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BAADER POULTRY A/S
C/O LINCO FOOD SYSTEMS A/S, VESTERMØLLEVEJ 9, 8380 TRIGE
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2019

The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 7 September 2020

Petra Baader

CVR NO. 30 71 48 30

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COMPANY DETAILS

Company	Baader Poultry A/S c/o LINCO Food Systems A/S Vestermøllevej 9 8380 Trige CVR No.: 30 71 48 30 Established: 10 July 2007 Registered Office: Aarhus Financial Year: 1 January - 31 December
Board of Directors	Petra Baader, chairman Torsten Krausen Robert Focke
Board of Executives	Norbert Engberg
Auditor	BDO Statsautoriseret revisionsaktieselskab Kolding Åpark 8A, 7. sal 6000 Kolding
General Meeting	The Annual General Meeting is held on 7 September 2020, at the company's address.

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Baader Poultry A/S for the financial year 1 January - 31 December 2019.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's financial position at 31 December 2019 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

We recommend the Annual Report be approved at the Annual General Meeting.

Aarhus, 7 September 2020

Board of Executives

Norbert Engberg

Board of Directors

Petra Baader
Chairman

Torsten Krausen

Robert Focke

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Baader Poultry A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Baader Poultry A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2019 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and the Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and the Parent Company Financial Statements.

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

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Financial Statements and the Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

INDEPENDENT AUDITOR'S REPORT

Kolding, 7 September 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Lars Kruse
State Authorised Public Accountant
MNE no. mne11677

FINANCIAL HIGHLIGHTS OF THE GROUP

	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016 DKK '000	2015 DKK '000
Income statement					
Net revenue.....	871.855	800.110	931.173	869.899	749.762
Gross profit/loss.....	205.772	161.265	174.532	176.890	162.069
Operating profit/loss.....	42.502	-5.535	21.111	24.385	18.418
Financial income and expenses, net.....	-13.685	-11.642	-9.056	-9.595	-10.715
Profit/loss for the year before tax.....	28.817	-17.177	12.055	14.790	7.703
Profit/loss for the year.....	17.980	-20.020	2.235	1.747	936
Balance sheet					
Balance sheet total.....	628.227	615.631	576.622	539.945	508.553
Equity.....	83.268	62.855	77.605	88.949	81.713
Invested capital.....	356.295	321.919	261.933	229.107	219.634
Cash flows					
Investment in tangible fixed assets.....	-9.707	-10.899	-9.201	-9.477	-15.870
Average number of full-time employees.....	563	569	570	552	514
Ratios					
Gross margin.....	23.6	20.2	18.7	20.3	21.6
Profit margin.....	4.9	-0.7	2.3	2.8	2.5
Rate of return.....	12.5	-1.9	8.6	10.9	10.2
Solvency ratio.....	13.3	10.2	13.5	16.5	16.1
Return on equity.....	24.6	-28.5	2.7	2.0	1.2

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin:
$$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$$

Profit margin:
$$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$$

Rate of return:
$$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$$

Invested capital:
$$\frac{\text{Intangible fixed assets (ex goodwill)} + \text{tangible assets} + \text{inventories} + \text{receivables} + \text{other working current assets} - \text{trade payables} - \text{other provisions} - \text{other long and short term working liabilities}}{\text{Total equity and liabilities, at year end}}$$

Solvency ratio:
$$\frac{\text{Equity ex. minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

Return on equity:
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

The company is the parent company of the LINCO-group, which primarily develops, produces and sells machines and complete plants for slaughtering and processing of poultry as well as weighing and grading equipment, also used in the fish industry as well as other food industries.

Sales, marketing and service in several important markets takes place directly through subsidiaries.

Exceptional matters

The annual report of 2019 has not been affected by unusual circumstances.

Development in activities and financial position

The group experienced an increase in the turnover in 2019, which is due to improved market conditions in developed markets.

The net result including the result of equity investments in group companies is considered satisfactory.

Profit/loss for the year compared to future expectations

The results and financial development of the company were as foreseen.

The result for 2019 is considered satisfactory.

