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Geia Food Holding A/S

Fuglevænget 9
9000 Aalborg
Central Business Registration
No 35814248

Annual report 2016

The Annual General Meeting adopted the annual report on 21.04.2017

Chairman of the General Meeting

Name: Keld Gregersen

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Entity details

Entity
Geia Food Holding A/S
Fuglevænget 9
9000 Aalborg

Central Business Registration No: 35814248
Registered in: Aalborg
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Keld Gregersen
Jens Junge Mortensen
Lau Hejgaard

Executive Board
Jens Junge Mortensen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Gøteborgvej 18
9200 Aalborg SV

Statement by Management on the annual report

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

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

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

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

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

Aalborg, 21.04.2017

Executive Board

Jens Junge Mortensen

Board of Directors

Keld Gregersen | Jens Junge Mortensen | Lau Hejgaard

Independent auditor's report

To the shareholders of Geia Food Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Geia Food Holding A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group’s and the Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aalborg, 21.04.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Birner Sørensen
statsautoriseret revisor

Management commentary

	2016 DKK'000	2015 DKK'000	2014 DKK'000
Financial highlights			
Key figures			
Revenue	1.144.277	1.086.388	990.635
Gross profit/loss	98.003	68.571	59.281
Operating profit/loss	31.716	18.254	12.635
Net financials	(3.433)	692	(5.482)
Profit/loss for the year	17.910	10.642	819
Total assets	305.159	328.774	352.439
Investments in property, plant and equipment	3.849	4.021	2.407
Equity	49.014	40.773	32.805
Ratios			
Gross margin (%)	8,6	6,3	6,0
Net margin (%)	1,6	1,0	0,1
Return on equity (%)	40,6	28,9	2,5
Equity ratio (%)	15,5	12,4	9,3

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities
The Group carries on business in food trading.

Development in activities and finances
The Group generated a net profit of t.DKK 17.910 in the financial year. The profit for the year is considered satisfactory by the Board of Directors. Profit for the year was achieved from increasing revenue and earnings and was expected because of increasing activities in Denmark and on foreign markets.

Uncertainty relating to recognition and measurement
There are no uncertainties relating to recognition and measurement.

Unusual circumstances affecting recognition and measurement
There have been no unusual circumstances affecting recognition and measurement.

Outlook
The Group expects an increase in revenue in the financial year 2017 as sales development in Denmark as well as on the foreign markets continues to be positive. Furthermore, the Group expects to develop its current business areas and to develop new ones.

Particular risks
Business risks
The Group's most significant business risk relates to the quality and food safety of the products distributed.

Financial risks
As a consequence of its operations, investments and financing, the Group is exposed to changes in the level of interest and exchange rates. The Group pursues a fiscal policy operating with a low risk profile so that currency risks, interest risks and credit risks only arise based on commercial matters.

Currency risks
Where possible, the Group's currency exposure is hedged through matching of payments received and made in the same currency and by using forward exchange contracts and currency options. At the end of the financial year 2016, the notional value of the Group's forward exchange contracts and currency options for meeting future currency risks amounted to negative t.DKK 1.191 as specified below.

Period	**Value recognized in equity**	**Contractual value**
0-6 months	46 t.DKK	262.093 t.DKK
6-12 months	1.486 t.DKK	332.258 t.DKK
12-24 months	(2.723) t.DKK	579.883. t.DKK
	(1.191) t.DKK	**1.174.234 t.DKK**

Forward exchange contracts and currency options consist of hedging of activities in EUR, USD, NOK and SEK with a term up to 24 months.

Management commentary

Environmental performance
The Group has no environmental policies but is environmentally conscious and is continuously working to reduce environmental impact from its operations.

Research and development activities
The Group has not incurred any research and development expenses. These are borne by the Group's suppliers. The Group itself has no activities in the area.

Foreign branches
The Group is represented in Sweden through the subsidiary group Geia Food AB, in Finland through the subsidiary group Geia Food OY and in Norway through the subsidiary group Geia Food Norge AS.

Statutory report on corporate social responsibility
The Group has no policies for CSR, including climate and human rights.

Statutory report on the underrepresented gender
The Board of Directors and the Executive Board of Geia Food A/S have reflected the gender distribution prevailing in the business where the Group operates for which reason it is characterized by an under-representation of women.

The Board of Directors and the Executive Board consist of 4 men and 0 women. The target is that by the end of 2020, 1 woman will join the Board of Directors.

