Grant Thornton
Statsautoriseret
Revisionspartnerselskab

Stockholmsgade 45
2100 København Ø
CVR-nr. 34209936

T (+45) 33 110 220

www.grantthornton.dk

Wernsing Scandinavia ApS

Adelvej 9, Skovlund, 6823 Ansager

Company reg. no. 30 50 70 29

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 17 June 2019.

Martin Kuper
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 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 2018.

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 2018, 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 2018.

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, 17 June 2019

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 2018, 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 2018 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 2018 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 or 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 and 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, 17 June 2019

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

Brian Rasmussen
State Authorised Public Accountant
mne30153

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* 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** Wernsing Food Solutions AB, Karlshamn, Sweden** Hallumgade Invest ApS, Kvong, Denmark Hallumgade Farming ApS, Kvong, Denmark*** Hallumgade Pig Production ApS, Kvong, Denmark*** LCT Produktion AB, Surte, Sweden** =, *Owned by WFG Denmark A/S =, ** Owned by WFG Sweden AB =, ***Owned by Hallumgade Invest ApS	

Consolidated financial highlights

DKK in thousands.	2018	2017	2016	2015	2014
Profit and loss account:					
Net turnover	889.499	921.580	768.375	744.109	528.592
Gross profit	186.924	208.077	177.943	155.072	117.605
Results from operating activities	-21.690	5.221	6.498	-10.553	-12.726
Net financials	1.940	-3.843	-1.801	-3.309	-4.444
Results for the year	-16.788	-2.499	1.352	-13.507	-3.595
Balance sheet:					
Balance sheet sum	881.125	804.619	580.798	508.944	515.605
Investments in tangible fixed assets represent	110.308	121.317	45.411	17.264	47.777
Equity	208.101	229.140	236.320	241.608	253.581
Cash flow:					
Operating activities	-8.439	48.956	23.974	18.057	-15.403
Investment activities	-113.582	-269.279	-55.002	-14.873	-49.639
Financing activities	104.530	226.499	39.389	2.509	76.510
Cash flow in total	-17.491	6.176	8.361	5.693	11.468
Employees:					
Average number of full time employees	346	335	319	264	218
Key figures in %:					
Gross margin	21,0	22,6	23,2	20,8	22,2
Profit margin	-2,4	0,6	0,8	-1,4	-2,4
Solvency ratio	23,6	28,5	40,7	47,5	49,2
Return on equity	-7,7	-1,1	0,6	-5,5	-1,7

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 and trading company with 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 907 against mDKK 922 last year. The results from ordinary activities after tax are DKK -16,8m against DKK -2,5m last year. The result for 2018 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. The low SEK has also had a negative effect on the activity and result for the year. The management consider the results unsatisfactory.

Investments:
The group expanded its activities in the Swedish market through the acquisition of the remaining shares in LCT Production AB.

Special 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.

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.

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.

Management's review

During the year, there has been an addition of competent and experienced employees who strengthened the group's knowledge- and competence starting point. Succesfully, the competence development investments have increased in 2018 and 2017 and targeted training was well-received by the employees.

The group has an innovation and development department.

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 2018. 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

Business model

The Wernsing Scandinavia ApS group is a sub-group for the Scandinavian market for the family-owned German group Wernsing Food Family GmbH & Co. KG. The group operates as production and trading company with production and sale of processed potato- and vegetable products as well as production of dressings, sauces, and related goods. The company has three production sites in Denmark and Sweden, respectively. Further, the company has agriculture in Denmark with production of crops and piglets.

The group is operated with an ambition of producing and trading in a way so that we can offer eating pleasures of the highest quality to our customers – no matter if they are professionals, food professionals, or consumers. And it is important to us that this is done in a proper way in all respects. It is not possible to operate agriculture, production, and transportation without effecting nature, the environment, and people. Thus, the group is very aware of the responsibility that we have towards the world around us and towards our employees – and each day we strive to act responsibly and sustainably through our entire value chain. Through this, we work unceasingly to find more sustainable solutions of all our operations that effect the world around us and our stakeholders.