Significant events after the end of the financial year

In March 2020 the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic, and the effect of this pandemic may impact the results and financial condition of the Group's customers, as well as the Group. In addition, as of the date the financial statements were available to be issued, there is uncertainty with respect to the extent or impact of restrictions or other measures that have been and may be implemented by local, state, federal or foreign governments or other parties, and how those measures may impact the Group and its customers.

Special risks

The group is not engaged in any legal action.

Financial risks and currency risks

The group applies forward exchange transactions to secure receivables and payables in foreign currencies if it is different from EUR. In addition, continuous adjustments are made of net currency positions

Interest rate exposure

Interest rate risks are limited by means of different securing instruments and interest swaps.

Environmental situation

The group runs its business with the highest possible respect of environmental matters with regard to own production as well as to the machines sold.

Knowledge resources

The group aims to supply high-quality products focusing on operation reliability and a good basis for production of safe food. All central components are produced by the group whereas other components are produced by closely related sub-suppliers.

Research and development activities

The group pays development expenses concurrently to secure future sales. Major development projects, which meet a number of detailed conditions, are recognized as assets under construction, and amortized in the income statement, when the projects have been completed. Other development projects are expensed in the income statement.

Future expectations

A positive development on important markets compared to the level of 2019 is expected.

MANAGEMENT'S REVIEW

Future expectations (continued)

The group's continued focus on growth, efficiency and adjustment of the organization is expected to help stabilize the earning in the years to come.

The company's foreign branches

The group's activities in the French market is managed through the group's branch in France.

Corporate social responsibility

It is the ambition of the group to show social responsibility in line with its basic values, on the areas environment, social conditions and employee conditions, respect for human rights and anti corruption and bribery. Management is part of all significant decisions on these areas. This is demonstrated in internal as well as external initiatives, though it is not described in an actual CSR policy.

The group is working determinedly to ensure a safe and healthy working environment, so the environmental and climatic conditions are incorporated in the company's processes.

As a result of the work on social responsibility, the group focuses on the safety and environment of the work.

Target figures and policies for the underrepresented gender

One out of three board members elected at the general meeting are female and by that, the group meets the target set in the Danish law.

It is the group policy that regardless of gender, race, and religion, all employees are treated equally, in order that everyone has equal opportunities for employment.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		Group		Parent company	
	Note	2019	2018	2019	2018
		DKK	DKK '000	DKK	DKK '000
NET REVENUE.....	1	871.855.128	800.110	0	0
Production costs.....	2, 3	-666.083.466	-638.845	0	0
GROSS PROFIT/LOSS.....		205.771.662	161.265	0	0
Distribution costs.....	2	-100.633.995	-104.918	0	0
Administrative expenses.....	2, 4	-63.096.463	-61.777	-147.454	-121
OPERATING PROFIT/LOSS.....		42.041.204	-5.430	-147.454	-121
Other operating income.....		544.618	0	0	0
Other operating expenses.....		-83.725	-105	0	0
OPERATING PROFIT/LOSS.....		42.502.097	-5.535	-147.454	-121
Result of equity investments in group companies.....		0	0	24.436.551	-13.418
Financial income.....		2.815.305	1.953	0	0
Financial expenses.....	5	-16.499.927	-13.595	-8.130.276	-8.324
PROFIT/LOSS BEFORE TAX.....		28.817.475	-17.177	16.158.821	-21.863
Tax on profit/loss for the year.....	6	-10.837.554	-2.843	1.821.100	1.843
PROFIT/LOSS FOR THE YEAR.....	7	17.979.921	-20.020	17.979.921	-20.020

