

**Haarslev Group A/S  
Central Business Registration No  
33968981**

**Annual report 2014**

The Annual General Meeting adopted the annual report on 29.05.2015

**Chairman of the General Meeting**

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Name: Claus Østergaard

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## **Entity details**

### **Entity**

Haarslev Group A/S  
Bogensevej 85  
DK-5471 Søndersø

Central Business Registration No: 33968981

Registered in: Nordfyn

Financial year: 01.01.2014 - 31.12.2014

### **Board of Directors**

Søren Johansen, Chairman

Jan Olsen, Vice-chairman

Claus Østergaard

Leif Østergaard

Peter Bason

Bengt Maunsbach

Ola Erics

Thomas Kvorning

### **Executive Board**

Claus Østergaard

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Haarslev Group A/S for the financial year 01.01.2014 - 31.12.2014.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2014 and of the results of its operations for the financial year 01.01.2014 - 31.12.2014.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Søndersø, 29.04.2015

### Executive Board

Claus Østergaard

### Board of Directors

Søren Johansen  
Chairman

Jan Olsen  
Vice-chairman

Claus Østergaard

Leif Østergaard

Peter Bason

Bengt Maunsbach

Ola Erici

Thomas Kvorning

## **Independent auditor's reports**

### **To the owner of Haarslev Group A/S**

#### **Report on the financial statements**

We have audited the financial statements of Haarslev Group A/S for the financial year 01.01.2014 - 31.12.2014, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### **Management's responsibility 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.

#### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give 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 Entity'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 the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2014 and of the results of its operations for the financial year 01.01.2014 - 31.12.2014 in accordance with the Danish Financial Statements Act.

## **Independent auditor's reports**

### **Statement on the management commentary**

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 29.04.2015

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Bjørn Winkler Jakobsen  
State Authorised Public Accountant

Nikolaj Thomsen  
State Authorised Public Accountant

## **Management commentary**

### **Primary activities**

Haarslev Group A/S' primary activity is to own the shares of Haarslev Industries A/S.

Haarslev Industries A/S is a global provider of process solutions and equipment for the drying, dehydrating and processing of fish-based and animal by-products and by-products from the brewing and distilling industries. The Company also offers its process solutions and drying and dehydrating equipment for the municipal and industrial environmental sectors.

### **Development in activities and finances**

The Company's income statement for 2014 shows a loss after tax of DKK 40,444 thousand and the Company's balance sheet at 31 December 2014 shows equity of DKK 697,155 thousand.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## **Accounting policies**

### **Reporting class**

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements are consistent with those applied last year.

### **Consolidated financial statements**

Referring to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. Furthermore, referring to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared.

### **Recognition and measurement**

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.



## Accounting policies

### Income statement

#### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

#### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

#### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

#### Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with its Parent and all the Parent's other Danish subsidiaries. The current income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

## Accounting policies

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life which is normally 5 years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

## Income statement for 2014

	<u>Notes</u>	<u>2014 DKK'000</u>	<u>2013 DKK'000</u>
Other operating income		7,678	4,325
Other external expenses		<u>(7,426)</u>	<u>(4,529)</u>
<b>Operating profit/loss</b>		<b>252</b>	<b>(204)</b>
Income from investments in group enterprises		(17,356)	34,349
Other financial expenses	1	<u>(29,509)</u>	<u>(31,018)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>(46,613)</b>	<b>3,127</b>
Tax on profit/loss from ordinary activities	2	<u>6,169</u>	<u>4,331</u>
<b>Profit/loss for the year</b>		<b><u>(40,444)</u></b>	<b><u>7,458</u></b>
<b>Proposed distribution of profit/loss</b>			
Dividend for the financial year		0	23,000
Reserve for net revaluation according to the equity method		(17,356)	34,349
Retained earnings		<u>(23,088)</u>	<u>(49,891)</u>
		<b><u>(40,444)</u></b>	<b><u>7,458</u></b>

**Balance sheet at 31.12.2014**

	<u>Notes</u>	<u>2014 DKK'000</u>	<u>2013 DKK'000</u>
Investments in group enterprises		1,157,442	1,230,499
<b>Fixed asset investments</b>	3	<u>1,157,442</u>	<u>1,230,499</u>
<b>Fixed assets</b>		<u>1,157,442</u>	<u>1,230,499</u>
Deferred tax assets	4	327	1,100
Income tax receivable		6,169	5,150
<b>Receivables</b>		<u>6,496</u>	<u>6,250</u>
<b>Current assets</b>		<u>6,496</u>	<u>6,250</u>
<b>Assets</b>		<u>1,163,938</u>	<u>1,236,749</u>

