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Dan-Slovakia Agrar A/S
Karlslundvej 14
8330 Beder
Central Business Registration
No 26296978

Annual report 2017

The Annual General Meeting adopted the annual report on 17.04.2018

Chairman of the General Meeting

Name: Erik Jantzen

Contents

Entity details

Entity
Dan-Slovakia Agrar A/S
Karlslundvej 14
8330 Beder

Central Business Registration No (CVR): 26296978
Registered in: Aarhus
Financial year: 01.01.2017 - 31.12.2017

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 01.01.2017 - 31.12.2017.

The annual report is presented 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 parents financial position at 31.12.2017 and of the results of their operations as well as the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017.

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, 17.04.2018

Executive Board

Erik Jantzen
Chief Executive Officer

Board of Directors

Niels Rauff Hansen Chairman	Anders Bundgaard	Erik Jantzen
Mogens Hansen		

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 01.01.2017 - 31.12.2017, 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 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 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.

Other matterManagement'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

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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could

Independent auditor's report

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, 17.04.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Rasmus Brodd Johnsen
State Authorised Public Accountant
Identification No (MNE) mne33217

Management commentary

	2017 EUR'000	2016 EUR'000	2015 EUR'000	2014 EUR'000	2013 EUR'000
Financial highlights					
Key figures					
Gross profit	17.783	14.098	10.629	12.761	12.929
Operating profit/loss	9.990	7.201	4.082	6.309	6.518
Net financials	(1.149)	(1.092)	(1.137)	(1.276)	(1.285)
Profit/loss for the year	6.987	4.871	2.364	3.893	4.159
Profit/loss for the year excl minority interests	6.986	4.877	2.362	3.881	4.110
Total assets	109.158	99.347	87.399	83.637	73.124
Investments in property, plant and equipment	9.467	15.008	6.295	12.590	8.219
Equity	54.951	47.170	42.674	38.780	34.893
Equity excl minority interests	54.907	47.127	42.625	38.351	34.477
Ratios					
Return on equity (%)	13,7	10,9	5,8	10,6	13,3
Equity ratio (%)	50,3	47,5	48,8	45,9	47,1

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year excl minority interests x 100}}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity * 100}}{\text{Total assets}}$	The finansiel strength of the Entity.

Management commentary

Primary activities

The primary activity of the Group is production of crops and pigs in the subsidiaries of 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. 6,200 ha of land and production of pigs from 7,300 sows and pregnant gilts on average.

Group profit for the financial year was EUR 6.986k, which Management considers as satisfactory year terms considered.

Pig production performed mainly as planned, and the market for pork was particularly beneficial and good prices could be obtained for both piglets and fatteners. The feed prices were in line with budget.

The crops were challenged by a dry spring and summer. This, however, affected mostly the spring crops. Overall the budget was met.

Our investing activities in 2017 were primarily focused on the extension of the sow farm and the sow herd to 8,500 sows and pregnant gilts. In addition, the Group purchased a new subsidiary, which is expected to form the base of future quarantine stables.

As in previous years farmland is revaluated to market values on the basis of comparable transactions in 2017 and 2018 and public available information on tenders and requests for proposals for farmland. The revaluation totals EUR 9.766k before impact of tax, of which EUR 2.547k relates to revaluations in 2017, and has been booked directly to equity. The expected market values have increased by approx. 13% compared to 2016.

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 logal position of these DPL loans is very uncertain. In principle, they constitute a right to a share of future distributions of dividend, 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% (2016: 99%).

Management commentary

Consequently, the minority interests' share of the profit/loss for the year and equity has been calculated at 1% (2016: 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 projectperiod 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 2016. The entity has calculated and booked the part of the expected subsidy that relates to the activities performed in 2017, based on the demands and conditions set out by the Slovakian authorities. The procedures are unchanged compared to 2016, hence the company also expect to be approved for 2017. The subsidy receivable amounts to EUR 683k (2016: 675k) before tax.

Outlook

Due to the current market conditions, management expects prices of pork meat to be lower in 2018 than in 2017. Measures have been taken to raise the efficiency of our productions. This is expected to be reflected in a better performance in 2018. We expect a year-end Group net profit of EUR 5.000k to 6.000k.