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent company	
		2019 DKK	2018 DKK '000	2019 DKK	2018 DKK '000
Development projects completed..		86.674.544	87.763	0	0
Intangible fixed assets acquired....		3.291.774	4.170	0	0
IT.....		1.031.612	1.413	0	0
Goodwill.....		8.422.587	15.730	0	0
Development projects in progress..		74.666.656	70.600	0	0
Intangible fixed assets.....	8	174.087.173	179.676	0	0
Land and buildings.....		40.258.387	41.602	0	0
Production plants and machinery...		15.359.627	14.609	0	0
Other plants, machinery, tools and equipment.....		5.253.542	4.650	0	0
Tangible fixed assets.....	9	60.871.556	60.861	0	0
Fixed asset investments.....		0	0	264.268.918	237.399
Rent deposit and other receivables.....		11.251.395	11.667	0	0
Fixed asset investments.....	10	11.251.395	11.667	264.268.918	237.399
FIXED ASSETS.....		246.210.124	252.204	264.268.918	237.399
Raw materials and consumables....		71.764.784	57.265	0	0
Work in progress.....		35.940.528	48.786	0	0
Finished goods and goods for resale.....		91.696.035	109.296	0	0
Prepayments for goods.....		4.141.324	3.392	0	0
Inventories.....		203.542.671	218.739	0	0
Trade receivables.....		85.235.662	83.556	0	0
Contract work in progress.....	11	27.473.158	19.375	0	0
Provision for deferred tax.....	12	3.951.335	2.027	4.175.195	4.145
Other receivables.....		22.683.447	17.425	0	0
Receivables corporation tax.....		10.380.879	3.577	5.920.797	3.368
Prepayments and accrued income..	13	2.349.479	4.732	0	0
Receivables.....		152.073.960	130.692	10.095.992	7.513
Cash and cash equivalents.....		26.400.479	13.996	177.626	176
CURRENT ASSETS.....		382.017.110	363.427	10.273.618	7.689
ASSETS.....		628.227.234	615.631	274.542.536	245.088

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2019 DKK	2018 DKK '000	2019 DKK	2018 DKK '000
Share capital.....	14	66.360.000	66.360	66.360.000	66.360
Reserve for net revaluation according to equity method.....		0	0	16.907.842	0
Retained profit.....		16.907.842	-3.505	0	-3.505
EQUITY.....		83.267.842	62.855	83.267.842	62.855
Provision for deferred tax.....	12	14.653.657	12.994	0	0
Other provisions for liabilities.....	15	2.633.635	2.736	0	0
PROVISION FOR LIABILITIES.....		17.287.292	15.730	0	0
Mortgage debt.....		2.656.448	4.073	0	0
Bank loan.....		1.835.305	2.106	0	0
Payables to group enterprises.....		187.534.630	179.255	187.534.630	179.255
Other liabilities.....		44.499.618	18.637	0	0
Accruals and deferred income.....		1.808.702	1.804	0	0
Lease liabilities.....		285.798	576	0	0
Long-term liabilities.....	16	238.620.501	206.451	187.534.630	179.255
Short-term portion of long-term liabilities.....	16	1.930.793	2.083	0	0
Bank debt.....		73.749.486	78.416	0	0
Prepayments received from customers.....	11	63.517.449	86.909	0	0
Trade payables.....		73.292.986	91.024	200.000	200
Payables to group enterprises.....		6.820.890	7.368	0	0
Corporation tax.....		8.384	1.211	0	0
Payable corporation tax under joint taxation.....		0	0	3.540.064	2.778
Other liabilities.....		69.731.611	63.584	0	0
Current liabilities.....		289.051.599	330.595	3.740.064	2.978
LIABILITIES.....		527.672.100	537.046	191.274.694	182.233
EQUITY AND LIABILITIES.....		628.227.234	615.631	274.542.536	245.088
Contingencies etc.	17				
Charges and securities	18				
Related parties	19				
Derivative financial instruments	20				
Consolidated financial statements	21				

EQUITY

	Group		
	Share capital	Retained profit	Total
Equity at 1 January 2019.....	66.360.000	-3.505.797	62.854.203
Foreign exchange adjustments.....		2.286.112	2.286.112
Value adjustments of equity.....		147.606	147.606
Proposed distribution of profit.....		17.979.921	17.979.921
Equity at 31 December 2019.....	66.360.000	16.907.842	83.267.842

	Parent company			
	Share capital	Reserve for net revaluation according to equity method	Retained profit	Total
Equity at 1 January 2019.....	66.360.000	0	-3.505.797	62.854.203
Foreign exchange adjustments.....		2.286.112		2.286.112
Value adjustments of equity.....		147.606		147.606
Transfers to/from other items.....		-9.962.427	9.962.427	
Proposed distribution of profit.....		24.436.551	-6.456.630	17.979.921
Equity at 31 December 2019.....	66.360.000	16.907.842	0	83.267.842

