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Wernsing Scandinavia ApS

Adelvej 9, Skovlund, 6823 Ansager

Company reg. no. 30 50 70 29

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 11 June 2018.

Martin Kuper
Chairman of the meeting

Contents

Notes to users of the English version of this document:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The executive board has today presented the annual report of Wernsing Scandinavia ApS for the financial year 1 January to 31 December 2017.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively at 31 December 2017, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Ansager, 11 June 2018

Executive board

Stefan Wernsing   Martin Kuper   Martin Zwinkels

Independent auditor's report

To the shareholders of Wernsing Scandinavia ApS

Opinion

We have audited the consolidated annual accounts and the annual accounts of Wernsing Scandinavia ApS for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2017 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the consolidated annual accounts and the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group’s and the company’s ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor’s responsibilities for the audit of the consolidated annual accounts and the annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 company’s internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group’s and the 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 consolidated annual accounts and the annual accounts 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts and the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts or the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 11 June 2018

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Brian Rasmussen
State Authorised Public Accountant
MNE-nr. 30153

Company data

The company	Wernsing Scandinavia ApS Adelvej 9, Skovlund 6823 Ansager	
	Phone	+45 76 98 50 50
	Company reg. no.	30 50 70 29
	Financial year:	1 January - 31 December
Executive board	Stefan Wernsing Martin Kuper Martin Zwinkels	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	Wernsing Food Group GmbH	
Subsidiaries	WFG Denmark A/S, Skovlund, Denmark Flensted Food Group A/S, Skovlund, Denmark* Flensted Snitgrønt A/S, Skovlund, Denmark* Danika Grønt A/S, Billund, Denmark* Slice Fruit A/S, Skovlund, Denmark* FFG Trading A/S, Skovlund, Denmark* WFG Sweden AB, Ödeshög, Sweden Vätternpotatis AB, Ödeshög, Sweden** GG Handel i Skara AB, Skara, Sweden** CNTB Fastigheter AB, Skara, Sweden** Blekinge Delikatesser AB, Karlshamn, Sweden** Seahouse AB, Karlshamn, Sweden** Hallumgade Invest ApS, Kvong, Denmark Hallumgade Farming ApS, Kvong, Denmark*** Hallumgade Pig Production ApS, Kvong, Denmark*** =, *Owned by WFG Denmark A/S =, ** Owned by WFG Sweden AB =, ***Owned by Hallumgade Invest ApS	
Associated enterprise	LCT Production AB, Surte, Sweden	

Consolidated financial highlights

DKK in thousands.	2017	2016	2015	2014	2013
Profit and loss account:					
Net turnover	921.580	768.375	744.109	528.592	484.018
Gross profit	208.077	177.943	155.072	117.605	123.733
Results from operating activities	5.221	6.498	-10.553	-12.726	-595
Net financials	-3.843	-1.801	-3.309	-4.444	-4.180
Results for the year	-2.499	1.352	-13.507	-3.595	-4.426
Balance sheet:					
Balance sheet sum	804.619	580.798	508.944	515.605	401.384
Investments in tangible fixed assets represent	121.317	45.411	17.264	47.777	26.807
Equity	229.140	236.320	241.608	253.581	158.631
Cash flow:					
Operating activities	48.956	23.974	18.057	-15.403	28.698
Investment activities	-269.279	-55.002	-14.873	-49.639	-62.566
Financing activities	226.499	39.389	2.509	76.510	43.360
Cash flow in total	6.176	8.361	5.693	11.468	9.492
Employees:					
Average number of full time employees	335	319	264	218	209
Key figures in %:					
Gross margin	22,6	23,2	20,8	22,2	25,6
Profit margin	0,6	0,8	-1,4	-2,4	-0,1
Solvency ratio	28,5	40,7	47,5	49,2	39,5
Return on equity	-1,1	0,6	-5,5	-1,7	-2,7

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.

Management's review

The principal activities of the group

The group is a production company within production and sale of processed potato- and vegetable products together with production of dressings, saucers, and other related activities, in both Denmark and abroad.

The principal activities of the parent company is to be parent company of wholly owned subsidaries.

