

SARIA Denmark ApS

Dakavej 10, 8723 Løsning

CVR no. 33 77 42 81



Annual report 2015

Approved at the Company's annual general meeting on 9 May 2016

Chairman:


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Building a better
working world

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Statement by the Board of Directors and the Executive Board

The Executive Board today discussed and approved the annual report of SARIA Denmark ApS for the financial year 1 January - 31 December 2015.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2015 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January - 31 December 2015.

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

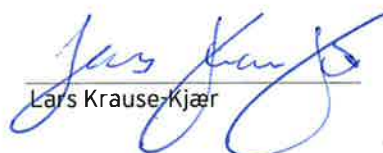
We recommend that the annual report be approved at the annual general meeting.

Løsning, 25 February 2016

Executive Board:



Kurt Stoffel
CEO



Lars Krause-Kjær

Independent auditors' report

To the shareholders of SARIA Denmark ApS

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of SARIA Denmark ApS for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the parent company and consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and the parent company 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 as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company 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 consolidated financial statements and parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January - 31 December 2015 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 further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Aarhus, 25 February 2016
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	SARIA Denmark ApS
Address, zip code, city	Dakavej 10, 8723 Løsning
CVR no.	33 77 42 81
Established	22 June 2011
Registered office	Hedensted
Financial year	1 January - 31 December
Executive Board	Kurt Stoffel, CEO Lars Krause-Kjær
Auditors	Ernst & Young Godkendt Revisionspartnerselskab EY Huset, Værkmestergade 25, DK-8000 Aarhus C

Management's review

Financial highlights for the Group

DKKm	2015	2014	2013	2012
Key figures				
Revenue	1,019,225	972,926	1,007,428	502,402
EBITDA	186,847	191,001	244,026	97,984
Gross profit	190,917	161,208	214,277	90,860
Ordinary operating profit	61,274	49,489	111,027	38,696
Profit/loss from financial income and expense	-10,499	-11,918	-9,856	-5,860
Profit before tax	66,090	62,499	95,905	38,260
Non-controlling interest's share of profit for the year	-27,978	-23,806	-36,416	-15,425
Profit/loss for the year	24,770	22,408	35,016	13,964
Non-current assets	435,455	455,056	517,043	618,288
Current assets	457,108	362,486	288,228	212,124
Total assets	592,563	817,542	805,271	830,412
Share capital	600	500	500	500
Equity	103,502	83,763	91,501	64,675
Non-controlling interests	183,048	173,916	179,099	150,596
Provisions	0	1,967	9,248	15,082
Non-current liabilities other than provisions	317,946	310,825	310,945	320,848
Current liabilities other than provisions	288,067	247,071	214,477	279,211
Financial ratios				
Operating margin	7.5%	7.2%	10.5%	8.8%
Gross margin	18.7%	16.6%	21.3%	18.1%
Solvency ratio	11.6%	10.2%	11.4%	7.8%
Return on equity	26.5%	25.6%	44.8%	42.9%
Return on invested capital, excl. goodwill	20.6%	19.2%	26.7%	20.6%
Return on invested capital, incl. goodwill	17.5%	15.1%	20.0%	15.3%
Average number of full-time employees	303	289	273	270

The profit for 2012 derives from operations taken over at 2 July 2012. Due to this fact, operations and profit for the year are not comparable with financial year 2012.

The financial ratios have been prepared in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

Management's review

Operating review

Principal activities of the Group

The principal activities of the Company are to hold 51% of the shares in the subsidiary Daka Denmark A/S and 100% of the shares in Bioceval Denmark A/S which carries out the principle activities of the Group.

The Group's principal activities are the purchase of animal by-products from slaughterhouses, the meat and farming industry, etc. to process these products into various finished products for markets within pet food, feed, energy, fertilisation and foodstuffs.

Development in activities and financial matters

Profit for the year including non-controlling shareholders' share of the result in subsidiaries amounts to DKK 52,748 thousand derived from revenue of DKK 1,019,225 thousand.

