Jacobsens Bakery Ltd. A/S

Nilanvej 1, 8722 Hedensted

CVR no. 70 38 67 12

Annual report 2016

Approved at the annual general meeting of shareholders on 23 May 2017

Chairman:

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Morten Rüdevald

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 2016.

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

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

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

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

Hedensted, 1 March 2017
Executive Board:

Jan Engholm Jacobsen

Board of Directors:

Morten Rüdevald Chairman	Kenneth Skov Eskildsen	Jørn Ankær Thomsen
Bent Erik Pultz Larsen	Helle Goldberg Liin	Jan Klærke Hansen

Independent auditors' 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 2016, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company operations as well as the 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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditors' report

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

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

Statement on Management's review

Management is responsible for the Management's review.

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

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

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

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

Horsens, 1 March 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Klindt Ellertsen
State Authorised Public Accountant

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 Bent Erik Pultz Larsen 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	2016	2015	2014	2013	2012
Key figures					
Gross margin	79,916	68,926	55,584	59,866	62,490
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)	39,858	33,100	25,984	29,987	31,584
Profit before interest, tax and amortisation of goodwill (EBITA)	29,315	27,366	19,618	25,662	24,246
Net financials	-2,797	-3,245	-3,830	-3,120	-3,502
Profit/loss for the year	**20,679**	**18,535**	**11,967**	**16,931**	**15,145**
Total assets	201,330	202,891	181,177	182,149	133,813
Equity	**89,450**	**88,573**	**69,487**	**65,580**	**47,922**
Investment in property, plant and equipment	-12,401	-12,945	-852	-38,801	-1,678
Financial ratios					
Return on assets	14.5%	14.3%	10.8%	16.2%	19.2%
Current ratio	212.5%	244.3%	206.9%	200.5%	169.5%
Solvency ratio	44.4%	43.7%	38.4%	36.0%	35.8%
Return on equity	23.2%	23.5%	17.7%	29.8%	37.3%
Average number of employees	**94**	**83**	**80**	**78**	**79**

Management's review

Management commentary

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

Management considers the result for the year very satisfactory and much better than expected.

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 the export credit insurance company Hermes.

Impact on the external environment

The Company was in 2016 audited by the statutory energy and climate consultants "SE Rådgivning", who did not find any improvements to be made.

Light sensors installed for automaticly turn on / turn off on lights and compresors.
Led lights installed.

Events after the balance sheet date

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

Outlook

2016 was record high. For 2017 management expects a decrease in the turnover compared to 2016. At the same time major raw materials like Butter & Tins have increased sharply in cost, so unfortunately also a decrease in the bottom line profit for 2017.
So although it will be difficult to match the two previous years, Management have a positive outlook for 2017,

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
	Gross margin	79,916	68,926
2	Staff costs	-40,058	-35,826
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-10,543	-5,734
	Profit before net financials	29,315	27,366
	Income from investments in group entities	-5	-59
	Financial income	12	6
3	Financial expenses	-2,809	-3,251
	Profit before tax	26,513	24,062
4	Tax for the year	-5,834	-5,527
	Profit for the year	20,679	18,535

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Fixed assets		
5	**Intangible assets**		
	Acquired intangible assets	541	681
		541	681
6	**Property, plant and equipment**		
	Land and buildings	20,236	20,214
	Plant and machinery	62,313	51,050
	Other fixtures and fittings, tools and equipment	1,254	1,105
	Property, plant and equipment in progress	0	9,432
		83,803	81,801
7	**Investments**		
	Investments in group entities, net asset value	1,686	1,638
		1,686	1,638
	Total fixed assets	86,030	84,120
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	10,253	8,097
	Work in progress	913	1,318
	Finished goods and goods for resale	6,869	5,436
	Prepayments for goods	0	9,781
		18,035	24,632
	Receivables		
	Trade receivables	52,201	49,909
	Other receivables	4,073	2,099
8	Prepayments	1,927	2,122
		58,201	54,130
	Cash	39,064	40,009
	Total non-fixed assets	115,300	118,771
	TOTAL ASSETS	201,330	202,891

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	12,500	12,500
	Net revaluation reserve according to the equity method	95	47
	Retained earnings	56,855	56,026
	Dividend proposed for the year	20,000	20,000
	Total equity	89,450	88,573
	Provisions		
	Deferred tax	2,471	1,680
	Other provisions	0	2,072
11	**Total provisions**	2,471	3,752
	Liabilities other than provisions		
10	**Non-current liabilities other than provisions**		
	Mortgage debt	15,381	17,217
	Lease liabilities	39,778	44,737
		55,159	61,954
	Current liabilities other than provisions		
10	Current portion of long-term liabilities	6,384	6,105
	Bank debt	0	9,733
	Prepayments received from customers	0	338
	Trade payables	15,470	10,396
	Payables to group entities	14,389	7,144
	Other payables	18,007	14,896
		54,250	48,612
	Total liabilities other than provisions	109,409	110,566
	TOTAL EQUITY AND LIABILITIES	201,330	202,891

1 Accounting policies
12 Contractual obligations and contingencies, etc.
13 Collateral
14 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2015	12,500	0	56,987	0	69,487
15	Profit/loss for the year	0	-59	-1,406	20,000	18,535
	Exchange adjustment	0	106	0	0	106
	Adjustment of hedging instruments at fair value	0	0	445	0	445
	Equity at 1 January 2016	12,500	47	56,026	20,000	88,573
15	Profit/loss for the year	0	-5	684	20,000	20,679
	Exchange adjustment	0	53	0	0	53
	Adjustment of hedging instruments at fair value	0	0	145	0	145
	Dividend distributed	0	0	0	-20,000	-20,000
	Equity at 31 December 2016	12,500	95	56,855	20,000	89,450

