

Daloon A/S  
Annual report 2015

The annual report has been presented and approved at the  
Company's annual general meeting at 26 May 2016

Chairman:



Ronald van den Hoorn

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## 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 Daloon A/S 1 January - 31 December 2015 for the financial year.

The annual report has been prepared in accordance with 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 Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015.

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

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

Nyborg, den 26 May 2016  
Executive Board:

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Peder Christian Andersen

Board of Directors:

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Kamiel Karel Steendijk  
Chairman

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Carlos Cornelis Maria  
Musters

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Peder Christian Andersen

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Lene Kronborg Markussen

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Jan Bøgelund

## Independent auditors' reports

To the shareholders of Daloon A/S

### Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Daloon A/S for the financial year 1 January – 31 December 2015, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies for the Group and the parent company as well as the consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

#### *Management's responsibility 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. Management is also responsible for such internal control that 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.

#### *Auditors' responsibility*

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

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

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

Our audit has not resulted in any qualification.

#### *Opinion*

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

## Independent auditors' reports

### Statement on the Management's review

In accordance with the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, we believe that the disclosures in the Management commentary are consistent with the consolidated financial statements and the parent company financial statements.

Odense, 26 May 2016

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR-nr. 30 70 02 28

Lars Koch-Pedersen

State Authorised Public Accountant

## Management's review

### Company details

Name	Daloon A/S
Address, P.O. Box, city	Delfinvej 3, 5800 Nyborg
CVR no.	30 07 86 16
Established	Daloon was established in 1960 (A/S established 23 March 1970)
Registered office	Nyborg
Financial year	1 January – 31 December
Website	<a href="http://www.daloon.dk">www.daloon.dk</a>
Telephone	6331 6331
Board of Directors	Kamiel Karel Steendijk, Chairman Carlos Cornelis Maria Musters Peder Christian Andersen Lene Kronborg Markussen Jan Bøgelund
Executive Board	Peder Christian Andersen
Audit	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25 DK-5000 Odense C

## Management's review

### Financial highlights for the Group

DKK'000	2015	2014	2013	2012	2011
<b>Key figures</b>					
Revenue	296,171	245,055	241,224	269,952	279,274
Ordinary operating profit/loss	9,707	-1,321	-8,211	-3,570	5,117
Profit/loss from financial income and expenses	-1,708	-2,130	4,823	-852	-574
<b>Profit for the year</b>	<b>6,029</b>	<b>-3,093</b>	<b>-3,197</b>	<b>-3,671</b>	<b>4,270</b>
Non-current assets	33,038	37,501	45,786	59,370	68,240
Current assets	111,159	106,849	108,065	149,987	152,100
<b>Total assets</b>	<b>144,197</b>	<b>144,350</b>	<b>153,851</b>	<b>209,357</b>	<b>220,340</b>
Share capital	2,767	2,767	2,767	2,767	2,767
<b>Equity</b>	<b>45,939</b>	<b>37,179</b>	<b>37,023</b>	<b>82,665</b>	<b>90,880</b>
Non-current liabilities	23,375	50,785	64,739	69,166	78,421
Current liabilities	74,883	56,386	52,089	57,526	51,039
Investments in property, plant and equipment for the year	4,037	4,137	1,197	6,190	8,453
<b>Financial ratios</b>					
Operating margin	3.3%	-0.5%	-3.4%	-1.3%	1.8%
Equity ratio	31.9%	25.8%	24.1%	39.5%	41.2%
Return on equity	14.5%	-8.3%	-5.3%	-4.2%	-4.5%
<b>Average number of employees</b>	<b>190</b>	<b>177</b>	<b>180</b>	<b>215</b>	<b>241</b>

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

## Management's review

### Business review

#### Consolidated financial statements and parent company financial statements

Management believes that all material information for evaluating the Group's and the parent company's financial position, results for the year and the financial development is provided in the consolidated financial statements and the parent company's financial statements.

