



Dan-Slovakia Agrar A/S

Karlsundvej 14
8330 Beder
CVR No. 26296978

Annual report 2022

The Annual General Meeting adopted the
annual report on 02.05.2023

Erik Jantzen

Chairman of the General Meeting

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Entity details

Entity

Dan-Slovakia Agrar A/S

Karlslundvej 14

8330 Beder

Business Registration No.: 26296978

Registered office: Aarhus

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Niels Rauff Hansen

Erik Jantzen

Anders Bundgaard

Mogens Hansen

Executive Board

Erik Jantzen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

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 01.01.2022 - 31.12.2022.

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 Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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, 02.05.2023

Executive Board

Erik Jantzen

Board of Directors

Niels Rauff Hansen

Erik Jantzen

Anders Bundgaard

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 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 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.

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.

Odense, 02.05.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bo Damgaard Hansen

State Authorised Public Accountant
Identification No (MNE) mne34543

Abdul Wahab Ashraf

State Authorised Public Accountant
Identification No (MNE) mne46664

Management commentary

Financial highlights

	2022	2021	2020	2019	2018
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Key figures					
Gross profit/loss	16,907	12,032	14,411	18,583	15,725
Operating profit/loss	8,444	4,008	6,415	11,121	7,037
Net financials	(1,111)	(953)	(944)	(952)	(1,162)
Profit/loss for the year	5,863	2,428	4,212	7,954	4,630
Balance sheet total	129,386	110,681	111,190	104,427	108,181
Investments in property, plant and equipment		7,404	7,241	8,459	4,858
Equity	55,674	52,919	52,640	49,206	49,189
Average number of employees	143	154	150	138	194
Ratios					
Return on equity (%)	10.80	4.60	8.27	16.17	8.89
Equity ratio (%)	43.03	47.81	47.34	47.12	45.47

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Primary activities

The primary activity of the Group is production of crops and pigs in the subsidiaries of Dan-Slovakia Agrar a.s. and AgroEco s.r.o. in Slovakia.

The Parent, Dan-Slovakia Agrar A/S, mainly provides consultancy services to its subsidiaries

Development in activities and finances

The year's result has been affected by turbulent prices for both input and output.

The net profit for the financial year was EUR 6 million against 2 million EUR last year. The management assesses the result as satisfactory.

Profit/loss for the year in relation to expected developments

Group profit for the financial year was EUR 6 million. This is higher than expectations for 2022, and therefore the management considers the result to be satisfactory, taking into account the given market conditions.

Uncertainty relating to recognition and measurement

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 entity has calculated and booked the part of the expected subsidy that relates to the activities performed in 2022, based on the demands and conditions set out by the Slovakian authorities. The procedures are unchanged compared to 2021, hence the company also expect to be approved for 2022. The subsidy receivable amounts to EUR 2,022k- (2021: EUR 810k) before tax.

Outlook

The Group aims to maintain its position at the market, and revenue and earnings are expected to be on the same level as in 2022.

There are uncertainties related to developments in prices on crop production and feed costs which impacts the Group overall.

It should be noted, that African Swine Fever is still spreading in the eastern half of Slovakia. If the disease is to find its way to Western Slovakia, it could pull in the opposite direction and lead to lower prices of pork. In that case, profits will be lower

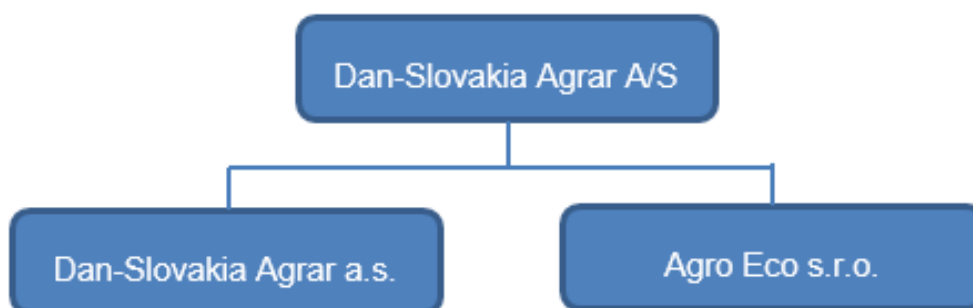
Particular risks

Operating risk

The Group's primary operating risk relates to the subsidiaries' ability to produce profitable, which means the risks associated with developing and operating a company in Slovakia. The sales price for pigs is the most uncertain factor in the Group's economy.

