

# **Zeelandia Holdings (UK) Limited**

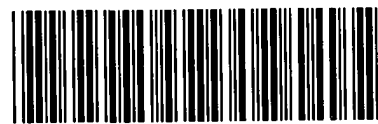
Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number 02451997

THURSDAY



\*A8EB02KJ\*

A11

19/09/2019

#377

COMPANIES HOUSE

# Zeelandia Holdings (UK) Limited

## Company Information

---

<b>Directors</b>	E P Hoekstra (resigned 1 April 2019) M J De Ruiter
<b>Company secretary</b>	E P Hoekstra
<b>Registered number</b>	02451997
<b>Registered office</b>	Unit 4 Radford Way Billericay Essex CM12 0DX
<b>Independent auditor</b>	BDO LLP 16 The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ

# Zeelandia Holdings (UK) Limited

## Contents

---

	Page
<b>Strategic Report</b>	1 - 2
<b>Directors' Report</b>	3 - 4
<b>Independent Auditor's Report</b>	5 - 7
<b>Statement of Comprehensive Income</b>	8
<b>Statement of Financial Position</b>	9
<b>Statement of Changes in Equity</b>	10
<b>Notes to the Financial Statements</b>	11 - 19

# **Zeelandia Holdings (UK) Limited**

## **Strategic Report For the Year Ended 31 December 2018**

---

### **Introduction**

The directors present their strategic report for Zeelandia Holdings (UK) Limited for the year ended 31 December 2018.

### **Principal Activities and Business Review**

The group's principal activities during the year were the manufacture and sale of sugar based and other products to the bakery trade.

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the group include amongst others:

- Possible fluctuations in the price and availability of the raw materials, which are mitigated by contracts with suppliers;
- Foreign currency exposure to the Euro.

### **Financial risk management**

The group's operations expose it to a variety of financial risks that include the effects of the changes in commodity prices, exchange rate, liquidity and credit. The group seeks to limit adverse effects on its financial performance by monitoring the impact of these and addressing them accordingly.

Zeelandia's view is that a Hard Brexit is a possibility and therefore has taken the following steps:

1. Review supply chain to ensure that suppliers have taken necessary steps to manage possible interruptions to the supply chain.
2. Increased stock levels of key raw materials, with the aim to holding 12 weeks' stock by 31 October 2019.
3. Installed freezer units to store key ingredients at Flemings site, rather than using third party storage.
4. Consulted with customers, some of whom have increased orders to build their own stocks.

The group is also part of the Zeelandia Brexit preparation group ensuring regular bi weekly review meetings with international functional colleagues to ensure that all possible preparations are being made.

# Zeelandia Holdings (UK) Limited

Strategic Report (continued)  
For the Year Ended 31 December 2018

---

## Financial key performance Indicators

The group generated revenue £20,950,187 in the year ended 31 December 2018 (2017 - £19,608,838). The gross profit margin of 22% is in line with prior year.

At 31 December 2018, the group had the capital and reserves of £7,482,257 (2017 - £7,415,265).

## Outlook and future developments

The group will continually look for growth opportunities and remain flexible and innovative to meet future consumer demands. The current trading environment remains, to say the least, difficult and focus must firmly be on operational efficiencies, tight cost control, cash management and customer service.

This report was approved by the board on August 23, 2019 and signed on its behalf.

  
M J De Ruijter  
Director

# Zeelandia Holdings (UK) Limited

## Directors' Report For the Year Ended 31 December 2018

---

The directors present their report and the financial statements for the year ended 31 December 2018.

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Results and dividends

The loss for the year, after taxation, amounted to £89,181 (2017 - loss £161,132).

No dividends were paid during the year (2017 - £Nil).

### Directors

The directors who served during the year were:

E P Hoekstra (resigned 1 April 2019)  
M J De Ruiter

### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Post balance sheet events

There have been no significant events affecting the company since the year end.

# Zeelandia Holdings (UK) Limited

Directors' Report (continued)  
For the Year Ended 31 December 2018

---

## Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *August 23, 2019* and signed on its behalf.



M J De Ruiter  
Director

# Zeelandia Holdings (UK) Limited

## Independent Auditor's Report to the Members of Zeelandia Holdings (UK) Limited

---

### Opinion

We have audited the financial statements of Zeelandia Holdings (UK) Limited ("the Company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **Zeelandia Holdings (UK) Limited**

## **Independent Auditor's Report to the Members of Zeelandia Holdings (UK) Limited (continued)**

---

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;

# Zeelandia Holdings (UK) Limited

## Independent Auditor's Report to the Members of Zeelandia Holdings (UK) Limited (continued)

---

### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Tracey Keeble (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Ipswich  
United Kingdom

30 August 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Zeelandia Holdings (UK) Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2018

---

	Note	2018 £	2017 £
Administrative expenses		(14,029)	(3,480)
<b>Operating loss</b>		<b>(14,029)</b>	<b>(3,480)</b>
Interest payable and expenses	6	(58,494)	(58,174)
Other finance costs	7	(16,658)	(99,478)
<b>Loss before tax</b>		<b>(89,181)</b>	<b>(161,132)</b>
<b>Loss for the financial year</b>		<b>(89,181)</b>	<b>(161,132)</b>

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 11 to 19 form part of these financial statements.

# Zeelandia Holdings (UK) Limited

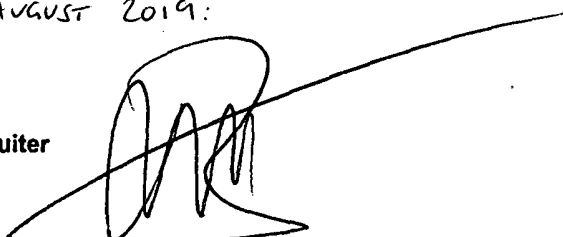
Registered number: 02451997

## Statement of Financial Position As at 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
<b>Fixed assets</b>					
Investments	9		6,918,457		6,918,457
			<u>6,918,457</u>		<u>6,918,457</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	10	344		3,873	
Cash at bank and in hand		2,100,255		-	
		<u>2,100,599</u>		<u>3,873</u>	
Creditors: amounts falling due within one year	11	(5,219,651)		(3,033,744)	
<b>Net current liabilities</b>			<u>(3,119,052)</u>		<u>(3,029,871)</u>
<b>Total assets less current liabilities</b>			<u>3,799,405</u>		<u>3,888,586</u>
<b>Net assets</b>			<u>3,799,405</u>		<u>3,888,586</u>
<b>Capital and reserves</b>					
Called up share capital	13		100,000		100,000
Other reserves	14		4,000,000		4,000,000
Profit and loss account	14		(300,595)		(211,414)
			<u>3,799,405</u>		<u>3,888,586</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
23 AUGUST 2019:

M J De Ruiter  
Director



The notes on pages 11 to 19 form part of these financial statements.

# Zeelandia Holdings (UK) Limited

## Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	100,000	4,000,000	(211,414)	3,888,586
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(89,181)	(89,181)
<b>Total comprehensive income for the year</b>	-	-	(89,181)	(89,181)
<b>At 31 December 2018</b>	<b>100,000</b>	<b>4,000,000</b>	<b>(300,595)</b>	<b>3,799,405</b>

## Statement of Changes in Equity For the Year Ended 31 December 2017

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	100,000	4,000,000	(50,282)	4,049,718
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(161,132)	(161,132)
<b>Total comprehensive income for the year</b>	-	-	(161,132)	(161,132)
<b>At 31 December 2017</b>	<b>100,000</b>	<b>4,000,000</b>	<b>(211,414)</b>	<b>3,888,586</b>

The notes on pages 11 to 19 form part of these financial statements.

# Zeelandia Holdings (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

---

### 1. General information

Zeelandia Holdings (UK) Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the group's operations and its principal activities are set out in the strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

#### Going concern

At the year end the company had net current liabilities of £3,119,052 (2017: £3,029,871). Koninklijke Zeelandia Groep B.V., a parent company in the group, has pledged to provide ongoing financial support to the company. In light of this the directors have reviewed the resources available to the company and they consider these resources are sufficient to enable the company to meet its liabilities as they fall due and that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore the directors consider it appropriate that the financial statements are prepared on a going concern basis.

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Koninklijke Zeelandia Groep BV as at 31 December 2018 and these financial statements may be obtained from Chamber of Commerce, Kanaalweg 3, 4337PA Middelburg. No other group accounts include the results of the company.