Operating profit amounts to DKK 75,953 thousand in 2015 compared to DKK 70,501 thousand the previous year where 2014 was affected by a heavy decrease in prices for the Group's products. The lower prices have continued in 2015 and profit of the year is developing comparably. In this light, Management considers the profit for the year satisfactory.

Of the profit for the year, dividends of DKK 22,000 thousand are proposed to the shareholders, whereas DKK 2,770 thousand is taken to equity as retained earnings.

The Company's equity totals DKK 103,502 thousand including proposed dividends, corresponding to 50.0% of the balance sheet total, 32.0% at group level.

Outlook

The Company expects satisfactory development for the next financial year and to enjoy results at the same level as this year.

Risks

The Group has not undertaken any particular commercial risks other than those considered usual for the nature and size of the Group.

Monetary and commodity-related transactions are hedged to the extent deemed expedient.

Intellectual capital

The Group's operations are characterised by complex structures i.a. within the market structures and production technologies particular to the industry.

Moreover, conditions for the Group's activities are constantly changing. The development of the Group's employees to handle such changes will gain significance in order to obtain success. Measures are constantly being taken to maintain and develop employees' qualifications.

Environmental issues

The Group constantly strives to optimise its energy consumption and reduce the environmental impact of its operating activities.

The impact on the external environment in the form of odour has been a focus point, and the management thereof was satisfactory during the year.

Research and development activities

The Group does not carry on any research activities. The Group's production processes are continuously being optimised and its finished goods are undergoing constant development in order to increase their value in the Group's sales channels.

Management's review

Operating review

Corporate social responsibility

The SARIA Denmark Group has not laid down any separate policies for corporate social responsibility, human rights and climate impact, and therefore the Management's review does not make any disclosures in that respect.

The gender composition in the Group is not equal, mainly because Daka Denmark A/S and subsidiaries are manufacturing companies which for many years have operated in a line of business which primarily employs and attracts male employees. Consequently, women are the underrepresented gender on the Executive Board and in other executive positions. The management team of the Group comprised 42 persons at 31 December 2015 which included the Group's Executive Board and the department managers of various functions and selected specialists. Female managers on the management team made up 17% in 2015. Female employees made up 22% of all employees in the Group in 2015.

The Group wishes to ensure equal opportunities for all, and its overall goal is to ensure that the Board of Directors at all times is made up of the most suitable candidates, irrespective of gender. The Board of Directors of Daka Denmark A/S comprises eight members of which six members are appointed at the annual general meeting and two members are employee representatives. At present, members appointed at the annual general meeting are of the same gender, and consequently, the Group aims to increase the share of the underrepresented gender on the Board of Directors. The Group wishes to increase the underrepresented gender's share of total board members to one by the end of 2017.

The Group's overall goal is to ensure that at all times the Executive Board and management team are made up of the most suitable candidates, irrespective of gender. Furthermore, the Group wishes to ensure equal opportunities for all and wishes to also reflect the female/male ratio in society at management level. In setting goals for the share of women on the Board, the Group has laid down a policy which describes how to maintain and, if possible, increase the share of women in the Group in general and at management level in particular. In general, the policy contains three initiatives regarding female women in management positions: *attention* within the Group so that female managers are a focus area for the Group; *attraction and recruitment* where the Group works to identify and motivate more women to apply for management jobs; and *retention and development*, focusing on management development of women, including courses and coaching processes.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Income statement

