

Dan-Slovakia Agrar A/S

Karlsundsvej 14

8330 Beder

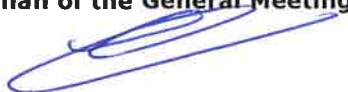
Central Business Registration

No 26296978

Annual report 2016

The Annual General Meeting adopted the annual report on 05.04.2017

Chairman of the General Meeting



Name: Erik Jantzen

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Entity details

Entity

Dan-Slovakia Agrar A/S
Karlsundsvej 14
8330 Beder

Central Business Registration No: 26296978

Registered in: Aarhus

Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Niels Rauff Hansen, Chairman

Anders Bundgaard

Erik Jantzen

Mogens Hansen

Executive Board

Erik Jantzen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Dan-Slovakia Agrar A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations and cash flows for the financial year 01.01.2016 - 31.12.2016.

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

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

Beder, 05.04.2017

Executive Board



Erik Jantzen
Chief Executive Officer

Board of Directors



Niels Rauff Hansen
Chairman



Mogens Hansen



Anders Bundgaard



Erik Jantzen

Independent auditor's report

To the shareholders of Dan-Slovakia Agrar A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Dan-Slovakia Agrar A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements

Independent auditor's report

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 consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

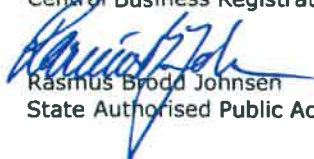
Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 05.04.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556



Rasmus Brodd Johnsen
State Authorised Public Accountant

Management commentary

| | 2016 EUR'000 | 2015 EUR'000 | 2014 EUR'000 | 2013 EUR'000 | 2012 EUR'000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Financial highlights | | | | | |
| Key figures | | | | | |
| Gross profit | 14.098 | 10.629 | 12.761 | 12.929 | 12.324 |
| Operating profit/loss | 7.201 | 4.082 | 6.309 | 6.518 | 6.688 |
| Net financials | (1.092) | (1.137) | (1.276) | (1.285) | (1.418) |
| Profit/loss for the year | 4.871 | 2.364 | 3.893 | 4.159 | 3.871 |
| Total assets | 99.347 | 87.399 | 83.637 | 73.124 | 68.519 |
| Investments in property, plant and equipment | 15.008 | 6.295 | 12.590 | 8.219 | 4.606 |
| Equity | 47.170 | 42.674 | 38.780 | 34.893 | 27.752 |
| Ratios | | | | | |
| Return on equity (%) | 10,9 | 5,8 | 10,6 | 13,3 | 13,9 |
| Equity ratio (%) | 47,5 | 48,8 | 45,9 | 47,1 | 40,5 |

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2016" issued by the Danish Society of Financial Analysts.

Ratios

Return on equity (%)

Calculation formula

$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$$

Equity ratio (%)

$$\frac{\text{Equity} \times 100}{\text{Total assets}}$$

Ratios

The entity's return on capital invested in the entity by the owners.

The financial strength of the Entity.

Management commentary

Primary activities

The primary activities of the Group is production of crops and pigs in the subsidiaries Dan-Slovakia Agrar a.s., AgroEco s.r.o., AgroKorn s.r.o. and PD Kútniky in Slovakia. The Parent mainly provides consultancy services to its subsidiaries.

Development in activities and finances

The activities for the financial year have been crop production on approx. 5,900 ha of land and production of pigs from 6,700 sows and pregnant gilts on average.

Group profit for the financial year was EUR 4,877k, which Management considers as satisfactory year terms considered.

Pig production performed as planned, but the first half of FY2016 was characterized by very low pork prices. Although the basic price straightened up in the second half of FY2016, the average prices of pork ended up lower than the average for the last 5 years.

In Slovakia, welfare subsidy was re-introduced in 2015, and the Group expects to receive EUR 675k for 2016, as the Group fulfils all criteria for the welfare subsidy. Thus, the EUR 675k is recognised in the financial statements as income in 2016.