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2019	2018
	DKK	DKK '000
Profit/loss for the year.....	17.979.921	-20.020
Reversed depreciation of the year	34.933.915	29.786
Reversed unrealised exchange gains/losses.....	2.433.718	5.270
Reversed tax on profit/loss for the year.....	10.837.554	2.843
Provisions for liabilities.....	-101.953	-1.740
Corporation tax paid.....	-19.108.072	-8.345
Change in inventory.....	15.196.368	-55.314
Change in receivables.....	-12.654.043	-8.466
Change in current liabilities (ex bank and tax).....	-35.523.432	29.116
CASH FLOWS FROM OPERATING ACTIVITY.....	13.993.976	-26.870
Purchase of intangible fixed assets.....	-19.649.304	-19.738
Purchase of tangible fixed assets.....	-9.706.892	-10.899
Sale of financial assets.....	416.122	5.231
CASH FLOWS FROM INVESTING ACTIVITY.....	-28.940.074	-25.406
Proceeds from long-term borrowing.....	25.862.618	18.637
Repayments of loans.....	-2.125.240	-630
Loan from group company.....	8.279.276	7.143
CASH FLOWS FROM FINANCING ACTIVITY.....	32.016.654	25.150
CHANGE IN CASH AND CASH EQUIVALENTS.....	17.070.556	-27.126
Cash and cash equivalents at 1. januar.....	-64.419.563	-37.294
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	-47.349.007	-64.420
Specification of cash and cash equivalents at 31 December:		
Cash and cash equivalents.....	26.400.479	13.996
Bank debt.....	-73.749.486	-78.416
CASH AND CASH EQUIVALENTS, NET DEBT.....	-47.349.007	-64.420

NOTES

	Group		Parent company		Note
	2019 DKK	2018 DKK '000	2019 DKK	2018 DKK '000	
Net revenue					1
Segment details (geography)					
Net revenue, Denmark.....	7.182.609	3.924	0	0	
Net revenue, Export.....	864.672.519	796.186	0	0	
	871.855.128	800.110	0	0	

Due to competitive considerations, the relaxation in art. 96 of the Danish Financial Statements Act has been applied, because it is Management's assessment that it will cause significant damage to the group to disclose the segment details in the annual report.

The market in which the group has activities, is characterised by strong competition between 3-4 competitors and the segment details can result in a shift in the competitive interrelationship between the competitors.

	Group		Parent company		Note
	2019 DKK	2018 DKK '000	2019 DKK	2018 DKK '000	
Staff costs					2
Average number of employees					
Group: 563 (2018: 569)					
Parent company: 1 (2018: 1)					
Wages and salaries.....	261.378.604	260.147	0	0	
Pensions.....	39.954.984	37.475	0	0	
Social security costs.....	1.828.634	908	0	0	
	303.162.222	298.530	0	0	

Special items	3
In 2019, impairment losses of 2,668 TDKK of specific development projects are included in the production costs.	

NOTES

	Group		Parent company		Note
	2019 DKK	2018 DKK '000	2019 DKK	2018 DKK '000	
Fee to statutory auditors					4
Total Fee					
BDO Denmark.....	756.047	657	137.125	112	
Auditors of foreign subsidiaries.....	1.672.586	1.442	0	0	
	2.428.633	2.099	137.125	112	
Specification of fee:					
Statutory audit.....	1.907.179	1.699	132.125	107	
Tax consultancy.....	152.841	155	5.000	5	
Other services.....	368.613	245	0	0	
	2.428.633	2.099	137.125	112	
Financial expenses					5
Group enterprises.....	8.072.270	7.769	8.072.270	7.769	
Other interest expenses.....	8.427.657	5.826	58.006	555	
	16.499.927	13.595	8.130.276	8.324	
Tax on profit/loss for the year					6
Calculated tax on taxable income of the year.....	10.928.607	9.097	-1.821.100	-590	
Adjustment of tax for previous years.....	0	48	0	8	
Adjustment of deferred tax.....	-91.053	-6.302	0	-1.261	
	10.837.554	2.843	-1.821.100	-1.843	
Proposed distribution of profit					7
Allocation to reserve for net revaluation according to equity method.....	0	0	24.436.551	-13.417	
Retained earnings.....	17.979.921	-20.020	-6.456.630	-6.603	
	17.979.921	-20.020	17.979.921	-20.020	

