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Slovakian Farm Invest A/S

Vitavej 71
8300 Odder
Business Registration No
26326028

Annual report 2018

The Annual General Meeting adopted the annual report on 29.05.2019

Chairman of the General Meeting

____

Name: Kristian Maan Tokkesdal

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Entity details

Entity
Slovakian Farm Invest A/S
Vitavej 71
8300 Odder

Central Business Registration No (CVR): 26326028
Registered in: Odder
Financial year: 01.01.2018 - 31.12.2018

Board of Directors
Peter Juul Kristensen, chairman
Carsten Lund Thomsen
Kristian Maan Tokkesdal

Executive Board
Mogens Lund Nielsen, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Slovakian Farm Invest A/S for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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.

Odder, 29.05.2019

Executive Board

Mogens Lund Nielsen
CEO

Board of Directors

Peter Juul Kristensen chairman	Carsten Lund Thomsen	Kristian Maan Tokkesdal

Independent auditor's report

To the shareholders of Slovakian Farm Invest A/S

Opinion

We have audited the financial statements of Slovakian Farm Invest A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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 financial statements section of this auditor's report. We are independent of the Entity 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 financial statements

Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 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:

Independent auditor's report

- Identify and assess the risks of material misstatement of the 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 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 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 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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the 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.

Kolding, 29.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Lars Ørum Nielsen
State Authorised Public Accountant
Identification No (MNE) mne26771

Management commentary

Primary activities

The objective of the Company is production of slaughter pigs and crop production. The activities are carried out through the Slovakian daughter companies Pigagro s.r.o. and Agroland Ipel s.r.o.

The pig production is based on breeding animals which are imported from Denmark. The production is divided on one sow farm and several slaughter farms.

Development in activities and finances

The income statement for period 01.01.2018 - 31.12.2018 shows a profit of DKK 15.485k compared to DKK 36.305k for the period 01.01.2017 - 31.12.2017. The balance sheet show equity of DKK 151.629k and the liquidity is satisfactory and in a stable development.

The company expected at profit in 2018 which was lower than 2017. The results for 2018 were lower than in 2017. This is caused mainly by lower pork prices as estimated.

The Company's management considers the profit for the year satisfactory under the given market conditions.

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.

Income statement for 2018

	Notes	2018 DKK	2017 DKK
Gross profit		**1.077.643**	**1.873.392**
Staff costs	1	(2.742.557)	(2.776.760)
Depreciation, amortisation and impairment losses	2	(20.954)	(18.695)
Operating profit/loss		**(1.685.868)**	**(922.063)**
Income from investments in group enterprises		14.593.738	35.053.156
Other financial income	3	2.836.802	2.685.030
Other financial expenses	4	(209)	(157.889)
Profit/loss before tax		**15.744.463**	**36.658.234**
Tax on profit/loss for the year	5	(259.680)	(353.338)
Profit/loss for the year		**15.484.783**	**36.304.896**

Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	30.000.000	0
Retained earnings	(14.515.217)	36.304.896
	15.484.783	**36.304.896**

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Other fixtures and fittings, tools and equipment		103.601	14.555
Property, plant and equipment	6	**103.601**	**14.555**
Investments in group enterprises		112.685.902	126.936.137
Receivables from group enterprises		32.945.728	32.846.899
Fixed asset investments	7	**145.631.630**	**159.783.036**
Fixed assets		**145.735.231**	**159.797.591**
Trade receivables		41.934	69.169
Receivables from group enterprises		7.666.509	6.700.722
Deferred tax		427	4.000
Other receivables		8.963	8.963
Receivables		**7.717.833**	**6.782.854**
Cash		**325.742**	**599.482**
Current assets		**8.043.575**	**7.382.336**
Assets		**153.778.806**	**167.179.927**