The feed price was lower than budgeted, which partially compensated for the poorer pork price. Weather conditions for crop production was very good in 2016 and made us able to harvest good yields on all of the main crops. This could offset the lower prices of crops.

Our investing activities in 2016 were primarily focused on extension of our feed mill, a new grain storage and extension of our weaner farm. Beside that we started up the extension of our sow farm which is expected to be completed in 2017.

As in previous years farmland is revaluated to market values on the basis of comparable transaction in 2016 and 2017 and public available information on tenders and requests for proposals for farmland. The revaluation totals EUR 7,219k before impact of tax, of which EUR 189k relates to revaluations in 2016, and has been booked directly to equity. The expected market values are unchanged compared to 2015.

Uncertainty relating to recognition and measurement

Measurement of PD Kútniky

The subsidiary, AgroKorn a.s., own interests in the Slovakian cooperative, PD Kútniky.

The cooperative has some special equity instruments called DPL loans, which are particular to Slovakian cooperatives. Due to the very little practice existing in Slovakia in this area, the legal position of these DPL loans is very uncertain. In principle, they constitute a right to a share of future distributions of dividend,

Management commentary

without these DPL loans carrying any voting rights. There is no legal clarity as to whether or not the DPL loans are senior to the members of the cooperative in the event of liquidation or bankruptcy. DPL loans are traded in the open market to a limited degree, but at very low prices. It is the general view that DPL loans do not have any fair value.

Based on this, AgroKorn a.s.' equity interests in the cooperative have been determined allowing for the DPL loans, and as a result only on the basis of the nominal share of the capital base, which is 99% (2015: 99%). Consequently, the minority interests' share of the profit/loss for the year and equity has been calculated at 1% (2015: 1%).

Recognition of welfare subsidy

The subsidiary, Dan-Slovakia Agrar a.s., participates in projects regarding increased welfare for sows and fatteners, which qualifies for a subsidy from the local Slovakian authorities. The project period is 5 years, however the company needs to be approved on an annual basis in order to receive the subsidy. The last approval was regarding 2015. The entity has calculated and booked the part of the expected subsidy that relates to the activities performed in 2016, based on the demands and conditions set out by the Slovakian authorities. The procedures are unchanged compared to 2015, hence the company also expect to be approved for 2016. The subsidy receivable amounts to EUR 675k (2015: 410k) before tax.

Outlook

Due to the current market conditions, management expects prices of pork meat to be higher in 2017 than in 2016. Measures have been taken to raise the efficiency of our productions. This is expected to be reflected in a better performance in 2017. The extension of our sow herd to 8 500 sows and pregnant gilts will be finished in 2017. We expect a year-end Group net profit of EUR 5.000k to 6.000k.

Particular risks

Operating risks

The Group's primary operating risk relates to the subsidiaries' ability to produce profitable, thus meaning the risks involved in developing and carrying on business in Slovakia. The selling price of pigs is the most uncertain factors in the Group's finances.

Financial exposure

The Company is exposed to changes in HUF and DKK exchange rates. Sales are primarily formed in EUR and a substantial part of financing has been arranged in EUR.

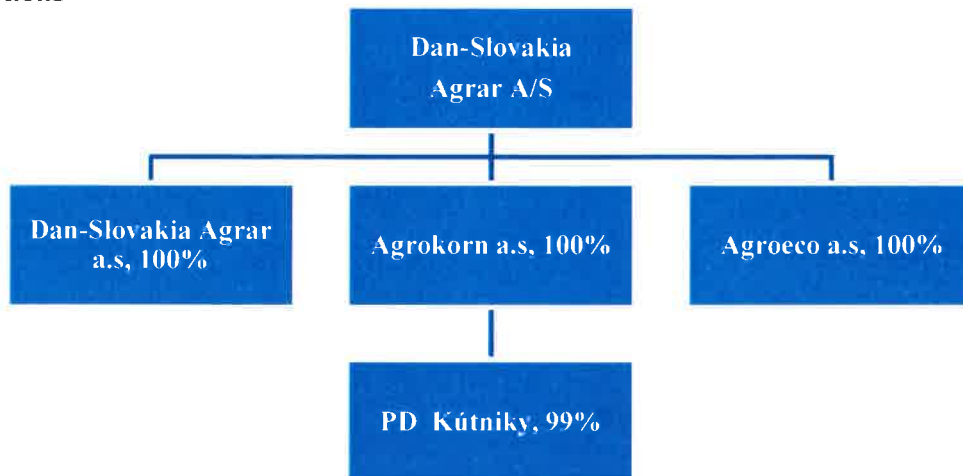
Group debt primarily carries floating rate interest.