# Zeelandia Holdings (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

---

### 2. Accounting policies (continued)

#### 2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

#### 2.4 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

#### 2.5 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.6 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

# Zeelandia Holdings (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

---

### 2. Accounting policies (continued)

#### 2.7 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Zeelandia Holdings (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

---

### 2. Accounting policies (continued)

#### 2.11 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Impairment of fixed asset investments (see note 9)

Determine whether there are indicators of impairment of the company's fixed asset investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

# Zeelandia Holdings (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 4. Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>4,450</u>	<u>4,200</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

### 5. Employees

The company has no employees other than the directors, who did not receive any remuneration (2017: £Nil).

### 6. Interest payable and similar expenses

	2018 £	2017 £
Loans from group undertakings	<u>58,494</u>	<u>58,174</u>

### 7. Other finance costs

	2018 £	2017 £
Foreign exchange differences	<u>16,658</u>	<u>99,478</u>

# Zeelandia Holdings (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 8. Taxation

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(89,181)	(161,132)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(16,945)	(31,018)
<b>Effects of:</b>		
Unrecognised deferred tax on short term timing differences	9,944	11,360
Expenses not deductible for tax purposes	-	669
Adjust deferred tax to average rate	1,170	-
Group relief surrendered	5,831	18,989
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

#### Factors that may affect future tax charges

There are trading losses of £48,186 (2017: £48,186) that are being carried forward by the company. There is a potential deferred tax asset which has not been recognised of £28,521 (2017: £18,577), as it is not probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

# Zeelandia Holdings (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 9. Fixed asset investments

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2018	6,918,457
At 31 December 2018	6,918,457
<b>Net book value</b>	
At 31 December 2018	6,918,457
At 31 December 2017	6,918,457

### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Zeelandia Limited	Ordinary	99.99 %	Manufacture and sale of products to the bakery trade.
James Fleming & Company Limited	Ordinary	100 %	Manufacture and sale of sugar based products to the bakery trade.

The registered office of Zeelandia Limited is Radford Way, Billericay, Essex, CM12 0DX

The registered office of James Fleming & Company Limited is C/O BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, Scotland, G2 8JX.

The aggregate of the share capital and reserves as at 31 December 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<b>Aggregate of share capital and reserves £</b>	<b>Profit/(loss) £</b>
Zeelandia Limited	337,366	(443,713)
James Fleming & Company Limited	7,079,563	605,654

# Zeelandia Holdings (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 10. Debtors

	2018 £	2017 £
Amounts owed by group undertakings	<u>344</u>	<u>3,873</u>

### 11. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank loans	2,110,500	-
Amounts owed to group undertakings	3,108,896	3,033,744
Other creditors	255	-
	<u>5,219,651</u>	<u>3,033,744</u>

The loan due of £2,110,500 is repayable over 15 years with interest charged at 2.7% per annum. There is a fixed and floating charge in place over the property and undertakings of the entity, and a further fixed and floating charge is in place over the property and undertakings of the entity's subsidiary, James Fleming & Company Limited and over W.T. Mather Limited (a subsidiary of James Fleming & Company Limited). There is cross guarantee over the loan which includes Zeelandia Holdings (UK) Limited, James Fleming & Company Limited and W.T. Mather Limited.

As noted above the loan balance due of £2,100,500 is due for repayment over 15 years, however at the year end, due to the definitions contained within the loan agreement applicable to the covenant calculations, there was a covenant breach and consequently the loan has been treated as repayable on demand. Post year end the breach has been waived and the covenant definitions amended with an effective date of 19 August 2019.

### 12. Financial instruments

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>2,100,599</u>	<u>3,873</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(5,219,651)</u>	<u>(3,033,744)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans, amounts owed to group companies and other creditors.

# Zeelandia Holdings (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2018

### 13. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
100,000 (2017 - 100,000) Ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>

### 14. Reserves

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Other reserves

Other reserves comprise of a capital contribution reserve, arising from a capital contribution made to the company by the parent company of £4,000,000.

#### Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 15. Related party transactions

The company has taken advantage of the exemptions provided under FRS 102 not to disclose transactions with its parent company and other wholly owned subsidiaries within the group.

### 16. Controlling party

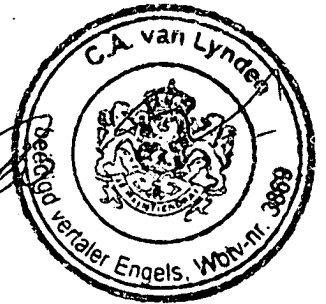
The immediate parent company is Zeelandia International Holding BV a company incorporated in The Netherlands. The parent company which prepares consolidated accounts incorporating the company is Koninklijke Zeelandia Groep BV which is incorporated in The Netherlands. The largest and smallest group in which the results of the company are consolidated is that headed by Koninklijke Zeelandia Groep BV, incorporated in The Netherlands. The consolidated accounts of this company are available to the public and may be obtained from the Chamber of Commerce, Kanaalweg 3, 4337PA Middelburg. No other group accounts include the results of the company.

The ultimate controlling party is Houdstermaatschappij H.J. Doeleman B.V., a company incorporated in the Netherlands.

The undersigned, C.A. van Lynden, residing in Rotterdam, sworn translator for the English language and as such admitted by the Rotterdam District Court, listed in the Dutch register of sworn interpreters and translators under number 3869, certifies herewith that the attached document is an accurate and faithful translation of the original document, which is also attached hereto.

Rotterdam, 31 May 2019

C.A. van Lynden



Koninklijke Zeelandia Groep B.V.  
Zierikzee

SWORN TRANSLATION

Koninklijke Zeelandia Groep B.V.  
Zierikzee

Report on the  
Financial statements 2018

29 March 2019

Adopted in the general meeting of shareholders on 16 May 2019

Contents

<b>Annual report and accounts 2018</b>	<b>3</b>
Directors' report	4
Report of the Supervisory Board	5
Financial Statements	6
Consolidated balance sheet as at 31 December 2018	7
Consolidated profit and loss account for 2018	8
Consolidated cash flow statement for 2018	9
Overview of the total result of the legal entity for 2018	11
Explanatory notes to the consolidated financial statements	12
Overview group companies	35
The company has issued an article 403 liability statement for the Dutch group companies	35
Overview non-consolidated participations	36
Company balance sheet as at 31 December 2018	37
Company profit and loss account over 2018	38
Explanatory note to the separate financial statements	39
Other information	43
Audit opinion of the independent auditor	43
Proposed profit appropriation 2018	43

Koninklijke Zeelandia Groep B.V.  
Zierikzee

SWORN TRANSLATION

## **Annual report and accounts 2018**

- Directors' report
- Report of the Supervisory Board
- Financial Statements
- Other information

Koninklijke Zeelandia Groep B.V.  
Zierikzee

SWORN TRANSLATION

## **Directors' report**

The directors' report is available for inspection at the company's offices.

Koninklijke Zeelandia Groep B.V.  
Zierikzee

SWORN TRANSLATION

### **Report of the Supervisory Board**

The annual report of the Supervisory Board is available for inspection at the company's offices.