No events have occurred after the balance sheet date that have a significant influence on the assessment of the consolidated financial statements and the parent company's financial statements.

#### Principal activity of the Group

As in previous years, the Group's principal activity is to manufacture and sell deep-frozen convenience food. Production and sale are handled by the parent company and the UK subsidiary.

The Group's products are primarily sold on the European markets.

#### Vision and strategy

Our vision is:

**Daloon is the preferred supplier to the European markets  
of convenience snack products.**

The most important strategic goal is to fulfil our customers' needs to the widest extent possible which we ensure by adjusting the product range on an ongoing basis and by optimising the production facilities and our organisation.

#### Financial statements 2015

The fundamental parameters of the Company are unchanged from last year. Stagnant private consumption puts a strain on earnings at the retail level which again puts a strain on the price level at the manufacturing level. This trend applies to all principal markets of the Company.

However, the Company succeeded in increasing revenue in Great Britain by 40% which is one of the three most important markets for the Company. The increase is considerable higher than expected. The increase is explained by the continued success of the family of vegetable products - products which the British retail customers have gladly accepted. Sale of these products also increased on the other markets. Manufacturing primarily takes place at the facilities in the UK for which investments in a capacity increase were made during the year under review.

The development in prices and volume was stable at the other markets.

Total revenue increased by almost 21% compared with 2014.

The profit for the year of DKK 6.0 million is considered satisfactory.

#### Research and development activities

As in previous years, product development was directed at adjusting the existing assortment to the individual markets' changing demands.

As to the Scandinavian and German markets, development continued in the same direction as in the past few years.

As to the UK market, in particular the newly developed breaded vegetables improved the enterprise's market situation.



#### **Investments**

No major capital expenditure was made in the year under review.

#### **Capital resources**

Daloon A/S is wholly owned by HV Invest ApS during 2015.

After the year-end closing, HV Invest ApS sold its shares in Daloon A/S to Ignio Holding B.V., the Netherlands.

The Company is financially secure and is expected to have enough funds to finance future investments. In 2015, the equity ratio was 31.9%.

#### **Environment**

Daloon A/S is environmentally conscious and constantly strives at reducing its environmental impact from its operations.

According to its environmental policy, the Company is continuously working on reducing the use of resources in all levels of the manufacturing process, and monitors energy and water consumption as well as the discharge of waste water. Product waste is reduced to the extent possible and waste disposal is made in an environmentally safe manner. Environmental considerations and sustainability are also part of Management's considerations upon vendor selection.

#### **Outlook**

The current management is convinced that the product range, the general sales price level and the Company's way of cultivating its markets are in line with market and consumer expectations.

In coming years, Management expects to enjoy moderate growth within the Scandinavian markets and the German market. Competitive conditions are still characterised by cost conscience development and marketing of new product concepts on the Western European markets, and therefore, the Company will further focus on adjusting the existing product range to changing consumer requirements.

However, the breaded vegetable products, which have been developed for the British market, have opened up for an entirely new product category from which we have great expectations.

In the coming years, we will cultivate all our existing European markets and the new product category.

The Company works on further streamlining the supply chain as well as optimizing the production facilities and production processes to maintain and increase earnings. Moreover, recipes are adjusted to ensure optimum utilisation of produce and energy consumption.

The Group's revenue for 2016 is expected to increase by 4 – 5 % compared with 2015, and profit for 2016 is expected to account for DKK 7-9 million.

The level of investments is expected to increase during 2016.

#### **General risks**

The enterprise strives at having the best possible dialogue with its customers and suppliers on the development of products and terms of trading to counter the risk attached to the relative strength in the value chain.

Despite considerable fluctuations in produce and factor prices, the Company is not particularly sensitive to price fluctuations on the individual produce due to the wide range of produce used for its production.

**Currency risks**

Foreign exchange fluctuations had only limited impact on the Company's operations, income statement and balance sheet in 2015.

Purchases of produce are to some extent made in USD.