Note	DKK'000	Consolidated		Parent company	
		2015	2014	2015	2014
2	Revenue	1,019,225	972,926	0	0
	Production costs	-828,308	-811,718	0	0
	Gross profit	190,917	161,208	0	0
	Distribution costs	-25,626	-28,989	0	0
	Administrative expenses	-104,017	-82,730	-148	-224
	Ordinary operating profit	61,274	49,489	-148	-224
	Other operating income	17,691	36,702	0	0
	Other operating costs	-3,012	-15,690	0	0
	Operating profit	75,953	70,501	-148	-224
	Income from investments in group enterprises	0	0	27,641	25,296
	Income from investments in associates	636	3,916	0	0
3	Other financial income	4,793	2,992	0	0
4	Financial expenses	-15,292	-14,910	-3,605	-3,601
	Profit before tax	66,090	62,499	23,888	21,471
5	Tax on profit for the year	-13,342	-16,285	882	937
	Profit after tax	52,748	46,214	24,770	22,408
	Non-controlling shareholders' share of the results of subsidiaries	-27,978	-23,806	0	0
	Profit for the year	24,770	22,408	24,770	22,408
	Proposed profit appropriation				
	Reserve for net revaluation			27,641	25,296
	Proposed dividends			22,000	19,000
	Retained earnings			-24,871	-21,888
				24,770	22,408

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	Consolidated		Parent company		
		2015	2014	2015	2014	
		ASSETS				
		Non-current assets				
6		Intangible assets				
		Goodwill	49,406	82,344	0	0
		Incineration rights	1,392	4,577	0	0
		Software	6,575	7,111	0	0
		Intangible assets under construction	61	198	0	0
			<u>57,434</u>	<u>94,230</u>	<u>0</u>	<u>0</u>
7		Property, plant and equipment				
		Land and buildings	134,299	140,832	0	0
		Plant and machinery	162,244	151,981	0	0
		Fixtures and fittings, tools and equipment	30,201	22,327	0	0
		Property, plant and equipment under construction	30,421	24,360	0	0
			<u>357,165</u>	<u>339,500</u>	<u>0</u>	<u>0</u>
		Investments				
8		Investments in subsidiaries	0	0	204,559	182,033
9		Investments in associates	20,856	21,326	0	0
			<u>20,856</u>	<u>21,326</u>	<u>204,559</u>	<u>182,033</u>
		Total non-current assets	<u>435,455</u>	<u>455,056</u>	<u>204,559</u>	<u>182,033</u>
		Current assets				
		Inventories				
		Raw materials and consumables	27,081	32,815	0	0
		Work in progress	1,094	1,323	0	0
		Finished goods and goods for resale	84,983	42,022	0	0
			<u>113,158</u>	<u>76,160</u>	<u>0</u>	<u>0</u>
		Receivables				
		Trade receivables	117,992	136,391	0	0
		Amounts owed by group enterprises	1,675	254	836	0
		Amounts owed by associates	5,755	3,798	0	0
		Deferred tax asset	6,322	0	0	0
		Corporation tax	0	0	882	937
		Other receivables	6,724	23,372	0	0
		Prepayments	4,323	3,185	0	0
			<u>142,791</u>	<u>167,000</u>	<u>1,718</u>	<u>937</u>
		Cash at bank and in hand	<u>201,159</u>	<u>119,326</u>	<u>836</u>	<u>863</u>
		Total current assets	<u>457,108</u>	<u>362,486</u>	<u>2,554</u>	<u>1800</u>
		TOTAL ASSETS	<u>892,563</u>	<u>817,542</u>	<u>207,113</u>	<u>183,833</u>

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	Consolidated		Parent company	
		2015	2014	2015	2014
		EQUITY AND LIABILITIES			
		Equity			
10	Share capital	600	500	600	500
	Reserve for net revaluation	0	0	48,599	41,072
	Retained earnings	80,902	64,263	32,303	23,191
	Proposed dividends	22,000	19,000	22,000	19,000
	Total equity	103,502	83,763	103,502	83,763
	Non-controlling interests	183,048	173,916	0	0
	Provisions				
	Provisions for deferred tax	0	1,967	0	0
	Liabilities other than provisions				
11	Non-current liabilities other than provisions				
	Mortgage loans	291,363	297,404	0	0
	Credit institutions	464	2,256	0	0
	Amounts owed to group enterprises	26,119	11,165	0	0
		317,946	310,825	0	0
	Current liabilities other than provisions				
	Current portion of non-current liabilities other than provisions	7,972	7,671	0	0
	Credit institutions	24,701	11,090	0	0
	Trade payables	93,486	72,103	54	70
	Amounts owed to group enterprises	105,187	101,305	103,557	100,000
	Corporation tax	2,245	3,761	0	0
	Other payables	49,427	47,033	0	0
	Deferred income	5,049	4,108	0	0
		288,067	247,071	103,611	100,070
	Total liabilities other than provisions	606,013	557,896	103,611	100,070
	TOTAL EQUITY AND LIABILITIES	892,563	817,542	207,113	183,833