The Group is not exposed to major risks from single customers or trading partners since all significant debtors are credit insured or paying cash.

Management commentary

It is the Group's policy that the cash generation as well as the placing of surplus liquidity are centrally controlled by the Parent in so far this is appropriate.

Group relations



Events after the balance sheet date

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

Consolidated income statement for 2016

| | <u>Notes</u> | <u>2016 EUR'000</u> | <u>2015 EUR'000</u> |
|--|--------------|-------------------------|-------------------------|
| Gross profit | | 14.098 | 10.629 |
| Staff costs | 1 | (3.452) | (3.356) |
| Depreciation, amortisation and impairment losses | 2 | (3.445) | (3.191) |
| Operating profit/loss | | 7.201 | 4.082 |
| Other financial income | | 4 | 0 |
| Other financial expenses | 3 | (1.096) | (1.137) |
| Profit/loss before tax | | 6.109 | 2.945 |
| Tax on profit/loss for the year | 4 | (1.238) | (581) |
| Profit/loss for the year | 5 | 4.871 | 2.364 |

Consolidated balance sheet at 31.12.2016

| | <u>Notes</u> | <u>2016 EUR'000</u> | <u>2015 EUR'000</u> |
|---|--------------|-------------------------|-------------------------|
| Land and buildings | | 60.721 | 55.392 |
| Plant and machinery | | 11.351 | 9.842 |
| Biological assets | | 3.244 | 3.214 |
| Property, plant and equipment in progress | | 4.780 | 2.002 |
| Property, plant and equipment | 6 | 80.096 | 70.450 |
| Other investments | | 7 | 7 |
| Fixed asset investments | 7 | 7 | 7 |
| Fixed assets | | 80.103 | 70.457 |
| Raw materials and consumables | | 8.069 | 7.640 |
| Livestock | | 5.892 | 6.143 |
| Inventories | | 13.961 | 13.783 |
| Trade receivables | | 2.028 | 1.886 |
| Other receivables | | 1.492 | 419 |
| Income tax receivable | | 28 | 569 |
| Receivables | | 3.548 | 2.874 |
| Cash | | 1.735 | 285 |
| Current assets | | 19.244 | 16.942 |
| Assets | | 99.347 | 87.399 |

Consolidated balance sheet at 31.12.2016

| | <u>Notes</u> | <u>2016 EUR'000</u> | <u>2015 EUR'000</u> |
|--|--------------|-------------------------|-------------------------|
| Contributed capital | | 3.564 | 3.564 |
| Revaluation reserve | | 7.366 | 7.146 |
| Retained earnings | | 34.979 | 31.327 |
| Proposed dividend | | 1.218 | 588 |
| Equity attributable to the Parent's owners | | 47.127 | 42.625 |
| Share of equity attributable to minority interests | | 43 | 49 |
| Equity | | 47.170 | 42.674 |
| Deferred tax | | 3.948 | 3.808 |
| Provisions | | 3.948 | 3.808 |
| Bank loans | | 33.850 | 27.521 |
| Finance lease liabilities | | 604 | 69 |
| Non-current liabilities other than provisions | 8 | 34.454 | 27.590 |
| Current portion of long-term liabilities other than provisions | 8 | 6.628 | 4.108 |
| Bank loans | | 0 | 1.929 |
| Trade payables | | 2.097 | 2.722 |
| Other payables | | 5.050 | 4.568 |
| Current liabilities other than provisions | | 13.775 | 13.327 |
| Liabilities other than provisions | | 48.229 | 40.917 |
| Equity and liabilities | | 99.347 | 87.399 |
| Mortgages and securities | 10 | | |
| Subsidiaries | 11 | | |

