

**C&D Foods Acquisitions ApS**

Annual report 2014  
(for the financial year  
1 January - 31 March 2014)

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

On 23. May 2014

Flemming Mathiesen  
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 March 2014.

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 March 2014 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 March 2014.

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 March 2014. 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 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 March 2014 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 March 2014 in accordance with the Danish Financial Statements Act.

## **Independent auditors' report**

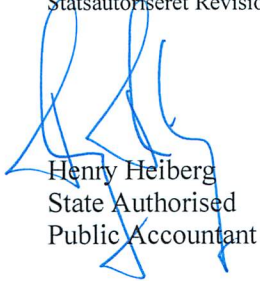
### **Statement on the Management's review**

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.

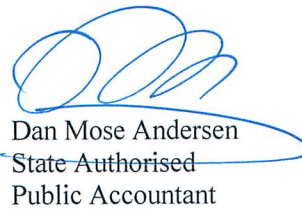
Esbjerg, 23 May 2014

**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  
Telefax: + 45 76 14 84 00

CVR no.: 29 84 40 46  
Established: 5 September 2006  
Registered office: Esbjerg  
Financial year: 1 January - 31 March 2014 (3 months)

### **Executive Board**

Philip John Reynolds

### **Auditors**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Havnegade 33  
DK-6700 Esbjerg

### **General meeting**

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

## Management's review

### Financial highlights for the Group

mEUR	2014 (3 months)	2013	2012	2011	2010
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#### Key figures

Revenue	19	94	203	177	185
Operating profit	-1	-11	-20	-8	-1
Loss/Profit from financial income expenses	0	0	-2	-1	0
<b>Loss/Profit for the year</b>	<b>-1</b>	<b>0</b>	<b>-23</b>	<b>-11</b>	<b>0</b>

Non-current assets	57	57	32	41	40
Current assets	21	24	69	68	69
<b>Total assets</b>	<b>78</b>	<b>81</b>	<b>101</b>	<b>109</b>	<b>109</b>
Share capital	35	35	65	2	2
<b>Equity</b>	<b>34</b>	<b>35</b>	<b>35</b>	<b>-5</b>	<b>7</b>
Non-current liabilities other than provisions	30	31	19	61	63
Current liabilities other than provisions	14	16	47	54	39

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

#### Financial ratios

Operating margin	-7.0	-12.0	-10.0	-4.8	-0.5
Solvency ratio	43.5	42.8	34.6	-4.3	-6.0
<b>Average number of full-time employees</b>	<b>284</b>	<b>342</b>	<b>625</b>	<b>606</b>	<b>641</b>

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**

For 3 months 2014, the Group's revenue has almost reached mEUR 20 and is in line with the budget for the first 3 months of 2014. The revenue is affected by transfer of the production of cans of wet food with chunks to an associated company in the C&D Group.

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

#### **Investments**

Investments in non-current assets amounted to tEUR 548 (2013: tEUR 994).

#### **Capital resources**

In order to support the turnaround and continued operation of the fully-owned subsidiary C&D Foods (Denmark) A/S for 2014/15, 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 March 2014, is a significant amount that can be carried forward unlimited. The exploitation of which is dependent on the development of the future earnings.

#### **Intellectual capital**

In 3 months 2014, 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.

## **Management's review**

### **Financial highlights for the Group**

#### **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 2014/15, 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 optimisation 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 2014/15 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 the 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.

##### ***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.

## **Management's review**

### **Financial highlights for the Group**

#### **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 %.

C&D Foods Acquisitions ApS focuses on the gender distribution in the management group in order to increase the number of female managers.

#### **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.

In 2014, 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 March 2014**

### **Accounting policies**

The annual report of C&D Foods Acquisitions ApS for 3 months 2014 has been prepared in accordance with the provisions applying to reporting class C enterprises (large) under the Danish Financial Statements Act.

In order to be aligned with the group, the financial year end has been changed from 31 December to 31 March. Comparative figures have not adjusted to three months, as this will not add any additional value, while the company is under restructuring.

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 March 2014**

### **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 March 2014**

### **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 March 2014**

### **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 March 2014**

### **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 March 2014

### Income statement

EUR'000	Note	Consolidated		Parent company	
		2014 (3 months)	2013	2014 (3 months)	2013
<b>Revenue</b>	2	19,220	93,718	210	896
Changes in inventories of finished goods and work in progress		-582	-1,374	0	0
		18,638	92,344	210	896
Raw materials and packing materials		-11,299	-62,054	0	0
Other external charges		-3,792	-16,268	-607	-18
Staff costs	3	-4,116	-19,885	-205	-851
Depreciation, amortisation and impairment losses		-778	-5,424	0	0
<b>Operating loss</b>		-1,347	-11,287	-602	27
Profits/losses from investments in subsidiaries		0	11,344	-686	-481
Financial income	5	289	664	9	238
Financial expenses	6	-221	-970	0	-33
<b>Loss before tax</b>		-1,279	-249	-1,279	-249
Tax on loss for the year	7	0	0	0	0
<b>Loss for the year</b>		-1,279	-249	-1,279	-249
<b>Proposed distribution of loss</b>					
Proposed dividends				0	0
Retained earnings				-1,279	-249
				-1,279	-249

