

Haarslev Group A/S
Central Business Registration No
33968981
Bogensevej 85
DK-5471 Søndersø

Annual report 2015

The Annual General Meeting adopted the annual report on 04.05.2016

Chairman of the General Meeting

Name: Michael Kaalund

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Entity details

Entity

Haarslev Group A/S
Bogensevej 85
DK-5471 Søndersø

Central Business Registration No: 33968981

Registered in: Nordfyns

Financial year: 01.01.2015 - 31.12.2015

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, CEO

Michael Kaalund, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6, Postboks 1600

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 01.01.2015 - 31.12.2015.

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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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, 04.05.2016

Executive Board

Claus Østergaard
CEO

Michael Kaalund
CFO

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 consolidated financial statements and parent financial statements

We have audited the financial statements of Haarslev Group A/S for the financial year 01.01.2015 - 31.12.2015, 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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

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.

Independent auditor's reports

Copenhagen, 04.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Lars Siggaard Hansen

State Authorised Public Accountant

Tim Kjær-Hansen

State Authorised Public Accountant

CVR-nr. 33963556

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 2015 shows a loss after tax of DKK 12,388 thousand and the Company's balance sheet at 31 December 2015 shows equity of DKK 679,095 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.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

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 2015

	<u>Notes</u>	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
Other operating income		8.146	7.678
Other external expenses		<u>(7.396)</u>	<u>(7.426)</u>
Operating profit/loss		750	252
Income from investments in group enterprises		8.729	(17.356)
Other financial expenses	1	<u>(29.115)</u>	<u>(29.509)</u>
Profit/loss from ordinary activities before tax		(19.636)	(46.613)
Tax on profit/loss from ordinary activities	2	<u>7.248</u>	<u>6.169</u>
Profit/loss for the year		<u>(12.388)</u>	<u>(40.444)</u>
Proposed distribution of profit/loss			
Reserve for net revaluation according to the equity method		2.354	(17.356)
Retained earnings		<u>(14.742)</u>	<u>(23.088)</u>
		<u>(12.388)</u>	<u>(40.444)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Investments in group enterprises		1.124.836	1.157.442
Fixed asset investments	3	<u>1.124.836</u>	<u>1.157.442</u>
Fixed assets		<u>1.124.836</u>	<u>1.157.442</u>
Deferred tax assets	4	826	327
Income tax receivable		6.921	6.169
Prepayments		<u>62</u>	<u>0</u>
Receivables		<u>7.809</u>	<u>6.496</u>
Current assets		<u>7.809</u>	<u>6.496</u>
Assets		<u><u>1.132.645</u></u>	<u><u>1.163.938</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK'000</u>	<u>2014 DKK'000</u>
Contributed capital	5	7.505	7.505
Retained earnings		<u>671.590</u>	<u>689.650</u>
Equity		<u>679.095</u>	<u>697.155</u>
Bank loans		<u>304.259</u>	<u>321.322</u>
Non-current liabilities other than provisions	6	<u>304.259</u>	<u>321.322</u>
Current portion of long-term liabilities other than provisions	6	23.388	23.388
Debt to group enterprises		120.626	111.602
Other payables		<u>5.277</u>	<u>10.471</u>
Current liabilities other than provisions		<u>149.291</u>	<u>145.461</u>
Liabilities other than provisions		<u>453.550</u>	<u>466.783</u>
Equity and liabilities		<u><u>1.132.645</u></u>	<u><u>1.163.938</u></u>
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Statement of changes in equity for 2015

	Contri- buted capi- tal DKK'000	Reserve for net revalu- ation ac- cording to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	7.505	0	689.650	697.155
Dividend	0	0	30.000	30.000
Value adjustments	0	0	(539)	(539)
Other adjustments	0	27.646	(32.606)	(4.960)
Tax of equity postings	0	0	(173)	(173)
Distributed dividends from group enterprises	0	(30.000)	0	(30.000)
Profit/loss for the year	0	2.354	(14.742)	(12.388)
Equity end of year	7.505	0	671.590	679.095

Notes

	2015	2014			
	DKK'000	DKK'000			
1. Other financial expenses					
Financial expenses from group enterprises	2.886	2.495			
Other financial expenses	26.229	27.014			
	29.115	29.509			
	2015	2014			
	DKK'000	DKK'000			
2. Tax on ordinary profit/loss for the year					
Current tax	(6.921)	(6.942)			
Change in deferred tax for the year	(499)	773			
Adjustment relating to previous years	172	0			
	(7.248)	(6.169)			
		Investments in group enterprises DKK'000			
3. Fixed asset investments					
Cost beginning of year		1.210.725			
Cost end of year		1.210.725			
Revaluations beginning of year		(53.283)			
Amortisation of goodwill		(51.791)			
Share of profit/loss after tax		54.145			
Dividend		(30.000)			
Other adjustments		(4.960)			
Revaluations end of year		(85.889)			
Carrying amount end of year		1.124.836			
	Registered in	Corpo- rate form	Equity interest %	Equity DKK'000	Profit/loss DKK'000
Subsidiaries:					
Haarslev Industries A/S	Søndersø	A/S	100,00	283.231	54.145

Notes

4. Deferred tax

Deferred tax consists of tax on equity postings (financial instruments) and capitalized borrowing costs.

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK'000</u>
5. Contributed capital			
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>7.505.001</u>		<u>7.505</u>
	Instalments within 12 months 2014 DKK'000	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2015 DKK'000
6. Long-term liabilities other than provisions			
Bank loans	<u>23.388</u>	<u>23.388</u>	<u>304.259</u>
	<u>23.388</u>	<u>23.388</u>	<u>304.259</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 Søndersø, Denmark.

Notes

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.