Foreign currencies are not hedged.

At the balance sheet date, there were no future contracts.

## Accounting policies

The annual report of Daloon A/S for 2015 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

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

### 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 value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

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 earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

### Consolidated financial statements

The consolidated financial statements comprise the parent, Daloon A/S, and subsidiaries in which Daloon A/S – directly or indirectly – holds more than 50 % of the voting rights or otherwise has a controlling interest.

On consolidation, intra-group income and expenses, 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 and liabilities at the acquisition date.

### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Exchange differences arising between exchange rates at the transaction date and at the date of payment are recognised in the income statement.

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

Non-current assets acquired in foreign currencies are translated at the exchange rate at the date of acquisition.

Foreign subsidiaries are considered separate entities. On the recognition of foreign subsidiaries, the income statements are translated at the average exchange rates for the year, and the balance sheet items are translated at the exchange rates at the balance sheet date. Currency translation differences arise when

translating foreign subsidiaries' equity at the beginning of the year using the closing rate and when translating income statements from average exchange rates using the closing rate are recognised directly in equity.

## Income statement

### Revenue

Revenue is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before the end of the year and that the income can be reliably measured and is expected to be received. Revenue is measured ex VAT, taxes and discounts and variable reductions in relation to the sale.

### Profit in group enterprises

The proportionate share of the results after tax of the group enterprises is recognised in the parent company's income statement after elimination of the proportionate share 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, etc.

### Tax on profit from ordinary activities

The Company is subject to the Danish rules on compulsory joint taxation of the HV Holding Group's Danish companies. Subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

HV Holding ApS is the administrative company under the joint taxation and accordingly pays all corporation taxes to the tax authorities.

The current Danish income tax charge is allocated by settling the joint taxation contributions between the jointly taxed entities in proportion to their taxable income. Companies with a tax loss receive joint taxation contributions from companies that have been able to apply the loss to reduce their own taxable income.

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

### Tangible assets

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, sub-suppliers and wages.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	up to 25 years
Plant and machinery	5-10 years

Fixtures and fittings, other plant and equipment 3-10 years

Vehicles are included in plant and depreciated over four years.

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

#### **Leases**

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

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

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

#### **Investments**

Investments in group enterprises are measured according to the equity method.

Investments in group enterprises are measured at the proportionate share of the enterprises' net asset values, adjusted for non-amortised goodwill and minus or plus unrealised intra-group profits and losses.

Investments in group enterprises 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 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 group enterprises is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost.

#### **Impairment losses**

The carrying amount of property, plant and equipment and investments is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is evidence of impairment. An impairment write-down is made to the lower of the recoverable amount and the carrying amount. The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net income from the use of the asset or group of assets.

#### **Inventories**

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables as well as packaging are measured at cost.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production overheads. Production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised.

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.

**Other receivables**

Receivables are measured at amortised cost. Write-down is made for bad debt losses after an individual assessment of receivables.

**Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years.

**Other securities and investments**

Listed securities and investments recognised under current assets are measured at fair value at the balance sheet date.

**Equity – dividends**

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is shown as a separate item in equity.

**Corporate income tax and deferred tax**

In accordance with the joint taxation rules, the subsidiaries' liabilities to the tax authorities regarding their corporation taxes are settled as payment of joint taxation contributions to the administrative company is made.

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 statement of financial position liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. 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 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.

Deferred tax is measured according to 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.

No deferred tax is incumbent on investments in subsidiaries as tax thereon, according to the tax rules in force, forfeits three years after the acquisition of the investment.

**Liabilities**

Amounts owed to mortgage credit institutions and banks are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the 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.

Other liabilities other than provisions comprising trade payables and other payables are measured at net realisable value.

#### Prepayments

Deferred income comprises payments received concerning income in subsequent years.

