Jacobsens Bakery Ltd. A/S

Nilanvej 1, 8722 Hedensted

CVR no. 70 38 67 12

Annual report 2018

Approved at the Company's annual general meeting on 23 May 2019

Chairman:

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Building a better working world

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 Jacobsens Bakery Ltd. A/S for the financial year 1 January - 31 December 2018.

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 2018 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2018.

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.

Hedensted, 14 March 2019
Executive Board:

Jan Engholm Jacobsen

Board of Directors:

Morten Rüdevald
Chairman

Kenneth Skov Eskildsen

Jørn Ankær Thomsen

Torben Lennart Sørensen

Helle Goldberg Liin

Jan Klærke Hansen

Independent auditor's report

To the shareholders of Jacobsens Bakery Ltd. A/S

Opinion

We have audited the financial statements of Jacobsens Bakery Ltd. A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including 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 2018 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2018 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 as to 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 scepticism 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.

Independent auditor's report

- 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 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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 the 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 the work we have performed, 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.

Horsens, 14 March 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Klindt Eilertsen
State Authorised Public Accountant
mne16625

Management's review

Company details

Name	Jacobsens Bakery Ltd. A/S
Address, Postal code, City	Nilanvej 1, 8722 Hedensted
CVR no.	70 38 67 12
Established	22 December 1982
Registered office	Hedensted
Financial year	1 January - 31 December
Telephone	+45 76 75 27 30
Telefax	+45 75 89 05 87
Board of Directors	Morten Rüdevald, Chairman Kenneth Skov Eskildsen Jørn Ankær Thomsen Torben Lennart Sørensen Helle Goldberg Liin Jan Klærke Hansen
Executive Board	Jan Engholm Jacobsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Holmboes Allé 12, 8700 Horsens, Denmark

Management's review

Financial highlights

DKK'000	2018	2017	2016	2015	2014
Key figures					
Gross margin	61,512	59,596	79,916	68,926	55,584
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	21,260	22,265	39,858	33,100	25,984
Profit before interest, tax and amortisation of goodwill (EBITA)	14,067	15,043	29,315	27,366	19,618
Net financials	-2,918	-3,130	-2,797	-3,245	-3,830
Profit/loss for the year	**8,680**	**9,175**	**20,679**	**18,535**	**11,967**
Total assets	176,916	182,182	201,330	202,891	181,177
Equity	**79,162**	**79,218**	**89,450**	**88,573**	**69,487**
Investment in property, plant and equipment	-3,135	-2,683	-12,401	-12,945	-852
Financial ratios					
Return on assets	7.8%	7.8%	14.5%	14.3%	10.8%
Current ratio	160.4%	198.2%	212.5%	244.3%	206.9%
Equity ratio	44.7%	43.5%	44.4%	43.7%	38.4%
Return on equity	11.0%	10.9%	23.2%	23.5%	17.7%
Average number of employees	**92**	**92**	**94**	**83**	**80**

Management's review

Business review

The principal activities of the Company comprise the manufacturing and sale of Danish butter cookies and related products. Sale primarily relates to export markets.

Financial review

Despite glooming forecasts in the beginning of the year 2018 on rawmaterials and exchange rates the result for 2018 came out satisfactory.

Special risks

Foreign currency risks

It is the Company's policy to minimise currency risks to the extent possible by hedging positions in foreign currencies by means of financial instruments, including derivative financial instruments such as forward contracts.

Credit risks

Major orders are hedged by means of export credit insurance via an export credit insurance company.

Impact on the external environment

The Company has conducted an investigation concerning recovery of heat for heating the administration and climatization of the production. The recycle of heat is expected to be implemented in 2019.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The Company will be challenged by Brexit, but despite this the management expects a result for 2019 in line with the 2018 result in regards to both turnover and bottom line.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2018	2017
	Gross margin	61,512	59,596
2	Staff costs	-40,252	-37,331
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-7,193	-7,222
	Profit before net financials	14,067	15,043
	Income from investments in group entities	-18	-96
	Financial income	33	13
3	Financial expenses	-2,951	-3,143
	Profit before tax	11,131	11,817
4	Tax for the year	-2,451	-2,642
	Profit for the year	8,680	9,175

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Fixed assets		
5	**Intangible assets**		
	Acquired intangible assets	253	397
		253	397
6	**Property, plant and equipment**		
	Land and buildings	21,877	22,112
	Plant and machinery	52,228	56,487
	Other fixtures and fittings, tools and equipment	528	808
	Prepayments for property, plant and equipment	860	0
		75,493	79,407
7	**Investments**		
	Investments in group entities, net asset value	1,440	1,388
		1,440	1,388
	Total fixed assets	77,186	81,192
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	16,234	23,075
	Work in progress	787	711
	Finished goods and goods for resale	6,610	6,212
		23,631	29,998
	Receivables		
	Trade receivables	46,668	45,874
	Other receivables	2,374	2,090
8	Prepayments	3,144	2,221
		52,186	50,185
	Cash	23,913	20,807
	Total non-fixed assets	99,730	100,990
	TOTAL ASSETS	176,916	182,182