NOTES

Note

Intangible fixed assets

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	Group		
	Development projects completed	Intangible fixed assets acquired	IT
Cost at 1 January 2019.....	114.114.883	4.389.036	25.092.498
Additions.....	15.260.048	0	322.871
Cost at 31 December 2019.....	129.374.931	4.389.036	25.415.369
Amortisation at 1 January 2019.....	26.352.530	219.453	23.679.636
Amortisation for the year.....	16.347.857	877.809	704.121
Amortisation at 31 December 2018.....	42.700.387	1.097.262	24.383.757
Carrying amount at 31 December 2019.....	86.674.544	3.291.774	1.031.612

	Group	
	Goodwill	Development projects in progress
Cost at 1 January 2019.....	115.103.214	70.600.271
Additions.....	0	22.940.609
Disposals.....	0	-18.874.224
Cost at 31 December 2019.....	115.103.214	74.666.656
Amortisation at 1 January 2019.....	99.373.691	0
Amortisation for the year.....	7.306.936	0
Amortisation at 31 December 2018.....	106.680.627	0
Carrying amount at 31 December 2019.....	8.422.587	74.666.656

The group's development projects relate to the development of new production machines and optimization of the interaction between the group's products in the production line. The development of the individual projects is progressing as planned and is expected to be completed over the next 1-4 years. Market research shows a demand for the new products and there are very few competitors in the market for this type of products.

NOTES

Note

Tangible fixed assets

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	Group		
	Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment
Cost at 1 January 2019.....	87.829.438	57.024.485	20.142.170
Additions.....	2.320.691	4.870.275	2.515.926
Cost at 31 December 2019.....	90.150.129	61.894.760	22.658.096
Depreciation and impairment losses at 1 January 2019.....	46.226.782	42.415.274	15.492.181
Depreciation for the year.....	3.664.960	4.119.859	1.912.373
Depreciation and impairment losses at 31 December 2019.....	49.891.742	46.535.133	17.404.554
Carrying amount at 31 December 2019.....	40.258.387	15.359.627	5.253.542
Finance lease assets.....			55.863

Fixed asset investments

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	Group
	Rent deposit and other receivables
Cost at 1 January 2019.....	11.667.517
Disposals.....	-416.122
Cost at 31 December 2019.....	11.251.395
Carrying amount at 31 December 2019.....	11.251.395
	Parent company
	Fixed asset investments
Cost at 1 January 2019.....	206.825.898
Cost at 31 December 2019.....	206.825.898
Revaluation at 1 January 2019.....	30.572.751
Revaluation and impairment losses for the year.....	31.834.707
Equity movements.....	2.433.718
Amortization of goodwill.....	-7.398.156
Revaluation at 31 December 2019.....	57.443.020
Carrying amount at 31 December 2019.....	264.268.918

NOTES

Note

Fixed asset investments (continued)
Investments in subsidiaries

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Name and registered office	Ownership
LINCO Food Systems A/S, Aarhus	100 %
Baader LINCO Inc., USA	100 %
Baader LINCO Ltd., USA	100 %
LINCO Food Systems BV, The Netherlands	100 %
LINCO Food Systems S.A., Spain	100 %
LINCO Food Systems Ltda., Brazil	100 %
LINCO Food Systems Ltda., Chile	100 %
Lindholst Asia SDN., BHD., Malaysia	100 %
Baader Asia Ltd., Singapore	100 %
BFPT Beijing Co. Ltd., China	100 %

	Group		Parent company	
	2019	2018	2019	2018
	DKK	DKK '000	DKK	DKK '000
Contract work in progress				
Contract work in progress	236.586.725	203.668	0	0
Invoiced on account	-272.631.016	-271.202	0	0
Contract work in progress, net	-36.044.291	-67.534	0	0
Recognized as:				
Contract work in progress (assets) ...	27.473.158	19.375	0	0
Prepayments received from customers (liabilities)	-63.517.449	-86.909	0	0
	-36.044.291	-67.534	0	0

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Note

Provision for deferred tax

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Provision for deferred tax relates to differences between the carrying amount and the tax value of intangible fixed assets and tangible fixed assets, including recognised finance leases as well as accrued expenses and tax losses carried forward.