#### Cash flow statement

The cash flow statement shows the Group'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 Group'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 for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

#### Cash flows from investing activities

Cash flows from investing 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 changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

#### 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".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Net profit margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total equity and liabilities at 31 December}}$
Return on equity	$\frac{\text{Profit/loss on ordinary activities after tax} \times 100}{\text{Average equity}}$

## Consolidated financial statements and parent company financial statements 1 January 31 December

### Income statement

Note	DKK'000	Consolidated		Parent Company	
		2015	2014	2015	2014
1	<b>Revenue</b>	296,171	245,055	172,508	173,760
	Changes in inventories of finished goods	-2,808	-35	118	-1,587
	Raw material and packaging, etc.	-127,773	-100,036	-76,518	-72,702
	Other external costs	-77,375	-71,552	-49,021	-49,464
2	Staff costs	-69,387	-61,907	-37,429	-36,821
7	Depreciation on property, plant and equipment and impairment losses	-9,121	-12,846	-5,793	-8,985
	<b>Operating profit/loss</b>	<b>9,707</b>	<b>-1,321</b>	<b>3,865</b>	<b>4,201</b>
3	Income after tax from investments in group enterprises	0	0	4,761	-4,603
4	Financial income	8	89	0	113
5	Financial expenses	-1,716	-2,219	-1,940	-2,393
	<b>Profit/loss before tax</b>	<b>7,999</b>	<b>-3,451</b>	<b>6,686</b>	<b>-2,682</b>
6	Tax on profit/loss for the year	-1,970	358	-657	-411
	<b>Profit for the year</b>	<b>6,029</b>	<b>-3,093</b>	<b>6,029</b>	<b>-3,093</b>
<b>Proposed distribution of profit</b>					
	Proposed dividends			0	0
	Reserve for net revaluation according to the equity method			4,761	-4,603
	Retained earnings			1,268	1,510
				<b>6,029</b>	<b>-3,093</b>



**Consolidated financial statements and parent company financial statements**  
**1 January - 31 December**
**Balance sheet**

Note	DKK'000	Consolidated		Parent Company	
		2015	2014	2015	2014
		<b>ASSETS</b>			
		<b>Non-current assets</b>			
7	Property, plant and equipment				
	Land and buildings	20,545	24,329	14,237	17,835
	Plant and machinery	10,693	11,609	3,653	4,825
	Fixtures and fittings, other plant and equipment	1,800	1,563	538	660
		<u>33,038</u>	<u>37,501</u>	<u>18,428</u>	<u>23,320</u>
	<b>Investments</b>				
3	Investments in group enterprises	0	0	53,643	46,151
	<b>Total non-current assets</b>	<u>33,038</u>	<u>37,501</u>	<u>72,071</u>	<u>69,471</u>
	<b>Current assets</b>				
	<b>Inventories</b>				
	Raw material and packaging	8,686	9,363	5,157	5,484
	Finished goods and goods for resale	19,359	21,312	8,969	8,851
	Prepayments for goods	28	0	28	0
		<u>28,073</u>	<u>30,675</u>	<u>14,154</u>	<u>14,335</u>
	<b>Receivables</b>				
	Trade receivables	57,651	44,473	28,617	24,935
	Corporation tax receivable	3,317	511	3,191	376
	Other receivables	1,372	2,109	628	1,581
	Deferred tax asset	12,855	18,021	12,954	16,801
8	Prepayments	979	1,147	80	273
		<u>76,174</u>	<u>66,261</u>	<u>45,470</u>	<u>43,966</u>
	<b>Securities</b>	0	105	0	105
	<b>Cash at bank and in hand</b>	<u>6,912</u>	<u>9,808</u>	<u>2,788</u>	<u>4,820</u>
	<b>Total current assets</b>	<u>111,159</u>	<u>106,849</u>	<u>62,410</u>	<u>63,226</u>
	<b>TOTAL ASSETS</b>	<u>144,197</u>	<u>144,350</u>	<u>134,481</u>	<u>132,697</u>