Uncertainties as to recognition or measurement

There has been no insecurity by recognition and measurement of accunting entries in the annual report during the financial year.

Development in activities and financial matters

The net turnover for the year is mDKK 922 against mDKK 768 last year. The results from ordinary activities after tax are mDKK -2,5 against mDKK 1,4 last year. The result for 2017 has been lower than expected according to the annual report last year, due to market conditions regarding raw materials which has had a negative effect on the result. Taken the market conditions in consideration in 2017, the management consider the result satisfactory.

Investments:
The group expanded its activities in the Danish market through the acquisition of the activities in the company Hallumgade group in Kvong. This give the group a new farming activity.

Risks

Operating risks:
The group is mainly order producing and thus, there are no significant business risks related to the group's inventory of finished goods.

Further, the group runs a tight internal credit policy that ensures that all significant accounts receivable in general from sale are insured.

The group is exposed to the usual risks within the business, including especially the weather and its influence on price and quality of raw materials used in the group's production.

Exchange rate risks:
The result, cash flows, and equity is influenced by development in currency and interest for a number of currencies due to activities abroad.

Currency risks are not revealed by the use of financial instruments. Due to the group's policy, commercial currency risks are not revealed as trade is primarily made with countries that are economically stable.

Management's review

Environmental issues
The group is environmentally conscious and continually works on reducing the already very low environmental impact of the group's operations. The group pre-cleanses its wastewater with app. 87 % before it is sent to the municipal wastewater treatment plants.

The group has the necessary environmental approvals and approvals for food production.

Know how resources
The ambition of being market leading and ahead of the business' development means that the group is marked by a dynamic knowledge environment in rapid change. This places particularly high demands on the group as regards obtaining a distribution of new knowledge and it complicates an efficient standardization of the products. At the same time, the individual solutions are characterized by a complexity in which the personal knowledge of individual employees plays a crucial role.

During the year, there has been an addition of competent and experienced employees who strengthened the group's knowledge- and competence starting point. Successfully, the competence development investments have increased in 2017 and 2016 and targeted training was well-received by the employees.

In 2017, innovation and development was upgraded by establishment of an individual department dealing only with these matters.

The expected development
During the next year, focus will still be on market conditions and the necessary adjustments will be made whilst retaining efficiency and optimization of the production.

The result for the coming financial year is expected to be at a more satisfactory level as in 2017. The group focuses on ongoing growth in sales as well as efficiency improvements to ensure good competitive power.

Events subsequent to the financial year
No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Statement of corporate social responsibility
As a responsible producer of potato products, the group's policy is to reduce the impact that its activities has on the environment and to contribute actively to the development of sustainable solutions. Thus, as part of the group strategy and policy, the environmental impact is measured and the group works continuously on reducing this. It is the group's aim to reduce energy - and water consumption continuously, and to strengthen a sustainable use of resources.

Management's review

The group has contact to customers and suppliers in several countries and there is an awareness of its responsibility of rules that apply at all times in these countries, for the local communities, for cooperation partners, for employees, and the society in general. Audits are made – both announced and unannounced - with selected suppliers in order to evaluate the raw materials received by the group. Thus, the cooperation with suppliers include an ongoing dialogue about improvements of both products and working procedures.

It is the group's aim to be among the leading European producers within its field. This requires that there is an updated food security system meeting production of secure food products applicable with legislation as well as national and international customer demands. Among other things, this takes place through an ongoing review of the food security policy where a food security policy focus area is picked annually and measurable aims are made based hereof.

Further, the group is aiming at organizing the work so that the employees' physical and mental working conditions are satisfied in the best possible way.

The group does not accept any kind of bribery charges. The staff is not allowed to receive or offer gifts no matter of the kind that can be seen as a reward or favour with the purpose of favouritism.

Human rights
The group's social responsibility also includes policies for human rights with the purpose of meeting relevant legislation and EU conventions. Among other things, this means that it is a group policy to meet the EU regulations for young workers within the EU. The group does not allow a behaviour that reduces the staff's freedom of action just as the group's policy is to ensure equal conditions for all employees without regard to ethnical origin, skin colour, gender, nationality, or other characteristics.

The group acknowledges the staff's right to organize themselves.

