C-shares	47.500	47.500
		125.000

In 2012, the Company acquired 5.000 C-shares, corresponding to 4%. The total payment for the shares amounted to kDKK 10, which has been transferred from retained earnings under equity. These shares have not been cancelled and are therefore held as treasury shares. The Company may choose to sell these shares at a later time. The shares have been acquired as part of the Company's strategy.

Notes to the Financial Statements

6 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:

	2015	2014
	DKK	DKK
Other payables		
Between 1 and 5 years	5.200.000	0
Long-term part	5.200.000	0
Within 1 year	1.235.288	0
Other short-term payables	1.538.952	21.596.054
Short-term part	2.774.240	21.596.054
	7.974.240	**21.596.054**

7 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

	2015	2014
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	121.798	0
	121.798	**0**
Obligation to designate a buyer relating to operating leases. Expected residual values at contract expiry	246.000	0

Contingent liabilities

The Company has issued a letter of support in respect of the associate, Vilstrup Innovation ApS.

Accounting Policies

Basis of Preparation

The Annual Report of BG Salmon ApS for 2015 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.

Financial Statements for 2015 are presented in DKK.

Restatement of comparative figures

The comparative figures for 2014 have been restated due to a fundamental misstatement in connection with the recognition of the reconstruction proposal affirmed by the court in Esbjerg on 6 January 2015. The reconstruction proposal was fully recognised in the Annual Report for 2014. In Management's opinion, the effect of the reconstruction proposal should not have been recognised until in the Annual Report for 2015. The correction implies that other operating income under gross profit and retained earnings under equity have been reduced by DKK 15.3 million and debts have increased by DKK 15.3 million.

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.

Accounting Policies

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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 the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income Statement

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 year.

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 intangible assets and property, plant and equipment.

Accounting Policies

Other operating income and expenses

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

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.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

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	2-8	years

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.

Accounting Policies

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and 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 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 items “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 with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

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 associates.

Inventories

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

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Financial debts

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