The uncertainty regarding African Swine Fever is also primarily about the effect on pig prices. So much has been invested in biosafety that the risk of infection of the group's pigs is minimal. In addition, the entire herd is covered by a herd insurance which will replace the animals in case of liquidation.

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 2022

	Notes	2022 EUR'000	2021 EUR'000
Gross profit/loss		16,907	12,032
Staff costs	1	(4,412)	(4,074)
Depreciation, amortisation and impairment losses		(4,051)	(3,950)
Operating profit/loss		8,444	4,008
Other financial income		109	108
Other financial expenses	2	(1,220)	(1,061)
Profit/loss before tax		7,333	3,055
Tax on profit/loss for the year	3	(1,470)	(627)
Profit/loss for the year	4	5,863	2,428

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 EUR'000	2021 EUR'000
Land and buildings		76,386	63,586
Plant and machinery		11,943	7,932
Biological assets		4,269	4,316
Property, plant and equipment in progress		986	8,801
Property, plant and equipment	5	93,584	84,635
Other investments		7	7
Financial assets	6	7	7
Fixed assets		93,591	84,642
Raw materials and consumables		13,391	9,607
Livestock		5,848	6,817
Inventories		19,239	16,424
Trade receivables		6,048	3,770
Deferred tax	7	14	0
Other receivables		10,391	5,250
Tax receivable		31	305
Receivables		16,484	9,325
Cash		72	290
Current assets		35,795	26,039
Assets		129,386	110,681

Equity and liabilities

	Notes	2022 EUR'000	2021 EUR'000
Contributed capital		3,564	3,564
Revaluation reserve		11,413	11,843
Retained earnings		37,868	34,834
Proposed dividend for the financial year		2,829	2,678
Equity		55,674	52,919
Deferred tax	7	5,729	5,936
Provisions		5,729	5,936
Bank loans		44,957	29,395
Lease liabilities		1,602	1,654
Non-current liabilities other than provisions	8	46,559	31,049
Bank loans		9,684	10,245
Lease liabilities		422	422
Trade payables		6,006	6,154
Tax payable		1,397	0
Other payables		3,915	3,956
Current liabilities other than provisions		21,424	20,777
Liabilities other than provisions		67,983	51,826
Equity and liabilities		129,386	110,681
Assets charged and collateral	10		
Transactions with related parties	11		
Subsidiaries	12		

Consolidated statement of changes in equity for 2022

	Contributed capital EUR'000	Revaluation reserve EUR'000	Retained earnings EUR'000	Proposed dividend for the financial year EUR'000	Total EUR'000
Equity beginning of year	3,564	11,843	34,834	2,678	52,919
Ordinary dividend paid	0	0	0	(2,678)	(2,678)
Value adjustments	0	(430)	0	0	(430)
Profit/loss for the year	0	0	3,034	2,829	5,863
Equity end of year	3,564	11,413	37,868	2,829	55,674

Consolidated cash flow statement for 2022

	Notes	2022 EUR'000	2021 EUR'000
Operating profit/loss		8,444	4,008
Amortisation, depreciation and impairment losses		4,051	3,950
Working capital changes	9	(10,423)	760
Cash flow from ordinary operating activities		2,072	8,718
Financial income received		109	108
Financial expenses paid		(1,220)	(1,061)
Taxes refunded/(paid)		132	(1,058)
Cash flows from operating activities		1,093	6,707
Acquisition etc. of property, plant and equipment		(20,243)	(7,404)
Sale of property, plant and equipment		6,661	5,411
Cash flows from investing activities		(13,582)	(1,993)
Free cash flows generated from operations and investments before financing		(12,489)	4,714
Loans raised		16,015	7,000
Repayments of loans etc.		(1,066)	(10,421)
Dividend paid		(2,678)	(2,175)
Cash flows from financing activities		12,271	(5,596)
Increase/decrease in cash and cash equivalents		(218)	(882)
Cash and cash equivalents beginning of year		290	1,172
Cash and cash equivalents end of year		72	290
Cash and cash equivalents at year-end are composed of:			
Cash		72	290
Cash and cash equivalents end of year		72	290

Notes to consolidated financial statements

1 Staff costs

	2022 EUR'000	2021 EUR'000
Wages and salaries	3,235	2,901
Other social security costs	1,177	1,173
	4,412	4,074
Average number of full-time employees	145	154

Remuneration to the Executive Board has not been disclosed in accordance with section 98B(3) of the Danish Financial Statements Act.

