

DK Falcons ApS

Kringelbornvej 43, DK-9830 Tårs

CVR no. 33 06 48 61



Annual report 2015/16

Approved at the annual general meeting of shareholders on 11 October 2016

Chairman:



Building a better
working world





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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of DK Falcons ApS for the financial year 1 July 2015 - 30 June 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 Company's financial position at 30 June 2016 and of the results of the Company's operations for the financial year 1 July 2015 - 30 June 2016.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Abu Dhabi, 11 October 2016
Executive Board:


.....
H. E. Saif Khamis Saif Dhahi
Alromaithi

Independent auditors' report

To the shareholder of DK Falcons ApS

Independent auditors' report on the financial statements

We have audited the financial statements of DK Falcons ApS for the financial year 1 July 2015 - 30 June 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.

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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 auditors consider 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 opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2016 and of the results of its operations for the financial year 1 July 2015 - 30 June 2016 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

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

Aalborg, 11 October 2016

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Søren V. Nejmänn

State Authorised Public Accountant

Management's review

Company details

| | |
|----------------------------|--|
| Name | DK Falcons ApS |
| Address, Postal code, City | Kringelbornvej 43, DK-9830 Tårs |
| CVR No. | 33 06 48 61 |
| Established | 30 June 2010 |
| Registered office | Hjørring |
| Financial year | 1 July 2015 - 30 June 2016 |
| Executive Board | H. E. Saif Khamis Saif Dhahi Alromaithi |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, P.O. Box 710, 9100 Aalborg, Denmark |
| Bankers | Sparekassen Vendsyssel Østergade 15, 9760 Vrå |

Operating review

The Company's business review

The principal activities of the Company are sale and production of birds and related activities.

Financial statements for the period 1 July 2015 - 30 June 2016

Income statement

| Note | DKK'000 | 2015/16 | 2014/15 |
|------|---|--------------|--------------|
| | Gross profit | 8,546 | 6,927 |
| 2 | Staff costs | -2,916 | -2,887 |
| | Amortisation/depreciation of intangible assets and property, plant and equipment | -939 | -893 |
| | Operating profit before fair value adjustments | 4,691 | 3,147 |
| | Fair value adjustment of other investment assets | 2,112 | 1,562 |
| | Operating profit | 6,803 | 4,709 |
| 3 | Financial income | 41 | 0 |
| 4 | Financial expenses | -13 | -195 |
| | Profit before tax | 6,831 | 4,514 |
| | Tax for the year | -1,506 | -1,032 |
| | Profit for the year | 5,325 | 3,482 |
| | Proposed profit appropriation | | |
| | Retained earnings | 5,325 | 3,482 |
| | | 5,325 | 3,482 |

Financial statements for the period 1 July 2015 - 30 June 2016

Balance sheet

| Note | DKK'000 | 2015/16 | 2014/15 |
|------|--|---------------|---------------|
| | ASSETS | | |
| | Non-current assets | | |
| | Intangible assets | | |
| | Goodwill | 1,395 | 1,705 |
| | | <u>1,395</u> | <u>1,705</u> |
| | Property, plant and equipment | | |
| | Biological assets | 11,693 | 9,583 |
| | Other fixtures and fittings, tools and equipment | 1,126 | 860 |
| | Leasehold improvements | 6,994 | 4,227 |
| | | <u>19,813</u> | <u>14,670</u> |
| | Total non-current assets | <u>21,208</u> | <u>16,375</u> |
| | Current assets | | |
| | Inventories | | |
| | Raw materials and consumables | 121 | 118 |
| | Birds for resale | 8,200 | 6,023 |
| | | <u>8,321</u> | <u>6,141</u> |
| | Receivables | | |
| | Other receivables | 703 | 201 |
| | Prepayments | 1,432 | 1,434 |
| | | <u>2,135</u> | <u>1,635</u> |
| | Cash | 1,057 | 77 |
| | Total current assets | <u>11,513</u> | <u>7,853</u> |
| | TOTAL ASSETS | <u>32,721</u> | <u>24,228</u> |

