Merrild Kaffe ApS

Erritsø Møllebanke 3, 7000 Fredericia

CVR no. 36 47 39 40

Annual report 2016

Approved at the annual general meeting of shareholders on 31 May 2017

Chairman:

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Søren Svinding

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

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Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Merrild Kaffe ApS for the financial year 1 January - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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

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

Fredericia, 31 May 2017
Executive Board:

Peter Henrik Falk CEO	Søren Svinding CFO

Board of Directors:

Mauro Mantovani Chairman	Peter Henrik Falk	Søren Svinding

Independent auditor's report

To the shareholder of Merrild Kaffe ApS

Opinion

We have audited the financial statements of Merrild Kaffe ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 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 financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and 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 financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 exists. Misstatements 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 the 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Odense, 31 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Smedegaard Hvid	Torben Ahle Pedersen
State Authorised Public Accountant	State Authorised Public Accountant

Management's review

Company details

Name	Merrild Kaffe ApS
Address, Postal code, City	Erritsø Møllebanke 3, 7000 Fredericia
CVR no.	36 47 39 40
Established	22 December 2014
Registered office	Fredericia
Financial year	1 January - 31 December
Website	www.merrild.dk
Telephone	+45 63 10 31 03
Board of Directors	Mauro Mantovani, Chairman Peter Henrik Falk Søren Svinding
Executive Board	Peter Henrik Falk, CEO Søren Svinding, CFO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

Management's review

Financial highlights

DKK'000	2016	2015
Key figures		
Gross margin	48,207	10,545
Profit/loss before net financials	8,579	-2,433
Net financials	-176	-482
Profit/loss for the year	**6,333**	**-2,209**
Fixed assets	81,924	81,042
Total assets	**192,854**	**208,406**
Equity	**96,222**	**88,309**
Financial ratios		
Current ratio	116.0%	128.7%
Solvency ratio	49.9%	42.4%
Return on equity	6.9%	-2.5%
Average number of employees	**48**	**38**

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Management commentary

Business review

The main activity in the Parent Company, Merrild Kaffe ApS, is sale of coffee, coffee pads and instant coffee as well as coffee and machinery to the professional market. The Company's products are sold primarily in Denmark, the North Atlantic as well as in the Baltic countries.

Strategy

It is the Company's strategy to deliver quality products within the Company's business areas.It is the strategy on an ongoing basis to support the qualitative development of the total market and to gain market share at the same time as the earnings capacity is maintained.

Financial review

The income statement of the Company for 2016 shows a profit of DKK'000 6,333, and at 31 December 2016 the balance sheet of the Company shows equity of DKK'000 96,222. The management consider the result satisfying.

The company has over the past years launched Lavazza products to retailers and the results of these follows expectations. The company has also established an "Away from Home" Sales Department for the professional segment of Lavazza products. From Q4. 2016 the company has also launched Merrild products.

The rights to the sale of Merrild products for the professional segment was transitioned from our previous owners per 1 October 2016. From this date it is only Merrild Kaffe ApS which is allowed to sell Merrild products for the professional segment as well as for retail.

2016 is the first full year with Luigi Lavazza S.p.A. and the year has therefore also been characterized with a cost regarding integration to a new organization and cost to integration of the various systems from Merrild Kaffe ApS and Luigi Lavazza S.p.A.

Subsidiaries and associated companies

Merrild Kaffe ApS is 100% owner of the company Merrild Baltic SIA.

The income statement of Merrild Baltic SIA for 2016 shows a profit of DKK'000 1,270, and at 31 December 2016 the balance sheet of the Company shows equity of DKK'000 6,472.

Merrild Baltic SIA is working as Merrild Kaffe Aps's agent in the Baltics and assists the Merrild Kaffe ApS with sales to the Baltic countries.

Outlook

Despite the fact that the coffee market is showing a continued drop in volume, Merrild Kaffe ApS expect an increase in its activity, as well as earnings, based on continued growth. The growth derives partly from the full-year effect of Lavazza in the retail industry and equally effect of Merrild in the Away from Home segment.

Management's review

Management commentary

Special risks

Operating risks

There seem to be no material operating risks. The Company purchases the main part of its products from group companies which ensures a stable supply.

Market risks

The retail industry is characterized by few, but large, chains that wear off much of the Company's products. In the same way, the Company has a significant market share in competition with correspondingly larger providers of comparable products. In order to strengthen the Company's marketing, significant cost marketing and further development of trademarks and business concepts have taken place.

Financial risks

The Management considers the Company's capital preparedness to be sufficient.

Currency risks

The Company has sales of goods as well as goods sold abroad. These transactions are, however, as a general rule, affected either in USD or in EURO, why these currency risks shall be assessed to be limited.If deemed necessary, currency forward contracts for the hedging of future cash flows in foreign currencies are used.