Particular risks

Operating risk

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

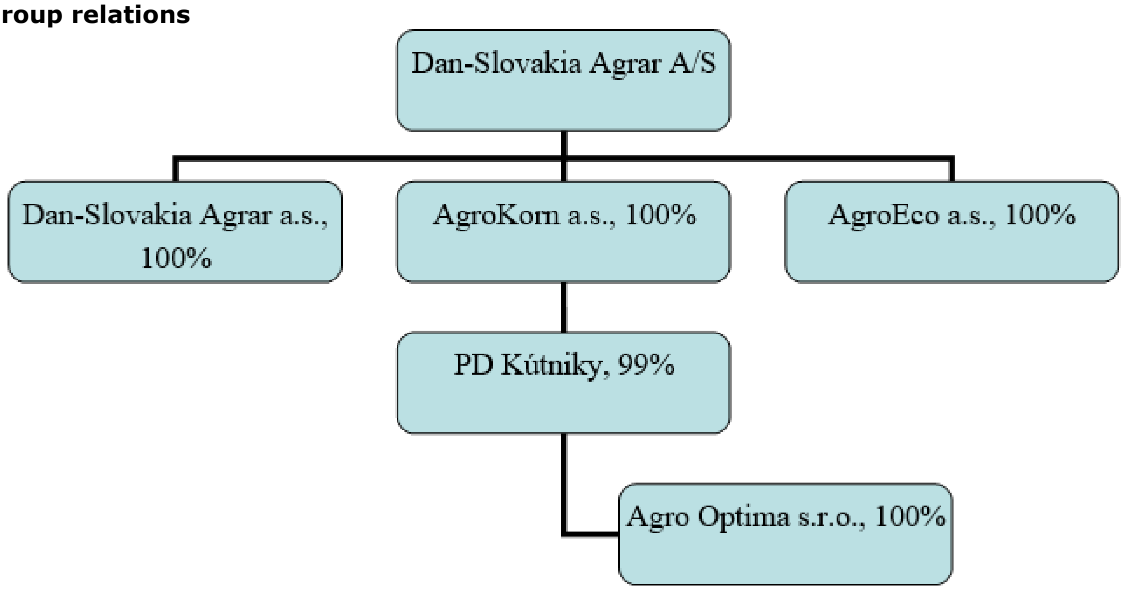
The Company is exposed to changes in HUF and DKK exchange rates. Sales are primarily formed in EUR and a substantial part of financing has been arranged in EUR.
Group debt primarily carries floating rate interest.

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

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.

Management commentary

Group relations



Events after the balance sheet date

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

Consolidated income statement for 2017

	Notes	2017 EUR'000	2016 EUR'000
Gross profit		**17.783**	**14.098**
Staff costs	1	(3.926)	(3.452)
Depreciation, amortisation and impairment losses	2	(3.867)	(3.445)
Operating profit/loss		**9.990**	**7.201**
Other financial income		65	4
Other financial expenses	3	(1.214)	(1.096)
Profit/loss before tax		**8.841**	**6.109**
Tax on profit/loss for the year	4	(1.854)	(1.238)
Profit/loss for the year	5	**6.987**	**4.871**

Consolidated balance sheet at 31.12.2017

	Notes	2017 EUR'000	2016 EUR'000
Land and buildings		69.341	60.721
Plant and machinery		13.074	11.351
Biological assets		3.514	3.244
Property, plant and equipment in progress		2.132	4.780
Property, plant and equipment	6	**88.061**	**80.096**
Other investments		7	7
Fixed asset investments	7	**7**	**7**
Fixed assets		**88.068**	**80.103**
Raw materials and consumables		7.382	8.069
Livestock		6.122	5.892
Inventories		**13.504**	**13.961**
Trade receivables		3.160	2.028
Other receivables		1.958	1.492
Income tax receivable		0	28
Prepayments		5	0
Receivables		**5.123**	**3.548**
Cash		**2.463**	**1.735**
Current assets		**21.090**	**19.244**
Assets		**109.158**	**99.347**

Consolidated balance sheet at 31.12.2017

	Notes	2017 EUR'000	2016 EUR'000
Contributed capital		3.564	3.564
Revaluation reserve		9.378	7.366
Retained earnings		33.219	34.979
Proposed dividend		8.746	1.218
Equity attributable to the Parent's owners		**54.907**	**47.127**
Share of equity attributable to minority interests		**44**	**43**
Equity		**54.951**	**47.170**
Deferred tax		5.045	3.948
Provisions		**5.045**	**3.948**
Bank loans		32.172	33.850
Finance lease liabilities		461	604
Non-current liabilities other than provisions	8	**32.633**	**34.454**
Current portion of long-term liabilities other than provisions	8	8.049	6.628
Payables to other credit institutions		978	0
Trade payables		2.546	2.097
Payables to shareholders and management		20	0
Income tax payable		932	0
Other payables		4.004	5.050
Current liabilities other than provisions		**16.529**	**13.775**
Liabilities other than provisions		**49.162**	**48.229**
Equity and liabilities		**109.158**	**99.347**
Assets charged and collateral	10		
Transactions with related parties	11		
Subsidiaries	12		