Consolidated statement of changes in equity for 2016

| | Contributed capital EUR'000 | Revaluation reserve EUR'000 | Retained earnings EUR'000 | Proposed dividend EUR'000 |
|---|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| Equity beginning of year | 3.564 | 7.146 | 31.327 | 588 |
| Corrections of errors | 0 | 0 | (7) | 0 |
| Adjusted equity, beginning of year | 3.564 | 7.146 | 31.320 | 588 |
| Ordinary dividend paid | 0 | 0 | 0 | (588) |
| Revaluations for the year | 0 | 220 | 0 | 0 |
| Profit/loss for the year | 0 | 0 | 3.659 | 1.218 |
| Equity end of year | 3.564 | 7.366 | 34.979 | 1.218 |

| | Share of equity attributable to minority interests EUR'000 | Total EUR'000 |
|---|---|------------------|
| Equity beginning of year | 49 | 42.674 |
| Corrections of errors | 0 | (7) |
| Adjusted equity, beginning of year | 49 | 42.667 |
| Ordinary dividend paid | 0 | (588) |
| Revaluations for the year | 0 | 220 |
| Profit/loss for the year | (6) | 4.871 |
| Equity end of year | 43 | 47.170 |

Consolidated cash flow statement for 2016

| | <u>Notes</u> | <u>2016 EUR'000</u> | <u>2015 EUR'000</u> |
|---|--------------|-------------------------|-------------------------|
| Operating profit/loss | | 7.201 | 4.082 |
| Amortisation, depreciation and impairment losses | | 3.387 | 2.850 |
| Working capital changes | 9 | (2.418) | (1.285) |
| Cash flow from ordinary operating activities | | 8.170 | 5.647 |
| Financial income paid | | (1.092) | (1.137) |
| Income taxes refunded/(paid) | | 353 | (533) |
| Cash flows from operating activities | | 7.431 | 3.977 |
| Acquisition etc of property, plant and equipment | | (15.008) | (6.295) |
| Sale of property, plant and equipment | | 2.164 | 3.006 |
| Acquisition of fixed asset investments | | 0 | (41) |
| Cash flows from investing activities | | (12.844) | (3.330) |
| Loans raised | | 14.000 | 0 |
| Instalments on loans etc | | (4.616) | (3.966) |
| Dividend paid | | (588) | (961) |
| Cash flows from financing activities | | 8.796 | (4.927) |
| Increase/decrease in cash and cash equivalents | | 3.383 | (4.280) |
| Cash and cash equivalents beginning of year | | (1.644) | 2.617 |
| Currency translation adjustments of cash and cash equivalents | | (4) | 19 |
| Cash and cash equivalents end of year | | 1.735 | (1.644) |
| Cash and cash equivalents at year-end are composed of: | | | |
| Cash | | 1.735 | 285 |
| Short-term debt to banks | | 0 | (1.929) |
| Cash and cash equivalents end of year | | 1.735 | (1.644) |