## **Financial Statements**

- Consolidated balance sheet
- Consolidated profit and loss account
- Consolidated cash flow statement
- Statement of the comprehensive income of the legal entity
- Explanatory notes to the consolidated financial statements
- Unconsolidated balance sheet
- Separate profit and loss account
- Explanatory notes to the separate financial statements

**Consolidated balance sheet as at 31 December 2018**

(before profit appropriation)	Note	31.12.2018	31.12.2017	Note	31.12.2018	31.12.2017
		€ 000	€ 000		€ 000	€ 000
<b>Non-current assets</b>				<b>Group equity</b>	7	
Intangible non-current assets:	1			Share of the entity in the group equity	226,648	222,070
Goodwill	20,912	19,307		Third-party share in the group equity	655	1,091
Other intangible non-current assets	2,627	1,076	20,383	Provisions	8	227,303
		23,539		Employee benefits	5,732	5,294
Property, plant and equipment:	2			Deferred tax liabilities	2,842	3,201
Land and buildings	50,397	50,807		Long-term liabilities	9	8,574
Plant and machinery	25,868	26,829		Credit institutions	4,383	2,913
Other tangible fixed assets	11,908	12,866		Other long-term liabilities	15	38
Tangible fixed assets under construction	5,473	5,543	96,045	Short-term liabilities	10	4,398
		93,646		Credit institutions	11,397	10,857
Financial fixed assets:	3			Trade creditors	40,419	37,143
Other participating interests	22,469	20,795		Shareholders and participating interests	38	709
Shareholders and participating interests	605	638		Taxes and social security contributions	8,379	7,383
Deferred tax claim	2,837	2,122		Other payables, accruals and deferred income	22,456	21,924
Other financial fixed assets	982	1,098	24,653			
		26,893	141,081			
		144,078				
<b>Current assets</b>						
Stocks:	4					
Raw materials and consumables	25,115	26,181	54,916			
Finished goods and goods for resale	25,015	28,735				
		50,130				
Receivables:	5					
Trade debtors	64,438	62,858				
Shareholders and participating interests	3,116	2,765				
Other receivables and prepayments	8,651	6,952	72,575			
		76,205				
Liquid assets	6	52,551	44,051			
		322,964	312,623			
					322,964	312,623

**Consolidated profit and loss account for 2018**

	Note	<u>2018</u> € 000	<u>2017</u> € 000
Net turnover	11	468,630	478,126
Cost of sales		<u>308,303</u>	<u>318,028</u>
<b>Gross turnover result</b>		160,327	160,098
Sales costs		81,639	82,759
General management costs	12	<u>58,461</u>	<u>56,610</u>
<b>Sum of the costs</b>		140,100	139,369
<b>Net turnover result</b>		20,227	20,729
Depreciation of goodwill		<u>(2,227)</u>	<u>(2,272)</u>
<b>Operating result</b>		18,000	18,457
Share in result of non-consolidated participating interests	3	3,634	3,302
Financial income		1,487	1,588
Financial expenses		<u>(1,514)</u>	<u>(1,349)</u>
<b>Result before tax</b>		21,607	21,998
Taxes	13	<u>(4,784)</u>	<u>(5,774)</u>
<b>Consolidated result after tax</b>		<u>16,823</u>	<u>16,224</u>
Of which third-party interest	7	<u>61</u>	<u>5</u>
<b>Result attributable to the legal entity</b>		<u>16,762</u>	<u>16,219</u>

**Consolidated cash flow statement for 2018**

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
<b>Operating result</b>	<b>18,000</b>	<b>18,457</b>
Adjustments to arrive from the operating result to the cash flow from business operations:		
Depreciation and additional impairment of intangible non-current assets	2,494	2,493
Depreciation of property, plant and equipment	11,358	10,990
Movements provisions	(407)	(258)
Movements in the working capital:		
Stocks	3,866	(4,070)
Operating income	(4,825)	(3,685)
Operating expenses	3,023	6,114
<b>Cash flow from operating activities</b>	<b><u>33,509</u></b>	<b><u>30,041</u></b>
Other operating activities:		
Interest income received	1,487	1,588
Interest expense paid	(1,513)	(1,349)
Taxes paid	(3,558)	(4,527)
Dividends received	692	3,518
<b>Cash flow from other operating activities</b>	<b><u>(2,892)</u></b>	<b><u>(770)</u></b>
<b>Balance of cash flow from operating activities</b>	<b><u>30,617</u></b>	<b><u>29,271</u></b>
<b>Investment activities</b>		
Acquisition group companies	4,570	5,274
Capital contributions to participations	-	2,570
Investments in intangible non-current assets	1,818	545
Investments in property, plant and equipment	10,140	16,340
Disposals of property, plant and equipment	(657)	(230)
Movements in financial fixed assets	(149)	304
<b>Balance of cash flow from investment activities</b>	<b><u>(15,722)</u></b>	<b><u>(24,803)</u></b>
<b>Subtotal</b>	<b>14,895</b>	<b>4,468</b>

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
<b>Transport subtotal</b>	<b>14,895</b>	<b>4,468</b>
<b>Financing activities</b>		
Capital contributions by third parties	-	430
Drawing long-term loans credit institutions	2,380	2,521
Repayment of long-term loans credit institutions	(769)	(470)
Movement of short-term loans credit institutions	540	4,897
Dividend paid	<u>(8,109)</u>	<u>(5,118)</u>
<b>Balance of cash flow from financing activities</b>	<b><u>(5,958)</u></b>	<b><u>2,260</u></b>
<b>Movement balance liquid assets</b>	<b><u>8,937</u></b>	<b><u>6,728</u></b>
Balance as at 1 January	44,051	39,064
Movement balance liquid assets	8,937	6,728
Exchange differences	<u>(437)</u>	<u>(1,741)</u>
<b>Balance as at 31 December</b>	<b><u>52,551</u></b>	<b><u>44,051</u></b>

**Overview of the total result of the legal entity for 2018**

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
Consolidated net profit after tax attributable to the legal entity	16,762	16,219
Exchange results of foreign participating interests	(4,066)	(4,070)
Dilution result	<u>(9)</u>	<u>(242)</u>
<b>Total result of the legal entity</b>	<u>12,687</u>	<u>11,907</u>

## Explanatory notes to the consolidated financial statements

### General

#### Activities

The activities of Koninklijke Zeelandia Groep B.V., with its registered office in Zierikzee (Poststraat 11, 4301 AA Zierikzee, listed under the register number 22043788), and its group companies are mainly aimed at developing, manufacturing and selling high-quality ingredients for bread and pastry.

#### Group structure

Koninklijke Zeelandia Groep B.V. heads a group of legal entities. An overview of the data required on the basis of Articles 379 and 414 of Book 2 of the Dutch Civil Code has been included in this report.

#### Mergers and acquisitions

The following acquisitions took place in 2018:

- PT Seelindo Sejahterata - increase from 49% to 100% of the shares;
- PT Zeelandia Indonesia - increase from 75% to 100% of the shares.

The acquisitions were accounted for as at 1 October 2018 in accordance with the purchase accounting method.

The goodwill determination is as follows:

	PT Seelindo Sejahterata	PT Zeelandia Indonesia	Total
	€ 000	€ 000	€ 000
Purchase price	3,271	1,604	4,875
Fair value of assets and liabilities	1,432	276	1,708
Goodwill	1,839	1,328	3,167

The acquired cash and cash equivalents included in the purchase price amount to € 305,000.

#### Basis of consolidation

The consolidated financial statements of Koninklijke Zeelandia Groep B.V. include the financial data of the companies belonging to Koninklijke Zeelandia Groep B.V. and other legal entities over which control can be exercised or central management is exercised.

The consolidated financial statements are prepared in accordance with the accounting policies of Koninklijke Zeelandia Groep B.V.

The financial data of the group companies are fully included in the consolidated financial statements, with the elimination of interrelationships and transactions.  
Third-party interests in the equity and results of group companies are reported separately in the consolidated financial statements.

The results of the group companies are consolidated as of the acquisition date.  
On that date, assets and liabilities are measured at fair value. The goodwill paid is capitalised and depreciated over its economic life. The results of divested participations are included in the consolidation until the moment the group link is terminated.

The financial data of Koninklijke Zeelandia Groep B.V. have been included in the consolidated financial statements so that, in accordance with Article 402 of Book 2 of the Dutch Civil Code, an abridged profit and loss account in the separate financial statements will suffice.

### **General principles for the preparation of the consolidated financial statements**

The consolidated financial statements have been prepared in accordance with the provisions of Title 9 of Book 2 of the Dutch Civil Code.

The valuation of assets and liabilities and the determination of the result are based on historic costs, unless stated otherwise.

Income and expenses are allocated to the year to which they relate. Profits are only recognised to the extent that they have been realised on the balance sheet date.

Liabilities and potential losses arising before the end of the year under review are taken into account if they are known before the preparation of the financial statements.

### **Financial instruments**

Financial instruments include both primary financial instruments, such as receivables and payables, and financial derivatives.

In the notes to the various items in the balance sheet, the fair value of the relevant instrument is explained if it differs from the carrying amount. If the financial instrument is not included in the balance sheet, the fair value information is given in the notes to the 'Off-balance sheet rights and obligations'.

### **Primary financial instruments**

For the accounting principles on primary financial instruments, reference is made to the handling per balance sheet item.