**Consolidated financial statements and parent company financial statements**  
**1 January - 31 December**

**Balance sheet**

Note	DKK'000	Consolidated		Parent Company	
		2015	2014	2015	2014
		<b>EQUITY AND LIABILITIES</b>			
9	<b>Equity</b>				
	Share capital	2,767	2,767	2,767	2,767
	Reserve for net revaluation according to the equity method	0	0	7,492	0
	Additional reserve fund	43,172	34,412	35,680	34,412
	<b>Total equity</b>	<b>45,939</b>	<b>37,179</b>	<b>45,939</b>	<b>37,179</b>
	<b>Liabilities</b>				
10	<b>Non-current liabilities</b>				
	Mortgage credit institutions	23,349	25,737	23,349	25,737
	Lease obligations	26	48	0	0
	Other debt	0	25,000	0	25,000
		23,375	50,785	23,349	50,737
	<b>Current liabilities</b>				
10	Current portion of non-current liabilities	37,415	20,315	37,391	20,295
	Trade payables	32,731	29,796	16,446	17,130
11	Payables to group enterprises	0	1,572	7,324	3,293
	Other payables	4,737	4,703	4,032	4,063
		74,883	56,386	65,193	44,781
	<b>Total liabilities</b>	<b>98,258</b>	<b>107,171</b>	<b>88,542</b>	<b>95,518</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>144,197</b>	<b>144,350</b>	<b>134,481</b>	<b>132,697</b>
12	Contingencies				
13	Mortgages and collateral				

## Consolidated cash flow statement

DKK'000	2015	2014
<b>Operating activities</b>		
Profit before tax	7,999	-3,451
Foreign exchange adjustments	159	733
Depreciation	9,121	12,846
	17,279	10,128
Corporation tax paid	490	-959
Change in current liabilities	2,135	2,046
Change in inventories	3,651	-335
Change in receivables	-10,959	-883
<b>Cash flows from operating activities</b>	<b>12,596</b>	<b>9,997</b>
<b>Financing activities</b>		
Change in non-current liabilities	-27,412	-13,959
Change in current liabilities	17,098	1,701
Changes in loans to group enterprises	-1,572	833
Disposal of securities	105	180
<b>Cash flows from financing activities</b>	<b>-11,781</b>	<b>-11,245</b>
<b>Investing activities</b>		
Investments in buildings and operating equipment	-4,037	-4,137
Sale of buildings and operating equipment	326	423
<b>Cash flows from investing activities</b>	<b>-3,711</b>	<b>-3,714</b>
<b>Cash flows for the year</b>	<b>-2,896</b>	<b>-4,962</b>
Cash and cash equivalents at 1 January	9,808	14,770
<b>Cash and cash equivalents at 31 December</b>	<b>6,912</b>	<b>9,808</b>

The cash flow statement cannot be directly derived from the other components of the consolidated and parent company financial statements.

**Consolidated financial statements and parent company financial statements  
1 January - 31 December**

**Notes**

**1 Segment information**

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
Sale of goods, Denmark	58,745	60,427	58,745	60,427
Sale of goods, abroad	237,426	184,628	113,763	113,333
	<u>296,171</u>	<u>245,055</u>	<u>172,508</u>	<u>173,760</u>

The Group's only principal activity comprises the manufacturing and sale of deep-frozen convenience food to the European market.

**2 Staff costs**

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
Wages and salaries	62,103	55,195	33,852	33,215
Pensions	3,755	3,510	2,519	2,498
Other social security costs	3,529	3,202	1,058	1,108
	<u>69,387</u>	<u>61,907</u>	<u>37,429</u>	<u>36,821</u>
Hereof fee to the parent company's management	2,087	2,027	2,087	2,027
	<u>2,087</u>	<u>2,027</u>	<u>2,087</u>	<u>2,027</u>
Average number of employees	190	177	89	89
	<u>190</u>	<u>177</u>	<u>89</u>	<u>89</u>