The target has not been met in 2016 as there have not been any changes in the Board of Directors and the Executive Board.

At other management levels, there is gender equality since 43% of the Group's other executives are women. Moreover, the Group's policy is to fill in vacant positions in the Group's management, administration and Board of Directors with the most competent employees regardless of gender.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	1	1.144.277	1.086.388
Cost of sales		(1.027.561)	(1.005.004)
Other external expenses	2	(18.713)	(12.813)
Gross profit/loss		**98.003**	**68.571**
Staff costs	3	(46.188)	(30.700)
Depreciation, amortisation and impairment losses	4	(20.058)	(19.617)
Other operating expenses		(41)	0
Operating profit/loss		**31.716**	**18.254**
Other financial income	5	2.311	7.511
Other financial expenses	6	(5.744)	(6.819)
Profit/loss before tax		**28.283**	**18.946**
Tax on profit/loss for the year	7	(10.373)	(8.304)
Profit/loss for the year	8	**17.910**	**10.642**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Goodwill		124.620	142.423
Intangible assets	9	**124.620**	**142.423**
Other fixtures and fittings, tools and equipment		5.860	5.182
Property, plant and equipment	10	**5.860**	**5.182**
Deposits		1.052	667
Fixed asset investments	11	**1.052**	**667**
Fixed assets		**131.532**	**148.272**
Manufactured goods and goods for resale		50.606	55.996
Inventories		**50.606**	**55.996**
Trade receivables		103.426	99.637
Deferred tax	12	258	0
Other receivables		6.615	13.739
Income tax receivable		0	1.362
Prepayments	13	1.296	802
Receivables		**111.595**	**115.540**
Cash		**11.426**	**8.966**
Current assets		**173.627**	**180.502**
Assets		**305.159**	**328.774**

Consolidated balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital		20.000	20.000
Retained earnings		26.400	19.773
Proposed dividend		1.000	1.000
Equity attributable to the Parent's owners		**47.400**	**40.773**
Share of equity attributable to minority interests		**1.614**	**0**
Equity		**49.014**	**40.773**
Deferred tax	12	0	2.587
Other provisions	14	1.500	0
Provisions		**1.500**	**2.587**
Subordinate loan capital	15	73.250	92.545
Finance lease liabilities		1.368	584
Other payables	16	2.724	0
Non-current liabilities other than provisions	17	**77.342**	**93.129**
Current portion of long-term liabilities other than provisions	17	751	956
Bank loans		6.608	13.792
Trade payables		91.555	88.006
Income tax payable		625	0
Other payables		77.008	89.531
Deferred income	18	756	0
Current liabilities other than provisions		**177.303**	**192.285**
Liabilities other than provisions		**254.645**	**285.414**
Equity and liabilities		**305.159**	**328.774**
Financial instruments	20		
Contingent liabilities	21		
Mortgages and securities	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Share of equity attributable to minority interests DKK'000
Equity beginning of year	20.000	19.773	1.000	0
Changes in accounting policies	0	0	0	1.023
Adjusted equity, beginning of year	**20.000**	**19.773**	**1.000**	**1.023**
Ordinary dividend paid	0	0	(1.000)	0
Exchange rate adjustments	0	(412)	0	(239)
Value adjustments	0	(11.954)	0	0
Other equity postings	0	0	0	122
Tax of equity postings	0	2.791	0	0
Profit/loss for the year	0	16.202	1.000	708
Equity end of year	**20.000**	**26.400**	**1.000**	**1.614**

	Total DKK'000
Equity beginning of year	40.773
Changes in accounting policies	1.023
Adjusted equity, beginning of year	**41.796**
Ordinary dividend paid	(1.000)
Exchange rate adjustments	(651)
Value adjustments	(11.954)
Other equity postings	122
Tax of equity postings	2.791
Profit/loss for the year	17.910
Equity end of year	**49.014**

The Item Value adjustments concerns adjustments on forward foreign exchange contracts.