### **Financial derivatives**

Financial derivatives for which the underlying value is not listed on the stock exchange are stated at cost. If, at the balance sheet date, the fair value is lower than the cost price or has a negative value, the derivative is written off to the profit and loss account at the lower fair value. In determining the lower fair value, the effect of accrued interest is not taken into account.

### **Hedge accounting**

The group does not apply hedge accounting.

### **Conversion of foreign currency**

Receivables, liabilities and obligations in foreign currencies are converted at the exchange rate on the balance sheet date. Transactions in foreign currencies during the reporting period are included in the financial statements at the exchange rate applicable on the date of the transaction. The exchange differences resulting from the conversion are included in the profit and loss account.

Various foreign group companies and non-consolidated participations qualify as operating abroad with a functional currency other than that of the company. For the conversion of the financial statements of these foreign operations, the closing rate is used for the balance sheet. The average exchange rate is used for the profit and loss account. The conversion differences that occur are directly credited or debited to the group equity and included in the conversion differences.

### **Estimates**

Estimates have been used in the preparation of various items in the financial statements. The elements of estimation have been applied to the following items: intangible non-current assets, property, plant and equipment, provisions and other short-term liabilities. Results may differ from the estimates made. The estimates and underlying assumptions are reviewed on a regular basis. The main estimates relate to purchase price allocation, depreciation of non-current assets, obsolescent stock, bad debts, provisions and accrued expenses.

A change in accounting estimate occurs when a previous estimate is revised. A change in accounting estimate is recognised in the period in which it occurs and in future periods if the change affects both the current and future periods.

## **Principles of valuation of assets and liabilities**

### **Intangible non-current assets**

Intangible non-current assets are valued at the amount of the costs incurred, less cumulative depreciation, which is calculated on a straight-line basis, and, if applicable, impairments. The annual depreciation amounts to a fixed percentage of the costs incurred, as further specified in the notes to the balance sheet. The expected economic life and the depreciation method are reassessed at the end of each financial year.

### **Property, plant and equipment**

Tangible non-current assets are valued at acquisition price, less accumulated depreciation and, if applicable, impairments. Depreciation is based on estimates of the economic life of the various objects and is calculated on the basis of a fixed percentage of the acquisition price, taking into account any residual value. Depreciation is applied from the time of commissioning. Land is not depreciated.

Costs for regular major maintenance are charged to the result as they arise.

Tangible non-current assets of which the company and its group companies hold the economic ownership under a finance lease agreement are capitalised. The obligation arising from the finance lease is recognised as a liability. The interest included in the future lease instalments is charged to the result during the term of the finance lease.

### **Financial fixed assets**

The non-consolidated participation in which significant influence is exercised on the business and financial policy are valued at net asset value. This value is calculated on the basis of the same principles that Koninklijke Zeelandia Groep B.V. applies to the valuation and determination of the result.

Participating interests with a negative net asset value are valued at nil. A provision is formed when the company is wholly or partly responsible for the debts of the participating interest in question or has the actual obligation to enable the participating interest (for its share) to pay its debts. In determining the size of this provision, account is taken of provisions for bad debts already deducted from receivables from the participating interest.

Receivables included under financial fixed assets are initially recognised at fair value and subsequently valued at amortised cost, which is equal to the nominal value, after deduction of provisions deemed necessary.

The financial fixed assets include deferred tax claims, if and to the extent that it is probable that the tax claim will be realised in due course. This deferred tax claim is valued at nominal value and is mainly of a long-term nature.

### **Stocks**

Stocks of raw materials, consumables and commercial goods are valued at the acquisition price or lower net realisable value. This lower net realisable value is determined by an individual assessment of the stocks. The valuation of stocks of raw materials and consumables is carried out on the basis of FIFO.

Stocks of finished products are valued at manufacturing price or lower net realisable value. This lower net realisable value is determined by an individual assessment of the stocks. The manufacturing price includes direct consumption of materials, direct labour and machine costs and other costs that can be directly attributed to the production, and a surcharge for indirect manufacturing costs.

Stocks of commercial goods are individually valued at the acquisition price or lower net realisable value. Where necessary, stocks have been written down to a lower net realisable value. This lower net realisable value is determined by an individual assessment of the stocks.

The net realisable value is based on an expected selling price, less costs to be incurred for completion and sale.

### **Receivables including prepayments**

Receivables are initially recognised at fair value and subsequently valued at amortised cost, which is equal to the nominal value, less any provisions deemed necessary to cover the risk of irrecoverability. These provisions are determined on the basis of an individual assessment of the receivables.

### **Liquid assets**

Cash and cash equivalents are stated at nominal value. If funds are not freely available, this is taken into account in the valuation.

### **Third-party share in group equity**

Third-party share in group equity are minority interests in the equity of consolidated companies. The third-party share in the results of consolidated companies is deducted from the group result in the profit and loss account.

If the losses attributable to the minority interest of third parties exceed the minority interest in the equity of the consolidated companies, the difference and any further losses are fully charged to Koninklijke Zeelandia Groep B.V., unless and to the extent that the minority shareholder has the obligation, and is able, to absorb those losses. If the consolidated companies subsequently return to profit, these profits are fully credited to Koninklijke Zeelandia Groep B.V. until the losses incurred by Koninklijke Zeelandia Groep B.V. have been recovered.

### **Provisions**

#### *Provisions for employee benefits:*

The group has various pension schemes. The Dutch schemes are financed by payments to pension providers, i.e. insurance companies, and are defined contribution schemes. The pensionable salary is capped at the annual salary on which a fiscally favourable pension can be built up. The annual premium to be paid by the employer is based on the tax contribution tables.

The foreign pension schemes that are comparable to the way in which the Dutch pension system is organised and functions are valued in accordance with the Dutch schemes. The pension obligations of both the Dutch and foreign schemes are valued according to the 'liability under the pension administration approach'. In this approach, the premium to be paid to the pension provider is recognised as an expense in the profit and loss account.

On the basis of the Implementation Agreement, it is assessed whether and, if so, which obligations exist on the balance sheet date in addition to the payment of the annual premium owed to the pension provider. These additional obligations, including any obligations from recovery plans of the pension provider, result in expenses for the group and are included in the balance sheet as a provision.

The valuation of the obligation is the best estimate of the amounts necessary to settle it at the balance sheet date. If the effect of the time value of money is material, the liability is valued at the present value. Discounting takes place on the basis of interest rates on high-quality corporate bonds.

Additions to and releases from liabilities are charged or credited to the profit and loss account.

A pension receivable is recognised in the balance sheet when the group has power of disposal over the pension receivable, when it is probable that the future economic benefits embodied in the pension receivable will accrue to the group, and when the pension receivable can be reliably determined.

*Provision for deferred tax liabilities:*

A provision is formed for deferred tax liabilities in respect of future tax payments arising from differences between the balance sheet values for financial reporting purposes and for tax purposes, equal to the sum of these differences multiplied by the applicable tax rate. This provision is reduced by the amount of tax to be set off in the future in respect of available tax losses carried forward, to the extent that it is probable that the future taxable profits will be available for offsetting.

The provision for deferred tax liabilities is valued at nominal value.

*Other provisions*

Unless stated otherwise, the other provisions are valued at the nominal value of the expenditure that is expected to be necessary to settle the liabilities concerned.

**Long-term and short-term liabilities**

Loans and borrowings are initially recognized at fair value and subsequently measured at amortised cost.

## **Principles for determining the result**

### **Net turnover**

Net turnover includes the income from goods supplied in the year under review, less discounts and taxes levied on turnover.

Revenue from the sale of goods is recognised when all significant rights to economic benefits as well as all significant risks have been transferred to the buyer. The cost of these goods is allocated to the same period.

### **Cost of sales**

Cost of sales comprises the cost of goods sold and delivered, consisting of direct consumption of materials, direct labour and machinery costs and other direct and indirect costs attributable to manufacturing.

### **Share in the result of non-consolidated companies in which the company has a participating interest**

The result of participating interests in which significant influence is exercised on business and financial policy is included in the share in the result of these participating interests accruing to the company. This result is determined on the basis of the accounting principles for valuation and determination of results applicable at Koninklijke Zeelandia Groep B.V.

### **Taxes**

Corporate income tax is calculated at the applicable rate of the various countries on the result of the financial year, taking into account permanent differences between the profit calculation according to the financial statements and the profit calculation for tax purposes, and whereby deferred tax assets are only valued to the extent that it is probable that they will be realised.

