Annual Report 2016
Toms Gruppen A/S

The Annual Report is adopted at
the Annual General Meeting on
24 March 2017

Henrik Brandt
Chairman

Registration no.: 56 75 93 28
Toms Allé 1, 2750 Ballerup
Denmark

Contents

Company Details

Toms Gruppen A/S
Toms Allé 1
2750 Ballerup, Denmark

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Fax:	+45 44 89 10 99
E-mail:	info@toms.dk
Website:	www.tomsgroup.com
Registered office:	Ballerup
Registration no.:	56 75 93 28
Established:	30 January 1924
Financial year:	1 January - 31 December

Ownership

Toms Gruppen A/S is a fully owned subsidiary of Gerda & Victor B. Strand Holding A/S, Ballerup, Denmark, which is owned by Gerda and Victor B. Strands Fond

Group Companies

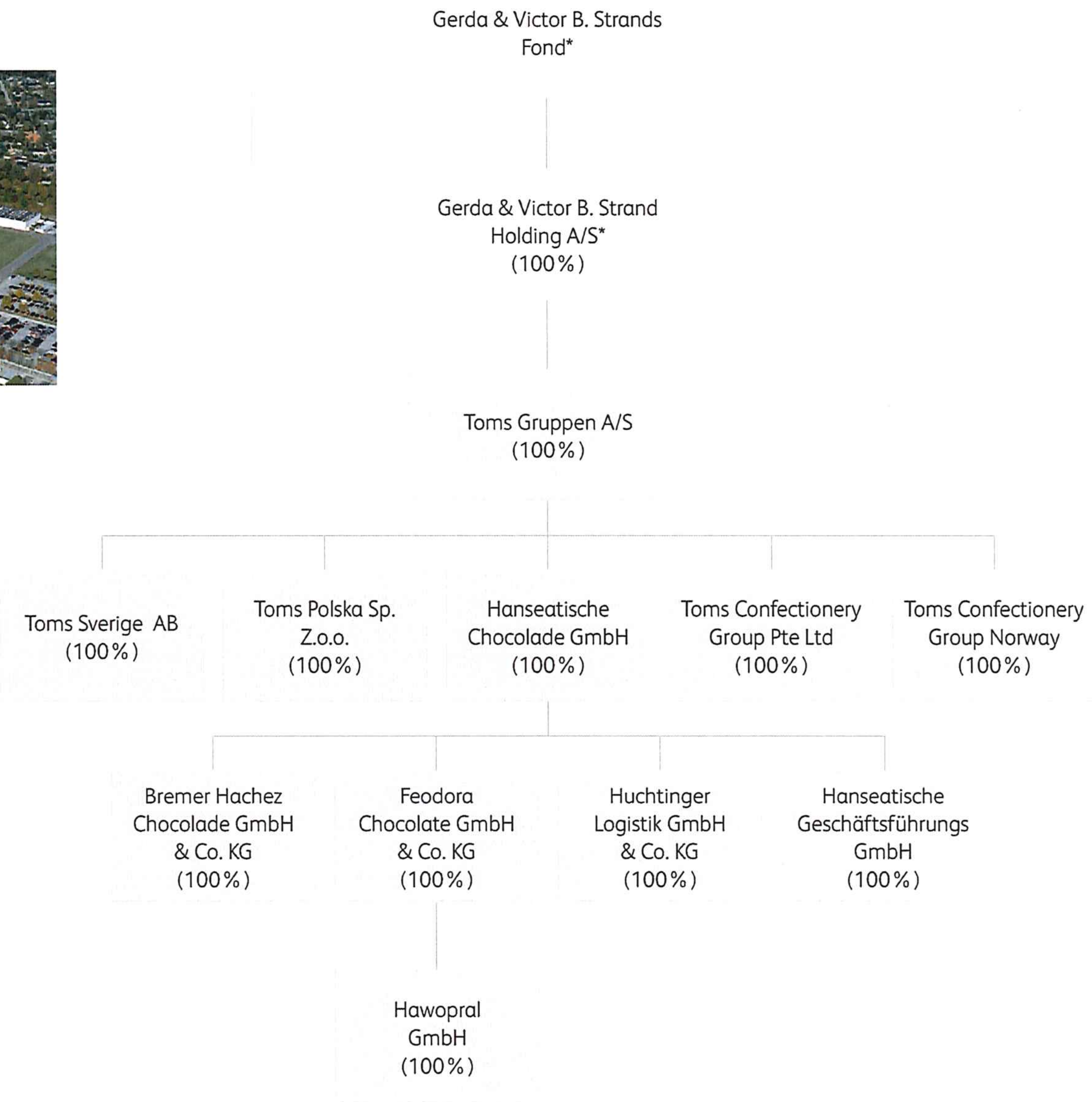
Toms Sverige AB
Hamngatan 17
302 43 Halmstad
Sweden
(100 per cent owned by Toms Gruppen A/S)

Toms Polska Sp. z o.o.
Ul. Okrezna 27
64-100 Leszno
Poland
(100 per cent owned by Toms Gruppen A/S)

Hanseatische Chocolade GmbH
Westerstrasse 32
28199 Bremen
Germany
(100 per cent owned by Toms Gruppen A/S)

Toms Confectionery Group Pte. Ltd.
(Incorporated in Singapore)
103 Defu Lane 10, #06-01
FNA Group Building
Singapore 539223
(100 per cent owned by Toms Gruppen A/S)

Toms Confectionery Group Norway
Delitoppen 7
1540 Vestby
Norway



*) These entities are not included in this Annual Report.

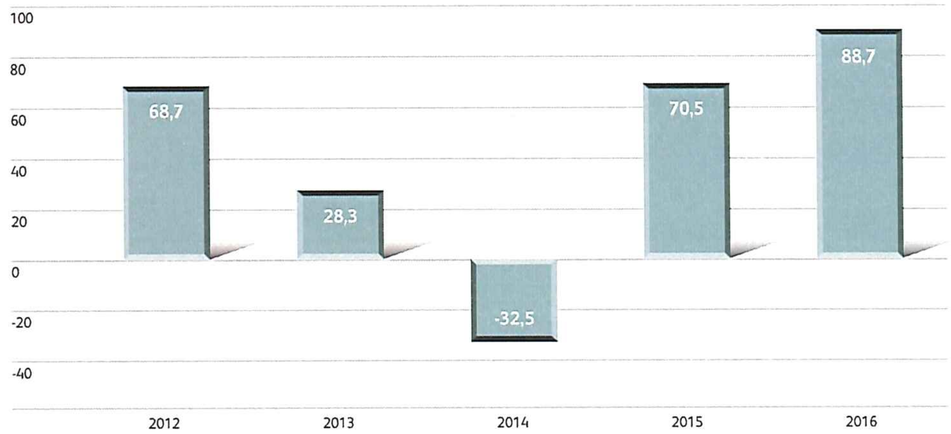
Financial Highlights

Mill DKK

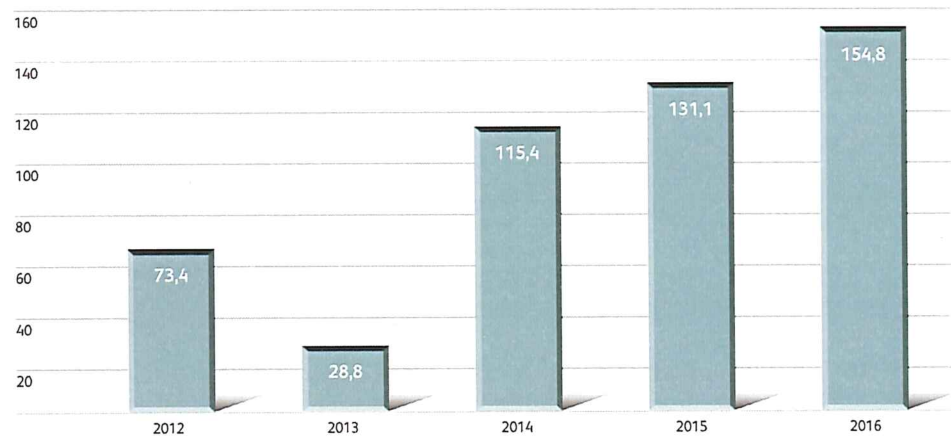
	2016	2015	2014	2013	2012
Revenue	1.729,8	1.755,7	1.748,9	1.817,4	1.637,2
Gross profit	612,5	586,0	565,6	592,4	559,7
Operating profit before special items	102,3	96,6	51,5	42,3	74,8
Operating profit, primary	88,7	69,4	-25,0	28,3	67,0
Operating profit	**88,7**	**70,5**	**-32,5**	**28,3**	**68,7**
Net financials	-7,0	8,3	-3,9	-1,0	3,2
Profit/loss before tax	81,7	78,8	-36,4	27,2	71,9
Profit/loss after tax	58,4	49,1	-44,2	18,4	51,1
Profit/loss for the year	**58,4**	**49,1**	**-44,2**	**18,4**	**51,1**
Non-current assets	335,1	341,9	368,9	463,7	494,0
Current assets	681,9	688,5	570,3	600,3	636,8
Total assets	**1.017,0**	**1.030,4**	**939,2**	**1.064,0**	**1.130,8**
Share capital	3,5	3,5	3,5	3,5	3,5
Equity	**537,4**	**479,0**	**445,7**	**643,2**	**615,8**
Provisions	57,9	81,1	61,5	79,4	94,3
Long-term liabilities	0,0	0,0	5,9	7,1	9,4
Short-term liabilities	421,7	470,3	426,1	334,3	411,2
Total liabilities and equity	**1.017,0**	**1.030,4**	**939,2**	**1.064,0**	**1.130,8**
Cash flow from operating activities	154,8	131,1	115,4	28,8	73,4
Cash flow from investment activities	-55,1	-36,0	-40,4	-46,0	-176,4
Of this investments in property, plant and equipment	*-55,1*	*-36,0*	*-40,4*	*-46,0*	*-60,4*
Cash flow from financial activities	0,0	-5,9	-1,2	-1,2	-21,0
Total increase/decrease in cash and cash equivalents	**99,7**	**89,3**	**73,8**	**-18,4**	**-124,0**
Average number of employees	**1.090**	**1.258**	**1.277**	**1.201**	**1.258**
Financial ratios*:					
Growth in operating profit	25,8%	N/A	N/A	-58,8%	136,1%
Operating margin	5,1%	4,0%	-1,9%	1,6%	4,2%
Return on invested capital	14,9%	10,9%	-4,4%	3,6%	11,4%
Gross margin	35,4%	33,4%	32,3%	32,6%	34,2%
Current ratio	161,7%	146,4%	133,8%	179,6%	154,9%
Solvency ratio	52,8%	46,5%	47,5%	60,5%	54,5%
Return on equity	11,5%	8,8%	-8,1%	2,9%	8,7%