Target figures and policies for the under-represented sex
The group focuses on creation of value and considering the group's size this means that in relation to organizational changes and nomination of new board – and management members the group has to focus on knowledge, competences, and experience with the individual employees.

The group is part of Wernsing Family Group with its ultimate parent company, Wernsing Food Famliy Group GmbH & Co. KG (reg. no. HR A 150156). The top management recognizes the importance of diversity in the management and emphasizes equal opportunities for all, including for both genders. At present, the management of the Danish part of the Wernsing Scandinavia ApS group consists of one woman and one man (50/50). The board consists of the top management in Wernsing Family Group (all men). In the Swedish part of the group, the management consists of the top management in Wernsing Family Group and a woman as director for one of the Swedish subsidiaries.

Management's review

The group emphasizes that the board consists of the members from the top management in the ultimate parent company in Wernsing Family Group because of the group's family structure. At present, the board only consists of men, but there is an ongoing process for assessment of the board´s right composition where factors as skills and experience, regardless of gender, is crucial for the composition of the board.

Accounting policies used

The annual report for Wernsing Scandinavia ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

Accounting policies used

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Wernsing Scandinavia ApS and those group enterprises of which Wernsing Scandinavia ApS directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

In connection with the acquisition of new enterprises, the acquisition method is applied, by which the acquirees' identifiable assets and liabilities are measured at fair value at the time of acquisition. Costs for restructuring which are recognised in the acquiree before the acquisition date and which have not been agreed upon as part of the acquisition, are recognised in the pre-acquisition balance sheet and thereby forms part of the measurement of goodwill. Restructuring decided by the acquiree is recognised in the profit and loss account. The tax effect of the revaluations carried out is taken into consideration.

Positive balances (goodwill) between cost and fair value of the acquired, identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and in accordance with an individual evaluation allocated on a systematic basis over their useful lives in the profit and loss account. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Goodwill and negative goodwill from acquirees may be adjusted until 12 months after the acquisition.

Gains or losses from the disposal or termination of group enterprises or associated enterprises are recognised as the difference between the sales price or the termination sum and the book value of the net assets at the sales date and expected costs of sale or termination.

In case of business combinations such as acquisition and sale of equity investments, mergers, demergers, addition of assets and exchange of shares etc. with participation of enterprises under the control of the parent company, the merger method is applied, in which case the merger is considered implemented on the first day of the financial year, and restatement of comparative figures is made.

Accounting policies used

The profit and loss account

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Included in other external expenses are also research expenditure concerning development projects which do not meet the recognition criteria for the balance sheet.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises and associated enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Accounting policies used

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual associated enterprises are recognised in the profit and loss account at a proportional share of the associated enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent enterprise and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent enterprise acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Acquired rights

Acquired rights are measured at cost with deduction of accrued amortisation. Acquired rights are amortised over the expected period, however, for a maximum of 10 years.

Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 10 and 20 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

Accounting policies used

Tangible fixed assets

Land and buildings are measured at cost with addition of revaluations and with deduction of accrued depreciation and writedown. Land is not depreciated.

Land and buildings are revaluated on the basis of regular, independent evaluation of the fair value. The net revaluation at fair value adjustment is recognised directly on the equity after deduction of deferred tax and tied up in a particular revaluation reserve. Net impairment at fair value adjustments is recognised in the profit and loss account.

The basis of depreciation is cost with the addition of revaluations at fair value and with the deduction of expected residual value after the end of the useful life of the asset.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in the company's equity.

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Buildings	*15-50 years*
Technical plants and machinery	*5-20 years*
Other plants, operating assets, fixtures and furniture	*3-10 years*

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Accounting policies used

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the group holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises and associated enterprises

Equity investments in group enterprises and associated enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Accounting policies used

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises and associated enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises and associated enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises and associated enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and associated enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Other securities and equity investments
Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Inventories
Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Accounting policies used

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

Life stock is measured at market value as stated by Research Center for Agriculture Ø90.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Revaluation reserves

Revaluations of land and buildings with deduction of deferred tax are recognised under revaluation reserves. The reserves are reduced when the value of revalued buildings is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued book value of the buildings and depreciation based on the original cost of the buildings. The reserves are dissolved partly or totally in case of sale of land and buildings and reduced in case of writedown of land and property.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Accounting policies used

Wernsing Scandinavia ApS is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Wernsing Scandinavia ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or “Payable corporate tax".