Financial statements for the period 1 January - 31 December

Cash flow statement

Note	DKK'000	2016	2015
	Profit for the year	20,679	18,535
16	Adjustments	17,103	16,637
	Cash generated from operations (operating activities)	37,782	35,172
17	Changes in working capital	20,793	-16,578
	Cash generated from operations (operating activities)	58,575	18,594
	Interest received, etc.	12	6
	Interest paid, etc.	-2,809	-3,251
	Income taxes paid	-8,032	-6,113
	Tax on changes in equity	-41	-137
	Cash flows from operating activities	47,705	9,099
	Additions of intangible assets	0	-717
	Additions of property, plant and equipment	-12,401	-12,945
	Acquisition of companies	0	-1,591
	Cash flows to investing activities	-12,401	-15,253
	Dividends paid	-20,000	0
	Proceeds of long-term liabilities	0	10,096
	Repayments, long-term liabilities	-6,516	-5,296
	Cash flows from financing activities	-26,516	4,800
	Net cash flow	8,788	-1,354
	Cash and cash equivalents at 1 January	30,276	31,630
18	**Cash and cash equivalents at 31 December**	39,064	30,276

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 **Accounting policies**

The annual report of Jacobsens Bakery Ltd. A/S for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class C enterprises.

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.

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 for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when 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 or losses on the sale of non-current 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.

Depreciation

The item comprises depreciation of property, plant and equipment.

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

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

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 for the period 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Income from investments in group entities

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

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 Company and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income).

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 for the period 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.

Impairment of non-current 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 for the period 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 and cash equivalents

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

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 for the period 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 on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

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

Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
2 Staff costs		
Wages/salaries	35,653	32,104
Pensions	3,849	3,231
Other social security costs	556	491
	40,058	35,826
Average number of full-time employees	94	83

Total remuneration to the Executive Board and the Board of Directors: DKK 2,482 thousand (2015: DKK 2,174 thousand).

DKK'000	2016	2015
3 Financial expenses		
Interest expenses, group entities	0	225
Other financial expenses	2,809	3,026
	2,809	3,251
4 Tax for the year		
Estimated tax charge for the year	5,043	5,863
Deferred tax adjustments in the year	791	-336
	5,834	5,527

5 **Intangible assets**

DKK'000	Acquired intangible assets
Cost at 1 January 2016	717
Additions in the year	4
Cost at 31 December 2016	721
Impairment losses and amortisation at 1 January 2016	36
Amortisation/depreciation in the year	144
Impairment losses and amortisation at 31 December 2016	180
Carrying amount at 31 December 2016	541

Financial statements for the period 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	Property, plant and equipment in progress	Total
Cost at 1 January 2016	37,459	108,662	24,172	9,432	179,725
Additions in the year	531	0	312	11,558	12,401
Transfer from other accounts	0	20,550	440	-20,990	0
Cost at 31 December 2016	37,990	129,212	24,924	0	192,126
Impairment losses and depreciation at 1 January 2016	17,245	57,612	23,067	0	97,924
Impairment losses in the year	0	4,186	0	0	4,186
Amortisation/depreciation in the year	509	5,119	585	0	6,213
Transferred	0	-18	18	0	0
Impairment losses and depreciation at 31 December 2016	17,754	66,899	23,670	0	108,323
Carrying amount at 31 December 2016	20,236	62,313	1,254	0	83,803
Property, plant and equipment include finance leases with a carrying amount totalling	0	42,729	0	0	42,729
Recognised interest	0	883	0	0	

7 **Investments**

Subsidiaries	Legal form	Domicile	Interest
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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
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

10 Long-term liabilities

DKK'000	Total debt at 31/12 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	17,172	1,791	15,381	8,140
Lease liabilities	44,372	4,594	39,778	14,005
	61,544	6,385	55,159	22,145

11 Provisions

Other provisions comprise provisions for warranty commitments and lawsuit liability, totalling DKK 0 thousand (2015: DKK 2,072 thousand).

12 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 truck with a remaining term of 5 months with a total lease liability of DKK 17 thousand.

13 Collateral

Land and buildings with a carrying amount of DKK 20,236 thousand at 31 December 2016 have been provided as collateral for mortgages of DKK 17,172 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 20,236 thousand at 31 December 2016 have been provided as collateral for bank loans

Plant and machinery with a carrying amount of DKK 42,729 thousand at 31 December 2016; see note 6, are held under finance leases. The finance lease obligation amounted to DKK 44,372 thousand at 31 December 2016.

Financial statements for the period 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	Requisitioning of the parent company's consolidated financial statements
New Intergoods Ltd. A/S	Nilanvej 1, 8722 Hedensted	Participating interest

Related party transactions

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

DKK'000	2016	2015
15 **Appropriation of profit/loss**		
Recommended appropriation of profit		
Proposed dividend recognised under equity	20,000	20,000
Net revaluation reserve according to the equity method	-5	-59
Retained earnings/accumulated loss	684	-1,406
	20,679	18,535

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2016	2015
16 Adjustments		
Amortisation/depreciation and impairment losses	10,543	5,734
Provisions	-2,072	2,072
Income from investments in group entities	5	59
Financial income	-12	-6
Financial expenses	2,805	3,251
Tax for the year	5,834	5,527
	17,103	16,637
17 Changes in working capital		
Change in inventories	6,597	-5,575
Change in receivables	-4,071	-3,432
Change in trade and other payables	18,267	-7,571
	20,793	-16,578
18 Cash and cash equivalents at year-end		
Cash according to the balance sheet	39,064	40,009
Short-term debt to banks	0	-9,733
	39,064	30,276