) Refer to page 39 for definitions of financial ratios, etc.

Operating profit



Cash from operating activities



MANAGEMENT'S REVIEW

Letter from the CEO

Toms Gruppen A/S is on track with the One Toms 2020 strategy. We have gained market-shares in our key Danish market in 2016 while maintaining strong focus on optimizing our operations through selected investments. Our focus on improving the performance in the existing key markets, while at the same time investing in increased productivity in our operations, remain our key objective towards 2020.

In 2016 Toms Gruppen A/S continued the execution of the One Toms 2020 strategy. At year end we were progressing according to our plans with increased market shares in our core market, continuation of the restructuring program of the German business, as well as successful investments in our production platform. These efforts are important steps in our journey to achieve improved competitiveness and to establish a strong foundation for further profitable growth in the coming years.

Overall, our working relationships with our customers and partners, locally and globally, grew even stronger in 2016. Joint collaboration secured successful execution of in-store campaigns and promotions throughout the year, resulting in customer growth and an increase in market shares in our most important segments.

Our premium brand Anthon Berg holds a strong position in both travel retail and export channels, and is mainly driven by our strong position within Chocolate Liqueur Bottles. In the Nordic region the brand is renowned for its marzipan products and praline boxes. Successful campaigns in 2016 have further strengthened our brand recognition and presence in the market.

In our International and Travel Retail business units we kept momentum, however challenged by new travel patterns and adverse development in rate of exchange. Our International business gained some traction by entering into new partnerships and exploring emerging markets. Our German business remains challenged in regards to profitability. Further efforts to simplify and optimize our operations will continue to be critical. This in the combination with a strong rejuvenation programme for the two premium brands Feodora and Hachez.

Responsibility is at the core of Toms, and it is our firm belief that the ability to operate and develop our business sustainably, with respect to both people and our environment, plays a significant role in pursuing and ensuring our continued growth and success. In 2016 we implemented a range of initiatives that contribute to continued sustainable growth for Toms. For elaborate information about our CSR initiatives please read the full Toms Responsibility Report 2016 at: ***bit.ly/responsibility_2016***.

For 2017 we expect a slight increase in revenue and an operating profit before special items in line with 2016.

Best regards,
Carsten Lyngsø Thomsen
CEO


Carsten Lyngsø Thomsen, CEO, Toms Gruppen A/S

Management's Review

Financial highlights

Principal activities of the Company

Toms Gruppen A/S manufactures, markets and sells confectionery.

Denmark is the largest market, including sales to Danish/ German border shops. Mainly branded products are sold in Denmark, and Toms Gruppen A/S is a market leader across the confectionery category as a total.
In Germany, sales mainly consist of premium chocolate under the brands of Hachez and Feodora.

In Sweden, sales consist of Pick-and-Mix sweets as well as branded products like Anthon Berg and Pingvin.

The international business unit primarily exports to the main markets in Norway, North America, the Netherlands, Australia and the Far and Middle East. In several markets, sale is handled through distributors. The business unit is also responsible for sales to the travel retail market.

The Group's production takes place at the Group's own four factories in Denmark (2), Germany (1), and Poland (1). The facility in Poland only handles packaging tasks.

Development in activities and financial position

Profit for the year

The Group's revenue for 2016 amounted to DKK 1.729,8 million against DKK 1.755,8 million in 2015. Revenue decreased from primarly lower pick and mix sales, while growth was delivered on packed branded business.

Operating profit before special items improved by DKK 5 million compared to 2015, supported by improved production efficiency and cost curtailment.

Reduced special items increased profit before financial items for 2016 to DKK 89 million, compared to DKK 71 million in 2015.

Net financials showed an expense of DKK 7,0 million in 2016 compared to an income of DKK 8,3 million in 2015, equivalent to a negative development of DKK 15,3 million. The negative development is primarily caused by value adjustment of currency forward contracts especially driven by decline in GBP.

REVENUE 2016

1.010 mill	427 mill	293 mill
DENMARK/SWEDEN	GERMANY	OTHER
58 %	25 %	17 %

Balance sheet and equity development

The Group's total assets at year end amounted to DKK 1.017 million against DKK 1.030,4 million in 2015. At the end of 2016, working capital amounted to DKK 225,3 million against DKK 284,9 million at the end of 2015. In 2016, this is equivalent to 13,1 per cent of revenue and, in 2015, to 16,2 per cent of revenue, which is a significant improvement coming from a strong and dedicated focus.

At year end, net interest-bearing external debt amounted to DKK -199,5 million. At the end of 2015, the net interestbearing debt amounted to DKK -101,2 million. At 31 December 2016, equity amounted to DKK 537,4 million, while equity amounted to DKK 479,0 million in 2015. The solvency ratio amounted to 52,8 per cent and 46,5 per cent, respectively.

Uncertainty regarding recognition and measurement

Goodwill impairment testing is based on the DCF method to assess the recoverable amount of goodwill. The calculation is based on assumptions and estimates for the future and is therefore subject to uncertainty.

Investments and cash flow

Net investments amounted to DKK 55,1 million in 2016 against DKK 36,0 million in 2015. Consolidated cash flow from operation, investment and financing activities was DKK 98,8 million compared to DKK 89,3 million in 2015. Improvements in cash flow were primarly caused by better operational cash flow and working capital improvements partly offset by increased investments.

Development activities

Costs are continuously incurred for development of the product portfolio. Development activities include the development of new products as well as development of existing products and concepts. All development costs were expensed.

2017 Outlook

Management expects that the market generally will be in line with 2016 with continued strong price competition in the retail sector in all of the Group's markets. It is estimated that the confectionery market will see a modest decline in the relevant geographical areas of the Group. Management expects a slight increase in revenue with profit before special items in line with 2016.

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> *Management expects a slight increase in revenue with profit before special items in line with 2016.*

Events after the reporting period

No events have occurred after the end of the financial year, which significantly affect the annual report.

Particular risks

General risks

The Group's main operating risks are attributable to the development of the competitive environment in the retail market. In addition, risks are associated with the development of world market prices of cocoa, cocoa butter, almonds, hazelnuts, gelatin and sugar.

Financial risks

Interest rate risks

The Company's net debt position is cash positive and is therefore exposed to a negative interest rate for cash in bank. Several models have been developed to mitigate these effects for 2017.

Currency risks

The Group's currency risks occur partly because there is an imbalance between income and expenses in each currency (transaction risk), and partly because the Group includes companies with a functional currency other than DKK (translation risk).

Transaction risk: The Group incurs significant costs in foreign currency for the purchase of raw materials, and the individual companies have revenues in foreign currencies. The Group's currency policy stipulates as a general rule that cash flows in the major currencies (SEK, PLN, GBP and USD) must be hedged according to policy. Hedging is mainly made by using forward contracts.

Translation risk: Net assets in foreign currency were not hedged, as these would not have a significant size. For 2016, the income statement and balance sheet were affected by fluctuations in EUR, SEK, USD and PLN, however the impact on the Group's results were not significant.

Credit risks

The Group's credit risks are related to the primary financial assets and to derivative financial instruments with a fluctuating market value.

The Group's policy for undertaking credit risks means that all new major customers and other business partners must be credit rated. A large proportion of transactions with customers outside the local markets are insured.

Corporate social responsibility

The Group has decided to publish the statutory report on social responsibility according to section 99a(7) and 99b of the Danish Financial Statements Act on our website.