For the group companies included in the tax entity, the corporate income tax is calculated as if they were independently liable to pay tax. Any advantages or disadvantages of the tax entity shall be borne by the parent company.

### **Consolidated cash flow statement accounting principles**

The consolidated cash flow statement has been prepared using the indirect method.

The cash in the cash flow statement consists of cash and cash equivalents.

Cash flows in foreign currencies are translated at an estimated average exchange rate. Exchange differences relating to cash are shown separately in the cash flow statement.

Tax on profits, interest received and paid and dividends received are included in the cash flow from operating activities. Dividends paid are included in the cash flow from financing activities.

The acquisition price of acquired group companies is included in the cash flow from investment activities, to the extent that payment has been made in cash. Cash in these group companies is deducted from the purchase price.

Transactions that do not involve an exchange of cash, including financial leasing, are not included in the cash flow statement. The payment of the lease instalments under the financial lease contract is regarded as expenditure on financing activities for the part relating to the repayment and as expenditure on operational activities for the part relating to the interest.

**Explanatory notes to the various items of the consolidated balance sheet**

**1) Intangible non-current assets**

*Goodwill:*

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
Book value as at 1 January	19,307	20,146
Acquisitions	3,750	1,368
Depreciation	(2,227)	(2,272)
Exchange differences	<u>82</u>	<u>65</u>
Book value as at 31 December	<u>20,912</u>	<u>19,307</u>
Historical cost as at 31 December	<u>99,209</u>	<u>95,459</u>
Cumulative depreciation and additional downward value adjustments as at 31 December	<u>(78,297)</u>	<u>(76,152)</u>

Depreciation of capitalised goodwill relating to acquired equity interests takes place over a period of five or 15 years. The goodwill is depreciated in line with its estimated economic life. The goodwill that is depreciated over 15 years relates to the acquisition of activities that, in view of their nature and size, are part of the group for a very long time.

Of the negative goodwill relating to the acquisition of Flemings, € 102,000 was released to the result in the 2018 financial year. At the end of 2018, the negative goodwill of Flemings was fully recognised in the result.

Depreciation and any other downward value adjustments are included in general administrative expenses in the profit and loss account.

*Other intangible non-current assets:*

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
Book value as at 1 January	1,076	752
Investments	1,818	545
Depreciation	<u>(267)</u>	<u>(221)</u>
Book value as at 31 December	<u>2,627</u>	<u>1,076</u>
Historical cost as at 31 December	<u>3,353</u>	<u>1,535</u>
Cumulative depreciations as at 31 December	<u>(726)</u>	<u>(459)</u>

The other intangible non-current assets relate to software and trademark and patent rights. Depreciation takes place over a period of five years. Depreciation is included in general administrative expenses in the profit and loss account.

## 2) Property, plant and equipment

The acquisition values, depreciation and book value of these assets show the following movements in 2018:

	Land and buildings	Plant and machinery	Other fixed operating assets	Fixed operating assets under construction	Total
	€ 000	€ 000	€ 000	€ 000	€ 000
Book value as at 1 January 2018	50,807	26,829	12,866	5,543	96,045
Investments	401	940	582	8,217	10,140
Put to use	1,215	4,105	2,461	(7,781)	-
Acquisitions	752	386	151	-	1,289
Disposal	(288)	(268)	(102)	-	(658)
Depreciation	(1,761)	(5,205)	(4,392)	-	(11,358)
Exchange differences	(729)	(919)	342	(506)	(1,812)
Book value as at 31 December 2018	<u>50,397</u>	<u>25,868</u>	<u>11,908</u>	<u>5,473</u>	<u>93,646</u>
<i>As at 1 January 2018</i>					
Acquisition value	<u>91,246</u>	<u>105,954</u>	<u>70,094</u>	<u>5,543</u>	<u>272,837</u>
Cumulative depreciation	<u>(40,439)</u>	<u>(79,125)</u>	<u>(57,228)</u>	<u>-</u>	<u>(176,792)</u>
<i>As at 31 December 2018</i>					
Acquisition value	<u>92,815</u>	<u>109,407</u>	<u>51,946</u>	<u>5,473</u>	<u>259,641</u>
Cumulative depreciation	<u>(42,418)</u>	<u>(83,539)</u>	<u>(40,038)</u>	<u>-</u>	<u>(165,995)</u>
Depreciation rate	<u>0-10</u>	<u>10-20</u>	<u>10-20</u>	<u>0</u>	

Part of the land and buildings with a book value of € 10.1 million serve as security for mortgage loans. In addition, part of the plant and machinery with a book value of € 0.5 million serves as collateral for long-term loans. Of the other property, plant and equipment, assets with a book value of € 0.1 million were financed by means of financial leases.

### 3) Financial fixed assets

*Other participations:*

Movements in the balance sheet value of the non-consolidated participations in 2018 were as follows:

	<u>2018</u> € 000
Situation as at 1 January	20,795
Purchases and capital contributions	1,782
Included in consolidation	(916)
Results	3,634
Exchange differences	(154)
Dividends paid	<u>(2,672)</u>
	<u>1,674</u>
Situation as at 31 December	<u><u>22,469</u></u>

The acquisitions and capital contributions relate largely to Zeelandia Bakery Ingredients (Wuxi) in China. A dividend payment was converted into share capital for the acquisition of land for a new factory.

A list of group companies and non-consolidated participations is included in the other explanatory notes.

*Shareholders and participating interests:*

	<u>2018</u> € 000	<u>2017</u> € 000
Situation as at 1 January	1,013	1,213
Funding provided	-	-
Repayment in connection with the consolidation of participations	-	-
Repayments	<u>(204)</u>	<u>(200)</u>
	809	1,013
Repayment commitments for the next financial year (included in current receivables)	<u>(204)</u>	<u>(375)</u>
Situation as at 31 December (long-term)	<u><u>605</u></u>	<u><u>638</u></u>

*Deferred tax claim:*

The deferred tax claim relates to the difference between the tax treatment and the treatment in the financial statements of balance sheet items and a claim in respect of offsettable losses at foreign group companies. This claim has a predominantly long-term character.

No deferred tax asset has been recognised for the remaining - in principle - offsettable losses at foreign group companies, totalling approximately € 3,070,000 (2017: € 4,670,000), as these losses are not expected to be set off against taxable profits within the limitation period.

Movements in this deferred tax claim were as follows:

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
Situation as at 1 January	2,122	1,469
Acquisitions	187	-
Reclassification	-	532
Withdrawal from profit or loss	622	192
Exchange differences	<u>(94)</u>	<u>(71)</u>
Situation as at 31 December	<u>2,837</u>	<u>2,122</u>

This deferred tax claim can be split into an amount of € 607,000 in respect of loss compensation and € 2,230,000 in respect of differences between commercial and tax valuation.

*Other financial fixed assets:*

	<u>31.12.2018</u>	<u>31.12.2017</u>
	€ 000	€ 000
Financing of equipment and loans third parties	<u>982</u>	<u>1,098</u>

Repayment of customer-financed equipment is in proportion to the purchase of products over a maximum period of six years. The average remaining term of the third-party loans is two years. Movements in the financing of equipment and loans to third parties were as follows:

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
Situation as at 1 January	1,246	742
Funding provided	151	698
Repayments	(210)	(196)
Exchange differences	<u>-</u>	<u>2</u>
	1,187	1,246
Repayment commitments for the next financial year (included in current receivables)	<u>(205)</u>	<u>(148)</u>
Situation as at 31 December (long-term)	<u>982</u>	<u>1,098</u>

#### 4) Stocks

The provision for obsolescent stock amounts to € 0.7 million (2017: € 0.6 million) and is deducted from the total stock value.

#### 5) Receivables

##### *Trade debtors:*

A provision of € 3.0 million (2017: € 3.3 million) has been deducted from trade debtors.

##### *Shareholders and participating interests:*

This item relates to receivables from other participations in respect of goods supplied. As a result, no security has been provided, no repayment schedules have been agreed and no interest is charged.

##### *Other receivables*

An amount of € 0.4 million can be considered long-term. The other receivables are considered to be current.

#### 6) Liquid assets

Cash and cash equivalents are freely available to the group.

## 7) Group equity

### *Legal entity's share in the group equity:*

For an explanation of the legal entity's share in group equity, reference is made to the explanatory notes to the equity in the separate financial statements.