### 3 Investments in subsidiaries

DKK'000	Parent company	
	2015	2014
Carrying amount at 1 January 2015	46,151	55,984
Foreign exchange adjustment of opening equity at closing rates in foreign subsidiaries	2,809	3,381
Profit for the year before tax	6,086	-5,264
Tax on profit /loss for the year	-1,314	769
Foreign exchange adjustment of subsidiary results at closing rates	-77	-132
Changes in intra-group profit on inventories	-12	-108
Dividend, Daloon Foods (UK) Ltd.	0	-4,757
Dividend, Daloon Lebensmittel GmbH	0	-3,722
Adjustment at 31 December 2015	7,492	-9,833
<b>Carrying amount at 31 December 2015</b>	<b>53,643</b>	<b>46,151</b>

100% ownership interest

	Share capital	Equity	Profit before tax:	Profit after tax
	(GBP'000)	DKK'000	DKK'000	DKK'000
Daloon Foods (UK) Ltd.	(GBP'000)	52,135	6,016	4,713
Daloon Lebensmittel GmbH	(EUR'000)	1,904	70	60
<b>Total</b>		<b>54,038</b>	<b>6,086</b>	<b>4,773</b>
Intra-group profit on inventories at 31 December 2015		-396	0	0
Changes in intra-group profit		0	-12	-12
		<b>53,643</b>	<b>6,075</b>	<b>4,761</b>

Daloon Lebensmittel GmbH is a dormant company.

#### Income after tax from investments in group enterprises

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
Profit from subsidiaries	0	0	4,761	-4,603
	0	0	4,761	-4,603

**4 Financial income**

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
Interest income from group enterprises	0	0	0	27
Other financial income	8	89	0	86
	<u>8</u>	<u>89</u>	<u>0</u>	<u>113</u>

**5 Financial expenses**

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
Interest expenses, group enterprises	27	14	257	195
Other financial expenses	1,689	2,205	1,683	2,198
	<u>1,716</u>	<u>2,219</u>	<u>1,940</u>	<u>2,393</u>

**6 Corporation tax**

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
Tax on taxable income for the year	10	26	0	0
Joint taxation contribution	-3,191	-376	-3,191	-376
Adjustment to tax relating to previous years	-116	0	0	0
Adjustment for the year of deferred tax	5,267	-8	3,356	787
Adjustment of deferred tax due to reduction in corporation tax rate	0	0	492	0
	<u>1,970</u>	<u>-358</u>	<u>657</u>	<u>411</u>
Danish tax paid for the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

## 7 Property, plant and equipment

DKK'000	Consolidated				Total
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	
<b>Cost at 1 January 2015</b>	167,913	229,816	9,872	0	407,601
Foreign exchange adjustment	3,119	5,467	393	0	8,979
Additions for the year	0	2,859	1,178	0	4,037
Disposals for the year	0	-71	-1,071	0	-1,142
Transfers for the year from other items	0	0	0	0	0
<b>Cost at 31 December 2015</b>	171,032	238,071	10,372	0	419,475
Depreciation and impairment losses at 1 January 2015	143,584	218,207	8,309	0	370,100
Foreign exchange adjustment	2,711	5,042	336	0	8,089
Disposals for the year	0	-51	-986	0	-1,037
Depreciation for the year	4,201	4,222	761	0	9,184
Impairment losses for the year	0	0	160	0	160
Depreciation for the year on as assets sold	0	0	0	0	0
Foreign exchange adjustments of deprec. for the year	-10	-41	-8	0	-59
Depreciation and impairment losses at 31 December 2015	150,486	227,379	8,572	0	386,437
<b>Carrying amount at 31 December 2015</b>	20,545	10,693	1,800	0	33,038
Gain/loss on the disposal of non-current assets	0	0	-221	0	-221