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions
Provisions comprise expected costs for guarantee liabilities. Provisions are recognised when the group has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the group.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Liabilities
Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities
Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Accounting policies used

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

Segment information

Information on geographical markets is provided. The segment information follows the consolidated accounting policies, risks and internal financial control systems.

Profit and loss account 1 January - 31 December

DKK in thousands.

		Group		Parent enterprise	
Note		2017	2016	2017	2016
3	Net turnover	921.580	768.375	0	100
	Other operating income	1.064	464	74	0
	Raw materials and consumables used	-553.247	-461.736	0	0
	Other external costs	-161.320	-129.160	-2.459	-1.086
	Gross results	**208.077**	**177.943**	**-2.385**	**-986**
5	Staff costs	-159.494	-133.276	0	0
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-40.004	-38.169	-29	-88
	Other operating costs	-3.358	0	0	0
	Operating profit	**5.221**	**6.498**	**-2.414**	**-1.074**
	Income from equity investments in group enterprises	0	0	-702	181
	Income from equity investments in associated enterprises	154	79	0	0
	Other financial income from group enterprises	0	0	3.152	3.153
	Other financial income	207	157	60	12
6	Other financial costs	-4.204	-2.037	-2.878	-528
	Results before tax	**1.378**	**4.697**	**-2.782**	**1.744**
7	Tax on ordinary results	-3.877	-3.345	283	-392
8	**Results for the year**	**-2.499**	**1.352**	**-2.499**	**1.352**

Balance sheet 31 December

DKK in thousands.

Note	Assets	Group 2017	Group 2016	Parent enterprise 2017	Parent enterprise 2016
	Fixed assets				
9	Acquired rights	1.575	0	0	0
10	Goodwill	39.068	50.793	0	0
	Intangible fixed assets in total	40.643	50.793	0	0
11	Land and property	294.412	116.350	0	0
12	Production plant and machinery	131.260	88.190	0	0
13	Other plants, operating assets, and fixtures and furniture	3.528	3.154	0	205
14	Tangible assets under construction and prepayments for tangible assets	26.202	20.056	0	0
	Tangible fixed assets in total	455.402	227.750	0	205
15	Equity investments in group enterprises	0	0	145.147	149.529
16	Equity investments in associated enterprises	227	233	0	0
	Financial fixed assets in total	227	233	145.147	149.529
	Fixed assets in total	**496.272**	**278.776**	**145.147**	**149.734**

Balance sheet 31 December

DKK in thousands.

Assets

Note		Group 2017	Group 2016	Parent enterprise 2017	Parent enterprise 2016
	Current assets				
	Raw materials and consumables	28.478	26.723	0	0
	Manufactured goods and trade goods	53.422	57.298	0	0
	Life stock	11.830	0	0	0
	Inventories in total	93.730	84.021	0	0
	Trade debtors	140.541	156.597	0	0
	Amounts owed by group enterprises	0	0	445.744	303.633
17	Deferred tax assets	0	0	0	24
	Receivable corporate tax	0	0	307	0
	Other debtors	7.486	2.399	32	12
18	Accrued income and deferred expenses	2.812	1.403	0	184
	Debtors in total	150.839	160.399	446.083	303.853
	Available funds	63.778	57.602	8.289	3.157
	Current assets in total	**308.347**	**302.022**	**454.372**	**307.010**
	Assets in total	**804.619**	**580.798**	**599.519**	**456.744**

Balance sheet 31 December

DKK in thousands.