Consolidated cash flow statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Operating profit/loss		31.758	18.254
Amortisation, depreciation and impairment losses		20.059	19.617
Other provisions		1.500	0
Working capital changes	19	1.956	42.230
Other adjustments		(8.040)	(1.676)
Cash flow from ordinary operating activities		**47.233**	**78.425**
Financial income received		2.221	7.511
Financial income paid		(5.657)	(6.819)
Income taxes refunded/(paid)		(11.914)	(10.008)
Cash flows from operating activities		**31.883**	**69.109**
Acquisition etc of property, plant and equipment		(3.849)	(4.021)
Sale of property, plant and equipment		420	570
Cash flows from investing activities		**(3.429)**	**(3.451)**
Loans raised		580	0
Instalments on loans etc		(19.295)	(25.210)
Dividend paid		(1.000)	(1.000)
Cash flows from financing activities		**(19.715)**	**(26.210)**
Increase/decrease in cash and cash equivalents		**8.739**	**39.448**
Cash and cash equivalents beginning of year		(4.826)	(44.274)
Currency translation adjustments of cash and cash equivalents		904	0
Cash and cash equivalents end of year		**4.817**	**(4.826)**
Cash and cash equivalents at year-end are composed of:			
Cash		11.426	8.966
Short-term debt to banks		(6.609)	(13.792)
Cash and cash equivalents end of year		**4.817**	**(4.826)**

Notes to consolidated financial statements

1. Revenue

With reference to The Danish Financial Statements Act §96 (1), the information on Revenue is not given on the interest of competitive reasons.

	2016 DKK'000	2015 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	155	102
Other services	0	80
	155	**182**

	2016 DKK'000	2015 DKK'000
3. Staff costs		
Wages and salaries	38.916	26.876
Pension costs	3.721	2.273
Other social security costs	2.187	695
Other staff costs	1.364	856
	46.188	**30.700**
Average number of employees	**58**	**40**

	Remunera-tion of manage-ment 2016 DKK'000	Pension liabilities 2016 DKK'000
Executive Board	4.490	480
Board of Directors	3.867	351
	8.357	**831**

Comparative figures regarding the Fee for the Board of Directors and Executive Board is not given according to the Danish Financial Statements Act § 98b (3).

	2016 DKK'000	2015 DKK'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	17.803	17.803
Depreciation of property, plant and equipment	2.255	1.884
Profit/loss from sale of intangible assets and property, plant and equipment	0	(70)
	20.058	**19.617**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
5. Other financial income		
Other financial income	2.311	7.511
	2.311	**7.511**

	2016 DKK'000	2015 DKK'000
6. Other financial expenses		
Interest expenses	5.744	6.819
	5.744	**6.819**

	2016 DKK'000	2015 DKK'000
7. Tax on profit/loss for the year		
Tax on current year taxable income	10.426	8.647
Change in deferred tax for the year	(53)	(762)
Adjustment concerning previous years	0	419
	10.373	**8.304**

	2016 DKK'000	2015 DKK'000
8. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	1.000	1.000
Retained earnings	16.202	9.642
Minority interests' share of profit/loss	708	0
	17.910	**10.642**

	Goodwill DKK'000
9. Intangible assets	
Cost beginning of year	178.029
Cost end of year	**178.029**
Amortisation and impairment losses beginning of year	(35.606)
Amortisation for the year	(17.803)
Amortisation and impairment losses end of year	**(53.409)**
Carrying amount end of year	**124.620**

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK'000
10. Property, plant and equipment	
Cost beginning of year	9.062
Additions	3.849
Disposals	(2.071)
Cost end of year	**10.840**
Depreciation and impairment losses beginning of the year	(3.880)
Depreciation for the year	(2.255)
Reversal regarding disposals	1.155
Depreciation and impairment losses end of the year	**(4.980)**
Carrying amount end of year	**5.860**
Recognised assets not owned by entity	**2.262**

	Deposits DKK'000
11. Fixed asset investments	
Cost beginning of year	667
Additions	385
Cost end of year	**1.052**
Carrying amount end of year	**1.052**

Notes to consolidated financial statements

	2016 DKK'000	2015 DKK'000
12. Deferred tax		
Property, plant and equipment	(539)	(2.749)
Receivables	0	(177)
Provisions	330	0
Liabilities other than provisions	467	339
	258	**(2.587)**

Changes during the year	
Beginning of year	(2.587)
Recognised in the income statement	53
Recognised directly in equity	2.792
End of year	**258**

13. Prepayments

Prepayments consists of rent and insurance costs.

14. Other provisions

Other provisions concerns supplier compensation.