	Group		Parent company	
	2019 DKK	2018 DKK '000	2019 DKK	2018 DKK '000
Deferred tax at 1. January.....	10.967.183	18.239	4.145.275	2.734
Deferred tax for the year, Income Statement.....	-91.053	-6.302	0	1.411
Deferred tax for previous years.....	-169.132	-938	29.920	0
Exchange rate adjustments.....	-4.676	-32	0	0
Provision for deferred tax 31 December 2019.....	10.702.322	10.967	4.175.195	4.145
Recognized as				
Deferred tax asset.....	3.951.335	2.027	4.175.195	4.145
Provision for deferred tax.....	14.653.657	12.994	0	0
	10.702.322	10.967	4.175.195	4.145

The parent company's deferred tax asset is recognised in the Balance Sheet at DKK ('000) 4,175. The tax asset relates primarily to unutilised tax losses. The tax asset is recognised on the basis of the expectations to the positive tax profits for the next couple of years within the group, and the tax losses are then expected to be fully utilised. The assessments are based on the group's budgets for the year to come and the deferred tax liability of the jointly taxed subsidiary at DKK ('000) 13,375.

The group's deferred tax asset is recognised in the Balance Sheet at DKK ('000) 3,951. The tax asset is recognised on the basis of the expectations to the positive tax profits for the next couple of years within the entities, and the deferred tax asset is expected to be fully utilised. The assessments are based on the group's budgets for the year to come.

Prepayments and accrued income

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Prepayments and accrued income relates to prepaid contingencies and license fees as well as prepaid expenses regarding future financial years.

	2019 DKK	2018 DKK '000
Share capital		
Specification of the share capital:		
A-shares, 1.000 in the denomination of 66.360 DKK.....	66.360.000	66.360
	66.360.000	66.360

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	Group		Parent company		Note
	2019 DKK	2018 DKK '000	2019 DKK	2018 DKK '000	
Other provisions for liabilities					15
0-1 year.....	2.633.635	2.736	0	0	

Other provisions for liabilities comprise liabilities of ordinary warranty on the Company's products.

Long-term liabilities 16

	Group				
	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Mortgage debt.....	4.025.404	1.368.956	0	5.441.446	1.368.462
Bank loan.....	2.107.202	271.897	1.017.000	2.378.335	271.810
Payables to group enterprises..	187.534.630	0	179.000.000	179.255.354	0
Other liabilities.....	44.499.618	0	0	18.637.000	0
Accruals and deferred income..	1.808.702	0	0	1.803.820	0
Lease liabilities.....	575.738	289.940	0	1.018.685	443.100
	240.551.294	1.930.793	180.017.000	208.534.640	2.083.372

	Parent company				
	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Payables to group enterprises..	187.534.630	0	179.000.000	179.255.354	0
	187.534.630	0	179.000.000	179.255.354	0

Deferred income relates to received contribution to development projects in progress.

Contingencies etc. 17

The Group has provided bank guarantees totalling DKK ('000) 20,539 relating to payment guarantees and general performance guarantees.

LINCO Food Systems A/S is subject to recapture relating to used losses from foreign subsidiaries until 2004.

Operating lease contracts on machinery and cars have been entered with a total lease commitment during the residual term of 1 to 72 months of DKK ('000) 928.

Contingent liabilities

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 0 at the balance sheet date.

NOTES

Note

Charges and securities

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Debt to mortgage provider, DKK ('000) 4,025 is secured by mortgages totaling DKK ('000) 22,001 comprising land, and buildings with the booked value of DKK ('000) 10,490 as of 31 December 2019. The mortgage also comprises the plant and machinery deemed part of the properties.

