LGI Denmark ApS

Ulsnæs 33, 6300 Graasten

Annual report 2018

CVR no. 28 10 08 92

To the Danish Business Authority
The annual report was presented and approved
at the annual general meeting on 20 May 2019

Christian Mathiesen

(Chairman of the meeting)

INFORMATION ON THE COMPANY

LGI Denmark ApS
Ulsnæs 33
DK-6300 Gråsten

CVR no. 28 10 08 92

Board of Directors:

Christine J. Lauridsen (Chairman)
Duane Everett Willey
John F. Wheeler
Vilhelm Hald-Christensen

Management:

Asger Jacobsen
Torben Matzen

Auditor:

Ernst & Young Godkendt Revisionspartnerselskab
Nørre Havnegade 43
DK-6400 Sønderborg

State Authorised Public Accountant Christian S. Christiansen
State Authorised Public Accountant René Kirkegaard

Bank:

Sydbank A/S
Handelsbanken

Annual General Meeting:

The Annual General Meeting will be held 20 May 2019

GROUP OUTLINE

- LGI Denmark Aps — Share capital: DKK 1,500K
  - 100% BHJ A/S — Share capital: DKK 48m
    - 100% TM Petfood Aps — Share capital: DKK 125K
    - 100% Pet-Rus Aps — Share capital: DKK 125K
    - 100% BHJ Germany GmbH — Share capital: EUR 100k
    - 100% Højmark Group A/S — Share capital: DKK 500k
    - 10% Essentia Argentina S.A. — Share capital: ARS 10,000k
    - 5% BHJ Russia Holding Aps — Share capital: DKK 50K
    - 1% BHJ Russia Aps — Share capital: DKK 125K
  - 100% Scanflavour A/S — Share capital: 0.6 mDKK
  - 100% Essentia Protein Solutions Ltd. — Share capital: GBP 500k
  - 100% BHJ UK Food Ltd. — Share capital: GBP 400k
  - 100% Danexport Ltd. — Share capital: GBP 500k
    - 100% BHJ UK Seafood Ltd. — Share capital: GBP 150k
  - 100% BHJ Polska Sp. Z o.o. — Share capital: PLN 15,000k
  - 100% Essentia Protein Solutions SRL — Share capital: RON 1,150k
  - 100% BHJ Baltic UAB — Share capital: EUR 87k
  - 100% Essentia Protein Solutions AB — Share capital: SEK 31,000k
  - 100% Corsa Pet Food S.L. — Share capital: EUR 900k
    - 100% ADAX S.A.S. — Share capital: EUR 1,912k
    - 100% Unión Foods, S.L. — Share capital: Eur 3k
  - 100% Essentia Protein Solutions PTE Ltd. — Share capital: SGD 30k
  - 99% BHJ Russia Aps — Share capital: DKK 125K
    - 100% OOO Essentia — Share capital: 1000 RUB
  - 95% BHJ Russia Holding Aps — Share capital: DKK 50K
    - 100% BHJ LLC — Share capital: 2,8 mRUB
  - 90% Essentia Argentina S.A. — Share capital: ARS 10,000k
  - 80% BHJ Finland OY AB — Share capital: EUR 270k
  - 51% BHJ Kalino Food AB — Share capital: SEK 1,000k
  - 50% BHJ Canada Meat Products Inc. — Share capital: CAD 3,058k
  - 33,33% Farmfood A/S — Share capital: DKK 30,000K
  - 25% MARP LTDA — Share capital: BRL 2.400k

LGI Denmark ApS

Financial highlights and key ratios

	2014	2015	2016	2017	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Operating profit	2.360	1.114	4.286	4.286	3.112
Financial items	(1.388)	(3.991)	(3.683)	(1.841)	(2.536)
Profit for the year	**78.925**	**75.698**	**46.939**	**95.189**	**67.171**
Balance sheet					
Total assets	**670.131**	**658.931**	**657.660**	**720.831**	**801.527**
Equity	**409.493**	**419.225**	**462.509**	**482.840**	**443.291**
Interest-bearing debt	258.539	237.082	186.621	227.751	349.864
Non-interest-bearing debt	2.099	2.624	8.530	10.240	8.373
Key figures[1]					
Return on equity	15,9%	18,3%	10,6%	20,1%	14,5%
Debt ratio	63,1%	56,6%	40,3%	47,2%	78,9%
Equity ratio at year-end	61,1%	63,6%	70,3%	67,0%	55,3%

[1] Key figures are calculated according to definitions described under accounting policies

MANAGEMENT REPORT

Main activities
LGI Denmark owns a number of operating companies within the below described business areas. The company has no further activities.

