

C&D Foods Acquisitions ApS

Annual report 2013

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

On 23. May 2014

Flemming Mathsson
chairman

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Statement by the Executive Board

The Executive Board have today discussed and approved the annual report of C&D Foods Acquisitions ApS for the financial year 1 January – 31 December 2013.


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

It is my opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2013 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2013.

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

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

Esbjerg, 23 May 2014
Executive Board:


Philip John Reynolds

Independent auditors' report

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 C&D Foods Acquisitions for the financial year 1 January – 31 December 2013. The consolidated financial statements and the parent company financial statements comprise accounting policies, income statement, balance sheet and notes for the Group as well as for the parent company and 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 and 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 regulation. 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 auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company 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 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 qualified opinion.

Qualification

Basis for qualified opinion

Even though the group had control over disposed subsidiaries until 21 December 2013, income and losses for the subsidiaries in the period of control (1 January to 21 December 2013), are presented as a one-line consolidation under "Profit/losses from subsidiaries" in the consolidated income statement. This contradicts with the line-by-line consolidation requirement for subsidiaries until change of in accordance with the Danish Financial Statements Act. This is only a matter of presentation and the net effect on the net income, balance sheet accounts and equity amounts to DKK 0.

Opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2013 in accordance with the Danish Financial Statements Act.

Independent auditors' report


Statement on the Management's review

Pursuant to 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, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.


Esbjerg, 23 May 2014

KPMG

Statsautoriseret Revisionspartnerselskab



Henry Heiberg
State Authorised
Public Accountant



Dan Mose Andersen
State Authorised
Public Accountant

Management's review

Company details

C&D Foods Acquisitions ApS
Øresundsvej 2
DK-6715 Esbjerg N

Telephone: + 45 76 14 83 00
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CVR no.: 29 84 40 46
Established: 5 September 2006
Registered office: Esbjerg
Financial year: 1 January - 31 December

Executive Board

Philip John Reynolds

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Havnegade 33
DK-6700 Esbjerg

Annual general meeting

The annual general meeting is to be held on 23 May 2014 at the company's address.

Management's review

Financial highlights for the Group

mEUR	2013	2012	2011	2010	2009
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Key figures

Revenue	94	203	177	185	205
Operating loss	-11	-20	-8	-1	-7
Loss/Profit from financial income expenses	0	-2	-1	0	0
Loss/Profit for the year	0	-23	-11	0	-7

Non-current assets	57	32	41	40	38
Current assets	24	69	68	69	66
Total assets	81	101	109	109	105
Share capital	65	65	2	2	1
Equity	35	35	-5	7	0
Non-current liabilities other than provisions	31	19	61	63	66
Current liabilities other than provisions	16	47	54	39	37

Cash flows from operating activities	14	-11	1	1	2
Cash flows from investing activities	15	-1	-7	-8	2
Cash flows from financing activities	-27	16	1	4	0
Total cash flows	2	4	5	-3	4

Financial ratios

Operating margin	-12.0	-10.0	-4.8	-0.5	-3.3
Solvency ratio	42.8	34.6	-4.3	-6.0	0.5
Average number of full-time employees	342	625	606	641	656

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010". For terms and definitions, please see the accounting policies.

Management's review

Operating review

Principal activities of the Company

C&D Foods Acquisitions ApS is a wholly owned subsidiary of C&D Foods (Jersey) Ltd.

The main activity of the company owns shares in the fully-owned subsidiary C&D Foods (Denmark) A/S.

The C&D Group supplies wet and dry pet food and treats to the European retail trade as a "private label" manufacturer of petfood. Furthermore, C&D Group is a sub-supplier of wet and dry pet food for other manufacturers/distributors of "branded petfood".

Development in activities and financial position

In 2013, the Group's revenue decreased by 13% compared to last year. The decrease in revenue is due to transfer of the production of cans of wet food with chunks to an associated company in the C&D Group.

In December 2013 C&D Foods (Denmark) A/S sold all of its operating subsidiaries to a related party in the C&D Foods Group. The consolidated result of 2013 is heavily influenced by a gain of mEUR 11 on the sale of these subsidiaries (the salesprice is mEUR 7). Without this gain the loss before tax would have been mEUR -11.6 compared to a mEUR -22.4 loss in 2012. The result is not satisfying and is strongly affected by a very high purchase prices level (raw materials and packaging) faced since mid 2011 which have not been possible to impose to the markets.