2 Other financial expenses

	2022 EUR'000	2021 EUR'000
Other interest expenses	1,220	1,061
	1,220	1,061

3 Tax on profit/loss for the year

	2022 EUR'000	2021 EUR'000
Current tax	1,577	424
Change in deferred tax	(107)	203
	1,470	627

4 Proposed distribution of profit/loss

	2022 EUR'000	2021 EUR'000
Ordinary dividend for the financial year	2,829	2,678
Retained earnings	3,034	(250)
	5,863	2,428

5 Property, plant and equipment

	Land and buildings EUR'000	Plant and machinery EUR'000	Biological assets EUR'000	Property, plant and equipment in progress EUR'000
Cost beginning of year	70,461	29,050	4,316	8,801
Additions	15,488	6,264	6,306	367
Disposals	(38)	(786)	(6,353)	(8,182)
Cost end of year	85,911	34,528	4,269	986
Revaluations beginning of year	12,854	0	0	0
Revaluations for the year	(512)	0	0	0
Revaluations end of year	12,342	0	0	0
Depreciation and impairment losses beginning of year	(19,762)	(21,118)	0	0
Depreciation for the year	(2,116)	(1,972)	0	0
Reversal regarding disposals	11	505	0	0
Depreciation and impairment losses end of year	(21,867)	(22,585)	0	0
Carrying amount end of year	76,386	11,943	4,269	986
Carrying amount if asset had not been revalued	64,044			

6 Financial assets

	Other investments EUR'000
Cost beginning of year	7
Cost end of year	7
Carrying amount end of year	7

7 Deferred tax

	2022 EUR'000	2021 EUR'000
Changes during the year		
Beginning of year	(5,936)	(5,726)
Recognised in the income statement	107	(203)
Recognised directly in equity	114	(7)
End of year	(5,715)	(5,936)

	2022	2021
Deferred tax has been recognised in the balance sheet as follows	EUR'000	EUR'000
Deferred tax assets	14	0
Deferred tax liabilities	(5,729)	(5,936)
	(5,715)	(5,936)

Deferred tax assets

The deferred tax primarily relates to the difference between accounting and tax values of fixed assets

8 Non-current liabilities other than provisions

	Due after more than 12 months 2022	Outstanding after 5 years 2022
	EUR'000	EUR'000
Bank loans	44,957	17,667
Lease liabilities	1,602	
	46,559	17,667

9 Changes in working capital

	2022	2021
	EUR'000	EUR'000
Increase/decrease in inventories	(2,815)	(699)
Increase/decrease in receivables	(7,419)	(1,301)
Increase/decrease in trade payables etc.	(189)	2,760
	(10,423)	760

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 19,843k and the carrying amount of mortgaged assets amounts to EUR 41,455k.

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 106,549k.

Bank debt is secured by way of cross guarantee between Dan-Slovakia Agrar A/S and Agri Consult ApS. The guaranteed bank debt in Agri Consult ApS amounts to EUR 6,631k as of 31.12.2022 (31.12.2021: EUR 2,359k).

11 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

12 Subsidiaries

	Registered in	Ownership %
Dan-Slovakia a.s.	Slovakia	100
AgroEco a.s.	Slovakia	100

Parent income statement for 2022

	Notes	2022 EUR'000	2021 EUR'000
Gross profit/loss		64	89
Income from investments in group enterprises		5,913	2,403
Other financial income	1	137	128
Other financial expenses	2	(265)	(184)
Profit/loss before tax		5,849	2,436
Tax on profit/loss for the year		14	(8)
Profit/loss for the year	3	5,863	2,428

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 EUR'000	2021 EUR'000
Investments in group enterprises		58,652	55,847
Financial assets	4	58,652	55,847
Fixed assets		58,652	55,847
Trade receivables		258	0
Receivables from group enterprises		2,260	927
Deferred tax	5	14	0
Other receivables		8,370	4,392
Receivables		10,902	5,319
Cash		3	34
Current assets		10,905	5,353
Assets		69,557	61,200