### *Third-party share in group equity:*

This concerns the minority interest of third parties in consolidated group companies. Movements were as follows:

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
Situation as at 1 January	1,091	5,699
Acquisition minority interest	-	159
Decrease in minority interest (due to increase in interest)	(486)	(4,852)
Capital contribution	-	271
Dividend payment	-	(57)
Profit share	61	5
Equity price	<u>(11)</u>	<u>(134)</u>
Situation as at 31 December	<u>655</u>	<u>1,091</u>

The item acquisition minority interest in 2017 relates to the acquisition of Wigo. The decrease of the minority interest mainly relates to the increase of the interest in PT Zeelandia Indonesia from 75% to 100%. The capital contribution in 2017 mainly concerns Kenya.

## 8) Provisions

### *Employee benefits:*

Employee benefits can be specified as follows:

	<u>31.12.2018</u>	<u>31.12.2017</u>
	€ 000	€ 000
Pension obligation	3,500	3,539
Other deferred employee benefits	<u>2,232</u>	<u>1,755</u>
	<u>5,732</u>	<u>5,294</u>

*Pension obligation:*

Movements in the provision for pension obligations were as follows:

	<u>2018</u> € 000
Situation as at 1 January	3,539
Acquisitions	845
Withdrawal	(1,286)
Interest addition and change in discount rate	450
Exchange differences	<u>(48)</u>
Situation as at 31 December	<u><u>3,500</u></u>

The expected cash outflows are discounted at an average discount rate of 0.0% (31 December 2017: 0.0%). The life expectancy table "Forecast table 2018" has been used for the calculation. The expense for the year is included in the general administrative expenses in the profit and loss account.

*Other deferred employee benefits:*

Movements in the provision for jubilee benefits were as follows:

	<u>2018</u> € 000
Situation as at 1 January	1,755
Withdrawal	(480)
Addition	975
Exchange differences	<u>(18)</u>
Situation as at 31 December	<u><u>2,232</u></u>

The provisions for employee benefits are mainly of a long-term nature.

*Deferred tax liabilities:*

Movements in the provision for deferred taxes were as follows:

	<u>2018</u> € 000
Situation as at 1 January	3,201
Withdrawal to the credit of the profit and loss account	(669)
Addition to the debit of the profit and loss account	325
Exchange difference	<u>(15)</u>
Situation as at 31 December	<u><u>2,842</u></u>

The provisions for taxes are mainly of a long-term nature.

**9) Long-term liabilities**

*Credit institutions:*

Movements in these loans during 2018 were as follows:

	<u>2018</u> € 000	<u>2017</u> € 000
Situation as at 1 January (long-term)	2,913	1,005
Repayment commitments for the financial year	<u>253</u>	<u>211</u>
	3,166	1,216
Funding received	2,380	2,521
Repayments	(387)	(307)
Exchange differences	<u>(164)</u>	<u>(264)</u>
	4,995	3,166
Repayment commitment for the coming year (short-term)	<u>(612)</u>	<u>(253)</u>
Situation as at 31 December (long-term)	<u><u>4,383</u></u>	<u><u>2,913</u></u>

The interest rate is fixed. The average interest rate for the 2018 financial year was an average of 20% (2017: 12%). The relatively high interest rate is mainly caused by the currencies South African Rand and Turkish Lira. The amount of long-term loans with a term of more than five years amounts to € 2.6 million (2017: € 1.3 million).

The following securities have been provided to the credit institutions for the foreign long-term and current liabilities:

- Right of mortgage on the immovable property in the Czech Republic;
- Right of mortgage on immovable property in Great Britain;
- Right of mortgage on the immovable property in Italy;
- Pledge of Plant and machinery South Africa;
- Pledge of means of transport under financial lease;
- Pledge of current assets in the countries concerned;
- Corporate guarantee for the loan in Great Britain.

#### **10) Short-term liabilities**

##### *Credit institutions:*

A compte-joint and co-liability agreement between all Dutch group companies of Koninklijke Zeelandia Groep B.V. has been provided as security for an acquired credit facility of up to € 17,500,000 on the balance sheet date. At the end of 2018, an amount of € 5.4 million had been drawn from the credit facility.

##### *Shareholders and participating interests:*

This concerns debts to other participations in respect of purchased goods. As a result, no security has been provided, no repayment schedules have been agreed and no interest is charged.

##### *Taxes and social security contributions:*

Of this amount, € 1.6 million (2017: € 1.7 million) relates to corporate income tax payable. Other receivables include an amount of € 1.7 million (2017: € 1.9 million) relating to corporate income tax receivable. The items are not netted out as they relate to different taxes.

#### **Rights and obligations not reflected in the balance sheet**

As at 31 December 2018, the bank guarantees issued on behalf of third parties amounted to € 34,000 (31 December 2017: € 34,000).

In the normal course of business, purchase commitments for the purchase of raw materials were entered into in 2018, for the coming financial year.

As at 31 December 2018, the investment commitments entered into amounted to € 0.8 million (31 December 2017: € 1.2 million).

Commitments in respect of rental and lease commitments entered into with third parties, amount to € 5.4 million (31 December 2017: € 5.3 million). Of this amount, € 3.2 million (31 December 2017: € 2.9 million) has a term of more than one year, and an amount of nil (31 December 2017: nil) has a term of more than five years.

## **Financial risks**

The group's policy on financial risks is set out below.

### *General*

The main financial risks to which the group is exposed are currency risk, interest rate risk, liquidity risk and credit risk.

In addition to forward currency contracts, the group does not use financial derivatives and does not take speculative positions.

### *Currency risk*

The group's policy is to limit the foreign exchange risks arising from sales and purchases to an acceptable level, to limit the effects of exchange rate and interest rate fluctuations on the result to an acceptable level in the short term and to follow market exchange rates and market interest rates in the long term. The risks arising from currency positions are regularly analysed and, where necessary, hedged by means of forward currency contracts. The main countries causing this currency risk are the countries in which the group has a (majority or minority) participation, in which the local currency is not the euro, and in which the relevant foreign currency is subject to above-average exchange rate fluctuations.

### *Interest rate risk*

A limited number of foreign group companies have taken out loans with credit institutions. The group's interest rate risk is limited.

### *Liquidity risk*

Liquidity budgets are drawn up on a regular basis. Liquidity risks are managed by means of interim monitoring and possible adjustments.

### *Credit risk*

The group limits its credit risk by using credit limits and by periodically assessing the creditworthiness of debtors. On the balance sheet date there were no unacceptable concentrations of credit risk.

## **Explanatory note on the various items of the consolidated profit and loss account**

### **11) Net turnover**

The net turnover broken down into geographical areas was as follows:

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
The Netherlands	81,504	79,094
Other European Union	276,891	283,002
Rest of Europe	29,038	31,809
Rest of the world	<u>81,197</u>	<u>84,221</u>
	<u>468,630</u>	<u>478,126</u>

All net turnover is realised within the same business.

### **12) General management costs**

The salaries included in the costs amount to € 78,300,000 (2017: € 75,069,000). Social security costs amount to € 23,613,000 (2017: € 23,508,000). This includes an amount of € 4,755,000 (2017: € 4,254,000) in pension charges.

The average number of employees (expressed in FTEs) in 2018 was: 2,647 (2017: 2,460).

	<u>2018</u>	<u>2017</u>
The Netherlands	411	397
Other European Union	1,154	1,197
Rest of Europe	326	321
Rest of the world	<u>756</u>	<u>545</u>
	<u>2,647</u>	<u>2,460</u>

The amounts referred to in Article 383(1) of Book 2 of the Dutch Civil Code amount to € 1,938,000 (2017: € 1,464,000) (executive board members) and € 138,333 (2017: € 125,830) (supervisory board members), respectively.

The profit and loss account includes an amount of € 13,852,000 (2017: € 13,483,000) in depreciation and write-downs of non-current assets.

The total fees charged to the result for the financial year in the Netherlands for the work of the external auditor and the audit firm amount to € 154,000 (2017: € 152,000).