Equity and liabilities

Note		Group 2017	Group 2016	Parent enterprise 2017	Parent enterprise 2016
	Equity				
19	Contributed capital	286.633	286.633	286.633	286.633
20	Revaluation reserve	3.346	3.346	0	0
	Results brought forward	-60.839	-53.659	-57.493	-50.313
	Equity in total	**229.140**	**236.320**	**229.140**	**236.320**
	Provisions				
21	Provisions for deferred tax	2.212	1.311	0	0
22	Other provisions	733	1.251	0	0
	Provisions in total	**2.945**	**2.562**	**0**	**0**
	Liabilities				
23	Mortgage debt	66.221	0	0	0
	Long-term liabilities in total	66.221	0	0	0
	Short-term part of long-term liabilities	8.013	0	0	0
	Trade creditors	64.873	61.731	135	263
	Debt to group enterprises	385.519	233.254	369.448	219.807
	Corporate tax	693	713	0	309
	Other debts	47.215	46.218	796	45
	Short-term liabilities in total	506.313	341.916	370.379	220.424
	Liabilities in total	**572.534**	**341.916**	**370.379**	**220.424**
	Equity and liabilities in total	**804.619**	**580.798**	**599.519**	**456.744**

Balance sheet 31 December

DKK in thousands.

	Equity and liabilities	Group		Parent enterprise	
Note		2017	2016	2017	2016
1	**Subsequent events**				
2	**Special items**				
4	**Fee, auditor**				
24	**Mortgage and securities**				
25	**Contingencies**				
26	**Related parties**				

Consolidated statement of changes in equity

DKK in thousands.

	Contributed capital	Revaluation reserve	Results brought forward	In total
Equity 1 January 2016	286.633	3.346	-48.371	241.608
Profit or loss for the year brought forward	0	0	1.352	1.352
Currency changes	0	0	-6.640	-6.640
Equity 1 January 2017	286.633	3.346	-53.659	236.320
Profit or loss for the year brought forward	0	0	-2.499	-2.499
Currency changes	0	0	-4.681	-4.681
	286.633	**3.346**	**-60.839**	**229.140**

Statement of changes in equity of the parent enterprise

DKK in thousands.

	Contributed capital	Results brought forward	In total
Equity 1 January 2016	286.633	-45.025	241.608
Profit or loss for the year brought forward	0	1.352	1.352
Currency changes	0	-6.640	-6.640
Equity 1 January 2017	286.633	-50.313	236.320
Profit or loss for the year brought forward	0	-2.499	-2.499
Currency changes	0	-4.681	-4.681
	286.633	**-57.493**	**229.140**

Cash flow statement 1 January - 31 December

DKK in thousands.

Note		Group 2017	2016
	Results for the year	-2.499	1.352
27	Adjustments	44.208	42.446
28	Change in working capital	14.240	-17.944
	Cash flow from operating activities before net financials	55.949	25.854
	Interest received and similar amounts	207	157
	Interest paid and similar amounts	-4.204	-2.037
	Cash flow from ordinary activities	51.952	23.974
	Corporate tax paid	-2.996	0
	Cash flow from operating activities	**48.956**	**23.974**
	Purchase of tangible fixed assets	-121.317	-45.411
	Sale of tangible fixed assets	2.884	483
29	Purchase of enterprises and activities	-151.000	-22.442
	Sale of enterprise	0	12.289
	Dividends received	154	79
	Cash flow from investment activities	**-269.279**	**-55.002**
	Raising of long-term debts	74.234	0
	Change in other liabilities	0	-4.086
	Financing from group enterprises	152.265	43.475
	Cash flow from financing activities	**226.499**	**39.389**
	Changes in available funds	**6.176**	**8.361**
	Available funds 1 January 2017	57.602	49.241
	Available funds 31 December 2017	**63.778**	**57.602**
	Available funds		
	Available funds	63.778	57.602
	Available funds 31 December 2017	**63.778**	**57.602**

Notes

DKK in thousands.

1. Subsequent events

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the group.

2. Special items

Special items include significant income and expenses of a special nature in proportion to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any gains and losses related and which over time have a significant impact. Special items also include other significant amounts of non-recurring nature.

Special items for the year are specified below, showing where these are recognised in the income profit and loss account.

	Group 2017	Parent enterprise 2017
Costs:		
Writedown of fixed assets	4.061	4.061
	4.061	4.061
Special items are recognised in the following items in the annual accounts:		
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-4.061	0
Tax on ordinary results	0	0
Income from equiry investments in group enterprises	0	-4.061
Results of special items, net	**-4.061**	**-4.061**

3. Net turnover

Segment information

Geographical

	Denmark	**Sweden**	**Other countries in EU**	**Countrie s outside EU**	**In total**
Net turnover	483.926	291.056	140.469	6.129	921.580

Notes

DKK in thousands.