Notes to consolidated financial statements

| | 2016 EUR'000 | 2015 EUR'000 |
|--|-------------------------------|-------------------------------|
| 1. Staff costs | | |
| Wages and salaries | 2.842 | 2.768 |
| Other social security costs | 610 | 588 |
| | 3.452 | 3.356 |
| | | |
| Average number of employees | 178 | 180 |
| | | |
| | 2016 EUR'000 | 2015 EUR'000 |
| 2. Depreciation, amortisation and impairment losses | | |
| Depreciation of property, plant and equipment | 3.387 | 3.196 |
| Profit/loss from sale of intangible assets and property, plant and equipment | 58 | (5) |
| | 3.445 | 3.191 |
| | | |
| | 2016 EUR'000 | 2015 EUR'000 |
| 3. Other financial expenses | | |
| Interest expenses | 1.096 | 1.137 |
| | 1.096 | 1.137 |
| | | |
| | 2016 EUR'000 | 2015 EUR'000 |
| 4. Tax on profit/loss for the year | | |
| Tax on current year taxable income | 1.070 | 336 |
| Change in deferred tax for the year | 168 | 245 |
| | 1.238 | 581 |
| | | |
| | 2016 EUR'000 | 2015 EUR'000 |
| 5. Proposed distribution of profit/loss | | |
| Ordinary dividend for the financial year | 1.218 | 588 |
| Retained earnings | 3.659 | 1.774 |
| Minority interests' share of profit/loss | (6) | 2 |
| | 4.871 | 2.364 |

Notes to consolidated financial statements

| | Land and buildings EUR'000 | Plant and machinery EUR'000 | Biological assets EUR'000 | Property, plant and equipment in progress EUR'000 |
|---|----------------------------------|-----------------------------------|---------------------------------|---|
| 6. Property, plant and equipment | | | | |
| Cost beginning of year | 57.547 | 24.439 | 3.214 | 2.002 |
| Additions | 6.822 | 3.374 | 2.034 | 4.780 |
| Disposals | (130) | (861) | (2.004) | (2.002) |
| Cost end of year | 64.239 | 26.952 | 3.244 | 4.780 |
| Revaluations beginning of year | 8.977 | 0 | 0 | 0 |
| Revaluations for the year | 189 | 0 | 0 | 0 |
| Revaluations end of year | 9.166 | 0 | 0 | 0 |
| Depreciation and impairment losses beginning of the year | (11.132) | (14.597) | 0 | 0 |
| Depreciation for the year | (1.609) | (1.778) | 0 | 0 |
| Reversal regarding disposals | 57 | 774 | 0 | 0 |
| Depreciation and impairment losses end of the year | (12.684) | (15.601) | 0 | 0 |
| Carrying amount end of year | 60.721 | 11.351 | 3.244 | 4.780 |
| Recognised assets not owned by entity | - | 1.230 | - | - |
| | | | | Other investments EUR'000 |
| 7. Fixed asset investments | | | | |
| Cost beginning of year | | | | 7 |
| Cost end of year | | | | 7 |
| Carrying amount end of year | | | | 7 |

Notes to consolidated financial statements

| | Instalments within 12 months 2016 EUR'000 | Instalments within 12 months 2015 EUR'000 | Instalments beyond 12 months 2016 EUR'000 | Outstanding after 5 years EUR'000 |
|---|---|---|---|---|
| 8. Liabilities other than provisions | | | | |
| Bank loans | 6.425 | 4.064 | 33.850 | 6.100 |
| Finance lease liabilities | 203 | 44 | 604 | 0 |
| | 6.628 | 4.108 | 34.454 | 6.100 |

| | 2016 EUR'000 | 2015 EUR'000 |
|---|-----------------|-----------------|
| 9. Change in working capital | | |
| Increase/decrease in inventories | (178) | (1.612) |
| Increase/decrease in receivables | (1.215) | (525) |
| Increase/decrease in trade payables etc | (1.025) | 852 |
| | (2.418) | (1.285) |

10. Mortgages and securities

Bank debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged properties amounts to EUR 27.403 k and the carrying amount of mortgaged plant and machinery amounts to EUR 8.988 k.

Bank debt is secured by way of company charge covering properties, plant and machinery, heard and receivables.