The group's subsidiaries operate with the following two business divisions:

- Essentia Protein Solutions
- BHJ

Essentia Protein Solutions develops, produces and markets functional protein ingredients within meat processing, soup stock and nutrition.

BHJ purchases, processes and sells meat and fish raw materials for pet food- and fur feed-industries and trades within food in pork-, beef-, poultry- and fish-products.

Highlights of the financial year
As per June 1, 2018 the company Scanflavour A/S, Møldrup, Denmark was acquired. Scanflavour A/S is operating within Essentia and the acquisition strengthens the position of LGI Denmarks Essentia activities in the Protein segment.
Further, within summer 2018 a company was established in Russia, BHJ LLC. The purpose is to service customers within the pet food industry in Russia.

Consolidated accounts have been prepared and disclosed for the ultimate parent company within the EU, LGI International Holding S.a.r.l., Luxembourg. The consolidated accounts include the activities of the LGI Denmark group. The consolidated accounts for LGI International Holding S.a.r.l. include all the necessary information to assess the activities of the LGI Denmark group. Therefore, this annual report only includes the annual accounts of LGI Denmark Aps in accordance with section 112 of the Danish Financial Statements Act, and in accordance with section 86 (4), no cash flow statement has been made.

Financial performance

LGI posted a profit before tax of DKK 67.9 million in the financial year ended 31 December 2018, compared with DKK 96 million last year. The main reason for the decrease in earnings is the Scanflavour acquisition, where a turnaround of the business implied significant costs. Overall, the development is considered as satisfactory but lower than expected.

Total assets amount to DKK 802 million, of which equity amounts to DKK 443 million, equal to 55.2%.

Outlook
The overall expectation for LGI Denmark Group in 2019, is a positive development and higher earnings compared to 2018.

MANAGEMENT REPORT

Ownership

LGI Denmark ApS is owned by LGI International Holding S.A.r.l., Rue de Neudorf 560 A, L-2220 Luxembourg a subsidiary of The Lauridsen Group, Inc., 2425 S.E. Oak Tree Court, Ankeny, Iowa 50021, USA.

Management structure and gender quota

The management structure of LGI Denmark ApS consists of a board of directors appointed at the annual general meeting of 4 members and a management of 2.

The gender quota of the board of directors of LGI Denmark ApS is based on a desire to have both male and female board members. With 4 board members, the objective of at least 25% of each gender in the board has been achieved.

The appointment of other managers is based on a desire to have an as efficient organization as possible. In our opinion, this is best done by promoting each individual's possibilities for further development – regardless of age, gender etc. When appointing someone within the organization to a management position, the policy is to have both male and female applicants. In our opinion the goal of equal representation of both genders is achieved.

MANAGEMENT STATEMENT

The Board of Directors and the Management have today discussed and approved the annual report of LGI Denmark ApS for the financial year 1 January – 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the annual report gives a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January – 31 December 2018.

We also consider the management report to give a true and fair view of the development in the company's operations and financial matters, and the results of the company's operations and financial position.

We recommend that the annual report be adopted at the annual general meeting.

Gråsten, 20 May 2019

Management:

Asger S. Jacobsen

Torben Matzen

Board of Directors:

Christine J. Lauridsen
(Chairman)

Duane Everett Willey
(Deputy Chairman)

John F. Wheeler

Vilhelm Hald-Christensen

INDEPENDENT AUDITOR'S REPORT

To the shareholder of LGI Denmark ApS

Opinion
We have audited the financial statements of LGI Denmark ApS for the financial year 1 January – 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibility 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 that 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibility
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 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 the financial statements.

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

Identify and assess the risks of material misstatement of 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 Company'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 Company'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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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's review
Management is responsible for the Management's review.
Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.
Based on our procedures, we conclude that the Management's review is in accordance with 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's review.

Sønderborg, 20. May 2019

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Christian S. Christiansen
State Authorised
Public Accountant
mne 32171

René Kirkegaard
State Authorised
Public Accountant
mne 40045

ACCOUNTING POLICIES

The annual report of LGI Denmark ApS for 2018 has been prepared in accordance with the provisions applying to reporting class C enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as last year.