		Group 2017	Group 2016
4.	**Fee, auditor**		
	Total fee for auditor	2.368	1.670
	Fee concerning compulsory audit	1.011	773
	Tax consultancy	29	63
	Assurance engagements	22	18
	Other services	1.306	816
		2.368	**1.670**
5.	**Staff costs**		
	Salaries and wages	136.532	114.085
	Pension costs	10.125	8.304
	Other costs for social security	11.609	9.122
	Other staff costs	1.228	1.765
		159.494	**133.276**
	Executive board	7.165	6.815
	Average number of employees	335	319

		Group		Parent enterprise	
		2017	2016	2017	2016
6.	**Other financial costs**				
	Financial costs, group enterprises	2.957	479	2.858	515
	Other financial costs	1.247	1.558	20	13
		4.204	**2.037**	**2.878**	**528**
7.	**Tax on ordinary results**				
	Tax of the results for the year, parent company	2.976	582	-307	309
	Adjustment for the year of deferred tax	901	2.763	24	83
		3.877	**3.345**	**-283**	**392**

Notes

DKK in thousands.

		Parent enterprise	
		2017	2016
8.	**Proposed distribution of the results**		
	Allocated to results brought forward	0	1.352
	Allocated from results brought forward	-2.499	0
	Distribution in total	**-2.499**	**1.352**

		Group	
		31/12 2017	31/12 2016
9.	**Acquired rights**		
	Additions concerning company transfer	1.750	0
	Cost 31 December 2017	**1.750**	**0**
	Amortisation for the year	-175	0
	Amortisation and writedown 31 December 2017	**-175**	**0**
	Book value 31 December 2017	**1.575**	**0**
10.	**Goodwill**		
	Cost 1 January 2017	94.507	87.567
	Translation by use of the exchange rate valid on balance sheet date 31 December 2017	-813	-2.409
	Additions concerning company transfer	0	9.349
	Cost 31 December 2017	**93.694**	**94.507**
	Amortisation and writedown 1 January 2017	-43.714	-31.599
	Translation by use of the exchange rate valid on balance sheet date 31 December 2017	332	0
	Amortisation for the year	-7.181	-8.053
	Writedown for the year	-4.063	-4.062
	Amortisation and writedown 31 December 2017	**-54.626**	**-43.714**
	Book value 31 December 2017	**39.068**	**50.793**

Notes

DKK in thousands.

		Group	
		31/12 2017	31/12 2016
11.	**Land and property**		
	Cost 1 January 2017	249.906	247.544
	Translation by use of the exchange rate valid on balance sheet date 31 December 2017	-1.820	-2.640
	Additions concerning company transfer	138.300	3.000
	Additions during the year	49.501	2.769
	Disposals during the year	-40	-85
	Transfers	31	-682
	Cost 31 December 2017	**435.878**	**249.906**
	Revaluation 1 January 2017	4.249	4.434
	Translation by use of the exchange rate valid on balance sheet date 31 December 2017	-120	-185
	Revaluation 31 December 2017	**4.129**	**4.249**
	Depreciation and writedown 1 January 2017	-137.805	-131.010
	Adjustment due to change of accounting policies	0	-1.429
	Translation by use of the exchange rate valid on balance sheet date 31 December 2017	722	1.003
	Depreciation for the year	-8.552	-6.454
	Reversal of depreciation, amortisation and writedown, assets disposed of	40	85
	Depreciation and writedown 31 December 2017	**-145.595**	**-137.805**
	Book value 31 December 2017	**294.412**	**116.350**
	Book value excluding revaluations	290.283	112.102

Notes

DKK in thousands.