The carrying amount of properties, plant and machinery, heard and receivables amounts to EUR 69.970 k.

| | Registered in | Equity inte- rest % |
|-------------------------|---------------|------------------------------|
| 11. Subsidiaries | | |
| Dan-Slovakia Agrar a.s. | Slovakia | 100,0 |
| Agroeco a.s. | Slovakia | 100,0 |
| Agrokorn a.s. | Slovakia | 100,0 |

Parent income statement for 2016

| | <u>Notes</u> | <u>2016 EUR'000</u> | <u>2015 EUR'000</u> |
|--|--------------|-------------------------|-------------------------|
| Gross profit | | 181 | 109 |
| Income from investments in group enterprises | | 4.760 | 2.338 |
| Other financial income | | 64 | 11 |
| Other financial expenses | | (121) | (96) |
| Profit/loss before tax | | 4.884 | 2.362 |
| Tax on profit/loss for the year | | (7) | 0 |
| Profit/loss for the year | 1 | 4.877 | 2.362 |

Parent balance sheet at 31.12.2016

| | <u>Notes</u> | <u>2016 EUR'000</u> | <u>2015 EUR'000</u> |
|------------------------------------|--------------|-------------------------|-------------------------|
| Investments in group enterprises | | 49.986 | 45.566 |
| Fixed asset investments | 2 | 49.986 | 45.566 |
| Fixed assets | | 49.986 | 45.566 |
| Receivables from group enterprises | | 4.532 | 671 |
| Other receivables | | 4 | 1 |
| Income tax receivable | | 0 | 1 |
| Receivables | | 4.536 | 673 |
| Cash | | 67 | 0 |
| Current assets | | 4.603 | 673 |
| Assets | | 54.589 | 46.239 |

Parent balance sheet at 31.12.2016

| | <u>Notes</u> | <u>2016 EUR'000</u> | <u>2015 EUR'000</u> |
|--|--------------|-------------------------|-------------------------|
| Contributed capital | 3 | 3.564 | 3.564 |
| Reserve for net revaluation according to the equity method | | 42.301 | 38.473 |
| Retained earnings | | 44 | 0 |
| Proposed dividend | | 1.218 | 588 |
| Equity | | <u>47.127</u> | <u>42.625</u> |
| Bank loans | | 7.429 | 3.074 |
| Payables to group enterprises | | 0 | 540 |
| Income tax payable | | 7 | 0 |
| Other payables | | 26 | 0 |
| Current liabilities other than provisions | | <u>7.462</u> | <u>3.614</u> |
| Liabilities other than provisions | | <u>7.462</u> | <u>3.614</u> |
| Equity and liabilities | | <u>54.589</u> | <u>46.239</u> |
| Mortgages and securities | 4 | | |
| Related parties with controlling interest | 5 | | |

Parent statement of changes in equity for 2016

| | Contributed capital EUR'000 | Reserve for net revaluation according to the equity method EUR'000 | Retained earnings EUR'000 | Proposed dividend EUR'000 |
|---------------------------|--|---|--|--|
| Equity beginning of year | 3.564 | 38.473 | 0 | 588 |
| Ordinary dividend paid | 0 | 0 | 0 | (588) |
| Value adjustments | 0 | 213 | 0 | 0 |
| Profit/loss for the year | 0 | 3.615 | 44 | 1.218 |
| Equity end of year | 3.564 | 42.301 | 44 | 1.218 |
| | | | | Total EUR'000 |
| Equity beginning of year | | | | 42.625 |
| Ordinary dividend paid | | | | (588) |
| Value adjustments | | | | 213 |
| Profit/loss for the year | | | | 4.877 |
| Equity end of year | | | | 47.127 |

Reserve for net revaluation according to the entity method takes into account expected dividend payments of 1,140 EUR'000 from subsidiaries to be approved in the local entities.