- 1 Accounting policies
- 12 Contingencies, etc.
- 13 Mortgages and collateral
- 14 Staff costs
- 15 Fee paid to auditors appointed at the annual general meeting
- 16 Related party disclosures

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Consolidated			
	Share capital	Retained earnings	Proposed dividends	Total
Equity at 1 January 2014	500	62,602	28,400	91,502
Dividend distributed	0	0	-28,400	-28,400
Dividends paid from subsidiary	0	28,427	0	28,427
Foreign currency translation	0	-762	0	-762
Value adjustments of hedging instruments at 31 December	0	-984	0	-984
Transferred; see profit appropriation	0	-25,020	19,000	-6,020
Equity at 1 January 2015	500	64,263	19,000	83,763
Dividend distributed	0	0	-19,000	-19,000
Capital increase	100	14,900	0	15,000
Foreign currency translation adjustments, foreign subsidiaries	0	1,917	0	1,917
Value adjustments of hedging instruments at 31 December	0	-2,948	0	-2,948
Transferred; see profit appropriation	0	2,770	22,000	24,770
Equity at 31 December 2015	600	80,902	22,000	103,502

DKK'000	Parent company				
	Share capital	Reserve for net revaluation	Retained earnings	Proposed dividends	Total
Equity at 1 January 2014	500	45,949	16,652	28,440	91,541
Dividend distributed	0	0	0	-28,440	-28,440
Dividends paid from subsidiary	0	-28,427	28,427	0	0
Foreign currency translation adjustments, foreign subsidiaries	0	-762	0	0	-762
Value adjustments of hedging instruments at 31 December	0	-984	0	0	-984
Transferred; see profit appropriation	0	25,296	-21,888	19,000	22,408
Equity at 1 January 2015	500	41,072	23,191	19,000	83,763
Dividend distributed	0	0	0	-19,000	-19,000
Dividends paid from subsidiary	0	-19,083	19,083	0	0
Capital increase	100	0	14,900	0	15,000
Foreign currency translation adjustments, foreign subsidiaries	0	1,917	0	0	1,917
Value adjustments of hedging instruments at 31 December	0	-2,948	0	0	-2,948
Transferred; see profit appropriation	0	27,641	-24,871	22,000	24,770
Equity at 31 December 2015	600	48,599	32,303	22,000	103,502

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Cash flow statement

Note	DKK'000	Consolidated	
		2015	2014
	Profit for the year	24,770	22,408
17	Adjustment for non-cash operating items, etc.	152,734	159,973
	Cash generated from operations (operating activities) before changes in working capital	177,504	182,381
18	Changes in working capital	22,133	-19,402
	Cash generated from operations (operating activities)	199,637	162,979
	Corporation tax paid	-21,605	-24,275
	Cash flows from operating activities	178,032	138,704
	Acquisition of intangible assets	-2,010	-1,201
	Acquisition of property, plant and equipment	-89,124	-70,177
	Acquisition of investments in associates	-406	0
	Disposal of property, plant and equipment	873	994
	Dividends from associates	-4,682	3,891
	Cash flows from investing activities	-95,349	-66,493
	External financing:		
	Proceeds from long-term debt	14,925	11,165
	Repayment of long-term debt	-7,532	-10,780
	Shareholders:		
	Capital increase	15,000	0
	Dividends paid	-36,854	-55,712
	Cash flows from financing activities	-14,461	-55,327
	Net cash flows from operating, investing and financing activities	68,222	16,884
	Cash and cash equivalents at 1 January	108,236	91,352
	Cash and cash equivalents at 31 December	176,458	108,236