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 March 2014

### Balance sheet

EUR'000	Note	Consolidated		Parent Company	
		2014 (31/3 2014)	2013	2014 (31/3 2014)	2013
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Property, plant and equipment</b>					
	8				
Land and buildings		7,526	7,681	0	0
Plant and machinery		10,163	10,140	0	0
Other assets		123	143	0	0
Property, plant and equipment under construction		627	720	0	0
		<u>18,439</u>	<u>18,684</u>	<u>0</u>	<u>0</u>
<b>Investments</b>					
Investments in subsidiaries	9	0	0	32,041	32,750
Loans to subsidiaries	10	38,369	38,202	1,256	1,259
Deposits		33	33	0	0
		<u>38,402</u>	<u>38,235</u>	<u>33,297</u>	<u>34,009</u>
<b>Total non-current assets</b>		<u>56,841</u>	<u>56,919</u>	<u>33,297</u>	<u>34,009</u>
<b>Current assets</b>					
<b>Inventories</b>					
Raw materials and consumables		2,680	3,047	0	0
Work in progress		945	579	0	0
Finished goods and goods for resale		2,571	3,290	0	0
		<u>6,196</u>	<u>6,916</u>	<u>0</u>	<u>0</u>
<b>Receivables</b>					
Trade receivables		3,704	3,840	0	0
Amounts owed by subsidiaries		10,369	12,887	813	731
Corporation tax		0	0	0	0
Other receivables		22	27	0	0
Prepayments	11	347	206	0	0
		<u>14,442</u>	<u>16,960</u>	<u>813</u>	<u>731</u>
<b>Cash at bank and in hand</b>		<u>559</u>	<u>302</u>	<u>26</u>	<u>47</u>
<b>Total current assets</b>		<u>21,197</u>	<u>24,178</u>	<u>839</u>	<u>778</u>
<b>TOTAL ASSETS</b>		<u>78,038</u>	<u>81,097</u>	<u>34,136</u>	<u>34,787</u>

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 March 2014

### Balance sheet

EUR'000	Note	Consolidated		Parent Company	
		2014 (31/3 2014)	2013	2014 (31/3 2014)	2013
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
	12	34,905	34,925	34,905	34,925
Share capital					
Retained earnings		-931	-249	-931	-249
<b>Total equity</b>		<b>33,974</b>	<b>34,676</b>	<b>33,974</b>	<b>34,676</b>
<b>Provisions</b>					
Deferred tax	13	0	0	0	0
<b>Liabilities other than provisions</b>					
<b>Non-current liabilities</b>					
Amounts owed to subsidiaries	14	29,696	30,633	0	0
Lease obligations		93	100	0	0
		<b>29,789</b>	<b>30,733</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>					
Current portion of non-current liabilities		20	20	0	0
Trade payables		8,531	8,153	0	0
Amounts owed to subsidiaries		1,136	3,085	0	0
Corporation tax		0	0	0	0
Other payables		4,588	4,430	162	111
		<b>14,275</b>	<b>15,688</b>	<b>162</b>	<b>111</b>
<b>Total liabilities other than provisions</b>		<b>44,064</b>	<b>46,421</b>	<b>162</b>	<b>111</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>78,038</b>	<b>81,097</b>	<b>34,136</b>	<b>34,787</b>
<b>Operations and financial position</b>					
Contractual obligations and contingencies	15				
Subsequent events	16				
Related party disclosures	17				

## Consolidated financial statements and parent company financial statements for the period 1 January - 31 March 2014

### Cash flow statement, consolidated

EUR'000	2014 (3 months)	2013
Loss for the year	-1,279	-249
Depreciation/amortisation	778	4,857
Accounting profit/loss on the sale of non-current assets	15	-6,265
Foreign currency adjustment on equity	-35	0
Changes in deferred tax / deferred tax asset	0	-6
<b>Cash flows from operations (operation activities) before changes in working capital</b>	<b>-521</b>	<b>-1,663</b>
Change in inventories	720	13,159
Change in receivables	2,518	29,747
Changes in trade and other payables	-1,413	-27,438
<b>Cash flows from operating activities</b>	<b>1,304</b>	<b>13,805</b>
Addition of property, plant and equipment.	-548	-994
Disposal of property, plant and equipment	0	8,762
Disposal of investments	0	7,099
<b>Cash flows from investing activities</b>	<b>-548</b>	<b>14,867</b>
Raising/repayment of non-current liabilities, net	-944	11,375
Loans to group companies	-167	-38,202
Capital increase	612	0
<b>Cash flows from financing activities</b>	<b>-499</b>	<b>-26,827</b>
<b>Net cash flows for the year</b>	<b>257</b>	<b>1,845</b>
Cash and cash equivalents at 1 January	302	-1,543
<b>Cash and cash equivalents at 31 March</b>	<b>559</b>	<b>302</b>

## **Consolidated financial statements and parent company financial statements for the period 1 January - 31 March 2014**

### **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 2014/15, 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 2014/15.