Equity and liabilities

	Notes	2022 EUR'000	2021 EUR'000
Contributed capital		3,564	3,564
Reserve for net revaluation according to equity method		49,281	46,630
Retained earnings		0	47
Proposed dividend for the financial year		2,829	2,678
Equity		55,674	52,919
Bank loans		4,117	4,259
Non-current liabilities other than provisions	6	4,117	4,259
Bank loans		545	545
Payables to other credit institutions		9,198	3,467
Trade payables		23	10
Current liabilities other than provisions		9,766	4,022
Liabilities other than provisions		13,883	8,281
Equity and liabilities		69,557	61,200
Employees	7		
Assets charged and collateral	8		
Related parties with controlling interest	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2022

	Contributed capital EUR'000	Reserve for net revaluation according to the equity method EUR'000	Retained earnings EUR'000	Proposed dividend for the year EUR'000	Total EUR'000
Equity beginning of year	3,564	46,630	47	2,678	52,919
Ordinary dividend paid	0	0	0	(2,678)	(2,678)
Other entries on equity	0	(430)	0	0	(430)
Profit/loss for the year	0	3,081	(47)	2,829	5,863
Equity end of year	3,564	49,281	0	2,829	55,674

Reserve for netrevaluation according to the equity method takes into account expected dividend payments of EUR 2,832k from subsidiaries to be approved in the local entities.

Notes to parent financial statements

1 Other financial income

	2022 EUR'000	2021 EUR'000
Financial income from group enterprises	29	20
Other interest income	108	108
	137	128

2 Other financial expenses

	2022 EUR'000	2021 EUR'000
Other interest expenses	265	184
	265	184

3 Proposed distribution of profit and loss

	2022 EUR'000	2021 EUR'000
Ordinary dividend for the financial year	2,829	2,678
Retained earnings	3,034	(250)
	5,863	2,428

4 Financial assets

	Investments in group enterprises EUR'000
Cost beginning of year	6,539
Cost end of year	6,539
Revaluations beginning of year	49,308
Share of profit/loss for the year	5,913
Dividend	(2,678)
Other adjustments	(430)
Revaluations end of year	52,113
Carrying amount end of year	58,652

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

5 Deferred tax

	2022 EUR'000	2021 EUR'000
Changes during the year		
Beginning of year	0	8
Recognised in the income statement	14	(8)
End of year	14	0

Deferred tax assets

Deferred tax relates to taxable loss in the current year.

6 Non-current liabilities other than provisions

	Due after more than 12 months 2022 EUR'000	Outstanding after 5 years 2022 EUR'000
Bank loans	4,117	1,388
	4,117	1,388

7 Employees

Average number of employees: 2022: 0 (2021: 0)

The Parent Company did not pay any remuneration to Management during the financial year

8 Assets charged and collateral

Bank debt is secured by way of mortgage in shares in Dan-Slovakia Agrar a.s. of EUR 6,738k nominal.

Bank debt is secured by way of cross guarantee between Dan-Slovakia Agrar A/S and Agri Consult ApS. The guaranteed bank debt in Agri Consult ApS amounts to EUR xxxk as of 31.12.2022 (31.12.2021: EUR 2,359k).

9 Related parties with controlling interest

Dan-Slovakia Agrar A/S has no related parties with controlling interest.

Related parties with significant interest include the company's supervisory and executive boards.

10 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared 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.

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 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.

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.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the 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. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. 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 lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

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.

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 premises, 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, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

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.

Farmland has been revaluated on the basis of an independent assessment of the market value of land. The assessment has been made 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:

	Useful life
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 in comprising live animals and crops are measured at the lower of cost and net realisable value.

For acquired assets, the cost comprises the acquisition price plus any directly related acquisition cost. For own

produced crops and live animals, the biological assets are measured at standard costs comprising directly and indirectly production costs.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements 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.

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 used in the manufacturing process, and 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.

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.

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.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed 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. Proposed dividend for

the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Lease liabilities

Lease liabilities 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 liabilities 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.

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.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and 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 taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and 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, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

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