This amount can be broken down as follows:

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
Audit of the financial statements	154	152
Other non-audit services	-	-
	<u>154</u>	<u>152</u>

### 13) Taxes

The corporate income tax recognised in the profit and loss account can be specified as follows:

	<u>2018</u>	<u>2017</u>
	€ 000	€ 000
Corporate income tax payable	5,671	5,719
Movement deferred tax receivables	(528)	(192)
Movement deferred tax liability	(359)	247
	<u>4,784</u>	<u>5,774</u>

The tax burden for 2018 is 26.6% (2017: 30.9%) of the result before tax (excluding result of participations) and can be specified as follows:

	<u>2018</u>	<u>2017</u>
	%	%
	€ 000	€ 000
Profit before tax	<u>17,973</u>	<u>18,697</u>
Tax charge based on Dutch nominal rate	25,0	25,0
Application of foreign nominal rates (higher/lower rates)	2,3	3,7
Non-deductible costs	3,1	3,0
Exempt income	(1,3)	-
Income from tax facilities	(2,1)	-
Loss compensation previous years	(3,1)	-
Income resulting from valuation differences	(2,7)	-
Accrued charges/(income) previous years	5,4	(0,9)
	<u>26,6</u>	<u>30,9</u>
	<u>4,784</u>	<u>5,774</u>

Koninklijke Zeelandia Groep B.V.  
Zierikzee

SWORN TRANSLATION

**Events after the balance sheet date**

None.

## Overview group companies

(Unless otherwise stated, the interest is 100%)

- Aldia N.V., Oudenaarde (Belgium);
- N.V. Zeelandia, Wommelgem (Belgium);
- Emulzint Ltda., Jundiai (Brazil);
- Zeelandia Colombia S.A.S., Bogotá (Colombia);
- Jung Zeelandia GmbH, Frankfurt am Main (Germany);
- Zeelanco Verwaltungs GmbH, Frankfurt am Main (Germany);
- Zeelandia Jung GmbH & Co. KG, Frankfurt am Main (Germany);
- Zeelandia van Esso GmbH, Trittau (Germany);
- Wigo GmbH Aromen & Backmittel, Trittau (Germany) (60%);
- Zeelandia Holdings (UK) Ltd., Billericay (Great Britain);
- Zeelandia Limited, Billericay (Great Britain);
- Magyar Zeelandia KFT, Budapest (Hungary);
- PT Zeelandia Indonesia, Tangerang (Indonesia);
- PT Seelindo Sejahterata, Tangerang (Indonesia);
- Novaterra Zeelandia S.p.A., Ossoona (Italy);
- Zeelandia East Africa Limited, Nairobi (Kenia) (70%);
- UAB Zeelandia, Klaipėdos (Lithuania);
- Erando B.V., Rotterdam;
- Zeelandia-BakeCanto Holding B.V., Zierikzee;
- Zeelandia H.J. Doeleman B.V., Zierikzee;
- Zeelandia International B.V., Zierikzee;
- Zeelandia Nederland B.V., Zierikzee;
- Zeelandia International Holding B.V., Zierikzee;
- Zeelco B.V., Zierikzee;
- LLC Zeelandia, Brovary (Ukraine);
- S.C. Zeelandia, Brovary (Ukraine);
- Zeelandia Sp. zo.o., Poznań (Poland);
- S.C. Zeelandia SRL., Iasi (Romania);
- LLC Zeelandia, Elino (Russia);
- James Fleming & Company Ltd., Glasgow (Scotland);
- Zeelandia s.r.o., Kosice (Slovakia);
- Zeelandia Productos Alimentarios S.A., Santa Margarida I els Monjos (Spain);
- Zeelandia spol. s.r.o., Malsice (Czech Republic);
- Zeelandia Doruk Gıda Sanayi ve Ticaret Anonim Şirketi (Turkey) (98,8%);
- Zeelandia South Africa (PTY) Ltd, Blackheath (South-Africa) (60%);
- Zeelandia AB, Lerum (Sweden);
- Zeelandia Holding Sweden AB, Lerum (Sweden).

The company has issued an article 403 liability statement for the Dutch group companies

### **Overview non-consolidated participations**

- Zeelandia Bakery Ingredients (Wuxi) Co. Ltd (China); (50%)
- Sefco Zeelandia S.A., Athens (Greece); (50%)
- Fine Zeelandia Private limited company, Mumbai (India); (50%)
- Prodite Zeelandia Produtos Alimentares Lda, Rio Tinto (Portugal); (50%)
- Zeelandia Pakistan (Private) Limited (Pakistan) (50%)
- Zeelandia D.O.O. Beograd (Serbia)  
(100% participation of Sefco Zeelandia S.A.). (50%)



**Company profit and loss account over 2018**

	Note	<u>2018</u>	<u>2017</u>
		€ 000	€ 000
Share in result of participations	1	23,990	22,386
Other income and expenses after tax		<u>(7,228)</u>	<u>(6,167)</u>
<b>Result after taxes</b>		<u><u>16,762</u></u>	<u><u>16,219</u></u>

## Explanatory note to the separate financial statements

The separate financial statements have been prepared in accordance with the provisions of Title 9 of Book 2 of the Dutch Civil Code.

### Principles

For the general principles for the preparation of the financial statements, as well as for the principles for the valuation of assets and liabilities and the determination of the result and for the explanatory notes to the various assets, liabilities and results, reference is made to the explanatory notes to the consolidated financial statements, unless stated otherwise.

To the extent that the balance sheet items are not disclosed in the consolidated balance sheet, a further explanation is provided below.

### Statutory reserve for participations

The statutory reserve for participations is formed equal to the share of Koninklijke Zeelandia Groep B.V. in the results and direct increases of the participations since the first valuation of these participations at net asset value, to the extent that Koninklijke Zeelandia Groep B.V. cannot make a distribution without restrictions. The statutory reserve for participations is determined on an individual basis.

## Explanatory note on the various balance sheet items

### 1) Financial fixed assets

*Group companies:*

Movements in the balance sheet value of the group companies in 2018 were as follows:

	2018
	€ 000
Situation as at 1 January	245,889
Results	23,990
Dilution	(9)
Exchange differences	(4,066)
	<u>19,915</u>
Situation as at 31 December	<u>265,804</u>

**2) Current assets**

Group companies:

No security has been provided for the receivables from group companies of Koninklijke Zeelandia Groep B.V. and no repayment schedule has been agreed. Interest is charged on these receivables.

**3) Equity capital**

	Issued capital	Share premium reserve	Reserve for undistributed profits participations	Reserve exchange differences	General reserve	Undistributed result	Total Equity capital
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Situation as at 1 January 2017	368	64,688	13,202	(12,409)	132,371	17,061	215,281
<i>Movements 2017</i>							
Profit appropriation	-	-	1,019	-	16,042	(17,061)	-
Dividend paid	-	-	-	-	(5,118)	-	(5,118)
Net result financial year	-	-	-	-	-	16,219	16,219
Changes in exchange differences	-	-	-	(4,070)	-	-	(4,070)
Dilution	-	-	-	-	(242)	-	(242)
Situation as at 31 December 2017	<u>368</u>	<u>64,688</u>	<u>14,221</u>	<u>(16,479)</u>	<u>143,053</u>	<u>16,219</u>	<u>222,070</u>
<i>Movements 2018</i>							
Profit appropriation	-	-	1,636	-	14,583	(16,219)	-
Dividend paid	-	-	-	-	(8,109)	-	(8,109)
Net result financial year	-	-	-	-	-	16,762	16,762
Changes in exchange differences	-	-	-	(4,066)	-	-	(4,066)
Dilution	-	-	-	-	(9)	-	(9)
Situation as at 31 December 2018	<u>368</u>	<u>64,688</u>	<u>15,857</u>	<u>(20,545)</u>	<u>149,518</u>	<u>16,762</u>	<u>226,648</u>

*Issued capital*

The authorised capital is divided into 1,500,000 shares each with a nominal value of € 1.

The issued and paid-up share capital amounts to 367,702 ordinary shares of € 1 each and is held by Houdstermaatschappij H.J. Doeleman B.V. in Zierikzee.

*Share premium reserve*

The share premium has also been fiscally deposited. There were no movements in the financial years 2018 and 2017.

*Profit appropriation for the financial year 2017*

The 2017 financial statements were adopted at the general meeting held on 12 May 2018.

The general meeting has determined the profit appropriation in accordance with the proposal made for that purpose.