**Balance sheet at 31.12.2014**

	<u>Notes</u>	<u>2014 DKK'000</u>	<u>2013 DKK'000</u>
Contributed capital	5	7,505	7,505
Reserve for net revaluation according to the equity method		0	19,774
Retained earnings		689,650	703,637
Proposed dividend		<u>0</u>	<u>23,000</u>
<b>Equity</b>		<b><u>697,155</u></b>	<b><u>753,916</u></b>
Bank loans		<u>321,322</u>	<u>346,434</u>
<b>Non-current liabilities other than provisions</b>	6	<b><u>321,322</u></b>	<b><u>346,434</u></b>
Current portion of long-term liabilities other than provisions	6	23,388	40,615
Debt to group enterprises		111,602	84,229
Other payables		<u>10,471</u>	<u>11,555</u>
<b>Current liabilities other than provisions</b>		<b><u>145,461</u></b>	<b><u>136,399</u></b>
<b>Liabilities other than provisions</b>		<b><u>466,783</u></b>	<b><u>482,833</u></b>
<b>Equity and liabilities</b>		<b><u>1,163,938</u></b>	<b><u>1,236,749</u></b>
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## Statement of changes in equity for 2014

	<b>Contributed capital DKK'000</b>	<b>Reserve for net revaluati- on accor- ding to the equity method DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed dividend DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	7,505	19,774	703,637	23,000	753,916
Ordinary dividend paid	0	0	0	(23,000)	(23,000)
Dividend	0	0	60,000	0	60,000
Value adjustments	0	0	3,158	0	3,158
Other adjustments	0	57,582	(53,283)	0	4,299
Tax of equity postings	0	0	(774)	0	(774)
Distributed dividends from group enterprises	0	(60,000)	0	0	(60,000)
Profit/loss for the year	0	(17,356)	(23,088)	0	(40,444)
<b>Equity end of year</b>	<b><u>7,505</u></b>	<b><u>0</u></b>	<b><u>689,650</u></b>	<b><u>0</u></b>	<b><u>697,155</u></b>

## Notes

	<b>2014</b> <b>DKK'000</b>	<b>2013</b> <b>DKK'000</b>
<b>1. Other financial expenses</b>		
Financial expenses from group enterprises	2,495	1,839
Other financial expenses	27,014	29,179
	<b>29,509</b>	<b>31,018</b>

	<b>2014</b> <b>DKK'000</b>	<b>2013</b> <b>DKK'000</b>
<b>2. Tax on ordinary profit/loss for the year</b>		
Current tax	(6,169)	(5,150)
Adjustment relating to previous years	0	819
	<b>(6,169)</b>	<b>(4,331)</b>

	<b>Invest- ments in group en- terprises DKK'000</b>
<b>3. Fixed asset investments</b>	
Cost beginning of year	1,210,725
<b>Cost end of year</b>	<b>1,210,725</b>
Revaluations beginning of year	19,774
Amortisation of goodwill	(51,791)
Share of profit/loss after tax	34,435
Dividend	(60,000)
Other adjustments	4,299
<b>Revaluations end of year</b>	<b>(53,283)</b>
<b>Carrying amount end of year</b>	<b>1,157,442</b>

	<b>Registered in</b>	<b>Corpo- rate form</b>	<b>Equity interest %</b>	<b>Equity DKK'000</b>	<b>Profit/loss DKK'000</b>
Subsidiaries:					
Haarslev Industries A/S	Nordfyn	A/S	100.00	264,046	34,435

## 4. Deferred tax

Deferred tax consists of tax on equity postings (financial instruments).

## Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK'000</u>
<b>5. Contributed capital</b>			
Share capital, date of incorporation	500,000	1.00	500
Increase of capital, 20.10.2011	<u>7,005,001</u>	1.00	<u>7,005</u>
	<u><b>7,505,001</b></u>		<u><b>7,505</b></u>
	<b>Instalments within 12 months 2013 DKK'000</b>	<b>Instalments within 12 months 2014 DKK'000</b>	<b>Instalments beyond 12 months 2014 DKK'000</b>
<b>6. Long-term liabilities other than provisions</b>			
Bank loans	<u>40,615</u>	<u>23,388</u>	<u>321,322</u>
	<u><b>40,615</b></u>	<u><b>23,388</b></u>	<u><b>321,322</b></u>

Payments due within 1 year are recognised under current liabilities other than provisions. Other liabilities are recognised under non-current liabilities other than provisions.

## 7. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Haarslev Group Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

## 8. Related parties with control

The following shareholder is recorded in the Company's register of shareholders to have at least 5% of the votes of the share capital:

Haarslev Group Holding A/S, Bogensevej 85, Hårslev, 5471 Sønderød, Denmark.

## 9. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Haarslev Group A/S is a part of the consolidated financial statements of Haarslev Group Holding A/S. The consolidated financial statements can be obtained from Haarslev Group Holding A/S, see note 8.