The Global Compact Report can be found at ***bit.ly/responsibility_2016*** and is an integral part of the Management's review.

BRANDS

OLYMPIC SPONSORSHIP

A Successful 2016 for the Toms Brand

Our success on the Danish market in 2016 was mainly driven by the Toms brand and a number of iconic sub-brands adding high value to the brand.

Toms Yankie Bar 70-Year Anniversary

Sales were primarily driven by the iconic sub-brands. One of the icons, Toms Yankie Bar, celebrated a highly profiled 70-year anniversary during 2016. The product came in re-designed packaging with a pin-up girl referring to the sub-brand heritage, and our PR initiatives resulted in a number of full-page articles and even TV appearances.

Continuation of the Successful "Hygge" Concept

In 2015 Toms introduced the cross-media campaign "Husk Hyggen", built around the crime novel author Jan Krabbe. The campaign covered the entire Toms range of products, but, throughout 2016, the main focus was on Toms Guld Barre. The campaign was activated by a mix of media: TV, online/social media, cinema and in-store, with crime stories as well as support for the 2016 Summer Olympics campaign.
It proved very successful, and Toms received the jury's Grand Prix Advertising Effectiveness Award in 2016 based on a strong creative platform with a clear impact on the company's financial results.

New, Strong Candy Concept

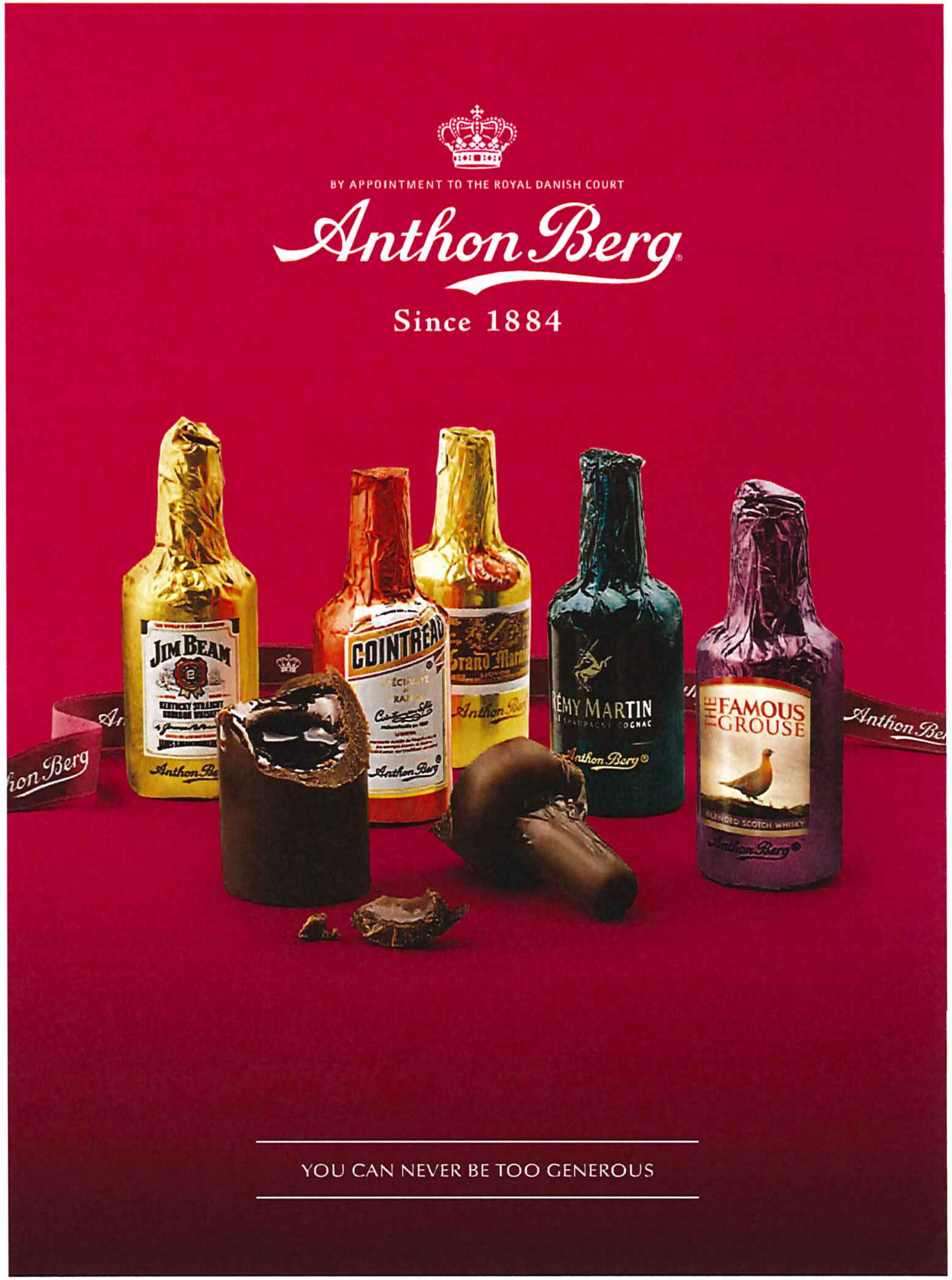
Candy in bags represents the largest segment in the confectionery category. Toms Gruppen holds the #2 position in the segment in Denmark. To further strengthen the position in the strong families segment, we developed a new bags concept built around the popular Pingvin and his friends. Four bags were launched in the autumn and contain a range of products based on wine gums, foam and sweet liquorice. The products are shaped like the well-known and beloved Pingvin figure and like icebergs, fish, polar bears, etc.
To pursue even stronger positioning and to support the launch, we will introduce supporting products in 2017.

Anthon Berg

Anthon Berg continues to be the main export brand of the Toms Gruppen. The brand is driven primarily by the drinkable chocolate products – the Chocolate Liqueur Bottles. The concept is unique due to the shape of the product, the combination of chocolate and liqueur and the strong portfolio of licensing partners. Anthon Berg holds a strong position in both travel retail and export channels.

In the Nordic region, the brand is famous for its marzipan products and well-known praline boxes, and it holds a strong position especially during peak seasons. To strengthen brand recognition and brand preference, strong campaigns were conducted in 2016. In line with previous years, a viral campaign was launched – Anthon Berg Good Standing – building on the brand slogan "You can never be too generous". Based on the insight that people in general want to be more generous, Anthon Berg helped bring men into good standing with their partners. A central piece of the campaign was a 2-minute film which received more than 2,5 million views and close to 300.000 interactions.

In Germany, Anthon Berg continues its success story as an iconic gift for Father's Day and a seasonal treat at the end of the year. Double-digit growth in some key accounts is encouraging, and there is a strong base to further leverage Anthon Berg Chocolate Liqueur Bottles. We expect that the growing popularity will invigorate trade interest in the Anthon Berg product portfolio and drive growth in the German market.



Successful Start of Olympic Sponsorship

2016 marked the beginning of an ambitious plan to profile our brands through a sponsorship agreement with Team Danmark and Danmarks Idrætsforening (DIF). The sponsorship covers the years 2016–2020 and names Toms Gruppen as Official Sponsor of the Danish Olympic Team for the 2016, 2018 and 2020 Olympic Games.

The sponsorship is in perfect alignment with the tradition in the Toms Gruppen of supporting sports activities in a local setting as well as supporting elite athletes – something the Toms Gruppen has been doing for more than fifty years. In the late 1950s, Toms was actually among the very first Danish companies to introduce the use of side banners, logos and signs at football fields and speedway tracks in Denmark and the UK during major events. This provided a way to visibly connect our brands with family-oriented and healthy activities at a time when TV commercials were not usually an option – and it has been a tradition ever since.

The Summer Olympics in Rio were celebrated by the brands Toms, Pingvin, Ga-Jol and Galle & Jessen. A number of products were temporarily re-designed in the national colours of red and white, while Ga-Jol featured four different Danish talented athletes. Other athletes were featured in the stores with the slogan "OL i Hygge".

Overall, a successful campaign which positively impacted sales over the summer period.

FINANCIAL STATEMENTS

Financial Statements

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of Toms Gruppen A/S for the financial year 1 January – 31 December 2016.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.
It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2016 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016.

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

We recommend that the Annual Report be approved at the Annual General Meeting.