Further in October 2013 C&D Foods (Denmark) A/S sold a heavily loss giving entity, since its dry food capabilities were not necessary in the combined C&D Foods Group.

Synergies gained after the takeover in 2012 from the C&D Foods Group (optimisations of production, sales, purchase, distribution and administration across entities in the combined Group) have contributed positively in 2013 and are expected to significantly improve the earnings of the company in 2014/15.

Investments

Investments in non-current assets amounted to tEUR 994 in 2013 (2012: tEUR 1,730).

Capital resources

In order to support the turnaround and continued operation of the fully-owned subsidiary C&D Foods (Denmark) A/S for 2014, the owner C&D Foods, Ireland has confirmed that it is willing to support C&D Foods (Denmark) A/S with adequate capital resources to continue its planned operations for 2014/15.

Uncertainty regarding recognition and measurement

The Group's deferred tax asset at 31 December 2013, is a significant amount that can be carried forward unlimited. The exploitation of which is dependent on the development of the future earnings.

Management's review

Financial highlights for the Group

Intellectual capital

In 2013, C&D Group continued its efforts on the main areas of business to attract intellectual capital for the various functions to strengthen its competitiveness and future performance.

Events after the Balance sheet date

In April 2014 a decision to close-down the Pouch production in the fully-owned subsidiary C&D Foods (Denmark) A/S was taken. The production of Pouches will be relocated to a related party within the C&D Foods Group. The restructure will have a negative influence on revenue but a positive influence on profit. C&D Foods (Denmark) A/S will continue its focus on Alucup production.

Outlook

The petfood business has been faced with increasing prices of raw materials and packaging. For competitive reasons, it has only been possible to obtain partial compensation for these increases through increasing selling prices.

For 2014, the raw material prices are expected to decrease. This will – in combination with potential synergies coming from now being part of the C&D Foods Group and optimize of the customer portfolio – improve the considerably. It is therefore expected that the ordinary operating result will be significantly improved compared to previous years.

Agreements have been made with the owner securing financing for 2014 while the transition to a positive cash flow generating Group is ongoing.

Particular risks

The Group's major risks relates to its ability to operate within a competitive private labelled petfood market in Europe and to successfully gain from the synergies emerging from joining the C&D Foods Group since October 2012.

Financial risk

The Danish companies are financed by group-loans, which mean that the companies have limited financial risks.

Foreign currency risk

The companies' foreign currency risks are limited, as the Group primarily operates in the euro zone. However, GBP, USD and PLN are subject to certain exposure, but the number of trades carried out in the mentioned currencies are low.

Interest risk

The Group's interest risks are considered low since primarily being financed by the group.

Management's review

Financial highlights for the Group

Customer credit risk

The Group's customer credit risk primarily relates to the customers ability to pay. The risk is considered low, since the customer portfolio primarily is made up by big national and/or multinational operating retailers.

Corporate social responsibility

With regard to §99a of the Financial Statements Act on policies regarding Social Responsibility including human rights and climate impact, it should be noted that the C&D Foods Group does not, so far, have such written policies.

Gender diversity

The Group believes that diversity among Management and employees, including equal distribution of gender, is an important assumption for the Company to expand at optimum level and produce the best results in accordance with the Company's values and culture.

The Executive Board of C&D Foods Acquisitions ApS wants to give equal access to leadership positions for members of both sexes and believes that board members should be chosen for their overall competence. Taking into account the Group's size and primary business area, the C&D Foods Group will accept a 100 %/0 % male-female balance in the Group's Executive Board. The actual male-female balance in the Group's Executive Board is 100 %/0 %.

In future, C&D Foods Acquisitions ApS will continue to focus on the gender distribution in the management group.

Environment issues

The C&D Group is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Group. The Group companies have no outstanding issues with the environmental authorities in complying with environmental permits and other environmental regulations.

Again in 2013, C&D Foods (Denmark) A/S focused on reducing the environmental impact from its factories and has carried out a number of projects in order to improve environment.

In 2012 the parent was "environment awarded 2012" by environment networking group for the southern part of Jutland.

Consolidated financial statements and parent company financial statements for period 1 January - 31 December 2013

Accounting policies

The annual report of C&D Foods Acquisitions ApS for 2013 has been prepared in accordance with the provisions applying to reporting class C enterprises (large) under the Danish Financial Statements Act.