Notes to parent financial statements

| | 2016 EUR'000 | 2015 EUR'000 |
|---|-------------------------------|--|
| 1. Proposed distribution of profit/loss | | |
| Ordinary dividend for the financial year | 1.218 | 588 |
| Transferred to reserve for net revaluation according to the equity method | 3.615 | 1.790 |
| Retained earnings | 44 | (16) |
| | 4.877 | 2.362 |
| | | Investment s in group enterprises EUR'000 |
| 2. Fixed asset investments | | |
| Cost beginning of year | | 6.545 |
| Cost end of year | | 6.545 |
| Revaluations beginning of year | | 39.022 |
| Share of profit/loss for the year | | 4.754 |
| Dividend | | (548) |
| Other adjustments | | 213 |
| Revaluations end of year | | 43.441 |
| Carrying amount end of year | | 49.986 |

The amounts calculated for Agrocorn a.s. regarding equity and profit for the year include investments in the Slovak co-operative society, PD Kútniky. As stated in the management commentary, measurement and recognition of the investments is subject to uncertainty due to uncertainties regarding the legal aspects of equity instruments referred to as DPL loans, which are considered to grant the right to receive dividend. As Agrocorn a.s. fully controls the co-operative society's future dividend distributions as a result the company holding a considerable majority of the voting rights, and as DPL loans are traded at very low prices in the open market due to the general belief that the DPL loans have no fair value, the DPL loans are not included in the calculated ownership interest of 99%.

| | Number | Nominal value EUR'000 |
|-------------------------------|-------------------|--------------------------------------|
| 3. Contributed capital | | |
| Shares | 26.600.000 | 3.564 |
| | 26.600.000 | 3.564 |

No changes were made to the contributed capital in the past five years.

Notes to parent financial statements

4. Mortgages and securities

Bank debt is secured by way of mortgage in shares in Dan-Slovakia Agrar a.s. of EUR 9.865 k nominal.

5. Related parties with controlling interest

The following related parties have a controlling interest in the Dan-Slovakia Agrar A/S Group:

Erik Jantzen, Karlslundvej 14, 8330 Beder, Denmark – Director and shareholder of Dan-Slovakia Agrar A/S
Mogens Hansen, Cicovska 8, 93201 Vel'ký Meder, Slovakia – Director of Dan-Slovakia Agrar a.s. and shareholder of Dan-Slovakia Agrar A/S

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium). All amounts are presented in EUR.

The accounting policies applied for this consolidated financial statements and parent financial statements are consistent with those applied last year.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet under deferred income, and they are recognised in the income statement when such adverse development is realised. Negative differences in amount (negative goodwill), corresponding to actual lucky buys, where the negative goodwill exceeds the fair value of the assets and liabilities take over, is recognised through the profit and loss.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Changes in accounting policies

Minority Interests

Minority Interests are presented as a part of the equity and the minority Interests' part of the result is presented AS part of the distribution of Profit/Loss.

Previously the Minority Interests were presented as a separate row between the equity and the provisions. The Minority Interests part of the result was also presented separately in the income statement.

Comparative figures have been adjusted accordingly.

Accounting policies

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment

Accounting policies

date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

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

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

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

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and biological assets are measured at cost less accumulated depreciation and impairment losses. Land and biological assets are not depreciated.

The properties have been revalued on the basis of 75% of an independent assessment of the market value of four pig farms. If the sites and land have been acquired at low cost, they have been revalued at public land assessment equalling market price.

Farmland has been revaluated on the basis of an independent assessment of the market value of land. The assessment has been made by an external public assessor. Alternatively by benchmarking to comparable transactions.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | |
|---------------------|------------|
| Buildings | 30 years |
| Plant and machinery | 3-10 years |

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Biological assets

Biological assets comprising live animals and crops are measured at the lower of cost which, for acquired assets, comprises the acquisition price plus any directly related acquisition costs, and not realisable value.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity.

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

Accounting policies

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

Other investments

Other investments comprise securities which are measured at cost.

Inventories

Inventories are measured at the lower of cost using the average cost method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Income tax payable or receivable

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

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

Minority interests

Minority interests consist of non-controlling interests share of equity in subsidiaries not 100% owned by the parent company.

Deferred tax

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

Accounting policies

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

Deferred tax relating to re-taxation of previously deducted losses of foreign subsidiaries is recognised based on a specific assessment of the purpose of the individual subsidiary.

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank debt.