15. Subordinate loan capital

A date of maturity for the Subordinate loan capital are not agreed-upon. There are no specific conditions for withdrawal of the Subordinate loan capital. Subordinate creditors and the outstanding amounts are; KVG Holding ApS, 30.948 t.DKK, Holmene Holding ApS, 25.638 t.DKK and Lamarg ApS, 16.664 t.DKK

	2016 DKK'000	2015 DKK'000
16. Other long-term payables		
Derivative financial instruments	2.724	0
	2.724	**0**

Notes to consolidated financial statements

	Instalments within 12 months 2016 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK'000
17. Liabilities other than provisions			
Subordinate loan capital	0	0	73.250
Finance lease liabilities	751	956	1.368
Other payables	0	0	2.724
	751	**956**	**77.342**

18. Short-term deferred income

Deferred income consists of freight charges.

	2016 DKK'000	2015 DKK'000
19. Change in working capital		
Increase/decrease in inventories	5.389	(2.610)
Increase/decrease in receivables	(2.424)	23.202
Increase/decrease in trade payables etc	(1.009)	21.638
	1.956	**42.230**

20. Financial instruments

The Company covers currency risks on expected transactions in EUR, USD, NOK and SEK with forward exchange contracts.

Period	Value recognized in equity	Contractual value
0-6 months	46 t.DKK	262.093 t.DKK
6-12 months	1.486 t.DKK	332.258 t.DKK
12-24 months	(2.723) t.DKK	579.883. t.DKK
	(1.191) t.DKK	**1.174.234 t.DKK**

Forward exchange contracts concerns purchase of goods. Value adjustments are recognized in the equity and are expected to be carry out and recognized in the income statement after the balance sheet day.

21. Contingent liabilities

The entity has entered agreements of rented premises. The Contracts are irredeemable for 11,5 years corresponding to 24.681 t.DKK.

The annual rent is 2.146 t.DKK.

Notes to consolidated financial statements

22. Mortgages and securities

Mortgage debt is secured by way of company charges. The Company charge compromises stocks, goodwill and receivables, limited to 25.000 t.DKK.

	Registered in	Corpo-rate form	Equity inte-rest %	Equity DKK'000	Profit/loss DKK'000
23. Subsidiaries					
Geia Food A/S	Aalborg	A/S	100,0	80.319	32.271

Parent income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue		151	174
Other external expenses	1	(27)	(26)
Gross profit/loss		**124**	**148**
Depreciation, amortisation and impairment losses	2	(115)	(115)
Operating profit/loss		**9**	**33**
Income from investments in group enterprises		21.241	16.251
Other financial income	3	261	0
Other financial expenses	4	(5.451)	(6.817)
Profit/loss before tax		**16.060**	**9.467**
Tax on profit/loss for the year	5	1.143	1.175
Profit/loss for the year	6	**17.203**	**10.642**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Other fixtures and fittings, tools and equipment		252	187
Property, plant and equipment	7	**252**	**187**
Investments in group enterprises		157.486	187.319
Fixed asset investments	8	**157.486**	**187.319**
Fixed assets		**157.738**	**187.506**
Deferred tax	9	8	4
Income tax receivable		9.598	1.361
Joint taxation contribution receivable		11.679	10.222
Receivables		**21.285**	**11.587**
Cash		**1.382**	**0**
Current assets		**22.667**	**11.587**
Assets		**180.405**	**199.093**

Parent balance sheet at 31.12.2016

	Notes	2016 DKK'000	2015 DKK'000
Contributed capital	10	20.000	20.000
Reserve for net revaluation according to the equity method		(18.809)	0
Retained earnings		45.208	19.771
Proposed dividend		1.000	1.000
Equity		**47.399**	**40.771**
Subordinate loan capital	11	73.250	92.545
Non-current liabilities other than provisions		**73.250**	**92.545**
Bank loans		0	3.607
Payables to group enterprises		2.680	2.640
Income tax payable		10.540	0
Other payables	12	46.536	59.530
Current liabilities other than provisions		**59.756**	**65.777**
Liabilities other than provisions		**133.006**	**158.322**
Equity and liabilities		**180.405**	**199.093**
Contingent liabilities	13		
Mortgages and securities	14		
Related parties with controlling interest	15		
Transactions with related parties	16		

Parent statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	20.000	0	19.771	1.000
Ordinary dividend paid	0	0	0	(1.000)
Other equity postings	0	(9.575)	0	0
Transfer to reserves	0	(41.500)	41.500	0
Profit/loss for the year	0	32.266	(16.063)	1.000
Equity end of year	**20.000**	**(18.809)**	**45.208**	**1.000**