At our factories we have the most skilled employees with years of experience and specialty within each their field. Together we care about doing things properly and all the time we are looking at whether something can be done better.

Management's review

A central benchmark of the group's CSR-strategy is UN's World Goal that sets the frame for a sustainable development of the world towards 2030. From an assessment of the group's core competencies and the areas on which we can make the biggest impact, the group has initially chosen to focus on two of the World Goals, i.e. the goals "Zero hunger" and "Responsible consumption and production". We will especially work on stopping malnutrition with a focus on overweight and strive towards a more sustainable and responsible handling of nature resources and waste products, including reducing food waste.

In the group company WFG Denmark A/S, a separate CSR-report has been prepared that comprises this company and subsidiaries. The CSR-report appears from the group's website.

Social matters and employee relations

Policy: We want to be the best possible work place for our employees on which we all have a good and secure working environment, exciting challenges and further possibilities of living our potential. In Wernsing we furthermore believe that diversity creates the most creative dynamics and the best preconditions for development and results.

Risks, actions, and results: The group's employees are the biggest resource by far. Thus, the group's focus must always start with our employees for us to ensure their security and health at job in the best possible way – every single day. Thus, we work according to an overall goal of preventing accidents, damages, and stress with our employees. In 2018, different improvements have been identified and now we initiate an extra effort to minimize the number of work damages. Among other things, we will do this by focusing on "nearly-accidents" so that we can find out what causes the accidents and thus prevent them in the future. We work diligently on strengthening competencies within working environment with representatives and other employees.

Human rights

Policy: The group's policy for CSR also includes policies for human rights for compliance with relevant legislation and EU-conventions. Among other things, this means that there is a group policy to apply with EU's regulation on youth workers within the EU. The group does not allow a behaviour that restricts the employees' freedom of action, just as there is a group policy of securing equal conditions for all employees without regard to ethnic origin, skin colour, gender, nationality, religion, or other characteristics.

Risks, actions, and results: The group acknowledges the employees' right to organize. There are local agreements with several trade unions in both Denmark and Sweden. Significant raw material suppliers are requested to sign a Supplier Code of Conduct. We have a strong focus on food safety, where the group has the necessary certifications.

Management's review

Environment and climatic conditions

Policy: As a responsible producer of potato products etc., the groups has a policy of reducing the effect that its activities has on the environment and further to contribute actively to the development of sustainable solutions. Thus, as part of the group's strategy and policy the environmental impact is measured, and we work continuously on reducing this. A group goal is to continuously reduce energy consumption, water consumption, and to strengthen a sustainable use of resources.

Risks, actions, and results: The group's most significant risks of negative climatic impact are related to the energy consumption on the group's factories. The group continuously works on reducing the energy consumption and thus the CO2-emission in the group. We continuously invest in new machinery and improvements that are more energy effective. In 2018, we have initiated the establishment of a wood chip plant at the company Flensted Food Group A/S, which is expected to be in service during the first half of 2019, where after the group's consumption of nature gas is reduced significantly. Through the entire value chain, there is a strong focus on working on reducing food waste. For example, in Denmark we have established a cooperation with FødevareBanken (a food bank) and thus, we donate surplus products to FødevareBanken with the purpose of distributing food to shelters etc. for vulnerable citizens.

Anti-corruption

Policy: Wernsing tolerates no kinds of corruption or bribery.

Risks, actions, and results: The group does not tolerate any kind of bribery charge. It is not allowed for the employees to receive or offer gifts, no matter the nature, that may be considered a reward with the purpose of favouring.

Target figures and policies for the under-represented gender

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.

Management's review

The group is part of Wernsing Food 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 Food Family Group (all men). In the Swedish part of the group, the management consists of the top management in Wernsing Food Family Group and a woman as director for one of the Swedish subsidiaries.

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.

The Danish group has a long-term goal of having minimum 40% women in the management. In the Danish group, the broader leadership team consists of eight men and three women. In the Swedish part of the group, the broader leadership team consists of three men and one woman.

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.

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.

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

Accounting policies used

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.

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.

Accounting policies used

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.

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.

