

DK-Konfektur K/S

Lyskær 7, 2730 Herlev

CVR no. 36 07 11 68



Annual report 2015

Approved at the Company's annual general meeting on 2 February 2016

Chairman:



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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of DK-Konfektur K/S 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 my opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

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

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

Herlev, 2 February 2016

Executive Board:



Dan Kongsted

Independent auditors' report

To the shareholders of DK-Konfektur K/S

Independent auditors' report on the financial statements

We have audited the financial statements of DK-Konfektur K/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations 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 other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 2 February 2016

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR-nr. 20 70 02 28


Jesper Jørn Pedersen
State Authorised Public Accountant


Kim Thomsen
State Authorised Public Accountant



Management's review

Company details

Name	DK-Konfektur K/S
Address, zip code, city	Lyskær 7, 2730 Herlev, Denmark
CVR no.	36071168
Established	20 August 2014
Registered office	Herlev
Financial year	1 January - 31 December
E-mail	D.Kongsted@DK-Konfektur.dk
Executive Board	Dan Kongsted
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmutsh Vej 4, 2000 Frederiksberg, Denmark

Management's review

Operating review

Principal activities of the Company

The principal activities of the Company is to secure the route to market for leading confectionery brands in the Danish retail market, and to secure long-term growth for each of the 3 brands that are part of the Company's product portfolio.

Development in activities and financial matters

The company has started sale of confectionery 1 January 2015. The result for the year of DKK 2,007 thousand is in line with budget and is considered satisfactorily. It is expected that the positive development will continue in 2016.

This objective which was by far the overall most important was met and business relationships are established with all the major players in the Danish market.

Events after the balance sheet date

No significant event have occurred after the balance sheet date, which could have influence on the evaluation of the annual report.

Financial statements for the period 1 January - 31 December
Income statement

Note	DKK	2015	20/8-31/12 2014
	Gross margin	15,039,769	2,242,572
2	Staff costs	-12,420,057	-2,238,950
	Depreciation, amortisation and impairment losses	-369,199	0
	Operating profit	2,250,513	3,622
	Financial income	0	0
3	Financial expenses	-243,256	-3,622
	Profit before tax	2,007,257	0
	Proposed profit appropriation		
	Private accounts	2,007,257	0
		<u>2,007,257</u>	<u>0</u>

Financial statements for the period 1 January - 31 December
Balance sheet

Note	DKK	<u>2015</u>	<u>2014</u>
	ASSETS		
	Non-current assets		
4	Property, plant and equipment		
	Fixtures and fittings, tools and equipment	1,178,846	1,297,676
	Total non-current assets	<u>1,178,846</u>	<u>1,297,676</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	7,558,531	5,343,007
		<u>7,558,531</u>	<u>5,343,007</u>
	Receivables		
	Trade receivables	19,153,048	0
	Receivables from shareholders	0	893,786
	Other receivables	976,611	542,173
	Prepayments	407,906	450,000
		<u>20,537,565</u>	<u>1,885,959</u>
	Cash at hand and in bank	<u>18,287,294</u>	<u>1,039,598</u>
	Total current assets	<u>46,383,390</u>	<u>8,268,564</u>
	TOTAL ASSETS	<u><u>47,562,236</u></u>	<u><u>9,566,240</u></u>

Financial statements for the period 1 January - 31 December
Balance sheet

Note	DKK	2015	2014
	EQUITY AND LIABILITIES		
5	Capital accounts	372,919	372,919
6	Private accounts	2,007,257	0
	Total equity	<u>2,380,176</u>	<u>372,919</u>
	Liabilities		
	Non-current liabilities other than provisions		
	Loan from shareholders	0	2,450,533
		<u>0</u>	<u>2,450,533</u>
	Current liabilities other than provisions		
	Trade payables	5,296,294	918,125
	Payables to shareholders	11,447,538	4,516,793
	Duties payable	19,401,818	0
	Other payables	9,036,410	1,307,870
		<u>45,182,060</u>	<u>6,742,788</u>
	Total liabilities	<u>45,182,060</u>	<u>9,193,321</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>47,562,236</u></u>	<u><u>9,566,240</u></u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Related party disclosures

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

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

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

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.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transactions date.

Income statement

Gross margin

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

Revenue

Income from the sale of goods, comprising sale of confectionery in Denmark, is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place 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 ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

To the extent that customers are offered a right of return in connection with the sale, revenue corresponding to the Company's experience with returns is recognised. In cases where the Company has no experience from similar transactions, no revenue is recognised until the return period has expired.

Other external costs

Other external costs comprise costs for distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, charges in respect of finance leases, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities etc.

Tax on profit for the year

The financial statements do not include tax, since the individual limited partners include the results from the limited partnership in their income statements.

Balance sheet

Property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost.

Machinery and fixtures and fittings, tools and equipment are subsequently measured at cost less accumulated depreciation. Land is not depreciated.

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

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

Where individual components of an item of 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:

Fixtures and fittings, tools and equipment 3 - 5 years

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

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are depreciated the same way as other similar non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment 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 anticipated net cash flows from the use of the asset or group of assets.

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.

Goods for resale and 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 overheads. Indirect production overheads and 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 when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of the country of domicile and credit ratings of the debtors in accordance with the credit risk management policy of the Company. 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 the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to shareholders are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 January - 31 December
Notes to the financial statements

DKK	2015	2014
2 Staff costs		
Wages and salaries	11,601,882	2,105,454
Pensions	670,895	101,500
Other social security costs	147,280	31,996
Staff costs	<u>12,420,057</u>	<u>2,238,950</u>
Average number of full-time employees	<u>18</u>	<u>7</u>
3 Financial expenses		
Interest, private accounts	0	0
Interests of payables to vendors	15,326	2,271
Foreign exchange adjustments	204,273	1,351
Interest expenses, banks	23,657	0
	<u>243,256</u>	<u>3,622</u>
4 Property, plant and equipment		Fixtures and fittings, tools and equipment
DKK		
Cost at 1 January 2015		1,297,676
Additions		250,369
Disposals		0
Cost at 31 December 2015		<u>1,548,045</u>
Impairment and depreciation at 1 January 2015		0
Depreciation		369,199
Depreciation, assets disposed of		0
Impairment and depreciation at 31 December 2015		<u>369,199</u>
Carrying amount at 31 December 2015		<u>1,178,846</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

5	Capital accounts	
	DKK	Total
	Balance at 1 January 2015	<u>372,919</u>
	Balance at 31 December 2015	<u>372,919</u>
6	Private accounts	
	DKK	Total
	Balance at 1 January 2015	0
	Withdrawals	0
	Interest	0
	Transferred; see profit appropriation	<u>2,007,257</u>
	Balance at 31 December 2015	<u>2,007,257</u>

7 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company has provided a guarantee for the supplier of IT equipment at a maximum of DKK 300 thousand.

Operating leases

The Company has entered into operating leases totalling DKK 3,049 thousand.

8 Related party disclosures

Ownership

The following limited partners are registered as holding minimum 5% of the votes or minimum 5% of the capital accounts:

Administrator Verwaltungsgesellschaft mbH
Waldenbuch, Germany

Katjes Fassin GmbH + Co. KG
Emmerich, Germany

Dan Kongsted
Køge, Danmark