All amounts are stated in EUR thousand (EUR'000).

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

Recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All costs, including depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company 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 value of 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.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

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.

Consolidated financial statements

The consolidated financial statements comprise the parent company, C&D Foods Acquisitions ApS, and subsidiaries in which C&D Foods Acquisitions ApS directly or indirectly holds more than 50 % of the voting rights or which it, in some other way, controls.

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

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Accounting policies

Foreign currency translation

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

Receivables, 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.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes and less discounts in connection to sales.

Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment losses. Goodwill is amortized on a straight-line-basis over a maximum amortization period of 20 years. Rights etc. is amortized over 5 - 10 years.

Property, plant and equipment

Assets are measured at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the expected useful lives of the assets. For plant and machinery, the expected useful life is set at 5-10 years, other assets are set at 3-5 years and buildings are depreciated over 30 years.

Cost comprises the acquisition price and costs directly related to the acquisition until the time when the asset is ready for use.

Grants related to investments in property, plant and equipment are deducted in the acquisition price of the asset. The grants are recognised at the time of acceptance or the settlement of the grants.

Investments in subsidiaries

Investments in subsidiaries are valued according to the equity method at the proportionately owned share of the companies' equity assessed on the basis of the latest statutory financial statements of the parent company at or prior to the balance sheet date.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Accounting policies

Profit/loss and net asset value of the companies are assessed in accordance with the accounting policies of the Group.

Profits/losses in the companies are recorded at the proportionate shares of the profit/loss after tax less intra-group profits.

In connection with the acquisition of investments in companies, goodwill is calculated at the time of the purchase as the difference between purchase price and the net asset value of the Company. The additional price/goodwill is capitalized and amortized over the expected useful life according to the principles stated under intangible assets.

Financial non-current assets

Deposits are recognized at cost.

Inventories

Raw materials and packaging materials are measured at purchase price by using the FIFO method.

Work in progress and finished goods are valued at calculated cost comprising the cost of raw materials and packaging and processing costs plus direct costs and a share of production overheads.

Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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.

Goods for resale are valued at purchase price.

Where the net realisable value is lower than cost/purchase price, inventories are written down to the lower value.

Receivables

Receivables are measured at nominal value less write-down for anticipated bad debt losses.

Liabilities other than provisions

Financial liabilities 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.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Accounting policies

Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax

Deferred tax is measured on all temporary differences between the carrying amount and the tax value of assets and liabilities.

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 within the joint taxation.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Impairment of non-current assets

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

Impairments tests are conducted of individual assets or groups of assets when there is an indication that they might be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is 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 expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the assets or the group of assets after the end of the useful life.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Accounting policies

Cash flow statement

The cash flow statement shows the Company's inflows and outflows of cash during the year as well as the financial position at the end of the year. The cash flow is related to three major areas: operating activities, investing activities and financing activities.

Cash and cash equivalents include cash at bank and in hand and short-term bank loans and overdrafts.

Segment information

Information is provided on business segments and geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

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 2010".

The financial ratios have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Income statement

EUR'000	Note	Consolidated		Parent company	
		2013	2012	2013	2012
Revenue	3	93,718	203,465	896	1,159
Changes in inventories of finished goods and work in progress		-1,374	-859	0	0
		92,344	202,606	896	1,159
Raw materials and packing materials		-62,054	-143,807	0	0
Other external charges		-16,268	-35,968	-18	-316
Staff costs	4	-19,885	-33,082	-851	-1,095
Depreciation, amortisation and impairment losses		-5,424	-10,173	0	
Operating loss		-11,287	-20,424	27	-252
Profits/losses from investments in subsidiaries		11,344	0	-481	-23,040
Financial income	6	664	184	238	331
Financial expenses	7	-970	-2,141	-33	-272
Loss before tax		-249	-22,381	-249	-23,233
Tax on loss for the year	8	0	-852	0	0
Loss for the year		-249	-23,233	-249	-23,233
Proposed distribution of loss					
Proposed dividends				0	0
Retained earnings				-249	-23,233
				-249	-23,233