*Dilution*

During 2018 the interest in Zeelandia Doruk Gida Sanayi ve Ticaret Anonim Sirketi (hereinafter: Zeelandia Doruk) was increased through the issue of 590,086 new shares. As the minority shareholder has not paid up any new shares, the interest of Koninklijke Zeelandia Groep B.V. (hereinafter: KZG) has increased from 98.6% to 98.8% at the end of 2018. KZG's share in the negative reserves at Zeelandia Doruk has increased, reducing the participation value by € 9,000.

This increase is regarded as a capital shift between the existing shareholders and is therefore directly included in the capital of Zeelandia.

**Rights and obligations not reflected in the balance sheet**

Pursuant to Article 403 of Book 2 of the Dutch Civil Code, the company has assumed liability for the debts of its Dutch subsidiaries arising from legal acts.

Koninklijke Zeelandia Groep B.V. and the other Dutch companies belonging to the group form a tax entity for corporate income tax purposes and is therefore jointly and severally liable for the tax liability of this tax entity as a whole.

**Signing of the financial statements**

Zierikzee, 29 March 2019

Executive Board:

M.J. de Ruiter

E.P. Hoekstra

C.J. van Wees

Supervisory Board:

P. Bennemeer,  
Chairman

E.E. Schotte

M.C.G. Iacono

R. Krist

## Other information

### Audit opinion of the independent auditor

Reference is made to the audit opinion set out below.

### Statutory regulations in respect of the appropriation of profit

Article 23 of the articles of association contains the following provisions in this respect:

23.1 The general meeting is authorised to allocate the profit as determined by the adoption of the financial statements. If the general meeting does not pass a resolution on the appropriation of the profit prior to or at the latest immediately after the resolution to adopt the financial statements, the profit will be added to reserves.

23.2 The general meeting is entitled to determine distributions. If the company is required by law to maintain reserves, this authority only applies to the extent that the equity exceeds those reserves. A resolution of the general meeting to make a distribution shall have no effect until the Executive Board has given its approval. The Executive Board may only withhold this approval if it knows or should reasonably foresee that the company will not be able to continue to pay its due debts after the distribution.

23.3 For the calculation of the amount to be paid on each share, the nominal amount of the share shall be decisive.

### Proposed profit appropriation 2018

The Executive Board proposes to distribute the profit for the financial year 2018 as follows:

	<u>2018</u>	<u>2018</u>
	€ 000	€ 000
Result after taxes		16,762
Withdrawal legal reserve	(697)	
Addition general reserve	<u>17,459</u>	
		<u>16,762</u>

In accordance with the current dividend policy, it is proposed to distribute a dividend of € 8,381,000 from the general reserves in 2019 (this is based on 50% of the net proceeds of 2018).

## **Audit opinion of the independent auditor**

To the shareholders and the Supervisory Board of Koninklijke Zeelandia Groep B.V.

### **OPINION ON THE FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL REPORT AND ACCOUNTS**

#### **opinion**

We have audited the financial statements for the year 2018 of Koninklijke Zeelandia Groep B.V., Zierikzee.

In our opinion, the financial statements included in this annual report and accounts give a true and fair view of the financial position of Koninklijke Zeelandia Groep B.V. as at 31 December 2018, and of its result for 2018, in accordance with Title 9 of Book 2 of the Dutch Civil Code.

The financial statements consist of:

1. The consolidated and separate balance sheet as at 31 December 2018.
2. The consolidated and separate profit and loss account for 2018.
3. The explanatory notes containing a summary of the accounting policies and other explanatory information.

#### **The basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Auditing Standards. Our responsibilities in this respect are described in the section entitled "Our Responsibilities for the Audit of the Financial Statements".

We are independent of Koninklijke Zeelandia Groep B.V. as required by the Audit Firms (Supervision) Act (Wta), the Regulation regarding the Independence of Accountants in the case of Assurance Engagements (ViO) and other independence rules in the Netherlands that are relevant to the assignment. We have also complied with the Code of Conduct and Professional Practice for Accountants Regulation (VGBA).

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

### **STATEMENT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT AND ACCOUNTS**

In addition to the financial statements and our audit opinion thereon, the annual report and accounts include other information, which consists of:

- The directors' report
- The other information
- The report of the Supervisory Board



On the basis of the work described below, we believe that the other information:

- is compatible with the financial statements and does not contain any material misstatements.
- contains all information required by Title 9 of Book 2 of the Dutch Civil Code.

We have read the other information and, based on our knowledge and understanding, whether obtained from the audit or otherwise, have considered whether the other information contains material misstatements.

With our activities we have met the requirements of Title 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. These procedures do not have the same scope as our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the directors' report and other information, in accordance with Title 9 of Book 2 of the Dutch Civil Code.

## **DESCRIPTION OF RESPONSIBILITIES WITH RESPECT TO THE FINANCIAL STATEMENTS**

### **Responsibilities of the Executive Board and the Supervisory Board for the financial statements**

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with Title 9 of Book 2 of the Dutch Civil Code. In this respect, the Executive Board is responsible for such internal control as it considers necessary to enable the preparation of the financial statements that are free from material misstatements as a result of error or fraud.

When preparing the financial statements, the Executive Board must consider whether the company is able to continue its activities as a going concern. Under the above-mentioned reporting system, the Executive Board is required to prepare the financial statements on a going concern basis, unless the Executive Board has the intention of liquidating the company or discontinuing operations, or if termination is the only realistic alternative.

In the financial statements, the Executive Board is required to disclose any events and circumstances which might give rise to reasonable doubt as to whether the company is able to continue its operations as a going concern.

The Supervisory Board is responsible for supervising the company's financial reporting process.

### **Our responsibilities for the audit of the financial statements**

Our responsibility is to plan and execute an audit engagement in such a way that we obtain sufficient and suitable audit evidence for the opinion to be issued by us.

We conducted our audit with a high degree of, but not absolute, assurance which means that we may not have discovered all material errors and fraud during our audit.



Misstatements may occur as a result of fraud or error and are material if it is reasonably foreseeable that they may, individually or collectively, influence the economic decisions of users of these financial statements. Materiality affects the nature, timing and scope of our audit procedures and the evaluation of the effect of identified misstatements on our judgement.

We conducted this audit in a professionally critical manner and, where relevant, applied professional judgement in accordance with Dutch auditing standards, ethical requirements and independence requirements. Our audit included:

- Identifying and estimating the risks that the financial statements contain material misstatements as a result of errors or fraud, determining and performing audit procedures in response to these risks and obtaining audit evidence that is sufficient and suitable as a basis for our opinion. In case of fraud, the risk that a material misstatement will not be detected is higher than in case of errors. Fraud can include conspiracy, forgery, deliberate failure to record transactions, deliberate misrepresentation or breaches of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to select audit procedures that are appropriate in the circumstances. The purpose of these procedures is not to express an opinion on the effectiveness of the company's internal control.
- Evaluating the suitability of accounting policies used for financial reporting and evaluating the reasonableness of the estimates made by the Executive Board and the explanatory notes thereto in the financial statements.
- Determining that the going concern assumption used by the Executive Board is acceptable and also, determining, on the basis of the audit evidence obtained, whether there are any events or circumstances that could cast reasonable doubt on the company's ability to continue as a going concern. If we conclude that there is any uncertainty of material significance, we are required to draw attention in our audit report to the relevant related notes in the financial statements. If the notes are inadequate, we must amend our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may mean that a company can no longer maintain its continuity.
- Evaluating the presentation, structure and content of the financial statements and the notes thereto.
- Evaluating whether the financial statements give a true and fair view of the underlying transactions and events.

In view of our ultimate responsibility for the opinion, we are responsible for the management, supervision and implementation of the group audit. In this context, we have determined the nature and scope of the work to be carried out for the group entities. The size and/or risk profile of the group entities or activities are decisive in this respect. On this basis, we selected the group entities for which an audit or review of the complete financial information or specific items was required.

# Deloitte.

We communicate with the Supervisory Board, among other things, on the planned scope and timing of the audit and on the significant findings that emerged from our audit, including any significant shortcomings in internal control.

We confirm to the Supervisory Board that we have complied with the relevant ethical requirements regarding independence. We also communicate with the Supervisory Board on all relationships and other matters that may reasonably affect our independence and on the related measures to ensure our independence.

Eindhoven, 4 April 2019

Deloitte Accountants B.V.

Signed: C.H.L.J. Bergmans RA