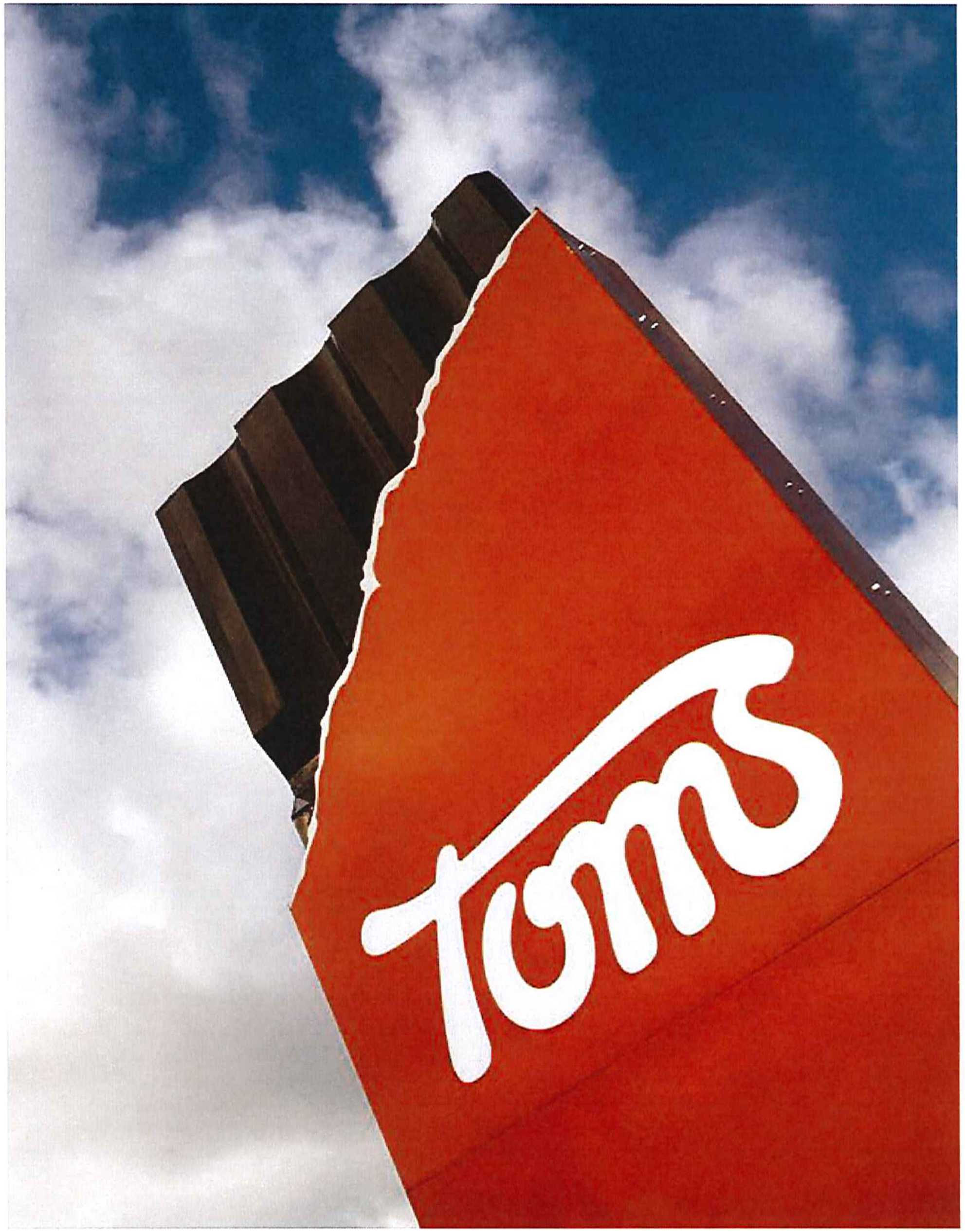
Ballerup, 24 March 2017

Executive Board

Carsten Lyngsø Thomsen
CEO

Board of Directors

Henrik Brandt Chairman	Christian H. Sørensen Vice Chairman	Carsten Bennike Vice Chairman
Morten Petersen	Carsten D. Wehrmann	Mikael Thinghuus
Lone C. Nielsen	Søren Svenningsen	Joan Wind



Independent Auditor's Report

To the shareholders of Toms Gruppen A/S

Opinion
We have audited the consolidated financial statements and the parent company financial statements of Toms Gruppen A/S for the financial year 1 January – 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the group and the parent company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the parent company at 31 December 2016, and of the results of the Group and parent company operations as well as the consolidated cash flows 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 consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group 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.

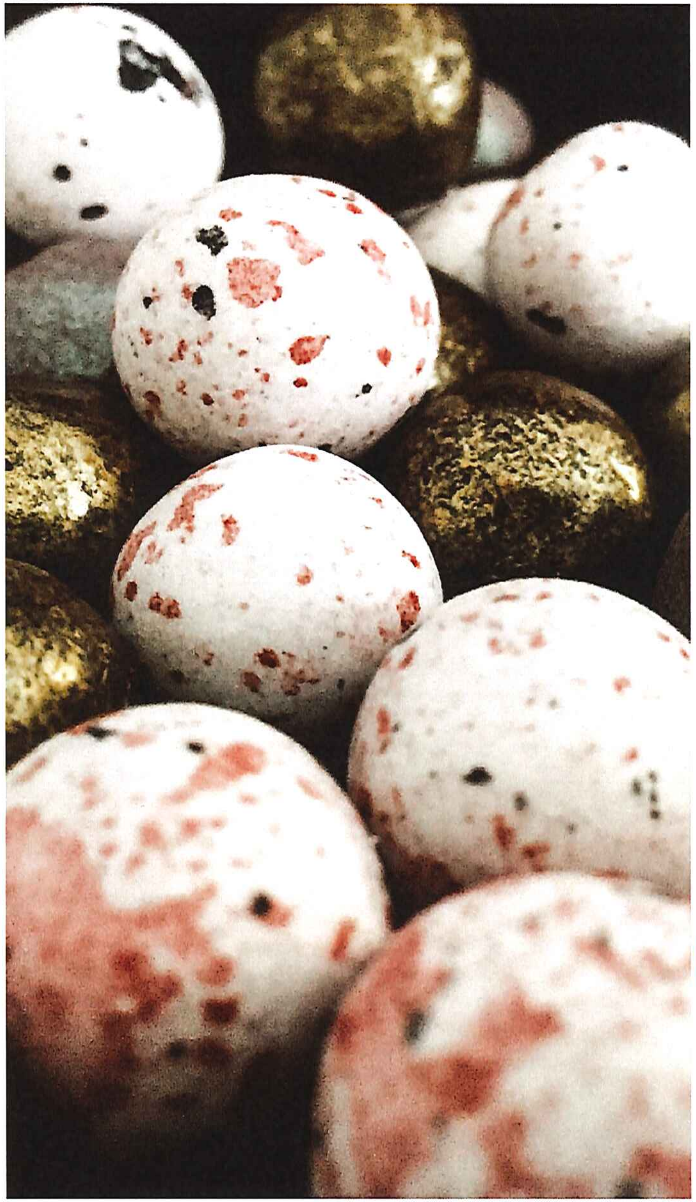
Management's responsibilities for the consolidated financial statements and the parent company financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the company 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 company financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 these consolidated financial statements and parent company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 parent company'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 company 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 parent 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 consolidated financial statements and the parent company financial statements or, if such disclosures are in-adequate, 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 Group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or the parent company 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 the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company 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.

Copenhagen, 24 March 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jens Thordahl Nøhr	Lisa Hagedorn
State Authorised	State Authorised
Public Accountant	Public Accountant

Group and Parent Company Financial Statements

For the period 1 January – 31 December 2016

Accounting Policies

Compliance

The annual report of Toms Gruppen A/S for 2016 has been prepared in accordance with the provisions applying to reporting class C enterprises (large) under the Danish Financial Statements Act.

Effective 1 January 2016, the Company has adopted act no. 738 of 1 July 2015. Following the adoption of the new act, the accounting policies have been changed to include an annual reassessment of the expected useful lives and any residual value of property, plant and equipment. The Group and the Company has no significant residual values relating to property, plant and equipment other than those relating to owned land. Consequently, the change of accounting policies is implemented in accordance with section 4 of the executive order on transitional provisions [1] with prospective effect only as a change in accounting estimates with no impact on equity. Apart from this, the accounting policies for recognition and measurement used in preparation of the financial statements are consistent with those of last year. The disclosures included in the financial statements have been updated to comply with the requirements of the new act.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Group and the income can be measured reliably.
Liabilities are recognised in the balance sheet when the Group as a result of a past event has a legal or constructive obligation and it is probable that future economic benefits will flow from the Group, and the value can be measured reliably.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as it occurs, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. In addition, costs incurred to generate the year's earnings, including depreciation, amortisation, provisions and reversals due to changes in accounting estimates of amounts previously recognised in the consolidated financial statements and the parent company financial statements.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Toms Gruppen A/S, and subsidiaries in which Toms Gruppen A/S directly or indirectly holds more than 50 per cent of the voting rights or which it, in some other way, controls. Enterprises in which the Group holds between 20 per cent and 50 per cent of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates, see the group chart.
On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

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

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not adjusted for acquisitions or disposals.

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.
Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years.
Goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

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

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

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received.

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

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plants.

Sales and distribution costs

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

Administrative expenses

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

Other operating income

Other operating income comprises items secondary to the Company's activities, including gains on disposal of intangible assets and items of property, plant and equipment.

Other operating costs

Other operating cost comprises items secondary to the Company's activities, including losses on disposal of intangible assets and items of property, plant and equipment.