#### **2 Revenue**

EUR'000	Consolidated		Parent Company	
	2014 (3 months)	2013	2014 (3 months)	2013
Export markets	17,414	80,725	0	0
Domestic market	1,806	12,993	210	896
	19,220	93,718	210	896

#### **3 Staff costs**

Wages and salaries	3,752	18,078	184	767
Pensions	325	1,437	20	65
Other social security costs	39	370	1	19
	4,116	19,885	205	851
 Average number of full-time employees	 284	 342	 11	 11

Staff costs include remuneration of Group Management of tEUR 124 (2013 497 tEUR).

#### **4 Fees paid to auditors appointed at the annual general meeting**

Fee regarding statutory audit	17	67
Tax assistance	1	5
Other assistance	5	19
	23	91

## **Consolidated financial statements and parent company financial statements for the period 1 January - 31 March 2014**

### Notes to the financial statements

#### 5 Financial income

EUR'000	Consolidated		Parent Company	
	2014 (3 months)	2013	2014 (3 months)	2013
Interest income from group enterprises	274	0	9	238
Other financial income	15	664	0	0
	289	664	9	238

#### 6 Financial expenses

Interest expense for group enterprises	217	964	0	2
Other interest expense	4	6	0	31
	221	970	0	33

#### 7 Corporation tax

Corporation tax payable at 1 January 2014	0	0	0	0
Tax on profit/loss for the year	0	0	0	0
Adjustment of tax relating to previous years	0	0	0	0
Adjustment of deferred tax for the year	0	0	0	0
	0	0	0	0

## **Consolidated financial statements and parent company financial statements for the period 1 January - 31 March 2014**

### **Notes to the financial statements**

#### **8 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 2014	19,288	85,863	7,256	720	113,127
Reclassification	0	642	0	-642	0
Additions	0	0	0	548	548
Cost at 31 March 2014	<u>19,288</u>	<u>86,505</u>	<u>7,256</u>	<u>626</u>	<u>113,675</u>
Impairment losses and depreciation at 1 January 2014	11,612	75,733	7,114	0	94,459
Depreciation for the year	150	609	19	0	778
Impairment losses and depreciation at 31 March 2014	<u>11,762</u>	<u>76,342</u>	<u>7,133</u>	<u>0</u>	<u>95,237</u>
Carrying amount at 31 March 2014	<u>7,526</u>	<u>10,163</u>	<u>123</u>	<u>627</u>	<u>18,439</u>
Assets held under finance leases		<u>117</u>			<u>117</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 March 2014**

### Notes to the financial statements

EUR'000	Invest- ments in subsidi- aries
<b>9 Investments in subsidiaries - Parent company</b>	
Cost at 1 January / 31 March 2014	13,672
Value adjustments at 1 January 2014	19,078
Profit/loss for the year	-686
Other adjustments	-23
Value adjustments at 31 March 2014	18,369
<b>Carrying amount at 31 March 2014</b>	<b>32,041</b>

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 March 2014

### Notes to the financial statements

EUR'000	2014		2013	
<b>10 Loans to related parties</b>				
<b>Parent company</b>				
Cost at 1 January 2014		1,259		9,413
Repayment		-3		-8,154
Carrying amount at 31 March 2014		1,256		1,259
<b>11 Prepayments</b>				
	Consolidated		Parent Company	
	2014	2013	2014	2013
Prepaid insurance	129	107	0	0
Other	218	99	0	0
	347	206	0	0
<b>12 Equity</b>				
	Consolidated		Parent Company	
	2014	2013	2014	2013
Share capital at 1 January 2014	34,925	65,370	34,925	65,370
Capital increase/decrease	6	-30,445	6	-30,445
Foreign currency adjustment	-26	0	-26	0
Share capital 31 March 2014	34,905	34,925	34,905	34,925
<b>Retained earnings</b>				
1 January 2014	-249	-30,445	-249	-30,445
Distribution of profit/loss	-1,279	-249	-1,279	-249
Changes in equity	612	30,445	612	30,445
Changes in equity in subsidiaries	-15	0	-15	0
	-931	-249	-931	-249
<b>Equity at 31 March 2014</b>	33,974	34,676	33,974	34,676

The share capital comprises 34,905 shares of DKK 1. All shares rank equally.

## **Consolidated financial statements and parent company financial statements for the period 1 January - 31 March 2014**

### **Notes to the financial statements**

#### **13 Deferred tax**

##### **Consolidated**

Deferred tax at 1 January 2014	0
Deferred tax adjustment	0
	<hr/>
<b>Deferred tax at 31 March 2014</b>	<b>0</b>
	<hr/> <hr/>

The Group's deferred tax asset at 31 March 2014, is a significant amount that can be carried forward unlimited. The exploitation of which is dependent on the development of the future earnings.

#### **14 Non-current liabilities**

##### **Parent company**

None.

##### **Consolidated**

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

#### **15 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**

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 tEUR 0.6.

## **Consolidated financial statements and parent company financial statements for the period 1 January - 31 March 2014**

### **Notes to the financial statements**

#### **16 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.

#### **17 Related party disclosures**

##### **Parent company**

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