In accordance with the Danish Financial Statements Act section 86, sub-section 4 no cash flow statement has been prepared.

In accordance with the Danish Financial Statements Act section 112, sub-section 1 no Consolidated Financial Statement has been prepared. The financial Statement for LGI Denmark Aps and its subsidiaries is included in the Consolidated Financial Statements for LGI International Holding S.á r.l.

Foreign currency translation
On initial recognition, transactions in foreign currencies are translated into Danish kroner at the exchange rate ruling at the transaction date or, if hedging contracts have been entered into, at the contract rate. Foreign exchange differences arising between the date of initial recognition and the date of payment are recognised in the income statement under financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled on the balance sheet date are translated at closing rates. The difference between the exchange rate ruling at the balance sheet date and the exchange rate at the time where the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or expenses.

On recognition of foreign subsidiaries and associate's income statements are translated at monthly average exchange rates, while balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Derivative financial instruments
Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently re-measured at their fair value. Positive and negative fair values of derivative financial instruments are recognised under other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments that are designated as and qualify as fair value hedges of a recognised asset or liability are recognised in the income statement together with any changes in the value of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised directly in equity. Income and expenses relating to such hedge transactions are transferred from equity on realisation of the hedged item and recognised in the same item as the hedged item.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Shareholdings in foreign subsidiaries and associates are not hedged.

ACCOUNTING POLICIES

INCOME STATEMENT

Revenue

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. Income recognition is based on invoiced sales.

Administrative expenses

Administrative expenses include the costs of administrative staff, management, office premises, office expenses, and similar expenses.

Profit from investments in subsidiaries and associates

The income statement includes the proportionate share of the profit or loss of each individual subsidiary after full elimination of intercompany gains/losses and deduction of goodwill amortisation.

The proportionate share of the profit or loss of associates is recognised in the income statement.

Financial income and expenses

Financial income and expenses include interest income and expenses, gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on the profit for the year

The parent company is subject to the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation scheme from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

LGI Denmark ApS acts as administration company for the joint taxation scheme and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year – comprising the year’s current corporation tax, the year’s joint taxation contributions and changes in deferred tax (including result of changes in tax rates) – is recognised in the income statement where it relates to the profit/loss for the year, and directly in equity where it relates to items recognised directly in equity.

ACCOUNTING POLICIES

BALANCE SHEET

Investments

Investments in subsidiaries and associates
Investments in subsidiaries and associates are measured according to the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportionate share of the companies' net asset value calculated in accordance with the parent company's accounting policies less or plus any unrealised intra-group gains and losses and plus any residual amount of goodwill.

Investments in subsidiaries and associates with negative net asset values are measured at DKK 0 (nil). If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

The net revaluation of investments in subsidiaries and associates is recognised under equity as "Revaluation reserve based on the equity method" to the extent that the carrying amount exceeds the acquisition cost.

Investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated selling costs.

Acquisitions are accounted for using the purchase method, according to which identifiable assets and liabilities of companies acquired are measured at fair value at the time of acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill) is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met.

Goodwill and negative goodwill from acquired entities may be adjusted until expiration of the financial year, subsequent to the year of acquisition.

Other securities
Other unlisted securities acquired as an investment are stated at cost.

Realised capital gains or losses as well as impairment losses are included in the income statement.

Receivables

Receivables are measured at amortised cost.

Receivables are written down for anticipated loss.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividend

Proposed dividend is recognised as a liability when adopted by the shareholders at the general meeting. Dividend expected to be paid in respect of the year are stated as a separate line item under equity.

Income tax and deferred tax

Current tax payables and receivables is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint tax contributions payable and receivable are recognised in the balance sheet under receivables from or payables to group enterprises.

Deferred tax is calculated according to the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes.

Deferred tax assets, including the tax value of any tax loss carried forward, are recognised at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are recognised at amortised cost. The difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

In addition, the capitalised residual lease liability under finance leases is recognised under financial liabilities.

Other liabilities are measured at net realisable value.

ACCOUNTING POLICIES

KEY RATIOS

Return on equity
Profit for the year attributable to the group as a percentage of average equity.

Debt ratio
Interest-bearing debt (mortgages and loans as well as bank loans and overdrafts) divided by equity.

Equity ratio at year-end
Equity divided by total assets.