Accounting policies used

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		2018	2017	2018	2017
2	Net turnover	889.499	921.580	0	0
	Other operating income	4.060	1.064	0	74
	Raw materials and consumables used	-548.970	-553.247	0	0
	Other external costs	-157.665	-161.320	-1.561	-2.459
	Gross results	**186.924**	**208.077**	**-1.561**	**-2.385**
4	Staff costs	-168.987	-159.494	0	0
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-39.627	-40.004	0	-29
	Other operating costs	0	-3.358	0	0
	Operating profit	**-21.690**	**5.221**	**-1.561**	**-2.414**
	Income from equity investments in group enterprises	0	0	-20.134	-702
	Income from equity investments in associated enterprises	1.812	154	0	0
	Other financial income from group enterprises	0	0	3.932	3.152
	Other financial income	5.454	207	5.105	60
5	Other financial costs	-5.326	-4.204	-3.186	-2.878
	Results before tax	**-19.750**	**1.378**	**-15.844**	**-2.782**
6	Tax on ordinary results	2.962	-3.877	-944	283
7	**Results for the year**	**-16.788**	**-2.499**	**-16.788**	**-2.499**

Balance sheet 31 December

DKK in thousands.

Note	Assets	Group 2018	Group 2017	Parent enterprise 2018	Parent enterprise 2017
	Fixed assets				
8	Acquired rights	1.452	1.575	0	0
9	Goodwill	38.369	39.068	0	0
	Intangible fixed assets in total	39.821	40.643	0	0
10	Land and property	350.482	294.412	0	0
11	Production plant and machinery	134.618	131.260	0	0
12	Other plants, operating assets, and fixtures and furniture	13.244	3.528	0	0
13	Tangible assets under construction and prepayments for tangible assets	31.401	26.202	0	0
	Tangible fixed assets in total	529.745	455.402	0	0
14	Equity investments in group enterprises	0	0	157.092	145.147
15	Equity investments in associated enterprises	0	227	0	0
	Financial fixed assets in total	0	227	157.092	145.147
	Fixed assets in total	**569.566**	**496.272**	**157.092**	**145.147**

Balance sheet 31 December

DKK in thousands.

Assets

Note		Group 2018	Group 2017	Parent enterprise 2018	Parent enterprise 2017
	Current assets				
	Raw materials and consumables	38.803	28.478	0	0
	Manufactured goods and trade goods	60.933	53.422	0	0
	Life stock	11.517	11.830	0	0
	Inventories in total	111.253	93.730	0	0
	Trade debtors	141.669	140.541	0	0
	Amounts owed by group enterprises	0	0	493.676	445.744
	Receivable corporate tax	1.064	0	0	307
	Other debtors	8.027	7.486	0	32
16	Accrued income and deferred expenses	3.259	2.812	0	0
	Debtors in total	154.019	150.839	493.676	446.083
	Available funds	46.287	63.778	4.535	8.289
	Current assets in total	**311.559**	**308.347**	**498.211**	**454.372**
	Assets in total	**881.125**	**804.619**	**655.303**	**599.519**

Balance sheet 31 December

DKK in thousands.

Note	Equity and liabilities	Group 2018	Group 2017	Parent enterprise 2018	Parent enterprise 2017
	Equity				
17	Contributed capital	286.633	286.633	286.633	286.633
18	Revaluation reserve	3.346	3.346	0	0
	Results brought forward	-81.878	-60.839	-78.532	-57.493
	Equity in total	**208.101**	**229.140**	**208.101**	**229.140**
	Provisions				
19	Provisions for deferred tax	1.149	2.212	0	0
20	Other provisions	733	733	0	0
	Provisions in total	**1.882**	**2.945**	**0**	**0**
	Liabilities				
21	Mortgage debt	58.729	66.221	0	0
	Long-term liabilities in total	58.729	66.221	0	0
	Short-term part of long-term liabilities	7.890	8.013	0	0
	Trade creditors	59.716	64.873	191	135
	Debt to group enterprises	497.664	385.519	445.320	369.448
	Corporate tax	0	693	944	0
	Other debts	47.143	47.215	747	796
	Short-term liabilities in total	612.413	506.313	447.202	370.379
	Liabilities in total	**671.142**	**572.534**	**447.202**	**370.379**
	Equity and liabilities in total	**881.125**	**804.619**	**655.303**	**599.519**

Balance sheet 31 December

DKK in thousands.