Share of profit/loss from investments in subsidiaries after tax

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

Financial income and expenses

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

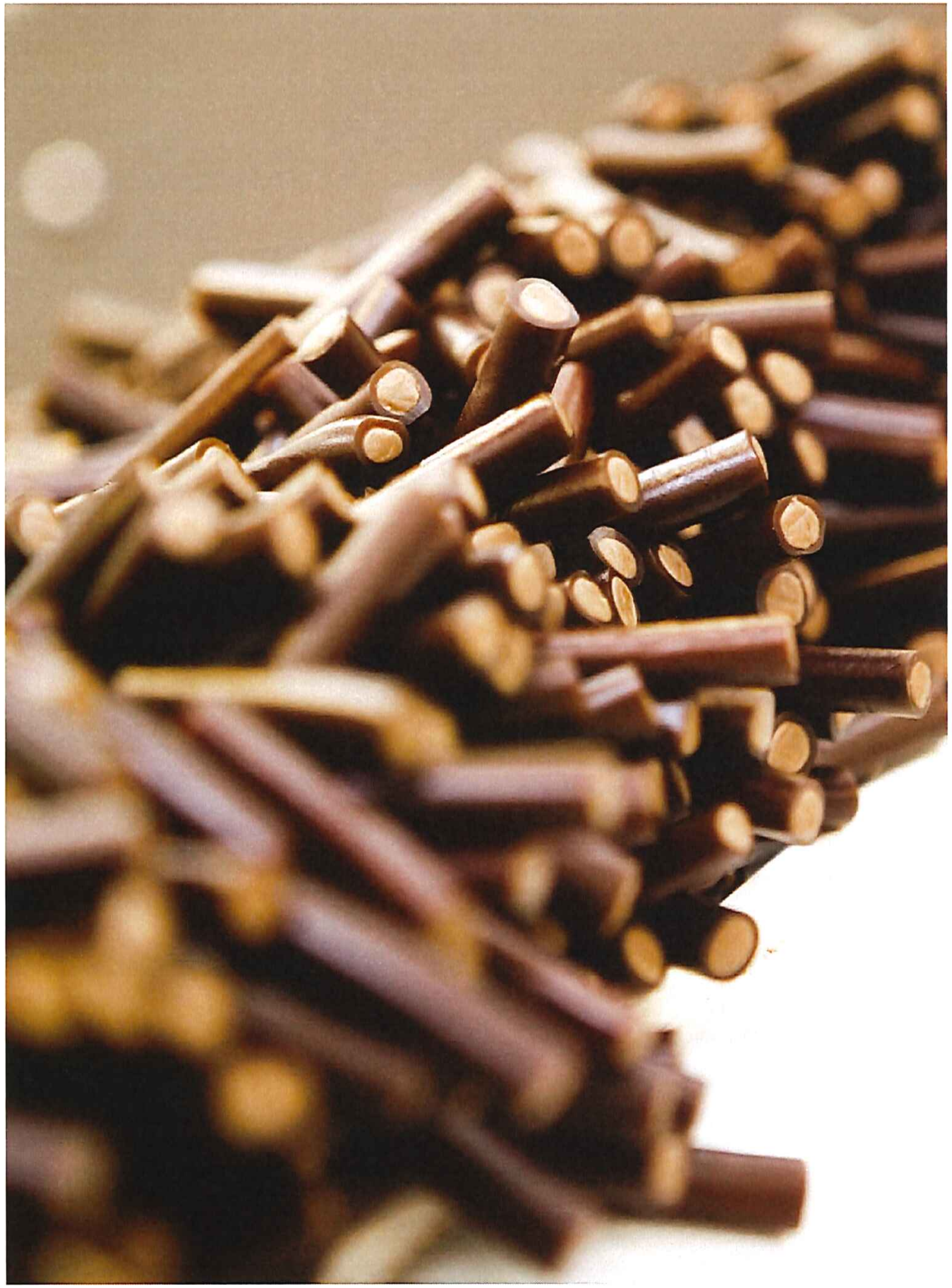
Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

The parent company, Gerda & Victor B. Strand Holding A/S, is covered by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

Gerda og Victor B. Strand Holding A/S is the administrative company for the joint taxation and consequently settles all corporate tax payments with the tax authorities.

The current Danish corporate tax is allocated by settlement of joint taxation contribution between the jointly



taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

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

Balance sheet
Intangible assets

Goodwill and trademarks

Goodwill and trademarks are amortised over the estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill and trademarks are amortised on a straight-line basis over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

Interest expense on loans to finance the production of property, plant and equipment which concerns the production period is included in costs. All other borrowing costs are recognised in the income statement.

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.

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

Buildings	30 years
Installations in building	10 years
Fixtures and fittings, tools and equipment	5-20 years
Cars	3 years
It equipment	3-5 years

The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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

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

Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

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

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds costs.

On acquisition of subsidiaries, the acquisition method is applied, see consolidated financial statements above.

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 amortisation or depreciation.

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

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

Other investments

Other investments recognised under non-current assets comprise listed bonds measured at fair value.

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

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

Receivables

Receivables are measured at amortised cost.

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

Securities

Securities, comprising listed bonds, are measured at fair value at the balance sheet date.

Cash at bank and in hand

Toms Gruppen A/S is part of a cash pool arrangement together with other group companies. Balances arising from cash pools are included in cash at bank and in hand/Bankloans and overdrafts in the balance sheet of the parent company

Dividends

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

Corporation tax and deferred tax

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

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences 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 planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

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

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Cash flow statement

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

Cash flows from operating activities

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

Cash flows from investment activities

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

Cash flows from financing activities

Cash flows from financing activities comprise the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Company's internal financial management.

Financial ratios

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

Income Statement 2016

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
1.356.133	1.372.833	2	**Revenue**	1.729.834	1.755.730
-922.953	-922.298	3/4/5	Production costs	-1.117.287	-1.169.711
433.180	450.535		**Gross profit**	612.547	586.019
-280.790	-298.418	3/4/5	Sales and distribution costs	-446.994	-434.679
-45.990	-48.796	3/4/5	Administrative expenses	-76.847	-81.932
106.400	103.321		**Operating profit, primary**	88.706	69.408
21.751	0		Other operating income	0	21.751
-20.649	0		Other operating expenses	0	-20.649
107.502	103.321		**Operating profit**	88.706	70.510
-42.144	-19.039	6	Share of profit/loss in subsidiaries after tax	0	0
12.449	5.747	7	Financial income	3.776	10.778
-904	-9.422	8	Financial expenses	-10.746	-2.477
76.903	80.607		**Profit before tax**	81.736	78.811
-27.798	-22.211	9	Tax on profit/loss from ordinary activities	-23.340	-29.706
49.105	58.396		**Profit for the year**	58.396	49.105
			Allocation of profit		
49.105	58.396		Shareholders of Toms Gruppen A/S	58.396	49.105

Balance Sheet 31.12.2016

Assets

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
0	0	10	Goodwill	20.196	24.039
0	0	11	Trademarks	103	194
0	0		**Total intangible assets**	20.299	24.233
64.704	59.655	12	Land and buildings	78.167	84.519
175.077	163.638	13	Plant and machinery	188.734	202.352
114	114	14	Fixtures and fittings, tools and equipment	8.359	9.451
11.950	30.333	15	Property, plant and equipment under construction	30.333	11.950
251.845	253.740		**Total property, plant and equipment**	305.593	308.272
2.735	2.735	16	Other investments	2.735	2.735
63.289	61.224	6	Investments in subsidiaries	0	0
0	0	17	Deferred tax assets	6.466	6.647
66.024	63.959		**Total other non-current assets**	9.201	9.382
317.869	317.699		**Total non-current assets**	335.093	341.887
271.518	206.750	18	**Inventories**	274.009	344.171
140.207	122.107		Trade receivables	182.945	202.889
117.482	160.610		Amounts owed by affiliated companies	10.285	7.025
0	0	19	Corporation taxes, receivable	2.374	5.907
24.620	8.185		Other receivables	12.732	26.829
282.309	290.902		**Total receivables**	208.236	242.650
442	494	20	**Securities and investments**	494	442
83.643	136.915		**Cash at bank and in hand**	199.026	101.216
637.912	635.061		**Total current assets**	681.865	688.479
955.781	952.760		**Total assets**	1.016.958	1.030.366

Balance Sheet 31.12.2016

Equity and liabilities

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
3.500	3.500	21	Share capital	3.500	3.500
475.502	533.875		Retained earnings	533.875	475.502
479.002	537.375		**Equity**	537.375	479.002
30.438	26.922	22	Deferred tax	28.677	32.479
1.456	1.395	23	Other provisions	29.196	48.577
31.894	28.317		**Total provisions**	57.873	81.056
139.701	124.761		Trade payables	146.007	151.325
170.403	170.014		Amounts owed to affiliated companies	170.014	170.403
7.987	7.321	24	Corporation taxes, payable	7.314	10.897
126.794	84.972		Other payables	98.375	137.683
444.885	387.068		**Short-term liabilities other than provisions**	421.710	470.308
444.885	387.068		**Total liabilities other than provisions**	421.710	470.308
955.781	952.760		**Total liabilities and equity**	1.016.958	1.030.366
		25-27	**Contingent liabilities, securities and currency risks**		