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	12,500	12,500
	Net revaluation reserve according to the equity method	0	0
	Retained earnings	46,662	57,718
	Dividend proposed for the year	20,000	9,000
	Total equity	79,162	79,218
	Provisions		
	Deferred tax	4,079	3,280
	Total provisions	4,079	3,280
	Liabilities other than provisions		
10	**Non-current liabilities other than provisions**		
	Mortgage debt	11,765	13,568
	Lease liabilities	19,722	35,170
		31,487	48,738
	Current liabilities other than provisions		
10	Current portion of long-term liabilities	17,244	6,442
	Trade payables	17,850	9,854
	Payables to group entities	18,136	23,651
	Other payables	8,958	10,999
		62,188	50,946
	Total liabilities other than provisions	93,675	99,684
	TOTAL EQUITY AND LIABILITIES	176,916	182,182

1 Accounting policies
11 Contractual obligations and contingencies, etc.
12 Collateral
13 Interest rate risks and use of derivative financial instruments
14 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2017	12,500	95	56,855	20,000	89,450
15	Transfer, see "Appropriation of profit"	0	107	69	9,000	9,176
	Exchange adjustment	0	-202	0	0	-202
	Adjustment of hedging instruments at fair value	0	0	794	0	794
	Dividend distributed	0	0	0	-20,000	-20,000
	Equity at 1 January 2018	12,500	0	57,718	9,000	79,218
15	Transfer, see "Appropriation of profit"	0	-70	-11,250	20,000	8,680
	Exchange adjustment	0	70	0	0	70
	Adjustment of hedging instruments at fair value	0	0	194	0	194
	Dividend distributed	0	0	0	-9,000	-9,000
	Equity at 31 December 2018	12,500	0	46,662	20,000	79,162

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2018	2017
	Profit for the year	8,680	9,175
16	Adjustments	12,568	13,090
	Cash generated from operations (operating activities)	21,248	22,265
17	Changes in working capital	5,868	-4,873
	Cash generated from operations (operating activities)	27,116	17,392
	Interest received, etc.	33	13
	Interest paid, etc.	-2,951	-3,143
	Income taxes paid	-2,464	-3,250
	Tax on changes in equity	-56	-223
	Cash flows from operating activities	21,678	10,789
	Additions of property, plant and equipment	-3,135	-2,683
	Sale of property, plant and equipment	12	0
	Cash flows to investing activities	-3,123	-2,683
	Dividends paid	-9,000	-20,000
	Repayments, long-term liabilities	-6,449	-6,363
	Cash flows from financing activities	-15,449	-26,363
	Net cash flow	3,106	-18,257
	Cash and cash equivalents at 1 January	20,807	39,064
18	**Cash and cash equivalents at 31 December**	23,913	20,807

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies**

The annual report of Jacobsens Bakery Ltd. A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements are prepared. The financial statements for Jacobsens Bakery Ltd. A/S and its group entities are part of the consolidated financial statements for Intergoods Ltd. A/S.

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

Reporting currency

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

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 a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged 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 hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Leases

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

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

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 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 transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

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

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

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

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

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

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

Acquired intangible assets	5 years
Buildings	15-50 years
Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	3-12 years

The residual value is 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. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Assets with a cost of less than DKK 25 thousand are expensed in the income statements as minor acquisitions.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

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.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include distribution rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealised intra-group profits and losses.

Subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit.

Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation in equity according to the equity method to the extent that the carrying amount exceeds cost.

Dividend received is deduced from the carrying amount.

Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

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.

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.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Production overheads comprise the indirect cost of material and labour as well as maintenance and amortisation/depreciation of intangible assets and property, plant and equipment used in the production process.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Cash

Cash comprise cash.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

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 paid corporate income tax.

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

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

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2018	2017
2	**Staff costs**		
	Wages/salaries	35,632	32,738
	Pensions	4,027	4,063
	Other social security costs	593	530
		40,252	37,331
	Average number of full-time employees	92	92

Total remuneration to the Executive Board and the Board of Directors: DKK 1,762 thousand (2017: DKK 1,689 thousand).