Financial statements for the period 1 July 2015 - 30 June 2016

Balance sheet

| Note | DKK'000 | <u>2015/16</u> | <u>2014/15</u> |
|------|--|----------------------|----------------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 5 | Share capital | 130 | 130 |
| | Retained earnings | <u>26,444</u> | <u>21,119</u> |
| | Total equity | <u>26,574</u> | <u>21,249</u> |
| | Provisions | | |
| | Deferred tax | <u>1,913</u> | <u>1,467</u> |
| | Total provisions | <u>1,913</u> | <u>1,467</u> |
| | Liabilities other than provisions | | |
| | Current liabilities other than provisions | | |
| | Trade payables | 267 | 439 |
| | Payables to group entities | 2,166 | 9 |
| | Income taxes payable | 1,544 | 666 |
| | Other payables | <u>257</u> | <u>398</u> |
| | | <u>4,234</u> | <u>1,512</u> |
| | Total liabilities other than provisions | <u>4,234</u> | <u>1,512</u> |
| | TOTAL EQUITY AND LIABILITIES | <u><u>32,721</u></u> | <u><u>24,228</u></u> |

- 1 Accounting policies
- 6 Collateral
- 7 Contractual obligations and contingencies, etc.

Financial statements for the period 1 July 2015 - 30 June 2016

Statement of changes in equity

| DKK'000 | Share capital | Retained earnings | Total |
|--------------------------|---------------|-------------------|--------|
| Equity at 1 July 2015 | 130 | 21,119 | 21,249 |
| Profit/loss for the year | 0 | 5,325 | 5,325 |
| Equity at 30 June 2016 | 130 | 26,444 | 26,574 |

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies

The annual report of DK Falcons ApS for 2015/16 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at 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 rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Costs of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

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, payments under operating leases, etc.

Staff costs

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

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

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 year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised on a straight-line basis over the estimated useful life estimated at 10 years.

Property, plant and equipment

On initial recognition, fixtures and fittings, tools and equipment and leasehold improvements are measured at cost.

Fixtures and fittings, tools and equipment and leasehold improvements are subsequently measured at cost less accumulated depreciation.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of fixtures and fittings, tools and equipment and leasehold improvement have different useful lives, they are accounted for as separate items, which are depreciated separately.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies (continued)

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

| | |
|-------------------------------|-------------|
| Aviaries and incubation rooms | 10-15 years |
| Machinery and equipment | 7-10 years |
| Trucks | 8 years |

Gains and losses on the disposal of fixtures and fittings, tools and equipment and leasehold improvement are calculated as the difference between the selling price less selling costs and carrying amount at the date of disposal. The gains or losses are recognized in the income statement as other operating income or other operating costs, respectively.

Biological assets consist of breeding birds and are initially recognized at cost and subsequently at fair value. The fair value is determined on the basis of world market prices and actual sales prices of similar birds. Value adjustments of biological assets are recognized in the income statement.

Impairment of non-current assets

Every year, intangible and tangible assets are reviewed for impairment. Where there is indication of impairment, an impairment test is made. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

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 costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Work in progress consists of birds for resale and are initially recognized at cost and subsequently at fair value. The fair value is determined as the value of which the inventory is expected to generate in transaction between independent parties. The fair value is estimated to be approximately 60% of the fair value of fully grown breeding birds. Value adjustments of biological current assets are recognized in the income statement.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs 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.

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

Corporation tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value 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.

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.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual liability in respect of finance leases.

Other liabilities are measured at net realisable value.

| DKK'000 | 2015/16 | 2014/15 |
|-------------------------------------|---------|---------|
| 2 Staff costs | | |
| Wages/salaries | 2,563 | 2,590 |
| Pensions | 289 | 195 |
| Other social security costs | 64 | 102 |
| | 2,916 | 2,887 |
| 3 Financial income | | |
| Interest receivable, group entities | 41 | 0 |
| | 41 | 0 |

Financial statements for the period 1 July 2015 - 30 June 2016

Notes to the financial statements

| DKK'000 | <u>2015/16</u> | <u>2014/15</u> |
|-----------------------------------|----------------|----------------|
| 4 Financial expenses | | |
| Interest expenses, group entities | 0 | 190 |
| Other financial expenses | <u>13</u> | <u>5</u> |
| | <u>13</u> | <u>195</u> |

5 Share capital

Analysis of changes in the share capital over the past 5 years:

| DKK'000 | <u>2015/16</u> | <u>2014/15</u> | <u>2013/14</u> | <u>2012/13</u> | <u>2011/12</u> |
|------------------|----------------|----------------|----------------|----------------|----------------|
| Opening balance | 130 | 125 | 125 | 125 | 125 |
| Capital increase | <u>0</u> | <u>5</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>130</u> | <u>130</u> | <u>125</u> | <u>125</u> | <u>125</u> |

6 Collateral

None.

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company has entered into operating leases with remaining terms less than 1 year.