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of SARIA Denmark ApS for 2015 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

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

Consolidated financial statements

The consolidated financial statements comprise the parent company, SARIA Denmark ApS, and subsidiaries in which SARIA Denmark ApS directly or indirectly holds more than 50% of the voting rights or which it otherwise controls. Enterprises in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence but which it does not control are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

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.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Income from collected raw material fees and sale of finished goods, comprising sale of meal, fat and blood products and biodiesel, is recognised in revenue when the most significant rewards and risks to the buyer have been transferred and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Trading enterprises recognise their cost of sales, and production enterprises recognise their production costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and maintenance, transportation and energy depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation as well as costs for protecting the internal and external environment.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. during the year are recognised as distribution costs. Costs relating to sales staff, advertising, exhibitions, transport and warehouse rent and depreciation are also recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for group management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation.

Other operating income and costs

Other operating income and costs comprise items secondary to the activities of the enterprises, including gains and losses on the disposal of intangible assets and property, plant and equipment.

Profits/losses from investments in subsidiaries and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated income statement and the parent company income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised gains and losses on receivables, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax on profit/loss for the year

The parent company is covered by the Danish rules on compulsory joint taxation of SARIA Denmark ApS Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidated financial statements and up to the date on which they exit the consolidation.

The parent company is the administration company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of the joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive a joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill and software

Goodwill and software are measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised over 5 years. Software is amortised on a straight-line basis over the estimated useful life of 3-5 years.

Incineration rights

Incineration rights are measured at cost less accumulated amortisation and impairment losses. Incineration rights are amortised on a straight-line basis over the term of the agreement of 10 years.

Development projects

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years and is not to exceed 20 years.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

CO₂ rights

On initial recognition, CO₂ rights allocated and acquired are measured at cost. If CO₂ rights are allocated free of charge, cost is DKK 0.

The basis of amortisation for CO₂ rights is measured at cost less scrap value. The scrap value depends on whether or not the Company expects to utilise the rights themselves or sell them. CO₂ rights are amortised as discharged.

To the extent that the actual discharge exceeds the CO₂ rights allocated and acquired, a liability is recognised corresponding to the fair value of the CO₂ rights which the Company is under an obligation to settle.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and other plant and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less any expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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

Buildings	15-20 years
Plant and machinery	8-15 years
Fixtures and fittings, tools and equipment	5 years

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

Investments in subsidiaries and associates

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

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries and associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of SARIA Denmark ApS' annual report are not recognised in the reserve for net revaluation.

Acquisitions of subsidiaries and associates are accounted for using the purchase method, according to which the assets and liabilities acquired are measured at their fair values at the date of acquisition.

Any excess of the cost over the fair value of the assets and liabilities identified (goodwill) is recognised as investments in subsidiaries and depreciated over the estimated useful life of five years. The net asset value of goodwill is assessed on an ongoing basis and is written down in the income statement if the carrying amount exceeds the expected future net income from the enterprise or activity to which goodwill is allocated.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and direct production costs and indirect production overheads.

Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in the cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's and the Group's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of 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 comprise costs incurred concerning subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred 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.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

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 different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities other than provisions

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.

Other liabilities are measured at net realisable value.