	DKK'000	2018	2017
3	**Financial expenses**		
	Interest expenses, group entities	632	589
	Other financial expenses	2,319	2,554
		2,951	3,143
4	**Tax for the year**		
	Estimated tax charge for the year	1,652	1,833
	Deferred tax adjustments in the year	799	809
		2,451	2,642

5 **Intangible assets**

DKK'000	Acquired intangible assets
Cost at 1 January 2018	721
Cost at 31 December 2018	721
Impairment losses and amortisation at 1 January 2018	324
Amortisation/depreciation in the year	144
Impairment losses and amortisation at 31 December 2018	468
Carrying amount at 31 December 2018	253

Financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Prepayments for property, plant and equipment	Total
Cost at 1 January 2018	40,419	129,343	25,047	0	194,809
Additions in the year	353	1,740	182	860	3,135
Disposals in the year	0	-1,000	-56	0	-1,056
Cost at 31 December 2018	40,772	130,083	25,173	860	196,888
Impairment losses and depreciation at 1 January 2018	18,307	72,856	24,239	0	115,402
Amortisation/depreciation in the year	588	5,999	462	0	7,049
Reversal of amortisation/depreciation and impairment of disposals	0	-1,000	-56	0	-1,056
Impairment losses and depreciation at 31 December 2018	18,895	77,855	24,645	0	121,395
Carrying amount at 31 December 2018	21,877	52,228	528	860	75,493
Property, plant and equipment include finance leases with a carrying amount totalling	0	34,314	0	0	34,314
Recognised interest	0	680	0	0	

7 Investments

Name	Legal form	Domicile	Interest
Subsidiaries			
Danco Import Inc.	Inc.	New Jersey, USA	100.00%

8 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including lease interest, insurance policies etc.

DKK'000	2018	2017
9 Share capital		
Analysis of the share capital:		
25,000 shares of DKK 500.00 nominal value each	12,500	12,500
	12,500	12,500

Financial statements 1 January - 31 December

Notes to the financial statements

10 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	13,586	1,821	11,765	4,305
Lease liabilities	35,145	15,423	19,722	8,215
	48,731	17,244	31,487	12,520

11 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the other Danish consolidated enterprises. As a consolidated enterprise, together with the other consolidated enterprises included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The jointly taxed enterprises' total known net liabilities to SKAT are stated in the financial statements of the administrative company, New Intergoods Ltd. A/S, CVR No. 38 11 63 98. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc., may entail that the Company's liability will increase.

Other financial obligations

The Company has entered into an agreement on operating leases of one car with a remaining term of 35 months with a total lease liability of DKK 200 thousand.

12 Collateral

Land and buildings with a carrying amount of DKK 21,877 thousand at 31 December 2018 have been provided as collateral for mortgages of DKK 13,586 thousand.

The Company has issued mortgages registered to the owner of DKK 16,865 thousand, secured on land and buildings with a carrying amount of DKK 21,877 thousand at 31 December 2018 have been provided as collateral for bank loans

Plant and machinery with a carrying amount of DKK 34,314 thousand at 31 December 2018; see note 6, are held under finance leases. The finance lease obligation amounted to DKK 35,145 thousand at 31 December 2018.

13 Interest rate risks and use of derivative financial instruments

Interest rate risks

The Company hedges interest rate risks through interest rate swaps whereby floating interest payments are rescheduled into fixed interest payments.

	2017		2018			
DKK'000	Notional principal amount	Fair value	Notional principal amount	Value adjustment recognised in equity	Fair value	Time to maturity
Interest rate swaps	32,142	-2,955	28,724	194	-2,700	months 60-108

Financial statements 1 January - 31 December

Notes to the financial statements

14 Related parties

Jacobsens Bakery Ltd. A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
New Intergoods Ltd. A/S	Nilanvej 1, 8722 Hedensted	Participating interest

Information about consolidated financial statements

Parent	Domicile
New Intergoods Ltd. A/S	Nilanvej 1, 8722 Hedensted

Related party transactions

The Company uses section 98c (7) of the Danish Financial Statements Act.

DKK'000	2018	2017
15 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	20,000	9,000
Net revaluation reserve according to the equity method	-70	107
Retained earnings/accumulated loss	-11,250	68
	8,680	9,175

DKK'000	2018	2017
16 Adjustments		
Amortisation/depreciation and impairment losses	7,193	7,222
Gain/loss on the sale of non-current assets	-12	0
Income from investments in group entities	18	96
Financial income	-33	-13
Financial expenses	2,951	3,143
Tax for the year	2,451	2,642
	12,568	13,090
17 Changes in working capital		
Change in inventories	6,367	-11,963
Change in receivables	-2,001	8,016
Change in trade and other payables	1,502	-926
	5,868	-4,873
18 Cash and cash equivalents at year-end		
Cash according to the balance sheet	23,913	20,807
	23,913	20,807