Statement of Changes in Equity

DKK '000

Note	Parent company	Share capital	Retained earnings	Total
	Equity at 01 January 2015	**3.500**	442.195	445.695
	Proposed dividends	0		0
	Proposed profit appropriation	0	49.105	49.105
	Foreign currency translation adjustments	0	1.119	1.119
	Value adjustments on hedging instruments, ultimo	0	-4.185	-4.185
	Value adjustments on hedging instruments, primo	0	-5.482	-5.482
	Value adjustments on cocoa contracts , primo	0	-5.664	-5.664
	Deferred tax on value adjustments	0	-1.586	-1.586
	Equity at 01 January 2016	**3.500**	**475.502**	**479.002**
	Proposed dividends	0	0	0
29	Proposed profit appropriation	0	58.396	58.396
	Foreign currency translation adjustments	0	-2.019	-2.019
	Value adjustments on hedging instruments, ultimo	0	-1.626	-1.626
	Value adjustments on hedging instruments, primo	0	4.185	4.185
	Deferred tax on value adjustments	0	-563	-563
	Equity at 31 December 2016	**3.500**	**533.875**	**537.375**

Note	Toms Group	Share capital	Retained earnings	Total
	Equity at 01 January 2015	**3.500**	**442.195**	**445.695**
	Proposed dividends	0	0	0
	Proposed profit appropriation	0	49.105	49.105
	Foreign currency translation adjustments	0	1.119	1.119
	Value adjustments on hedging instruments, ultimo	0	-4.185	-4.185
	Value adjustments on hedging instruments, primo	0	-5.482	-5.482
	Value adjustments on cocoa contracts , primo	0	-5.664	-5.664
	Deferred tax on value adjustments	0	-1.586	-1.586
	Equity at 01 January 2016	**3.500**	**475.502**	**479.002**
	Proposed dividends	0	0	0
29	Proposed profit appropriation	0	58.396	58.396
	Foreign currency translation adjustments	0	-2.019	-2.019
	Value adjustments on hedging instruments, ultimo	0	-1.626	-1.626
	Value adjustments on hedging instruments, primo	0	4.185	4.185
	Deferred tax on value adjustments	0	-563	-563
	Equity at 31 December 2016	**3.500**	**533.875**	**537.375**

Cash Flow Statement

DKK '000

Note		Group	
		2016	**2015**
	Operating profit/loss	88.706	70.510
	Depreciation, amortisation and impairment losses	61.748	62.737
	Cash generated from operating activities before changes in working capital, etc	**150.454**	**133.247**
	Changes for the year to the below items:		
	Inventories	70.161	-63.649
	Trade receivables	19.944	29.988
	Other receivables	10.838	-11.445
	Prepayments	0	1.972
	Trade payables	-5.318	22.597
	Other payables	-39.308	39.902
	Provisions	-19.381	17.396
	Changes in working capital	**36.936**	**36.761**
	Value adjustments of financial instruments	1.996	-16.917
	Net financials	-6.970	8.301
	Paid tax	-27.573	-30.263
	Cash flow from financial activities and tax	**-32.547**	**-38.879**
	Cash flow from operating activities	**154.843**	**131.129**
30	**Cash flow from investing activities**	**-55.137**	**-35.951**
31	**Cash flow from financial activities**	**0**	**-5.851**
	Increase/decrease in cash and cash equivalents, during the year	**99.706**	**89.327**
	Cash and cash equivalents, securities and payables to credit institutions, etc., at beginning of the year	101.658	11.212
	Value adjustments etc.	-1.844	1.119
	Cash and cash equivalents, securities and payables to credit institutions, etc., at the end of the year	**199.520**	**101.658**
	Which is specified as follows:		
	Securities and investments	494	442
	Cash at bank and in hand	199.026	101.216
	Bank loans and overdrafts	0	0
	Total	**199.520**	**101.658**

Notes

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
		1	**Special items**		
			Restructuring and strategic projets are incl. in the following line items:		
0	4.981		Production costs	4.981	17.377
0	0		Sales and distribution costs	8.650	6.699
0	0		Administrative expenses	0	2.044
0	4.981		Total	13.631	26.120
		2	**Segment information**		
			Primary segment: revenue in geographical area		
915.811	949.540		Denmark/Sweden, excl. Travel Retail	1.009.299	979.189
119.944	128.839		Germany, excl. Travel Retail	427.203	456.402
320.378	294.454		Other export, incl. Travel Retail	293.332	320.139
1.356.133	1.372.833		Total	1.729.834	1.755.730
1.356.133	1.372.833		Confectionery Sales	1.729.834	1.755.730
1.356.133	1.372.833		Total	1.729.834	1.755.730
		3	**Staff costs**		
289.714	267.517		Wages and salaries	376.062	433.282
21.911	20.148		Pensions	27.227	31.864
653	473		Other social security costs	14.740	18.407
312.278	288.138		Total	418.029	483.553
			The staff costs has been included in the following line items:		
236.256	214.151		Production costs	286.199	337.990
46.778	43.566		Sales and distribution costs	91.163	102.143
29.244	30.421		Administrative expenses	40.667	43.420
312.278	288.138		Total	418.029	483.553
550	500		Average number of employees	1.090	1.258
			Remuneration including incentive plans to:		
4.809			Parent company Executive Board		4.809
2.588			Parent company Board of Directors		2.588
7.397	6.828		Parent company Executive Board and Board of Directors	6.828	7.397

Notes

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
		4	**Impairment losses and depreciation/amortisation**		
0	0		Intangible assets	3.932	4.066
44.936	45.825		Property, plant and equipment	57.816	58.671
44.936	45.825		Total	61.748	62.737
			The total impairment losses and depreciation/amortisation (including goodwill) has been included in the following line items:		
41.664	42.290		Production costs	52.787	55.260
19	653		Sales and distribution costs	1.977	1.707
3.253	2.882		Administrative expenses	6.984	5.770
44.936	45.825		Total	61.748	62.737
		5	**Fee paid to auditors**		
			Ernst & Young P/S:		
350	350		Fee regarding statutory audit	380	380
323	166		Tax and VAT related engagements	166	323
99	407		Other non-audit engagements	444	99
772	923		Total	990	802
			Others:		
0	0		Fee regarding statutory audit	238	231
0	0		Tax and vat related engagements	275	224
0	0		Total	513	455

Notes

DKK '000

Parent company 2015	Parent company 2016	Note	
		6	**Investments in subsidiaries**
284.468	284.468		Cost at 1 January
284.468	284.468		Cost at 31 December
-183.150	-221.179		Value adjustment at 1 January
1.119	-2.019		Foreign currency translation adjustments
-36.391	-14.068		Profit/loss on ordinary activities before tax
-3.845	-3.845		Amortisation of goodwill and trademarks
-1.908	-1.126		Share of tax on profit/loss for the year
2.996	18.993		Transferred to write-down of amount owed by affiliated companies
-221.179	-223.244		Value adjustment at 31 December
63.289	61.224		Carrying amount at 31 December

Subsidiaries	Registered office	Ownership	Currency
Toms Sverige AB	Habo, Sweden	100%	tSEK
Toms Polska Sp. z o.o.	Leszno, Poland	100%	tPLN
Hanseatische Chocolade GmbH	Bremen, Germany	100%	tEUR
Hanseatische Geschäftsführungs GmbH	Bremen, Germany	100%	tEUR
Bremer Hachez Chocolade GmbH & Co. KG	Bremen, Germany	100%	tEUR
Feodora Chocolade GmbH & Co. KG	Bremen, Germany	100%	tEUR
Huchtinger Logistik GmbH & Co. KG	Bremen, Germany	100%	tEUR
Hawopral GmbH	Bremen, Germany	100%	tEUR
Toms Confectionery Group Pte. Ltd.	Singapore, Singapore	100%	tSGD
Toms Confectionery Group	Vestby, Norway	100%	tNOK

Notes

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
		7	**Financial income**		
1.914	1.976		Financial income from subsidiaries	0	0
10.535	3.771		Other financial income	3.776	10.778
12.449	5.747		Total	3.776	10.778
		8	**Financial expenses**		
904	9.422		Other financial expenses	10.746	2.477
904	9.422		Total	10.746	2.477
		9	**Tax**		
-27.731	-26.019		Tax on profit for the year	-27.422	-29.347
-525	-270		Adjustment of tax relating to previous years	-283	-525
458	4.078		Adjustment of deferred tax	4.365	166
-27.798	-22.211		Total	-23.340	-29.706
		10	**Goodwill**		
0	0		Cost at 1 January	133.253	133.096
0	0		Foreign currency translation adjustments	-235	157
0	0		Cost at 31 December	133.018	133.253
0	0		Accumulated amortisation at 1 January	-109.214	-105.214
0	0		Foreign currency translation adjustments	235	-157
0	0		Amortisation	-3.843	-3.843
0	0		Accumulated amortisation at 31 December	-112.822	-109.214
0	0		Carrying amount at 31 December	20.196	24.039