Note	**Equity and liabilities**	Group 2018	Group 2017	Parent enterprise 2018	Parent enterprise 2017
1	**Subsequent events**				
3	**Fee, auditor**				
22	**Mortgage and securities**				
23	**Contingencies**				
24	**Related parties**				

Consolidated statement of changes in equity

DKK in thousands.

	Contributed capital	Revaluation reserve	Results brought forward	In total
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
Equity 1 January 2018	286.633	3.346	-60.839	229.140
Profit or loss for the year brought forward	0	0	-16.788	-16.788
Currency changes	0	0	-4.251	-4.251
	286.633	**3.346**	**-81.878**	**208.101**

Statement of changes in equity of the parent enterprise

DKK in thousands.

	Contributed capital	Results brought forward	In total
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
Equity 1 January 2018	286.633	-57.493	229.140
Profit or loss for the year brought forward	0	-16.788	-16.788
Currency changes	0	-4.251	-4.251
	286.633	**-78.532**	**208.101**

Cash flow statement 1 January - 31 December

DKK in thousands.

Note		Group 2018	2017
	Results for the year	-16.788	-2.499
25	Adjustments	31.779	44.208
26	Change in working capital	-23.698	14.240
	Cash flow from operating activities before net financials	-8.707	55.949
	Interest received and similar amounts	5.452	207
	Interest paid and similar amounts	-5.326	-4.204
	Cash flow from ordinary activities	-8.581	51.952
	Corporate tax paid	142	-2.996
	Cash flow from operating activities	**-8.439**	**48.956**
	Purchase of intangible fixed assets	-55	0
	Purchase of tangible fixed assets	-110.308	-121.317
	Sale of tangible fixed assets	1.457	2.884
27	Purchase of enterprises and activities	-4.967	-151.000
	Dividend received from associated enterprises	291	154
	Cash flow from investment activities	**-113.582**	**-269.279**
	Raising of long-term debts	0	74.234
	Repayments of long-term debt	-7.615	0
	Financing from group enterprises	112.145	152.265
	Cash flow from financing activities	**104.530**	**226.499**
	Changes in available funds	**-17.491**	**6.176**
	Available funds 1 January 2018	63.778	57.602
	Available funds 31 December 2018	**46.287**	**63.778**
	Available funds		
	Available funds	46.287	63.778
	Available funds 31 December 2018	**46.287**	**63.778**

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. Net turnover

Segment information

Geographical

	Denmark	Sweden	Other countries in EU	Countries outside EU	In total
Net turnover	492.126	292.839	101.677	2.857	889.499

	Group 2018	2017
3. Fee, auditor		
Total fee for auditor	1.977	2.368
Fee concerning compulsory audit	944	1.011
Tax consultancy	187	29
Assurance engagements	17	22
Other services	829	1.306
	1.977	**2.368**
4. Staff costs		
Salaries and wages	145.952	136.532
Pension costs	10.279	10.125
Other costs for social security	11.721	11.609
Other staff costs	1.035	1.228
	168.987	**159.494**
Executive board	7.199	7.165
Average number of employees	346	335

Notes

DKK in thousands.

		Group 2018	Group 2017	Parent enterprise 2018	Parent enterprise 2017
5.	**Other financial costs**				
	Financial costs, group enterprises	3.399	2.957	3.164	2.858
	Other financial costs	1.927	1.247	22	20
		5.326	**4.204**	**3.186**	**2.878**
6.	**Tax on ordinary results**				
	Tax of the results for the year, parent company	71	2.976	944	-307
	Adjustment for the year of deferred tax	-3.033	901	0	24
		-2.962	**3.877**	**944**	**-283**

		Parent enterprise 2018	Parent enterprise 2017
7.	**Proposed distribution of the results**		
	Allocated from results brought forward	-16.788	-2.499
	Distribution in total	**-16.788**	**-2.499**

Notes

DKK in thousands.