Prepayments, equity and liabilities

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
2 Revenue				
Finished goods, Denmark	170,400	164,659	0	0
Finished goods, abroad	247,381	202,476	0	0
Biodiesel, Denmark	203,689	177,647	0	0
Biodiesel, abroad	82,067	144,177	0	0
Raw material fees, Denmark	198,654	157,443	0	0
Raw material fees, abroad	117,034	126,524	0	0
	<u>1,019,225</u>	<u>972,926</u>	<u>0</u>	<u>0</u>
3 Financial income				
Interest income from subsidiaries	0	0	0	0
Other interest income	4	136	0	0
Other financial income	4,789	2,856	0	0
	<u>4,793</u>	<u>2,992</u>	<u>0</u>	<u>0</u>
4 Financial expenses				
Interest expense to subsidiaries	4,205	3,617	3,601	3,601
Other interest expense	4,918	4,682	0	0
Other financial expense	6,169	6,611	4	0
	<u>15,292</u>	<u>14,910</u>	<u>3,605</u>	<u>3,601</u>
5 Tax on the profit for the year				
Current tax for the year	20,089	22,874	-882	-937
Adjustment of deferred tax	-6,747	-6,532	0	0
Adjustment of tax relating to previous years	0	-57	0	0
	<u>13,342</u>	<u>16,285</u>	<u>-882</u>	<u>-937</u>

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Intangible assets

DKK'000	Consolidated				Total
	Goodwill	Incineration rights	Software	Intangible assets under construction	
Cost at 1 January 2015	164,689	10,604	11,073	198	186,564
Foreign currency translation	0	1,064	0	0	1,064
Additions during the year	0	0	1,174	836	2,010
Transferred	0	0	973	-973	0
Cost at 31 December 2015	164,689	11,668	13,220	61	189,638
Amortisation at 1 January 2015	82,345	6,027	3,962	0	92,334
Foreign currency translation	0	909	0	0	909
Amortisation for the year	32,938	3,340	2,683	0	38,961
Amortisation at 31 December 2015	115,283	10,276	6,645	0	132,204
Carrying amount at 31 December 2015	49,406	1,392	6,575	61	57,434
Amortised over	5 years	10 years	3-5 years		

7 Property, plant and equipment

DKK'000	Consolidated				Total
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	
Cost at 1 January 2015	182,256	292,873	44,670	24,360	544,159
Foreign currency translation	1,821	4,975	403	13	7,212
Additions during the year	1,325	28,373	10,657	48,769	89,124
Transferred	4,116	32,082	6,523	-42,721	0
Disposals during the year	0	-8,575	-6,430	0	-15,005
Cost at 31 December 2015	189,518	349,728	55,823	30,421	625,490
Depreciation at 1 January 2015	41,425	140,893	22,344	0	204,662
Foreign currency translation	1,218	4,803	340	0	6,361
Disposals during the year	0	-8,239	-6,392	0	-14,631
Depreciation during the year	12,576	50,027	9,330	0	71,933
Depreciation at 31 December 2015	55,219	187,484	25,622	0	268,325
Carrying amount at 31 December 2015	134,299	162,244	30,201	30,421	357,165
Amortised over	15-20 years	8-15 years	5 years		

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Investments in subsidiaries

DKK'000	Parent company	
	2015	2014
Cost at 1 January	140,960	140,460
Additions during the year	15,000	500
Cost at 31 December	155,960	140,960
Value adjustments at 1 January	41,073	45,949
Dividend paid	-19,083	-28,426
Foreign currency translation	1,916	-761
Fair value adjustments of hedging instruments	-2,948	-985
Profit/loss for the year	27,641	25,296
Value adjustments at 31 December	48,599	41,073
Carrying amount at 31 December	204,559	182,033

Name and registered office:	Voting rights and ownership
Daka Denmark A/S, Hedensted	51.0 %
Bioceval Denmark A/S, Hedensted	100.0 %

9 Investments in associates

Name and registered office:	Voting rights and ownership
Svensk Lantbrukstjänst AB, Lidköping, Sweden	50.0 %
Gyllebo Gödning AB, Lidköping, Sweden	33.3 %

10 Share capital

The share capital comprises 600,000 shares of DKK 1 each. All shares rank equally.