		Group	
		31/12 2017	31/12 2016
12.	**Production plant and machinery**		
	Cost 1 January 2017	404.440	389.847
	Translation by use of the exchange rate valid on balance sheet date 31 December 2017	-2.800	-4.081
	Additions concerning company transfer	0	13.674
	Additions during the year	43.828	20.928
	Disposals during the year	-9.338	-15.823
	Transfers	20.240	-105
	Cost 31 December 2017	**456.370**	**404.440**
	Depreciation and writedown 1 January 2017	-316.250	-318.365
	Tranfers	0	2.404
	Translation by use of the exchange rate valid on balance sheet date 31 December 2017	2.309	3.207
	Depreciation for the year	-19.077	-19.114
	Reversal of depreciation, amortisation and writedown, assets disposed of	7.908	15.618
	Depreciation and writedown 31 December 2017	**-325.110**	**-316.250**
	Book value 31 December 2017	**131.260**	**88.190**

Notes

DKK in thousands.

	Group 31/12 2017	Group 31/12 2016	Parent enterprise 31/12 2017	Parent enterprise 31/12 2016
13. Other plants, operating assets, and fixtures and furniture				
Cost 1 January 2017	4.715	3.748	439	439
Translation by use of the exchange rate valid on balance sheet date 31 December 2017	-47	-46	0	0
Additions concerning company transfer	700	0	0	0
Additions during the year	1.786	1.658	0	0
Disposals during the year	-1.646	-310	-439	0
Transfers	0	-335	0	0
Cost 31 December 2017	**5.508**	**4.715**	**0**	**439**
Depreciation and writedown 1 January 2017	-1.561	-1.331	-234	-146
Tranfers	0	147	0	0
Translation by use of the exchange rate valid on balance sheet date 31 December 2017	27	32	0	0
Depreciation for the year	-955	-487	-29	-88
Reversal of depreciation, amortisation and writedown, assets disposed of	509	78	263	0
Depreciation and writedown 31 December 2017	**-1.980**	**-1.561**	**0**	**-234**
Book value 31 December 2017	**3.528**	**3.154**	**0**	**205**

Notes

DKK in thousands.

		Group	
		31/12 2017	31/12 2016
14.	**Tangible assets under construction and prepayments for tangible assets**		
	Cost 1 January 2017	20.056	0
	Additions during the year	26.202	20.056
	Transfers	-20.056	0
	Cost 31 December 2017	**26.202**	**20.056**
	Book value 31 December 2017	**26.202**	**20.056**

Notes

DKK in thousands.

		Parent enterprise	
		31/12 2017	31/12 2016
15.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2017	166.039	191.412
	Additions during the year	1.000	31.132
	Disposals during the year	0	-56.506
	Cost 31 December 2017	**167.039**	**166.038**
	Revaluations, opening balance 1 January 2017	-16.509	3.871
	Results for the year before goodwill amortisation	-702	181
	Reversals for the year concerning disposals	0	-13.921
	Translation adjustment at year-end rate	-4.681	-6.640
	Revaluation 31 December 2017	**-21.892**	**-16.509**
	Amortisation of goodwill, opening balance 1 January 2017	0	-6.709
	Amortisation of goodwill for the year	0	0
	Reversal of amortisation of goodwill concerning disposals	0	6.709
	Depreciation on goodwill 31 December 2017	**0**	**0**
	Book value 31 December 2017	**145.147**	**149.529**

Notes

DKK in thousands.

Group enterprises:

	Domicile	Share of ownership
WFG Denmark A/S	Skovlund, Denmark	100 %
Flensted Food Group A/S	Skovlund, Denmark*	100 %
Flensted Snitgrønt A/S	Skovlund, Denmark*	100 %
Danika Grønt A/S	Billund, Denmark*	100 %
Slice Fruit A/S	Skovlund, Denmark*	100 %
FFG Trading A/S	Skovlund, Denmark*	100 %
WFG Sweden AB	Ödeshög, Sweden	100 %
Vätternpotatis AB	Ödeshög, Sweden**	100 %
GG Handel i Skara AB	Skara, Sweden**	100 %
CNTB Fastigheter AB	Skara, Sweden**	100 %
Blekinge Delikatesser AB	Karlshamn, Sweden**	100 %
Seahouse AB	Karlshamn, Sweden**	100 %
Hallumgade Invest ApS	Kvong, Denmark	100 %
Hallumgade Farming ApS	Kvong, Denmark***	100 %
Hallumgade Pig Production ApS	Kvong, Denmark***	100 %
=	*Owned by WFG Denmark A/S	%
=	** Owned by WFG Sweden AB	%
=	***Owned by Hallumgade Invest ApS	%

		Group 31/12 2017	Group 31/12 2016
16.	**Equity investments in associated enterprises**		
	Acquisition sum, opening balance 1 January 2017	233	244
	Translation by use of the exchange rate valid on balance sheet date	-6	-11
	Cost 31 December 2017	**227**	**233**
	Book value 31 December 2017	**227**	**233**

Associated enterprises:

	Domicile	Share of ownership
LCT Production AB	Surte, Sweden	50 %

Notes

DKK in thousands.