		Group	
		31/12 2018	31/12 2017
8.	**Acquired rights**		
	Cost 1 January 2018	1.750	0
	Additions concerning company transfer	55	1.750
	Cost 31 December 2018	**1.805**	**1.750**
	Amortisation and writedown 1 January 2018	-175	0
	Amortisation for the year	-178	-175
	Amortisation and writedown 31 December 2018	**-353**	**-175**
	Book value 31 December 2018	**1.452**	**1.575**

9.	**Goodwill**		
	Cost 1 January 2018	93.694	94.507
	Translation by use of the exchange rate valid on balance sheet date 31 December 2018	362	-813
	Additions concerning company transfer	8.363	0
	Disposals during the year	-4.868	0
	Cost 31 December 2018	**97.551**	**93.694**
	Amortisation and writedown 1 January 2018	-54.626	-43.714
	Translation by use of the exchange rate valid on balance sheet date 31 December 2018	482	332
	Amortisation for the year	0	-7.181
	Writedown for the year	-6.658	-4.063
	Reversal of depreciation, amortisation and writedown, assets disposed of	1.620	0
	Amortisation and writedown 31 December 2018	**-59.182**	**-54.626**
	Book value 31 December 2018	**38.369**	**39.068**

Notes

DKK in thousands.

		Group	
		31/12 2018	31/12 2017
10.	**Land and property**		
	Cost 1 January 2018	435.878	249.906
	Translation by use of the exchange rate valid on balance sheet date 31 December 2018	-2.455	-1.820
	Additions concerning company transfer	0	138.300
	Additions during the year	48.263	49.501
	Disposals during the year	0	-40
	Transfers	20.602	31
	Cost 31 December 2018	**502.288**	**435.878**
	Revaluation 1 January 2018	4.129	4.249
	Translation by use of the exchange rate valid on balance sheet date 31 December 2018	-162	-120
	Revaluation 31 December 2018	**3.967**	**4.129**
	Depreciation and writedown 1 January 2018	-145.595	-137.805
	Translation by use of the exchange rate valid on balance sheet date 31 December 2018	990	722
	Depreciation for the year	-11.168	-8.552
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	40
	Depreciation and writedown 31 December 2018	**-155.773**	**-145.595**
	Book value 31 December 2018	**350.482**	**294.412**
	Book value excluding revaluations	346.514	290.283

Notes

DKK in thousands.

		Group	
		31/12 2018	31/12 2017
11.	**Production plant and machinery**		
	Cost 1 January 2018	456.370	404.440
	Translation by use of the exchange rate valid on balance sheet date 31 December 2018	-3.829	-2.800
	Additions concerning company transfer	497	0
	Additions during the year	17.723	43.828
	Disposals during the year	-1.651	-9.338
	Transfers	6.577	20.240
	Cost 31 December 2018	**475.687**	**456.370**
	Depreciation and writedown 1 January 2018	-325.110	-316.250
	Translation by use of the exchange rate valid on balance sheet date 31 December 2018	2.979	2.309
	Depreciation for the year	-19.713	-19.077
	Reversal of depreciation, amortisation and writedown, assets disposed of	775	7.908
	Depreciation and writedown 31 December 2018	**-341.069**	**-325.110**
	Book value 31 December 2018	**134.618**	**131.260**

Notes

DKK in thousands.

	Group		Parent enterprise	
	31/12 2018	31/12 2017	31/12 2018	31/12 2017
12. Other plants, operating assets, and fixtures and furniture				
Cost 1 January 2018	5.508	4.715	0	439
Translation by use of the exchange rate valid on balance sheet date 31 December 2018	-64	-47	0	0
Additions concerning company transfer	0	700	0	0
Additions during the year	8.518	1.786	0	0
Disposals during the year	-194	-1.646	0	-439
Transfers	3.322	0	0	0
Cost 31 December 2018	**17.090**	**5.508**	**0**	**0**
Depreciation and writedown 1 January 2018	-1.980	-1.561	0	-234
Translation by use of the exchange rate valid on balance sheet date 31 December 2018	39	27	0	0
Depreciation for the year	-1.905	-955	0	-29
Reversal of depreciation, amortisation and writedown, assets disposed of	0	509	0	263
Depreciation and writedown 31 December 2018	**-3.846**	**-1.980**	**0**	**0**
Book value 31 December 2018	**13.244**	**3.528**	**0**	**0**

Notes

DKK in thousands.