	Total DKK'000
Equity beginning of year	40.771
Ordinary dividend paid	(1.000)
Other equity postings	(9.575)
Transfer to reserves	0
Profit/loss for the year	17.203
Equity end of year	**47.399**

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
1. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	28	12
Other services	0	15
	28	**27**

	2016 DKK'000	2015 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	115	172
Profit/loss from sale of intangible assets and property, plant and equipment	0	(57)
	115	**115**

	2016 DKK'000	2015 DKK'000
3. Other financial income		
Financial income arising from group enterprises	249	0
Other financial income	12	0
	261	**0**

	2016 DKK'000	2015 DKK'000
4. Other financial expenses		
Interest expenses	5.451	6.817
	5.451	**6.817**

	2016 DKK'000	2015 DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	0	(1.583)
Change in deferred tax for the year	(4)	(11)
Adjustment concerning previous years	0	419
Refund in joint taxation arrangement	(1.139)	0
	(1.143)	**(1.175)**

	2016 DKK'000	2015 DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	1.000	1.000
Transferred to reserve for net revaluation according to the equity method	32.266	0
Retained earnings	(16.063)	9.642
	17.203	**10.642**

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK'000
7. Property, plant and equipment	
Cost beginning of year	225
Additions	180
Cost end of year	**405**
Depreciation and impairment losses beginning of the year	(38)
Depreciation for the year	(115)
Depreciation and impairment losses end of the year	**(153)**
Carrying amount end of year	**252**

	Investments in group enterprises DKK'000
8. Fixed asset investments	
Cost beginning of year	200.000
Cost end of year	**200.000**
Revaluations beginning of year	(12.681)
Adjustments on equity	(9.575)
Amortisation of goodwill	(11.025)
Share of profit/loss for the year	32.267
Dividend	(41.500)
Revaluations end of year	**(42.514)**
Carrying amount end of year	**157.486**
Carrying amount if asset had not been revalued	**80.515**
Goodwill or negative goodwill recognised in the financial year / period?	**77.173**

Notes to parent financial statements

	2016 DKK'000	2015 DKK'000
9. Deferred tax		
Property, plant and equipment	8	4
	8	**4**

Changes during the year	
Beginning of year	4
Recognised in the income statement	4
End of year	**8**

	Number	Par value DKK'000	Nominal value DKK'000
10. Contributed capital			
Share	20.000	1	20.000
	20.000		**20.000**

11. Subordinate loan capital

A date of maturity for the Subordinate loan capital are not agreed-upon. There are no specific conditions for withdrawal of the Subordinate loan capital. Subordinate creditors and the outstanding amounts are; KVG Holding ApS, 30.948 t.DKK, Holmene Holding ApS, 25.638 t.DKK and Lamarg ApS, 16.664 t.DKK.

	2016 DKK'000	2015 DKK'000
12. Other payables		
Other costs payable	46.536	59.530
	46.536	**59.530**

13. Contingent liabilities

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

14. Mortgages and securities

Bank loans are secured by way of a guarantee of payment in subsidiaries shares. The Book value of shares are on the balance sheet date 157.682 t.DKK.

Notes to parent financial statements

15. Related parties with controlling interest

- KVG Holding ApS, 9000 Aalborg
- Holmene Holding ApS, 4230 Skælskør
- Lamarg ApS, 8320 Mårslet
- Curabo Holding ApS, 8270 Højbjerg

16. Transactions with related parties

All transactions with related parties are made on market conditions and are therefore not given in the annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (big).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Changes in accounting policies

Accounting policies has been changed as an effect of the new Danish Financial Statement Act.
According to the transition regulations of the Danish Financial Statement Act will tangiable fixed assets be reassessed yearly from 31. December 2016.

Minority interest are presented as a part of the proposed distribution of profit/loss and the equity.

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses

Accounting policies

on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement
Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Information regarding revenue is not given in segments due to competitive conditions.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation relating to intangible assets and property, plant and equipment comprise depreciation for the financial year, calculated on the basis of the residual values and useful lives of the individual assets.

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

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income from group enterprises
Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises
Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Accounting policies

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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

Balance sheet
Goodwill
Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation periods used are 10 years.

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

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets. The salvage value of the assets are 1.295 t.DKK:

Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

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

Accounting policies

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value. Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

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

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

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

Cash
Cash comprises cash in hand and bank deposits.

Accounting policies

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

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

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

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

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

Accounting policies

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

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

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