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Balance sheet

EUR'000	Note	Consolidated		Parent Company	
		2013	2012	2013	2012
ASSETS					
Non-current assets					
Intangible assets					
Rights	9	0	2	0	0
		0	2	0	0
Property, plant and equipment					
Land and buildings	10	7,681	13,046	0	0
Plant and machinery		10,140	18,251	0	0
Other assets		143	293	0	0
Property, plant and equipment under construction		720	286	0	0
		18,684	31,876	0	0
Investments					
Investments in related parties	11	0	0	32,750	25,457
Loans to subsidiaries	13	38,202	0	1,259	9,413
Deposits	12	33	300	0	0
		38,235	300	34,009	34,870
Total non-current assets		56,919	32,176	34,009	34,870
Current assets					
Inventories					
Raw materials and consumables		3,047	7,462	0	0
Work in progress		579	1,585	0	0
Finished goods and goods for resale		3,290	11,028	0	0
		6,916	20,075	0	0
Receivables					
Trade receivables		3,840	42,647	0	0
Amounts owed by related parties		12,887	0	731	507
Corporation tax		0	0	0	0
Other receivables		27	3,192	0	0
Prepayments	14	206	868	0	0
		16,960	46,707	731	507
Cash at bank and in hand		302	1,867	47	30
Total current assets		24,178	68,649	778	537
TOTAL ASSETS		81,097	100,825	34,787	35,407

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Balance sheet

EUR'000	Note	Consolidated		Parent Company	
		2013	2012	2013	2012
EQUITY AND LIABILITIES					
Equity	15				
Share capital		34,925	65,369	34,925	65,369
Retained earnings		-249	-30,444	-249	-30,444
Total equity		<u>34,676</u>	<u>34,925</u>	<u>34,676</u>	<u>34,925</u>
Provisions					
Deferred tax	16	0	6	0	0
Liabilities other than provisions					
Non-current liabilities	17				
Credit institutions		0	0	0	216
Amounts owed to related parties		30,633	19,358	0	0
Lease obligations		100	0	0	0
		<u>30,733</u>	<u>19,358</u>	<u>0</u>	<u>216</u>
Current liabilities					
Current portion of non-current liabilities		20	60	0	0
Credit institutions		0	3,410	0	0
Trade payables		8,153	32,994	0	0
Amounts owed to subsidiaries		3,085			
Corporation tax		0	319	0	0
Other payables		4,430	9,753	111	266
		<u>15,688</u>	<u>46,536</u>	<u>111</u>	<u>266</u>
Total liabilities other than provisions		<u>46,421</u>	<u>65,894</u>	<u>111</u>	<u>482</u>
TOTAL EQUITY AND LIABILITIES		<u>81,097</u>	<u>100,825</u>	<u>34,787</u>	<u>35,407</u>
Operations and financial position	1				
Discontinued operations	2				
Contractual obligations and contingencies	18				
Subsequent events	19				
Related party disclosures	20				

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Cash flow statement, consolidated

EUR'000	2013	2012
Loss for the year	-249	-23,233
Depreciation/amortisation	4,857	10,037
Accounting profit/loss on the sale of non-current assets	-6,265	136
Foreign exchange adjustment of non-current assets and investments in subsidiaries	0	-352
Changes in deferred tax / deferred tax asset	-6	-25
Cash flows from operations (operation activities) before changes in working capital	-1,663	-13,437
Change in inventories	13,159	-643
Change in receivables	29,747	77
Changes in trade and other payables	-27,438	2,920
Cash flows from operating activities	13,805	-11,083
Addition of intangible assets		-37
Addition of property, plant and equipment.	-994	-1,730
Disposal of property, plant and equipment	8,762	0
Disposal of investments	7,099	457
Cash flows from investing activities	14,867	-1,310
Raising/repayment of non-current liabilities related parties, net	11,375	-46,359
Loans to group companies	-38,202	0
<i>Share holders</i>		
Debt conversions	0	63,495
Capital flow	0	-466
Cash flows from financing activities	-26,827	16,670
Net cash flows for the year	1,845	4,277
Cash and cash equivalents at 1 January	-1,543	-5,820
Cash and cash equivalents at 31 December	302	-1,543
Specified as follows:		
Cash in bank and hand	302	1,867
Bank loans and overdrafts	0	-3,410
	302	-1,543

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Notes to the financial statements

1 Disclosures on the Group's operations and financial position

In order to support the turnaround and continued operation of the C&D Foods (Denmark) A/S for 2014, the owner C&D Foods, Ireland has confirmed that it is willing to support C&D Foods Acquisitions ApS and C&D Foods (Denmark) A/S with adequate capital resources to carry out the planned operations for 2014.