		Group	
		31/12 2018	31/12 2017
13.	**Tangible assets under construction and prepayments for tangible assets**		
	Cost 1 January 2018	26.202	20.056
	Translation by use of the exchange rate valid on balance sheet date 31 December 2018	-103	0
	Additions during the year	35.804	26.202
	Transfers	-30.502	-20.056
	Cost 31 December 2018	**31.401**	**26.202**
	Book value 31 December 2018	**31.401**	**26.202**

Notes

DKK in thousands.

		Parent enterprise	
		31/12 2018	31/12 2017
14.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2018	167.039	166.039
	Additions during the year	36.330	1.000
	Cost 31 December 2018	**203.369**	**167.039**
	Revaluations, opening balance 1 January 2018	-21.892	-16.509
	Results for the year before goodwill amortisation	-20.134	-702
	Translation adjustment at year-end rate	-4.251	-4.681
	Revaluation 31 December 2018	**-46.277**	**-21.892**
	Book value 31 December 2018	**157.092**	**145.147**

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 %
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 %
Wernsing Food Solutions AB	Karlshamn, Sweden**	100 %
Hallumgade Invest ApS	Kvong, Denmark	100 %
Hallumgade Farming ApS	Kvong, Denmark***	100 %
Hallumgade Pig Production ApS	Kvong, Denmark***	100 %
LCT Produktion AB	Surte, Sweden**	100 %
=	*Owned by WFG Denmark A/S	%
=	** Owned by WFG Sweden AB	%
=	***Owned by Hallumgade Invest ApS	%

		Group 31/12 2018	31/12 2017
15.	**Equity investments in associated enterprises**		
	Acquisition sum, opening balance 1 January 2018	227	233
	Translation by use of the exchange rate valid on balance sheet date	0	-6
	Disposals during the year	-227	0
	Cost 31 December 2018	**0**	**227**
	Book value 31 December 2018	**0**	**227**

Notes

DKK in thousands.

16. Accrued income and deferred expenses

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

17. 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 2018	31/12 2017
18. Revaluation reserve		
Revaluation reserve 1 January 2018	3.346	3.346
	3.346	**3.346**

19. Provisions for deferred tax

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

	Group 31/12 2018	31/12 2017
20. Other provisions		
Other provisions 1 January 2018	733	1.251
Change of the year in other provisions	0	-518
	733	**733**
0-1 year	733	733
	733	**733**

Notes

DKK in thousands.

21. Mortgage debt

Mortgage debt in total	66.619	74.234
Share of amount due within 1 year	-7.890	-8.013
	58.729	**66.221**
Share of liabilities due after 5 years	26.205	33.360

22. 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.

23. 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 66.441 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.

24. Related parties

Controlling interest

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

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 2018	2017
25.	**Adjustments**		
	Depreciation and amortisation	39.627	40.004
	Profit from sale of fixed assets	-4.060	-1.148
	Income from equity investments in group enterprises	-1.812	-154
	Other financial income	-5.454	-207
	Other financial costs	5.326	4.289
	Tax on ordinary results	-2.962	3.877
	Other provisions	0	-518
	Other adjustments	1.114	-1.935
		31.779	**44.208**
26.	**Change in working capital**		
	Change in inventories	-16.029	541
	Change in debtors	-159	9.560
	Change in trade creditors and other liabilities	-7.510	4.139
		-23.698	**14.240**
27.	**Purchase of enterprises and activities**		
	Intangible fixed assets	4.084	1.750
	Tangible fixed assets	248	139.000
	Inventories	747	10.250
	Debtors	979	0
	Cash funds	107	0
	Provisions for deferred tax	-58	0
	Other debts	-1.140	0
		4.967	**151.000**