Interest rate risks

The Company has significant interest-bearing records of short-term nature, where the return follows market rates. The Company's interest income and finance costs are therefore dependent thereof.The Company's shareholders have chosen not to enter into interest rate transactions to hedge interest rate risks, as in the case of a group internal balance.

Credit risks

The Company's policy for the assumption of credit risks implies that all major customers and other business partner's continuous credit is assessed. Mentioned policy minimizes/eliminates the risk.

Knowledge resources

Since the Company operates in a highly competitive market for all of its products, it is essential constantly to recruit and retain employees with a high level of expertise in sales and marketing.

The company support through continuous education and training initiatives in order for the employees to maintain a high level of knowledge which is needed.
The Company's support functions must have the professional skills and demonstrate the stability that ensures retention of skills and the ability to act as a support function. This is ensured through the company's training and personnel policies as well as knowledge sharing internally and within the Group companies.

Research and development activities

The Company holds no actual research expenses, but hold, along with affiliates, costs to product development, which are expensed on an ongoing basis.

Management's review

Management commentary

Statutory CSR report

Since Merrild Kaffe ApS is a part of the Luigi Lavazza S.p.A. it has been decided that the statutory CSR report will be done on Group level to which we refer.

The Group sustainability report for 2016 provides among other things a detailed description of our ecoand safety management efforts. This report can be downloaded at http://www.lavazza.com/en/sustainability/values/sustainability-report/.

Beside from following the guideline set out by Luigi Lavazza S.p.A., Merrild Kaffe ApS also havebeen donating coffee in 2016 to various organizations with individual purposes e.g. 700,000 cups of coffee to Kirkens Korshær, 55,000 cups of coffee for Christmas to needy families etc.

Merrild Kaffe ApS has in 2016 participated at Grøn Koncert with a camp where the company was selling coffee. The profit of the sales during Grøn Koncert was transformed to a donation to Muscular Dystrophy (Muskelsvindsfonden).

Merrild Kaffe ApS has decided to boost its commitment towards sustainability and ecological responsibility and made an effort to promote the ecological and sustainable products in 2016. The sales of sustainability and ecological products thus show a growth with 94 % from 2015 to 2016.

Merrild Kaffe ApS has, in connection with purchase of new inventory to the office, donated all the used furniture and fittings to Røde kors.

Recognition and measurement uncertainties

The recognition and measurement of assets and liabilities in the financial statement of 2016 are not subject to any significant uncertainties.

Events after the balance sheet date

No subsequent events have occurred that could materially affect the assessment of the company's financial position.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
	Gross margin	48,207	10,545
2	Staff costs	-35,286	-12,195
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-4,088	-783
	Other operating expenses	-254	0
	Profit/loss before net financials	8,579	-2,433
4	Financial expenses	-176	-482
	Profit/loss before tax	8,403	-2,915
5	Tax for the year	-2,070	706
	Profit/loss for the year	6,333	-2,209

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Fixed assets		
6	**Intangible assets**		
	Goodwill	58,753	61,886
		58,753	61,886
7	**Property, plant and equipment**		
	Plant and machinery	2,698	503
	Leasehold improvements	1,820	0
		4,518	503
8	**Investments**		
	Shares in subsidiaries	18,653	18,653
		18,653	18,653
	Total fixed assets	81,924	81,042
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	25,352	23,823
		25,352	23,823
	Receivables		
	Trade receivables	30,574	24,461
	Other receivables	167	612
	Prepayments	1,117	896
		31,858	25,969
	Cash	53,720	77,572
	Total non-fixed assets	110,930	127,364
	TOTAL ASSETS	192,854	208,406

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	50	50
	Retained earnings	96,172	88,259
	Total equity	96,222	88,309
	Provisions		
10	Deferred tax	976	1,108
	Total provisions	976	1,108
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Payables to group enterprises	0	20,000
		0	20,000
	Current liabilities other than provisions		
	Trade payables	10,836	19,341
	Payables to group enterprises	60,019	66,040
	Other payables	24,801	13,608
		95,656	98,989
	Total liabilities other than provisions	95,656	118,989
	TOTAL EQUITY AND LIABILITIES	192,854	208,406

1 Accounting policies
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Financial statements for the period 1 January - 31 December

Statement of changes in equity

	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2015	50	90,468	90,518
13	Loss for the year	0	-2,209	-2,209
	Equity at 1 January 2016	50	88,259	88,309
	Intercompany contribution	0	1,580	1,580
13	Profit for the year	0	6,333	6,333
	Equity at 31 December 2016	50	96,172	96,222

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Merrild Kaffe ApS for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report medium-sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The annual report of Merrild Kaffe ApS and its subsidiary is included in the Consolidated Financial Statements of Luigi Lavazza S.p.A.