The recent 5-year changes of the share capital are specified as follows:

DKK'000	Parent company				
	2015	2014	2013	2012	2011
Share capital 1 January	500	500	500	80	80
Capital increase	100	0	0	420	0
Share capital 31 December	600	500	500	500	80

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
11 Non-current liabilities				
Amounts owed to mortgage credit institutions which fall due more than 5 years after the balance sheet date	233,906	245,147	0	0
Amounts owed to group enterprises which fall due more than 5 years after the balance sheet date	0	0	0	0
12 Contingencies, etc.				
Contingent assets				
Deferred tax assets in subsidiaries not recognised in the financial statement	0	2,600	0	0
Contingent liabilities				
Lease obligations (operating leases) which fall due within 5 years	8,429	9,832	0	0
Guarantee for pension commitment in subsidiary	2,727	1,768	0	0
	11,156	11,600	0	0

CO₂ rights

Under legislation on CO₂ quotas, the Danish Energy Agency has allocated quotas to the Group free of charge, corresponding to 253,832 tonnes for use in the period 1 January 2013 - 31 December 2020. The estimated need for the period amounts to 291,427 tonnes, corresponding to an estimated liability of DKK 636 thousand.

Joint taxation

The parent company is jointly taxed with the Danish subsidiaries. As the administration company, together with the subsidiary, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit. At 31 December 2015, the net taxes payable to SKAT by the companies included in the joint taxation amounted to DKK 0. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may increase the companies' liability. The Group as a whole is not liable to others.

13 Mortgages and collateral

Land and buildings with a carrying amount of DKK 103,876 thousand have been provided as collateral for mortgages. In addition, a considerable part of the parent company's plant and machinery is deemed to be included in the collateral. Mortgage loans amounted to DKK 299,335 thousand at 31 December 2015.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
14 Staff costs				
Wages and salaries	148,861	143,538	0	0
Pensions	11,769	11,386	0	0
Other social security costs	6,030	5,281	0	0
	<u>166,660</u>	<u>160,205</u>	<u>0</u>	<u>0</u>
Remuneration of the Board of Directors	70	70	0	0
Average number of full-time employees	<u>303</u>	<u>289</u>	<u>0</u>	<u>0</u>
15 Fees paid to auditors appointed at the annual general meeting				
Total fees to EY	<u>939</u>	<u>1,061</u>	<u>51</u>	<u>88</u>
Fee regarding statutory audit	414	536	15	35
Assurance engagements	54	68	0	0
Tax assistance	142	156	4	0
Other assistance	329	301	32	53
	<u>939</u>	<u>1,061</u>	<u>51</u>	<u>88</u>

16 Related party disclosures

Parties exercising control

SARIA International GmbH, Werner Strasse 95, D-59379 Selm, Germany holds the majority of the share capital in the Company.

SARIA Denmark ApS is included in the consolidated financial statements of the ultimate parent company, Rethmann SE & Co. KG, Selm, Germany. The consolidated financial statements of Rethmann SE & Co. KG are available at the Company's address.

**Consolidated financial statements and parent company financial statements for
the period 1 January - 31 December**

Notes to the financial statements

DKK'000	Consolidated	
	2015	2014
17 Adjustment for non-cash operating items, etc.		
Amortisation and depreciation and impairment losses	110,894	120,500
Gain on disposal of non-current assets	-555	-788
Loss on disposal of non-current assets	56	366
Change in investments in associates	-636	-3,916
Tax on profit for the year	13,342	16,285
Minority shareholders' share of the results of subsidiaries	27,978	23,806
Change in fair value and derivative financial instruments	2,947	1,931
Foreign currency translation, etc.	-1,292	1,789
	<u>152,734</u>	<u>159,973</u>
18 Changes in working capital		
Change in inventories	-36,998	7,520
Change in receivables	30,531	-44,159
Change in trade and other payables	28,600	17,237
	<u>22,133</u>	<u>-19,402</u>