**7 Property, plant and equipment (continued)**

DKK'000	Parent company				Total
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	
Cost at 1 January 2015	118,199	130,362	3,607	0	252,168
Additions for the year	0	624	389	0	1,013
Disposals for the year	0	-71	-308	0	-379
Transfers for the year from other items	0	0	0	0	0
<b>Cost at 31 December 2015</b>	<b>118,199</b>	<b>130,915</b>	<b>3,688</b>	<b>0</b>	<b>252,802</b>
Depreciation and impairment losses at 1 January 2015	100,363	125,537	2,948	0	228,848
Disposals for the year	0	-50	-252	0	-302
Depreciation for the year	3,599	1,775	295	0	5,669
Impairment losses for the year	0	0	159	0	159
Depreciation for the year on as assets sold	0	0	0	0	0
<b>Depreciation and impairment losses at 31 December 2015</b>	<b>103,962</b>	<b>127,262</b>	<b>3,150</b>	<b>0</b>	<b>234,374</b>
<b>Carrying amount at 31 December 2015</b>	<b>14,237</b>	<b>3,653</b>	<b>538</b>	<b>0</b>	<b>18,428</b>
Gain/loss on the disposal of non-current assets	0	0	-36	0	-36

DKK'000	Consolidated		Parent Company	
	2015	2014	2015	2014
Buildings	4,201	4,950	3,599	3,606
Plant and machinery	4,222	7,274	1,775	5,126
Fixtures and fittings, other plant and equipment	921	673	455	253
Loss/gain on disposals	-223	-51	-36	0
<b>Total depreciation and impairment losses</b>	<b>9,121</b>	<b>12,846</b>	<b>5,793</b>	<b>8,985</b>

**8 Prepayments**

The item relates to prepayments regarding 2016

**9 Equity**

DKK'000	Consolidated		Parent Company	
	2015	2014	2015	2014
Equity at 1 January 2015	37,179	37,023	37,179	37,023
Foreign exchange adjustments relating to foreign subsidiaries	2,731	3,249	2,731	3,249
Profit for the year	6,029	-3,093	6,029	-3,093
Distributed dividends	0	0	0	0
Proposed dividends	0	0	0	0
<b>Equity at 31 December 2015</b>	<b>45,939</b>	<b>37,179</b>	<b>45,939</b>	<b>37,179</b>



## 9 Equity (continued)

The share capital comprises:

2,740 A shares of DKK 1,000 each

27 B shares of DKK 1,000 each

The share capital has remained unchanged for the years 2010-2015.

DKK'000

**Share capital at 1 January 2015**

Share capital at 1 January 2015	2,767	2,767	2,767	2,767
Share capital at 31 December 2015	2,767	2,767	2,767	2,767

DKK'000

**Reserve for net revaluation****according to the equity method**

Reserve at 1 January 2015	0	0	0	4,171
Foreign exchange adjustment of opening equity at closing rates in foreign subsidiaries	0	0	2,809	3,381
Foreign exchange adjustment of subsidiary results at closing rates	0	0	-78	-132
Retained earnings	0	0	4,761	-4,603
Dividends distributed in group enterprises	0	0	0	-8,479
Negative net revaluation reserve according to the equity method transferred to additional reserve fund	0	0	0	5,662
Reserve at 31 December 2015	0	0	7,492	0

**Additional reserve fund**

Additional reserve fund at 1 January 2015	34,412	34,256	34,412	30,085
Foreign exchange adjustment of opening equity at closing rates in foreign subsidiaries	2,809	3,381	0	0
Foreign exchange adjustment of subsidiary results at closing rates	-79	-132	0	0
Transferred from profit appropriation	6,030	-3,093	1,268	1,510
Dividends from group enterprises	0	0	0	8,479
Transferred to negative reserve for net revaluation according to the equity method	0	0	0	-5,662
Additional reserve fund at 31 December 2015	43,172	34,412	35,680	34,412

Proposed dividends at 1 January 2015	0	0	0	0
Distributed dividends	0	0	0	0
Transferred from profit appropriation	0	0	0	0
Proposed dividends at 31 December 2015	0	0	0	0
Total equity	45,939	37,179	45,939	37,179