2 Discontinued operations

In December 2013 the subsidiary C&D Foods (Denmark) A/S sold all of its operating subsidiaries to a related party in the C&D Foods Group. The affected by disposal of investments in subsidiaries, which generated an income of 11,344 tEUR. Further in October 2013 C&D Foods (Denmark) A/S sold the production plant in Vejen.

3 Revenue

	Consolidated		Parent Company	
	2013	2012	2013	2012
EUR'000				
Export markets	80,725	191,027	0	0
Domestic market	12,993	12,438	896	1,159
	93,718	203,465	896	1,159

4 Staff costs

	Consolidated		Parent Company	
	2013	2012	2013	2012
EUR'000				
Wages and salaries	18,078	28,770	767	1,007
Pensions	1,437	1,941	65	72
Other social security costs	370	2,371	19	16
	19,885	33,082	851	1,095
Average number of full-time employees	342	625	11	12

Staff costs include remuneration of Group Management of EUR 497 thousand (2012 497 tEUR).

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Notes to the financial statements

5 Fees paid to auditors appointed at the annual general meeting

EUR'000	Consolidated	
	2013	2012
Fee regarding statutory audit	67	154
Tax assistance	5	34
Other assistance	19	239
	<u>91</u>	<u>427</u>

6 Financial income

EUR'000	Consolidated		Parent Company	
	2013	2012	2013	2012
Interest income from group enterprises	0	0	238	331
Other financial income	664	184	0	0
	<u>664</u>	<u>184</u>	<u>238</u>	<u>331</u>

7 Financial expenses

Interest expense for group enterprises	964	0	2	1
Other interest expense	6	2,141	31	271
	<u>970</u>	<u>2,141</u>	<u>33</u>	<u>272</u>

8 Corporation tax

Corporation tax payable at 1 January 2013	0	0	0	0
Tax on profit/loss for the year	0	877	0	0
Adjustment of tax relating to previous years	0	0	0	0
Adjustment of deferred tax for the year	0	-25	0	0
	<u>0</u>	<u>852</u>	<u>0</u>	<u>0</u>

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Notes to the financial statements

9 Intangible assets

Consolidated

EUR'000	Rights etc.
Cost at 1 January 2013	2,387
Foreign currency translation adjustments	0
Disposal	-2,387
Cost at 31 December 2013	<u>0</u>
Impairment losses and amortisation at 1 January 2013	2,385
Foreign currency translation adjustments	0
Depreciation	2
Disposal	-2,387
Impairment losses and amortisation at 31 December 2013	<u>0</u>
Carrying amount at 31 December 2013	<u><u>0</u></u>

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Notes to the financial statements

10 Property, plant and equipment

Consolidated

EUR'000	Land and buildings	Plant and machi- nery	Other assets	Property, plants and equip- ment under construc- tion	Total
Cost at 1 January 2013	31,531	125,065	8,277	288	165,161
Foreign currency translation adjustments	0	0	0	0	0
Transferred	0	316	0	-405	-89
Additions	0	0	91	903	994
Disposals	-12,230	-39,464	-1,108	-66	-52,868
Cost at 31 December 2013	<u>19,301</u>	<u>85,917</u>	<u>7,260</u>	<u>720</u>	<u>113,198</u>
Impairment losses and depreciation at 1 January 2013	18,484	106,815	7,986	0	133,285
Foreign currency translation adjustments	0	0	0	0	0
Depreciation for the year	605	4,134	118	0	4,857
Amortisation for the year	0	0	0	0	0
Disposals	-7,469	-35,172	-987	0	-43,628
Impairment losses and depreciation at 31 December 2013	<u>11,620</u>	<u>75,777</u>	<u>7,117</u>	<u>0</u>	<u>94,514</u>
Carrying amount at 31 December 2013	<u>7,681</u>	<u>10,140</u>	<u>143</u>	<u>720</u>	<u>18,684</u>
Assets held under finance leases		<u>115</u>			<u>115</u>

Gains and losses are recognised in the income statement as depreciations.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Notes to the financial statements