LGI Denmark ApS

Income statement for 1 January - 31 December 2018

Note		2018 DKK '000	2017 DKK '000
	Gross profit	**12.000**	**12.000**
1	Administrative expenses	(8.888)	(7.714)
	Operating profit	**3.112**	**4.286**
2	Share of profit in group enterprises	60.944	80.881
3	Share of profit in associates	6.374	12.685
4	Financial income	1.303	1.458
5	Financial expenses	(3.839)	(3.299)
	Profit before tax	**67.895**	**96.011**
6	Tax on profit for the year	(724)	(822)
	Profit for the year	**67.171**	**95.189**
	Proposed allocation of profit for the year:		
	Dividend	50.000	100.000
	Retained earnings	17.171	(4.811)
		67.171	**95.189**

LGI Denmark ApS

Balance sheet at 31 December 2018

Note		2018 DKK '000	2017 DKK '000
	ASSETS		
	Fixed assets		
	Investments		
2	Investments in group enterprises	707.809	613.157
3	Investments in associates	59.178	64.032
	Receivables from group enterprises	24.297	32.693
		791.284	**709.882**
	Total fixed assets	**791.284**	**709.882**
	Current assets		
	Receivables		
	Receivables from group enterprises	3.958	6.058
7	Corporation tax receivable	6.285	4.891
		10.243	**10.949**
	Total current assets	**10.243**	**10.949**
	Total assets	**801.527**	**720.831**

LGI Denmark ApS

Balance sheet at 31 December 2018

Note		2018 DKK '000	2017 DKK '000
	LIABILITIES AND EQUITY		
	Equity		
	Contributed capital	1.500	1.500
	Retained profit	391.791	381.340
	Proposed dividend	50.000	100.000
	Total equity	**443.291**	**482.840**
	Liabilities		
	Short-term debt		
	Payables to group enterprises	357.305	236.113
	Other debt	931	1.878
		358.236	**237.991**
	Total debt	**358.236**	**237.991**
	Total liabilities and equity	**801.527**	**720.831**

8 **Transactions with related parties**
9 **Other commitments**

Statement of changes in equity at 31 December 2018

	Contributed capital DKK '000	Retained earnings DKK '000	Proposed dividend DKK '000	Total DKK '000
Balance at 31 December 2016	**1.500**	**386.009**	**75.000**	**462.509**
Retained earnings	-	(4.811)	100.000	95.189
Value adjustment of hedging instruments	-	3.686	-	3.686
Exchange difference on foreign group enterprises	-	(3.544)	-	(3.544)
Ordinary dividend	-		(75.000)	(75.000)
Balance at 31 December 2017	**1.500**	**381.340**	**100.000**	**482.840**
Retained earnings	-	17.171	50.000	67.171
Value adjustment of hedging instruments	-	(984)	-	(984)
Exchange difference on foreign group enterprises	-	(5.737)	-	(5.737)
Ordinary dividend	-		(100.000)	(100.000)
Balance at 31 December 2018	**1.500**	**391.791**	**50.000**	**443.291**

The share capital comprises 15,000 shares with a nominal value of DKK 100 DKK each.

There have been no changes to the share capital within the last 5 years.

Notes to the accounts for the year ended 31 December 2018

1 Staff costs

The company has not incurred any staff costs.

No remuneration has been paid to the Management and Board of Directors of the company.

2 Result and investments in group enterprises

	2018	2017
	DKK '000	DKK '000
Cost at 1 January	785.098	784.627
Additions	79.658	490
Disposals		(19)
Cost at 31 December	864.756	785.098
Value adjustment at 1 January	(171.941)	(220.660)
Share of profit	60.944	80.881
Retained dividend	(40.509)	(34.042)
Disposal		(48)
Exchange difference	(4.457)	(1.758)
Value adjustment of hedging instruments	(984)	3.686
Value adjustment at 31 December	(156.947)	(171.941)
Carrying amount at 31 December	**707.809**	**613.157**