As security for debt to financial institutions, the group has issued mortgage deeds totaling DKK ('000) 24,132 and an all-moneys mortgage of DKK ('000) 4,000 as mortgage on the land and buildings mentioned above.

Furthermore the group has issued an all-moneys mortgage (floating charge) of DKK ('000) 36,330 as security for debt to financial institutions. The security comprises inventories and trade receivables with at booked value totalling DKK ('000) 103,578.

As security for debt to banks of DKK ('000) 6,676 the group has pledged fixed assets, Inventories and trade receivables with a booked value totalling DKK ('000) 147.516.

Related parties

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The Company's related parties include:

Controlling interest

Chairman of the board, through the parent company Baader Poultry Holding GmbH.

Other related parties having performed transactions with the company

The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Derivative financial instruments

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The group has entered into an interest rate swap, which expires in 2022. The contract fixes the interest rate on the mortgage debt.

Consolidated financial statements

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The company is included in the consolidated financial statements of Baader Poultry Holding GmbH, Lübeck. The consolidated financial statements can be acquired by contacting the company.

ACCOUNTING POLICIES

The Annual Report of Baader Poultry A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large enterprise.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated financial statements

The consolidated financial statements include the parent company Baader Poultry A/S and its subsidiaries in which Baader Poultry A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipment.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the Income Statement under an individual assessment of the useful life. Negative differences are recognised in the Income Statement upon acquisition. Differences from acquired enterprises amounts to 8,423 DKK ('000).

ACCOUNTING POLICIES

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Contract work in progress is included in revenue based on the stage of completion, so that revenue corresponds to the selling price of the work performed in the financial year (the degree of completion method).

Sale of Services is recognised in the income statement if the service has been provided before the end of the year.

Production costs

Production costs comprise costs, including wages and salaries and write-off, incurred to achieve the net revenue for the year. Commercial enterprises recognise cost of sales, and the manufacturing enterprises recognise production costs equal to the revenue for the year, including direct and indirect costs of raw materials and consumables, wages and salaries, rent and leasing and depreciation of production plant.

Amortisation of capitalised development and research costs and the development costs that do not fulfil the criteria for capitalisation are also recognised in production costs.

Write-down is recognised in connection with expected losses on project contracts.

Distribution costs

The costs incurred for distribution of goods sold during the year and for sales campaigns carried out during the year are recognised in distribution costs. The costs of the sales personnel, advertising and exhibition costs and amortisation are also recognised in distribution costs.

Administrative expenses

Administrative expenses recognise costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses etc and related amortisation.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

ACCOUNTING POLICIES

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 7 to 12 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years and does not exceed 20 years.

Capitalised IT-projects are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised IT-projects are depreciated on a straight-line basis over the estimated useful life. The useful life is normally 3-5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	10-25 years	0 %
Production plant and machinery.....	5-10 years	0-30 %
Other plants, fixtures and equipment.....	3-5 years	0-30 %

ACCOUNTING POLICIES

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Lease contracts

Lease contracts relating to tangible fixed assets where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the income statement over the term of the contract. The company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Fixed asset investments

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipments.

Consolidated goodwill is amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the period of amortisation which is estimated to 7-12 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific condition.

Net revaluation of investments in subsidiaries and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiary's deficit.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.

Usually, the degree of completion is calculated as the ratio between actual and total budgeted consumption of resources. For projects for which the consumption of resources cannot be applied as basis, the ratio of completed to total subactivities of the individual projects has been applied.

If the sales value of a contract work in progress cannot be calculated reliably, the sales value is calculated as the lower of costs incurred and net realisable value.

The specific piece of work in progress is recognised in the balance sheet as an account receivable or payable, depending on the net value of the selling price less progress invoicing and progress payments. Costs relating to sales work and obtaining of contracts are recognised in the income statement as and when they are incurred.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated for the contract. The provision is recognised as a cost under production costs.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Other liabilities are measured at amortised cost equal to nominal value.

ACCOUNTING POLICIES

Derivative financial instruments

The initial recognition measures derivative financial instruments in the balance sheet at cost price and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in receivables and liabilities, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under initial cost for the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the Income Statement.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

ACCOUNTING POLICIES

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.