Notes

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
		11	**Trademarks**		
0	0		Cost at 1 January	48.868	48.584
0	0		Foreign currency translation adjustments	-190	127
0	0		Additions from acquisitions	0	157
0	0		Cost at 31 December	48.678	48.868
0	0		Accumulated amortisation at 1 January	-48.674	-48.324
0	0		Foreign currency translation adjustments	188	-127
0	0		Amortisation	-89	-223
0	0		Accumulated amortisation at 31 December	-48.575	-48.674
0	0		Carrying amount at 31 December	103	194
		12	**Land and buildings**		
215.827	215.827		Cost at 1 January	271.350	271.191
0	0		Foreign currency translation adjustments	-216	144
0	0		Additions	0	15
215.827	215.827		Cost at 31 December	271.134	271.350
-145.981	-151.123		Accumulated depreciation at 1 January	-186.831	-180.360
0	0		Foreign currency translation adjustments	130	-86
-5.142	-5.050		Depreciation	-6.266	-6.385
-151.123	-156.173		Accumulated depreciation at 31 December	-192.967	-186.831
64.704	59.654		Carrying amount at 31 December	78.167	84.519

Notes

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
		13	**Plant and machinery**		
972.249	1.001.072		Cost at 1 January	1.211.015	1.179.968
0	0		Foreign currency translation adjustments	-1.501	-637
21.964	18.118		Additions	24.926	25.849
6.699	11.667		Transferred	11.667	6.699
160	-37.938		Disposals	-34.384	-864
1.001.072	992.919		Cost at 31 December	1.211.723	1.211.015
-785.372	-825.995		Accumulated depreciation at 1 January	-1.008.663	-959.702
0	0		Foreign currency translation adjustments	951	231
0	36.661		Depreciation and impairment on disposals	33.107	1.001
-829	829		Impairment	829	-829
-39.794	-40.775		Depreciation	-49.213	-49.364
-825.995	-829.280		Accumulated depreciation at 31 December	-1.022.989	-1.008.663
175.077	163.639		Carrying amount at 31 December	188.734	202.352
		14	**Other fixtures and fittings, tools and equipment**		
9.304	9.304		Cost at 1 January	74.283	73.920
0	0		Foreign currency translation adjustments	-327	1.616
0	0		Additions	1.644	1.628
0	0		Disposals	-833	-2.881
9.304	9.304		Cost at 31 December	74.767	74.283
-9.190	-9.190		Accumulated depreciation at 1 January	-64.832	-63.893
0	0		Foreign currency translation adjustments	255	-898
0	0		Depreciation and impairment on disposals	506	2.881
0	0		Depreciation	-2.337	-2.922
-9.190	-9.190		Accumulated depreciation at 31 December	-66.408	-64.832
114	114		Carrying amount at 31 December	8.359	9.451

Notes

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
		15	**Property, plant and equipment under construction**		
10.025	11.950		Cost at 1 January	11.950	10.027
8.623	30.050		Additions	30.050	8.621
-6.698	-11.667		Transferred	-11.667	-6.698
11.950	30.333		Cost at 31 December	30.333	11.950
		16	**Other investments**		
2.735	2.735		Cost at 1 January	2.735	2.735
2.735	2.735		Cost at 31 December	2.735	2.735
2.735	2.735		Carrying amount at 31 December	2.735	2.735
		17	**Deferred tax assets**		
0	0		Deferred tax at 1 January	6.647	6.855
0	0		Adjustments of deferred tax	-181	-208
0	0		Deferred tax at 31 december	6.466	6.647
			Deferred tax relates to:		
0	0		Property, plant and equipment	0	-594
0	0		Loss carried forward	6.005	6.008
0	0		Provisions	461	1.233
0	0		Carrying amount at 31 December	6.466	6.647
			Timing of the reversal of deferred tax assets expected to be:		
0	0		0-1 year	52	548
0	0		1-5 year	6.213	5.741
0	0		After 5 years	201	358
0	0			6.466	6.647

The loss carried forward is expected to be reversed within 1-5 years.
Deferred tax of 15,2 million relating to German subsidiaries is not recognised.

Notes

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
		18	**Inventories**		
97.337	71.718		Raw material and packaging	94.332	125.555
41.677	30.993		Work in progress	38.866	52.536
132.504	104.039		Manufactured goods and goods for resale	140.812	166.080
271.518	206.750		Carrying amount at 31 December	274.010	344.171
		19	**Corporation taxes, receivable**		
0	0		Company tax, receivable at 1 January	5.907	4.504
0	0		Paid/received during the year	-2.858	1.411
0	0		Company tax for the year	-675	-8
0	0		Company tax, receivable at 31 december	2.374	5.907
		20	**Securities and investments**		
267	39		Cost at 1 January	39	267
-228	0		Disposals	0	-228
39	39		Cost at 31 December	39	39
411	403		Value adjustment at 1 January	403	411
-2	0		Value adjustment of securities disposed of	0	-2
-6	52		Value adjustment during the year	52	-6
403	455		Value adjustment at 31 December	455	403
442	494		Carrying amount at 31 December	494	442

Notes

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
		21	**Share capital**		
3.500	3.500		Share capital at 31 December		
			The share capital consists of:		
2.000	2.000		1 share of DKK 2,000,000		
750	750		150 shares of DKK 5,000 each		
612	612		306 shares of DKK 2,000 each		
136	136		136 shares of DKK 1,000 each		
2	2		20 shares of DKK 100 each		
3.500	3.500		Total		

The parent owns treasury shares of nominal DKK 150 thousand, corresponding to approx. 4% of the share capital.

The shares are valued at nil and are not included in the balance sheet. No treasury shares have been acquired or disposed of in the fianancial year. No changes have been made to the share capital during the last five years.

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
		22	**Deferred tax**		
29.308	30.438		Deferred tax at 1 January	32.479	30.309
1.781	-3.516		Adjustments of deferred tax	-3.802	2.821
-651	0		Adjustments from reduction of the Danish corporation tax	0	-651
30.438	26.922		Deferred tax at 31 december	28.677	32.479
			Deferred tax relates to:		
22.264	20.605		Property, plant and equipment	20.605	22.264
9.414	6.982		Current assets	6.982	9.414
0	0		Net financials	1.598	0
0	0		Deferred income	0	1.459
-920	-358		Items in equity	-358	-920
-320	-307		Provisions	-150	262
30.438	26.922		Carrying amount at 31 December	28.677	32.479
			Timing of the reversal of deferred tax liabilities expected to be:		
1.154	3.268		0-1 year	3.268	1.735
8.550	5.752		1-5 year	5.752	8.551
20.734	17.902		After 5 years	19.657	22.193
30.438	26.922			28.677	32.479

Notes

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
		23	**Other provisions**		
			Movement during the year		
5.240	1.456		Other provisions at 1 January	48.577	31.181
-62	-61		Used	-24.188	-8.998
-3.722	0		Reversed	-3.213	-2.150
0	0		New provisions	8.020	28.544
1.456	1.395		Other provisions at 31 december	29.196	48.577
			The balance end off year		
0	0		Restructuring	736	24.055
1.456	1.395		Pension	19.613	21.183
0	0		Other	8.847	3.339
1.456	1.395		Other provisions at 31 december	29.196	48.577
60	60		Provisions due within the next year	29.196	48.577
230	1.335		Provisions due within the next 5 years	0	0
1.166	0		Provisions due after 5 years	0	0
1.456	1.395		Carrying amount at 31 December	29.196	48.577
			Corporation taxes, payable		
11.642	7.987	24	Company tax, payable at 1 January	10.897	11.642
-31.911	-26.956		Paid during the year	-30.431	-28.852
28.256	26.290		Company tax for the year	26.848	28.107
7.987	7.321		Company tax, payable at 31 december	7.314	10.897

Notes

DKK '000

Parent company | Group

Note	
25	**Contingent liabilities**

Parent liabilities

The parent company has operating leases for the company's motor vehicles at total of DKK 6,0 million.

The parent company has purchase contracts related to raw material consumption at total of DKK 230,0 million.

The parent company has operating leases for a part of the company's IT equipment at total of DKK 0,8 million.

Group liabilities

The Group has purchase contracts related to raw material consumption at total of DKK 273,8 million.

The Group has has operating leases for the company's motor vehicles and IT equipment at total of DKK 12,0 million.

The Group has rental liabilities for the amount of DKK 5,1 million.

Oberlandesgericht Düsseldorf has ruled in the sugar cartel case (süssvarenverband) against the aquired subsidiary, Feodora Chocolade GmbH, and a number of other major producers in Germany. The lawsuite was filed in 2009 on Restrictive pratice and is on going. Total liabilities amount to DKK 3,7 million. The former owners of Hanseatische Chocolade GmbH have guaranteed to indemnify Toms Gruppen A/S and provided security in the form of bank guarantees.

Note	
26	**Securities**

"The parent company has provided security for Toms Polska Sp. Z o.o. in Poland in the amount of DKK 0.6 million."