Company:		Contributed capital	Share
BHJ A/S, Denmark	mDKK	48	100%
BHJ Germany GmbH, Germany	tEUR	100	100%
TM Petfood ApS, Denmark	tDKK	125	100%
Pet-Rus ApS, Denmark	tDKK	125	100%
Hoejmark Group A/S, Denmark	tDKK	500	100%
BHJ UK Food Ltd., UK	tGBP	400	100%
BHJ Kalino Food AB, Sweden	tSEK	1.000	51%
Essentia Protein Solutions Ltd., UK	tGBP	500	100%
BHJ Baltic UAB, Lithuania	tEUR	87	100%
Essentia Protein Solutions SRL, Romania	tRON	11.497	100%
Danexport Ltd., UK	tGBP	150	100%
BHJ UK Seafood Ltd., UK	tGBP	150	100%
BHJ Finland Oy Ab, Finland	tEUR	270	80%
Essentia Protein Solutions AB, Sweden	tSEK	31.000	100%
BHJ Polska Sp. z o.o., Poland	tPLN	15.000	100%
Corsa Petfood S.L., Spain	tEUR	900	100%
Union Foods, S.L, Spain	tEUR	3	100%
ADAX S.A.S., France	tEUR	1.912	100%
BHJ Russia ApS, Denmark	tDKK	125	100%
OOO Essentia, Russia	tRUB	10	100%
BHJ Russia Holding ApS, Denmark	tDDK	50	100%
BHL LLC, Russia	tRUB	17.800	100%
Essentia Argentina S.A., Argentina	tARS	10.000	100%
Essentia Protein Solutions Pte Ltd., Singapore	tSGD	142	100%
Scanflavour A/S, Denmark	tDKK	0,6	100%

Excess value of cost (goodwill) upon first recognition of BHJ Russia Holding ApS and Scanflavour A/S, Denmark amounts to DKK 28.4 million.

Notes to the accounts for the year ended 31 December 2018

3 Result and investments in associates

	2018	2017
	DKK '000	DKK '000
Cost at 1 January	28.648	28.452
Additions	-	196
Cost at 31 December	28.648	28.648
Value adjustment at 1 January	35.384	30.176
Retained dividend	(9.949)	(5.692)
Share of profit	6.374	12.685
Exchange difference	(1.279)	(1.785)
Value adjustment at 31 December	30.530	35.384
Carrying amount at 31 December	**59.178**	**64.032**

Company:		Contributed capital	Share
BHJ Canada Meat Products Inc., Canada	tCAD	3.058	50,00%
Farmfood A/S, Denmark	tDKK	30.000	33,33%
Marp Ind. Com. Imp. E Exp. Ltda, Brazil	tBRL	2.400	25,00%
Goodwill			

4 Financial income

	2018	2017
	DKK '000	DKK '000
Interest receivable from group enterprises	1.303	1.458
	1.303	**1.458**

5 Financial expenses

	2018	2017
Interest payable to group enterprises	3.775	3.268
Other interest payable and exchange losses	63	31
	3.839	**3.299**

Notes to the accounts for the year ended 31 December 2018

6 Income tax

The tax charge can be specified as follows:	2018	2017
	DKK '000	DKK '000
Tax on profit for the year:		
Tax charge for the year	(299)	(538)
Foreign withholding tax	(425)	(284)
	(724)	**(822)**
Tax is distributed as follows:		
Tax on ordinary profit	(724)	(822)
Total tax	**(724)**	**(822)**

7 Corporation tax

	2018	2017
	DKK '000	DKK '000
Balance at 1 January	(4.891)	(2.820)
Prior-year adjustments	-	199
Income tax paid	(1.257)	(5.197)
Tax on profit for the year incl. jointly taxed companies	(137)	2.927
Balance at 31 December	**(6.285)**	**(4.891)**

8 Related party transactions

Related party with controlling influence on the company is The Lauridsen Group, Inc., USA. There have been no transactions with the company during the year.

Related parties with significant influence on the company - in addition to the Board of Directors and the Management - include the BHJ group and its Board of Directors and Management.

LGI Denmark ApS is included in the consolidated accounts for LGI International Holding S.á r.l., Luxembourg

9 Other commitments

The company has guaranteed loan and overdraft facilities for the following companies:

	Currency	Guaranteed amount	Drawing at 31 December 2018
			mDKK
BHJ Polska Sp. z o.o.	PLN	5,0	1,7
Scanflavour A/S	DKK	251	228,7

A letter of comfort for a total of EUR 1.25 million has been issued to a subsidiary's bank.

The parent company is jointly taxed with the Danish subsidiary. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interests and royalties within the jointly taxed group.

The Group's Danish companies are jointly and severally liable for group VAT registration.