EUR'000	Invest- ments in subsidi- aries
11 Investments in subsidiaries	
Cost at 1 January 2013	120,736
Disposals	-107,064
Cost at 31 December 2013	<u>13,672</u>
Value adjustments at 1 January 2013	-95,279
Disposals in the year	107,064
Profit/loss for the year	<u>7,293</u>
Value adjustments at 31 December 2013	<u>19,078</u>
Carrying amount at 31 December 2013	<u><u>32,750</u></u>

Name	Registered office	Voting rights and owner- ship
C&D Foods (Denmark) A/S	Esbjerg, Denmark	100 %
C&D Foods Austria	Birkfeld, Austria	0,01 %
C&D Foods (International) Limited	Larkshall, England	100 %
Arovit Petfood Management B.V.	Ansterdam, Netherland	100 %

The subsidiaries are individual companies with limited liabilities according to local legislation.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Notes to the financial statements

EUR'000	2013			
12 Deposits				
Consolidated				
Cost at 1 January 2013			300	
Disposals			-267	
Cost at 31 December 2013			33	
Adjustments for the year			0	
Value adjustments at 31 December 2013			0	
Carrying amount at 31 December 2013			33	
13 Loans to related parties				
Parent company				
Cost at 1 January 2013			9,413	
Additions			0	
Disposals			-8,154	
Carrying amount at 31 December 2013			1,259	
14 Prepayments				
	Consolidated		Parent Company	
	2013	2012	2013	2012
Prepaid insurance premiums	107	179	0	0
Other	99	689	0	0
	206	868	0	0
15 Equity				
	Consolidated		Parent Company	
	2013	2012	2013	2012
Share capital at 1 January 2013	65,370	1,874	65,370	1,874
Capital increase/decrease	-30,445	63,496	-30,445	63,496
Share capital 31 December 2013	34,925	65,370	34,925	65,370

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Notes to the financial statements

Retained earnings				
1 January 2013	-30,445	-6,574	-30,445	-6,574
Distribution of profit/loss	-249	-23,233	-249	-23,233
Changes in equity	30,445	-466	30,445	466
Changes in equity in subsidiaries	0	-172	0	-172
	<u>-249</u>	<u>-30,445</u>	<u>-249</u>	<u>-30,445</u>
Equity at 31 December 2013	<u>34,676</u>	<u>-34,925</u>	<u>34,676</u>	<u>-34,925</u>

The share capital comprises 65,370 shares of DKK 1. All shares rank equally.

16 Deferred tax

Consolidated

Deferred tax at 1 January 2013	-6
Deferred tax adjustment	<u>6</u>
Deferred tax at 31 December 2013	<u>0</u>

The Group's deferred tax asset at 31 December 2013, is a significant amount that can be carried forward unlimited. The exploitation of which is dependent on the development of the future earnings.

17 Non-current liabilities

Parent company

None.

Consolidated

Of total liabilities of EUR 28,787 thousand, EUR 18,970 thousand falls due after five years.

18 Contractual obligations and contingencies, etc.

Parent company

Contingent liabilities

The parent company is jointly taxed with the Danish subsidiary. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December 2013

Notes to the financial statements

Consolidated

The Danish companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

Other liabilities

The Group has for the years 2014-2017, a commitment to purchase energy for production purposes for a total of mEUR 1.1.

Operating lease obligations

Lease obligations (operating leases) falling due within 5 years total EUR 0.6 thousand.

19 Subsequent events

Consolidated

In April 2014 a decision to close-down the Pouch production in the fully-owned subsidiary company C&D Foods (Denmark) A/S was taken. The production of Pouches will be relocated to a related party within the C&D Foods Group. The restructure will have a negative influence on revenue but a positive influence on profit. C&D Foods (Denmark) A/S will continue its focus on Alucup production.

20 Related party disclosures

Parent company

C&D Foods Acquisitions ApS is a wholly-owned subsidiary of C&D Foods (Jersey) Ltd.

In December 2013 the fully-owned subsidiary C&D Foods (Denmark) A/S sold all of its operating subsidiaries to related party in the C&D Foods Group. The sale amounted to mEUR 6.8.

Further the restructuring of the group in 2013, was in C&D Foods Acquisitions ApS made an acquisition of shares in C&D Foods Larkshall at EUR 1. Following the acquisition, there was a conversion of debt to profit impact of 7,775 tEUR and subsequent by the shares was sold for EUR 1.