Effective January 1, 2016, the Company has adopted act no. 738 of 1 July 2015. This implies changes in the recognition and measurement in yearly reassessment of residual values of property, plant and equipment. In future, residual values of property, plant and equipment are subject to annual reassessment.
The above changes does not affects the income statement or the balance sheet for 2016 or the comparative figures.

The comparative figures for the balance sheet has been changed in some areas.

Apart from the above new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement of Luigi Lavazza S.p.A.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and 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 rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent 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.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably 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 and rebates granted are recognised in revenue.

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Amortisation/depreciation and impairment

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

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill	20 years
Plant and machinery	3-5 years
Leasehold improvements	3 years

Financial expenses

Financial income and expenses comprise interest income and expense, charges in respect of finance leases, realised and unrealised gains and losses on payables and transactions denominated in foreign currencies and refunds under the on-account tax scheme, etc.

Dividend from investments in subsidiaries is recognised in the income statement in the financial year when the dividend is declared.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

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

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.
Goodwill acquired is subsequently measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life estimated at 20 years, as goodwill is assessed to possess long-term market potential.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

Investments

Investments in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost.

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

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

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

Other liabilities are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Current ratio $\dfrac{\text{Current assets x 100}}{\text{Current liabilities}}$

Solvency ratio $\dfrac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$

Return on equity $\dfrac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

	DKK'000	2016	2015
2	**Staff costs**		
	Wages/salaries	32,584	10,850
	Pensions	2,373	1,242
	Other social security costs	329	103
		35,286	12,195
	Average number of full-time employees	48	38

Total remuneration to Management: DKK 4,253 (2015: DKK 4,805)

3	**Amortisation/depreciation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	3,133	783
	Depreciation of property, plant and equipment	846	0
	Impairment of property, plant and equipment	109	0
		4,088	783

Financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK'000	2016	2015
4	**Financial expenses**		
	Interest expenses, group entities	56	100
	Exchange losses	41	25
	Other financial expenses	79	357
		176	482
5	**Tax for the year**		
	Deferred tax adjustments in the year	1,929	1,108
	Tax adjustments, prior years	141	0
	Refund in joint taxation	0	-1,814
		2,070	-706

6 **Intangible assets**

DKK'000	Goodwill
Cost at 1 January 2016	62,669
Cost at 31 December 2016	62,669
Impairment losses and amortisation at 1 January 2016	783
Amortisation for the year	3,133
Impairment losses and amortisation at 31 December 2016	3,916
Carrying amount at 31 December 2016	58,753

7 **Property, plant and equipment**

DKK'000	Plant and machinery	Leasehold improvements	Total
Cost at 1 January 2016	503	0	503
Additions	2,933	2,036	4,969
Cost at 31 December 2016	3,436	2,036	5,472
Impairment losses and depreciation at 1 January 2016	0	0	0
Impairment losses	109	0	109
Depreciation	629	216	845
Impairment losses and depreciation at 31 December 2016	738	216	954
Carrying amount at 31 December 2016	2,698	1,820	4,518

Financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Investments

DKK'000	Interest	Equity	Profit/loss
Subsidiaries			
Merrild Baltic SIA	100.00 %	6,472	1,270

DKK'000	2016	2015
9 Share capital		
Analysis of the share capital:		
50,000 shares of DKK 1.00 nominal value each	50	50
	50	50

Analysis of changes in the share capital over the past 3 years:

DKK'000	2016	2015	2014
Opening balance	50	50	0
Capital increase	0	0	50
	50	50	50

DKK'000	2016	2015
10 Deferred tax		
Deferred tax at 1 January	1,108	0
Ajustment	-2,061	0
Other deferred tax	1,929	1,108
Deferred tax at 31 December	976	1,108
Deferred tax relates to:		
Intangible assets	1,604	1,108
Property, plant and equipment	179	0
Tax loss	-807	0
	976	1,108

11 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:		
Rent and lease liabilities	9,300	8,006

The company has a rent obligation and has entered into operating leases on cars and IT equipment

Specified as:
Due within 1 year 3.637
Due after 1 year 5.663

Financial statements for the period 1 January - 31 December

Notes to the financial statements

12 Related parties

Merrild Kaffe ApS' related parties comprise the following:

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Luigi Lavazza S.p.A.	Torino, Italy	at the Company's address or on the Company's website www.lavazza.com

Subsidiaries

Merrild Baltic SIA, Riga, Letvia

Group enterprise transactions not carried through on normal market terms

Related party transactions effected in 2016 were carried out on market terms, and therefore related party transactions are not disclosed in the financial statements in accordance with section 98c(7) of the Danish Financial Statements Act.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Luigi Lavazza S.p.A.	Torino, Italy

13 Appropriation of profit/loss

Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	6,333	-2,209
	6,333	-2,209