Consolidated statement of changes in equity for 2017

	Contributed capital EUR'000	Revaluation reserve EUR'000	Retained earnings EUR'000	Proposed dividend EUR'000
Equity beginning of year	3.564	7.366	34.979	1.218
Ordinary dividend paid	0	0	0	(1.218)
Revaluations for the year	0	2.012	0	0
Profit/loss for the year	0	0	(1.760)	8.746
Equity end of year	**3.564**	**9.378**	**33.219**	**8.746**

	Share of equity attributable to minority interests EUR'000	Total EUR'000
Equity beginning of year	43	47.170
Ordinary dividend paid	0	(1.218)
Revaluations for the year	0	2.012
Profit/loss for the year	1	6.987
Equity end of year	**44**	**54.951**

Consolidated cash flow statement for 2017

	Notes	2017 EUR'000	2016 EUR'000
Operating profit/loss		9.990	7.201
Amortisation, depreciation and impairment losses		3.867	3.387
Working capital changes	9	(841)	(2.418)
Cash flow from ordinary operating activities		**13.016**	**8.170**
Financial income paid		(1.149)	(1.092)
Income taxes refunded/(paid)		(1.750)	353
Cash flows from operating activities		**10.117**	**7.431**
Acquisition etc of property, plant and equipment		(9.467)	(15.008)
Sale of property, plant and equipment		2.980	2.164
Acquisition of enterprises		(2.004)	0
Cash flows from investing activities		**(8.491)**	**(12.844)**
Loans raised		6.744	14.000
Repayments of loans etc		(7.402)	(4.616)
Dividend paid		(1.218)	(588)
Cash flows from financing activities		**(1.876)**	**8.796**
Increase/decrease in cash and cash equivalents		**(250)**	**3.383**
Cash and cash equivalents beginning of year		1.735	(1.644)
Currency translation adjustments of cash and cash equivalents		0	(4)
Cash and cash equivalents end of year		**1.485**	**1.735**
Cash and cash equivalents at year-end are composed of:			
Cash		2.463	1.735
Short-term debt to banks		(978)	0
Cash and cash equivalents end of year		**1.485**	**1.735**

Notes to consolidated financial statements

	2017 EUR'000	2016 EUR'000
1. Staff costs		
Wages and salaries	3.334	2.842
Other social security costs	592	610
	3.926	**3.452**
Average number of employees	**181**	**178**

	2017 EUR'000	2016 EUR'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	3.822	3.387
Profit/loss from sale of intangible assets and property, plant and equipment	45	58
	3.867	**3.445**

	2017 EUR'000	2016 EUR'000
3. Other financial expenses		
Other interest expenses	1.198	1.096
Exchange rate adjustments	16	0
	1.214	**1.096**

	2017 EUR'000	2016 EUR'000
4. Tax on profit/loss for the year		
Current tax	1.829	1.070
Change in deferred tax	25	168
	1.854	**1.238**

	2017 EUR'000	2016 EUR'000
5. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	8.746	1.218
Retained earnings	(1.760)	3.659
Minority interests' share of profit/loss	1	(6)
	6.987	**4.871**

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	64.239	26.952	3.244	4.780
Addition through business combinations etc	1.250	0	0	1.548
Transfers	0	47	0	0
Additions	7.502	3.823	2.338	577
Disposals	(899)	(670)	(2.068)	(4.773)
Cost end of year	**72.092**	**30.152**	**3.514**	**2.132**
Revaluations beginning of year	9.166	0	0	0
Revaluations for the year	2.547	0	0	0
Revaluations end of year	**11.713**	**0**	**0**	**0**
Depreciation and impairment losses beginning of year	(12.684)	(15.601)	0	0
Transfers	0	(47)	0	0
Depreciation for the year	(1.794)	(2.028)	0	0
Reversal regarding disposals	14	598	0	0
Depreciation and impairment losses end of year	**(14.464)**	**(17.078)**	**0**	**0**
Carrying amount end of year	**69.341**	**13.074**	**3.514**	**2.132**

	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

	Due within 12 months 2017 EUR'000	Due within 12 months 2016 EUR'000	Due after more than 12 months 2017 EUR'000	Outstanding after 5 years EUR'000
8. Liabilities other than provisions				
Bank loans	7.760	6.425	32.172	12.119
Finance lease liabilities	289	203	461	0
	8.049	**6.628**	**32.633**	**12.119**

	2017 EUR'000	2016 EUR'000
9. Change in working capital		
Increase/decrease in inventories	457	(178)
Increase/decrease in receivables	(1.575)	(1.215)
Increase/decrease in trade payables etc	277	(1.025)
	(841)	**(2.418)**

10. Assets charged and collateral

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 land amounts to EUR 11.846 k and the carrying amount of mortgaged assets amounts to EUR 45.305 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 87.958 k.

11. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

	Registered in	Equity interest %
12. 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 2017

	Notes	2017 EUR'000	2016 EUR'000
Gross profit		**76**	**181**
Income from investments in group enterprises		6.989	4.760
Other financial income		146	64
Other financial expenses		(226)	(121)
Profit/loss before tax		**6.985**	**4.884**
Tax on profit/loss for the year		1	(7)
Profit/loss for the year	2	**6.986**	**4.877**

Parent balance sheet at 31.12.2017

	Notes	2017 EUR'000	2016 EUR'000
Investments in group enterprises		57.846	49.986
Fixed asset investments	3	**57.846**	**49.986**
Fixed assets		**57.846**	**49.986**
Receivables from group enterprises		4.124	4.532
Other receivables		13	4
Prepayments	4	5	0
Receivables		**4.142**	**4.536**
Cash		**418**	**67**
Current assets		**4.560**	**4.603**
Assets		**62.406**	**54.589**

Parent balance sheet at 31.12.2017

	Notes	2017 EUR'000	2016 EUR'000
Contributed capital	5	3.564	3.564
Reserve for net revaluation according to the equity method		42.555	42.301
Retained earnings		42	44
Proposed dividend		8.746	1.218
Equity		**54.907**	**47.127**
Bank loans		4.911	7.429
Non-current liabilities other than provisions	6	**4.911**	**7.429**
Current portion of long-term liabilities other than provisions	6	1.576	0
Payables to other credit institutions		978	0
Income tax payable		6	7
Other payables		28	26
Current liabilities other than provisions		**2.588**	**33**
Liabilities other than provisions		**7.499**	**7.462**
Equity and liabilities		**62.406**	**54.589**
Staff costs	1		
Assets charged and collateral	7		
Related parties with controlling interest	8		
Transactions with related parties	9		

Parent statement of changes in equity for 2017

	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	42.301	44	1.218
Ordinary dividend paid	0	0	0	(1.218)
Value adjustments	0	2.012	0	0
Profit/loss for the year	0	(1.758)	(2)	8.746
Equity end of year	**3.564**	**42.555**	**42**	**8.746**

	Total EUR'000
Equity beginning of year	47.127
Ordinary dividend paid	(1.218)
Value adjustments	2.012
Profit/loss for the year	6.986
Equity end of year	**54.907**

Reserve for net revaluation according to the entity method takes into account expected dividend payments of 8.746 EUR’000 from subsidaries to be approved in the local entities.

Notes to parent financial statements

	2017	2016
1. Staff costs		
Average number of employees	**0**	**0**

	2017 EUR'000	2016 EUR'000
2. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	8.746	1.218
Transferred to reserve for net revaluation according to the equity method	(1.758)	3.615
Retained earnings	(2)	44
	6.986	**4.877**

	Invest-ments in group enterprises EUR'000
3. Fixed asset investments	
Cost beginning of year	6.545
Cost end of year	**6.545**
Revaluations beginning of year	43.441
Adjustments on equity	2.012
Share of profit/loss for the year	6.989
Dividend	(1.141)
Revaluations end of year	**51.301**
Carrying amount end of year	**57.846**

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 Agrokorn 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%.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

4. Prepayments

Prepayments attribute to insurance paid in advance.

Notes to parent financial statements

	Number	Nominal value EUR'000
5. 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.

	Due within 12 months 2017 EUR'000	Due after more than 12 months 2017 EUR'000
6. Liabilities other than provisions		
Bank loans	1.576	4.911
	1.576	**4.911**

7. Assets charged and collateral

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

8. Related parties with controlling interest

The following 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

9. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

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).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year. All amounts are presentated in EUR.

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.

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.

Accounting policies

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 the 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' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition 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 rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

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.

Accounting policies

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.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for stationery and office supplies, marketing costs, etc. This item also includes writedowns 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
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation 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 or exchange 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.

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.

Accounting policies

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

Items of 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 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 value.

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.

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.

Accounting policies

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance 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 writedowns for bad and doubtful debts.

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

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. 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.

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

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 retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each 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.

Accounting policies

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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

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

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.