## 10 Mortgage loans and bank loans, etc.

DKK'000	Consolidated		Parent Company	
	2015	2014	2015	2014
<b>Total liabilities at 31 December 2015</b>				
Mortgage credit institutions	25,793	28,165	25,794	28,165
Bank loans	9,946	12,867	9,946	12,867
Other payables	25,000	30,000	25,000	30,000
Lease obligations	51	68	0	0
	<u>60,790</u>	<u>71,100</u>	<u>60,740</u>	<u>71,032</u>
<b>Repayment, first year</b>				
Mortgage credit institutions	2,444	2,428	2,444	2,428
Bank loans	9,946	12,867	9,946	12,867
Other payables	25,000	5,000	25,000	5,000
Lease obligations	24	20	0	0
	<u>37,415</u>	<u>20,315</u>	<u>37,391</u>	<u>20,295</u>
<b>Outstanding debt after 5 years</b>				
Mortgage credit institutions	14,371	16,338	14,371	16,338

## 11 Amounts owed to group enterprises

DKK'000	Consolidated		Parent company	
	2015	2014	2015	2014
Daloon Lebensmittel GmbH	0	0	1,795	1,721
Daloon Foods (UK) Ltd.	0	0	5,530	0
HV Invest ApS	0	1,572	0	1,572
	<u>0</u>	<u>1,572</u>	<u>7,324</u>	<u>3,293</u>

## 12 Contingent liabilities

### Operating leases

The parent company has entered into rent agreements and operating leases with an average yearly payment of DKK 156 thousand (2014: DKK 156 thousand). The remaining payment totalled DKK 295 thousand at 31 December 2015 (2014: DKK 441 thousand).

### Liabilities regarding raw materials

The parent company has entered into binding agreements with suppliers on the acquisition of raw materials in 2016 for DKK 8,740 thousand (2015: DKK 8,523 thousand).

Daloon Foods (UK) has entered into binding agreements with suppliers on the acquisition of raw materials in 2016 for DKK 13,006 thousand (2015: DKK 8,703 thousand).

### Joint taxation liability

Daloon A/S is jointly taxed with the other Danish group companies in the HV Holding ApS Group. 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 companies' total known net liability in respect of corporation taxes and withholding taxes, interest and royalties amounted to DKK 0 thousand at 31 December 2015. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes may entail that the Company's liability will increase.

### 13 Mortgages and collateral

The debt to mortgage credit institutions recognised in the parent company's balance sheet has been secured by mortgage in the Company's property in Nyborg.

An owner's mortgage of a nominal amount of DKK 20,017 thousand has been provided as collateral for the Company's balance with credit institution secured on the Company's property.

The carrying amount of the Company's land and buildings totalled DKK 14,237 thousand at 31 December 2015.

A company charge of DKK 10,000 thousand has been provided as collateral for the Company's balance with credit institutions. The company charge comprises unsecured claims relating to the sale of goods and services as well as inventories at a carrying amount of DKK 42,771 thousand at 31 December 2015.

Moreover, a letter of indemnity of DKK 75,000 thousand has been registered on the Company's property and is held as deposit with the bank.

Daloon A/S has issued an absolute guarantee for Easyfood A/S' credit facilities with Nordea Bank totalling DKK 43,000 thousand.

At 31 December 2015, Easyfood A/S' balance with Nordea Bank totalled DKK 31,743 thousand.

#### **Related parties and parties exercising control**

Daloon A/S' related parties are HV Invest ApS and HV Holding ApS, Haugstedgårdsvej 3, 5230 Odense M.

HV Invest ApS holds the entire share capital in Daloon A/S. HV Holding ApS, which is owned by Hemming Van, Odense, exercises controlling interest in HV Invest ApS

Daloon A/S is included in the consolidated financial statements of HV Holding ApS.