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Contributed capital	8	25.263.200	25.263.200
Reserve for net revaluation according to the equity method		90.801.452	105.057.286
Retained earnings		35.564.645	34.856.420
Equity		**151.629.297**	**165.176.906**
Bank loans		0	35.176
Trade payables		78.549	111.469
Payables to group enterprises		286.338	9
Joint taxation contribution payable		256.107	286.338
Other payables		1.528.515	1.570.029
Current liabilities other than provisions		**2.149.509**	**2.003.021**
Liabilities other than provisions		**2.149.509**	**2.003.021**
Equity and liabilities		**153.778.806**	**167.179.927**
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Assets charged and collateral	11		
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Statement of changes in equity for 2018

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	25.263.200	105.057.286	34.856.420	165.176.906
Effect of mergers and business combinations	0	0	7.993	7.993
Extraordinary dividend paid	0	0	(30.000.000)	(30.000.000)
Exchange rate adjustments	0	329.920	0	329.920
Value adjustments	0	629.695	0	629.695
Dividends from group enterprises	0	(29.817.180)	29.817.180	0
Profit/loss for the year	0	14.601.731	883.052	15.484.783
Equity end of year	**25.263.200**	**90.801.452**	**35.564.645**	**151.629.297**

Notes

	2018 DKK	2017 DKK
1. Staff costs		
Wages and salaries	2.635.614	2.675.211
Other social security costs	5.159	5.001
Other staff costs	101.784	96.548
	2.742.557	**2.776.760**
Average number of employees	**1**	**1**

	2018 DKK	2017 DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	20.954	18.695
	20.954	**18.695**

	2018 DKK	2017 DKK
3. Other financial income		
Financial income arising from group enterprises	2.737.965	2.596.783
Exchange rate adjustments	98.837	88.247
	2.836.802	**2.685.030**

	2018 DKK	2017 DKK
4. Other financial expenses		
Other interest expenses	209	157.508
Exchange rate adjustments	0	381
	209	**157.889**

	2018 DKK	2017 DKK
5. Tax on profit/loss for the year		
Current tax	256.107	286.338
Change in deferred tax	3.573	67.000
	259.680	**353.338**

Notes

	Other fixtures and fittings, tools and equipment DKK
6. Property, plant and equipment	
Cost beginning of year	26.198
Additions	110.000
Cost end of year	**136.198**
Depreciation and impairment losses beginning of year	(11.643)
Depreciation for the year	(20.954)
Depreciation and impairment losses end of year	**(32.597)**
Carrying amount end of year	**103.601**

Notes

	Investments in group enterprises DKK	Receivables from group enterprises DKK
7. Fixed asset investments		
Cost beginning of year	21.878.851	32.846.899
Exchange rate adjustments	0	98.829
Additions	5.599	0
Cost end of year	**21.884.450**	**32.945.728**
Revaluations beginning of year	105.057.286	0
Addition through business combinations etc	7.993	0
Exchange rate adjustments	329.921	0
Share of profit/loss for the year	14.593.737	0
Dividend	(29.817.180)	0
Revaluations for the year	629.695	0
Revaluations end of year	**90.801.452**	**0**
Carrying amount end of year	**112.685.902**	**32.945.728**

Receivables from group enterprises are granted as subordinated loans.

	Registered in	Corporate form	Equity interest %
Investments in group enterprises comprise:			
Pigagro s.r.o.	Ipelsky Sokolec, Slovakiet	s.r.o.	100,0
Agroland Ipel s.r.o.	Ipelsky Sokolec, Slovakiet	s.r.o.	100,0

	Number	Par value DKK	Nominal value DKK
8. Contributed capital			
Share Capital	252.632	100	25.263.200
	252.632		**25.263.200**

Notes

	2018 DKK	2017 DKK
9. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**13.477**	**13.477**

10. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Akset A/S serves as the administration company. According to the joint taxation provi-sions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

11. Assets charged and collateral

None.

12. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Akset A/S, Granbakken 6, 7323 Give, Denmark.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements
Referring to section section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

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 life. 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.

Accounting policies

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made 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, includin sale of property, plant and equipment.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies 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.

Accounting policies

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year.

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 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 payables to group enterprises, net capital or exchange losses on securities, payables and 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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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:

Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

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

Accounting policies

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 and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

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.

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.

Cash
Cash comprises cash in hand and bank deposits.

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

Joint taxation contributions payable or receivable
Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.