Note	
27	**Currency risks**

Currency (t.DKK)	Period	Receivables	Payables	Forward contracts	Net position
USD	< 6 months	3.478	-685	-2.793	0
CAD	< 6 months	4.756	-8	0	4.748
GBP	< 6 months	1.905	-1.146	-759	0
SEK	< 6 months	33.230	-2.256	-30.974	0
PLN	< 6 months	2.482	-6.146	3.664	0
EUR	< 6 months	39.117	-44.644	0	-5.527
		84.968	-54.885	-30.862	-779

The group hedge major currencies (USD, GBP, SEK and PLN) according to group policies which state that main currencyrisk within 6 month are 100% covered.

Currency risk above 6 month up to 1 year are in general covered from 50-90%.

Notes

DKK '000

Parent company 2015	Parent company 2016	Note		Group
		28	**Related parties**	Basic
			Toms Gruppen A/S' related parties are:	
			Control:	
			Gerda og Victor B. Strands Fond and its Board of Directors, Ballerup, Denmark	Ultimate parent company
			Gerda og Victor B. Strand Holding A/S and its Board of Directors, Ballerup, Denmark	Direct parent company
			Other related parties:	
			Toms Sverige AB, Halmstad, Sweden	Subsidiary
			Toms Polska Sp. z o.o., Leszno, Poland	Subsidiary
			Hanseatische Chocolade GmbH, Bremen, Germany	Subsidiary
			Hanseatische Geschäftsführungs GmbH, Bremen, Germany	Subsidiary
			Bremer Hachez Chocolade GmbH & Co. KG, Bremen, Germany	Subsidiary
			Feodora Chocolade GmbH & Co. KG, Bremen, Germany	Subsidiary
			Huchtinger Logistik GmbH & Co. KG, Bremen, Germany	Subsidiary
			Hawopral GmbH, Bremen, Germany	Subsidiary
			Toms Confectionery Group Pte. Ltd., Singapore	Subsidiary
			Toms Confectionery Group, Vestby, Norway	Subsidiary

Related parties also include Board of Directors, the Board of Management and executive employees.

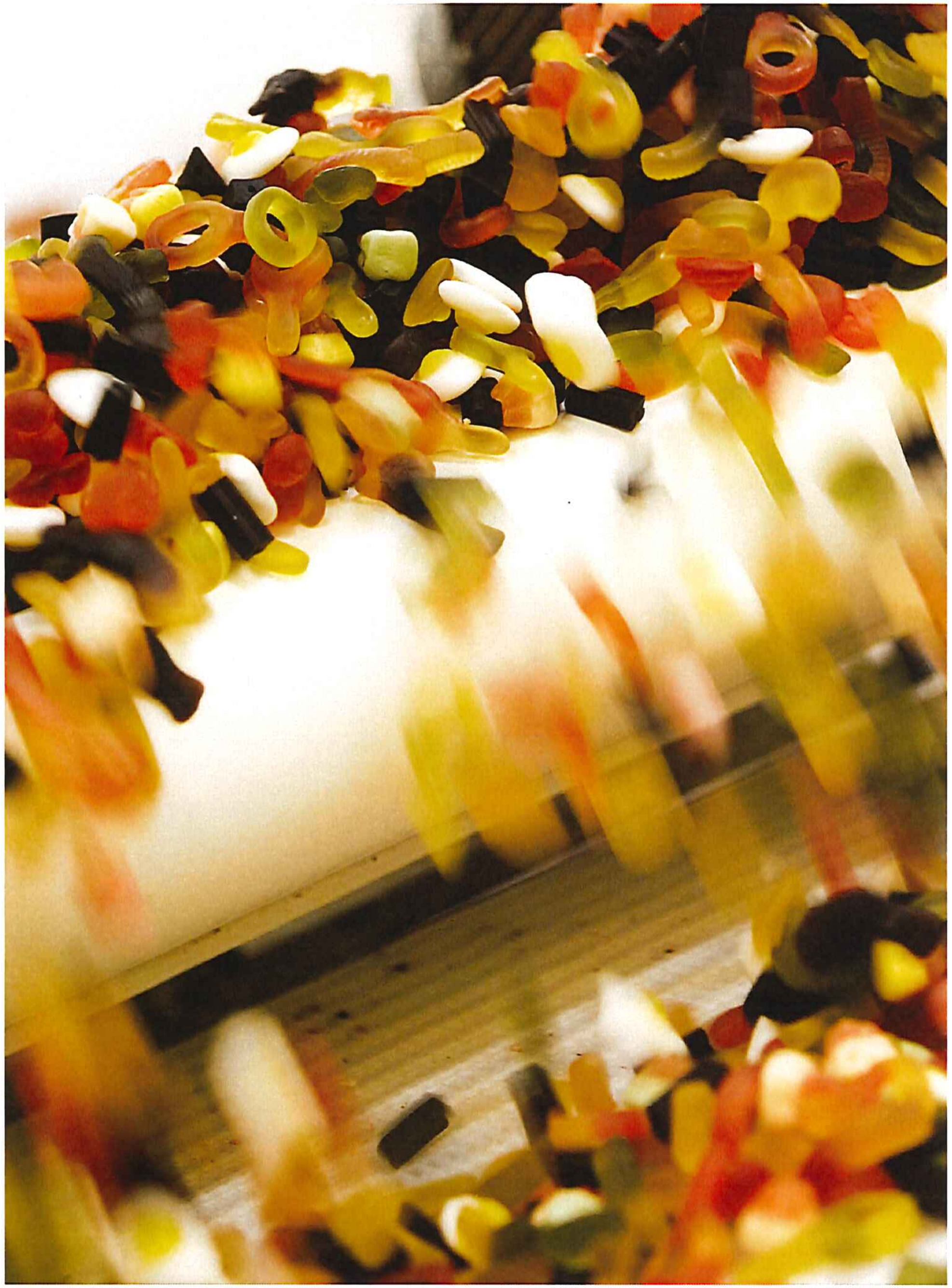
Al transactions with related parties are carried out based on armed length according to Transfer Manuals on Wholesale, Package, Manufactoring og Administrative service.

Parent company 2015	Parent company 2016	
187.155	188.355	Wholesale
15.391	22.694	Manufactoring
28.880	26.009	Packaging
8.540	8.960	Adminstrative service
1.976	1.914	Financial income from subsidiaries
117.482	160.610	Amounts owed by affiliated companies
170.403	170.014	Amounts owed to affiliated companies

Notes

DKK '000

Parent company 2015	Parent company 2016	Note		Group 2016	Group 2015
		29	**Proposed profit appropriation**		
49.105	58.396		Retained earnings	58.396	49.105
0	0		Proposed dividends	0	0
49.105	58.396		**Profit/loss for the year**	58.396	49.105
		30	**Cash flow from investing activities**		
			Acquisitions of property, plant and equipment	-55.845	-35.579
			Foreign currency translation adjustments	708	-372
			Total	-55.137	-35.951
		31	**Cash flow from financing activities**		
			Change in long-term liabilities other than provisions	0	-5.851
			Total	0	-5.851



Definition and Terms

Definitions

Return on invested capital:	Operating profit in percent of the average of total assets less cash less short term liabilities excluding interest bearing debt.
Working Capital:	Inventories and trade receivables plus other receivables minus trade payables and other payables
Operating margin:	Operating profit in percent of revenue
Return on equity:	Profit from ordinary activities after tax in percent of average equity
Current ratio:	Current assets in percent of current liabilities
Gross margin:	Gross profit in percent of revenue
Operating profit before special item:	Operating profit before impairments, restructuring cost and other cost not related to ordinary activities
Operating profit:	Operating profit before interest and tax.
Solvency ratio:	Equity at year end in percent of total equity and liabilities at year end

Terms

Sugar confectionery:	Wine gums, liquorice, toffees, sweets etc.
International:	Internal segment. Includes export (except Sweden and Travel Retail)
Travel Retail:	Ferry and airport sales

Board of Directors

Henrik Brandt (Chairman)
President & CEO Royal Unibrew A/S
with subsidiaries
Ferd Holding AS (BM)
Hansa Borg Skandinavisk Holding A/S
with subsidiaries (BM)
Gerda og Victor B. Strands Fond (BM)
Gerda og Victor B. Strand Holding A/S (BM)
Uno Equity ApS

Christian Hother Sørensen
(Vice Chairman)
Executive Vice President,
Scandinavian Tobacco Group A/S
DI's Internationale Markedsudvalg (BM)

Carsten Bennike
(Vice Chairman)
CEO TO BE Holding
K/S Gosport (BM)
CEO CB Consulting
Bon Appetit Group A/S (BM)
BA Foodservice A/S (BM)

Carsten D. Wehrmann
General Manager International
Tchibo GmbH

Mikael Thinghuus
CEO Royal Greenland A/S
Grønt Udviklings- og
Demonstrationsprogram (GUDP) (CH)
Ice Trawl Greenland A/S (BM)
World Ocean Council (BM)

Morten Petersen
CEO Dki group

Søren Svenningsen
Blacksmith (ER)

Lone C. Nielsen
Coordinator Masterdata (ER)

Joan Wind
Factory Employee (ER)

(CH) Chairman
(BM) Board Member
(ER) Employee Representative

Executive Board

Carsten Lyngsø Thomsen
CEO
DI's Fødevareudvalg (BM)

Auditors

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DK-2000 Frederiksberg