17. Deferred tax assets

Deffered tax assets concerns intagible and tangible fixed assets, prepaid costs and tax loss to carry forward.

18. Accrued income and deferred expenses

Accrued income and deffered expenses consists of prepaid expenses concerning insurance premiums and subscriptions.

19. Contributed capital

The share capital consists of 2.866.325 shares, each with a nominal value of DKK 100.

Within the latest 5 years, the following changes in the share capital have taken place.

Capital increase in 2014 by conversion of debt, mDKK 100, paid at rate 100 as adopted on the general meeting 22 May 2014.

	Group	
	31/12 2017	31/12 2016
20. Revaluation reserve		
Revaluation reserve 1 January 2017	3.346	3.346
	3.346	**3.346**

21. Provisions for deferred tax

Deffered tax concerns intagible and tangible fixed assets, prepaid costs and tax loss to carry forward.

Notes

DKK in thousands.

		Group	
		31/12 2017	31/12 2016
22.	**Other provisions**		
	Other provisions 1 January 2017	1.251	1.281
	Change of the year in other provisions	-518	-30
		733	**1.251**
	0-1 year	733	1.251
		733	**1.251**
23.	**Mortgage debt**		
	Mortgage debt in total	74.234	0
	Share of amount due within 1 year	-8.013	0
		66.221	**0**
	Share of liabilities due after 5 years	33.360	0

24. Mortgage and securities

The company Flensted Food Group A/S has granted negative pledge to Skandinaviska Enskilda Banken, Denmark deriving from sale of goods and services relating to Dansk Supermaked A/S.

Notes

DKK in thousands.

25. Contingencies

Contingent liabilities

The company has issued a self-declaration guarantee against the subsidiary's balance with mortgage credit institutions. The debt amounts to tDKK 74.234 at balance sheet date.

The company is subject to a jointly co-registration of VAT with Flensted Food Group A/S, Flensted Snitgrønt A/S and WFG Denmark A/S and unlimited jointly and severally liable with the other jointly cooperated VAT-companies for the total VAT.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

26. Related parties

Controlling interest

Wernsing Food Family Group GmbH & Co. KG Kartoffelweg 1 49632 Essen (Oldenburg) Germany	Majority shareholder

Consolidated annual accounts

None of the company's parent companies present consolidated annual accounts.

The ultimate parent company in which the company is included as a subsidary, is Wernsing Food Family Group GmbH & Co. KG. The consolidated annual accounts can be obtained on www.bundesanzeiger.de.

Notes

DKK in thousands.

		Group 2017	2016
27.	**Adjustments**		
	Depreciation and amortisation	40.004	38.169
	Writedown of other equity investments	0	179
	Profit from sale of fixed assets	-1.148	-115
	Income from equity investments in associated enterprises	-154	-79
	Other financial income	-207	-157
	Other financial costs	4.289	2.037
	Tax on ordinary results	3.877	3.345
	Other provisions	-518	-30
	Other adjustments	-1.935	-903
		44.208	**42.446**

		Group 2017	2016
28.	**Change in working capital**		
	Change in inventories	541	-6.017
	Change in debtors	9.560	-41.151
	Change in trade creditors and other liabilities	4.139	32.730
	Other changes in working capital	0	-3.506
		14.240	**-17.944**

		Group 2017	2016
29.	**Purchase of enterprises and activities**		
	Intangible fixed assets	1.750	0
	Tangible fixed assets	139.000	16.674
	Inventories	10.250	4.980
	Debtors	0	8.340
	Cash funds	0	1.510
	Other debts	0	-18.411
	Goodwill	0	9.349
		151.000	**22.442**