VikingGenetic F.M.B.A

Ebeltoftvej 16, 8960 Randers SØ, Denmark

CVR no. 31 47 45 74

Annual report 2015

Approved at the meeting of the supervisory board on 31 March 2016

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of VikingGenetic F.M.B.A for the financial year 1 January - 31 December 2015.

The annual report is prepared in accordance with the Danish act on foundations and certain associations as well as the deed of foundation.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the foundation's financial position at 31 December 2015 and of the results of the foundation's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend the adoption of the annual report.

Assentoft, 8 March 2016
Executive Board:

Rex Archard Clausager

Board of Directors:

Lars-Inge Gunnarsson Chairman	Casper Koldkjær Pedersen vice chairman	Anna Riitta Lappalainen vice chairman
Jan Duchwaider	Erik Hansen	Charlotte Andersson
Tiina Anneli Mitikka	Sven Per-Johan Svensson	Anders Levring

Independent auditors' report

To the shareholders of VikingGenetic F.M.B.A

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of VikingGenetic F.M.B.A for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies for the group as well as the foundation, and a cash flow statement for the group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Further, Management is responsible for such internal control as it determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent Company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including an assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by Management as well as the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the foundation's financial position at 31 December 2015 and of the results of the Group's and the foundation's operations, and the consolidated cash flow for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Aarhus, 8 March 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Hans Peter Roug
state authorised public accountant

Management's review

Information about the foundation

Name	VikingGenetic F.M.B.A
Address, Postal code, City	Ebeltoftvej 16, 8960 Randers SØ, Denmark
CVR No.	31 47 45 74
Established	1 January 2008
Registered office	Assentoft, 8960
Financial year	1 January - 31 December
Website	www.vikinggenetics.com
Board of Directors	Lars-Inge Gunnarsson, Chairman Casper Koldkjær Pedersen, vice chairman Anna Riitta Lappalainen, vice chairman Jan Duchwaider Erik Hansen Charlotte Andersson Tiina Anneli Mitikka Sven Per-Johan Svensson Anders Levring
Executive Board	Rex Archard Clausager
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P O Box 330, 8100 Aarhus C, Denmark
Bankers	Nordea

Management's review

Financial highlights for the Group

EURt	2015	2014	2013	2012	2011
Key figures					
Revenue	30,837	32,446	32,268	32,371	35,540
Gross margin	12,267	12,790	13,692	35,540	32,380
Operating profit/loss	-374	535	1,930	101	1,318
Net financials	-21	-227	-267	-311	-572
Profit/loss for the year	**-486**	**573**	**1,794**	**-657**	**859**
Total assets	56,734	59,574	60,078	65,043	70,631
Equity	**50,883**	**51,256**	**51,022**	**49,632**	**49,743**
Portion relating to investment in property, plant and equipment	1,688	1,096	1,265	3,810	686
Financial ratios in %					
Return on assets	-0.6 %	0.9 %	3.1 %	0.1 %	1.8 %
Current ratio	525.7 %	372.0 %	344.9 %	217.8 %	175.7 %
Solvency ratio	89.7 %	86.0 %	84.9 %	76.3 %	70.4 %
Return on equity	-1.0 %	1.1 %	3.6 %	-1.3 %	1.7 %
Average number of employees	**154**	**152**	**160**	**156**	**165**

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For terms and definitions, please see the accounting policies.

Management's review

Operating review

The most significant activities of the foundation

VikingGenetics F.M.B.A. has been formed by a merger between Dansire from Denmark, Swedish Avel from Sweden and Faba cooperative from Finland.

VikingGenetics F.M.B.A has a branch in Sweden, VikingGenetics F.M.B.A. filial Danmark located in Skara.

The association's activity includes primarily production of semen. In addition, the association effects external sales to foreign customers through subsidiaries.

Financial review

In the year under review, VikingGenetics F.M.B.A. sold semen to the three members VikingDanmark, Växa and Faba. In addition VikingGenetics F.M.B.A. has sold semen to its subsidiaries and associated company, VikingGenetics International, VikingGenetics Australia and ProCross ApS, which exported 940.000 doses of semen, generating revenue of approx. EUR 5.6 million. VikingGenetics performance outside of Denmark, Sweden and Finland is considered satisfactory.The group VikingGenetics F.M.B.A.'s total revenue in 2015 was EUR 30.8 million. The group reported a pre-tax income for the year of EUR -0.4 million. The Net income for the year totalled EUR -0.5 million.

The association's performance in the year under review is considered satisfactory compared with expectations from 2014.

There will still be invested in the development of genomic selection and there are still high expectations to the further development of genomic selection.

Knowledge resources

The association has an academic environment, which ranges far and which is at the same time specialized.The association also considers it an important task to participate in research in areas relevant to its members. This is done in collaboration with a number of organizations. One of the association's visions is to be the absolute leader on the Danish, Swedish and Finnish markets in cattle breeding and be an active player in international livestock breeding work.

Impact on the external environment

The association is subject to environmental requirements which influence the operation of farms. The association has insurances in the event of an environmental pollution and conducts its operation according to current EU and national laws. Even though the association conduct its operation within the laws polution of land can still happen.

Research and development activities

As noted above, the association considers it an important task to participate in research and provides substantial annual contributions towards this purpose.

Post balance sheet events

No post balance sheet events have occurred which could materially affect the assessment of the association's financial position.

Outlook

In 2016 it is expected to have higher sales compared with 2015 and an EBIT on approximately EUR -0.5 million.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Income statement

Notes	EUR'000	Group 2015	Group 2014	Parent company 2015	Parent company 2014
2	**Revenue**	30,837	32,446	28,131	29,406
3	Other operating income	1,402	1,637	629	904
	Other external expenses	-19,972	-21,293	-22,437	-22,230
	Gross profit	12,267	12,790	6,323	8,080
4	Staff costs	-10,053	-9,809	-5,569	-5,299
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,588	-2,446	-1,455	-1,322
	Operating profit/loss	-374	535	-701	1,459
	Income from investments in group entities	0	0	254	-733
	Income from investments in associates	15	12	15	9
6	Financial income	12	34	40	72
7	Financial expenses	-33	-261	-100	-239
	Profit/loss before tax	-380	320	-492	568
8	Tax for the year	-106	253	6	5
	Profit/loss for the year	-486	573	-486	573

	Parent company 2015	Parent company 2014
Proposed proft appropriation/distribution of loss		
Retained earnings/accumulated loss	-486	573
	-486	573

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

Notes	EUR'000	Group 2015	Group 2014	Parent company 2015	Parent company 2014
	ASSETS				
	Non-current assets				
9	**Intangible assets**				
	Acquired intangible assets	490	994	385	792
		490	994	385	792
10	**Property, plant and equipment**				
	Land and buildings	29,393	30,302	17,177	17,574
	Other fixtures and fittings, tools and equipment	3,422	2,762	2,385	1,636
		32,815	33,064	19,562	19,210
11	**Investments**				
	Investments in group entities, net asset value	0	0	19,322	18,877
	Investments in associates, net asset value	117	101	50	36
	Other securities and investments	114	110	58	54
		231	211	19,430	18,967
	Total non-current assets	33,536	34,269	39,377	38,969
	Current assets				
	Inventories				
	Finished goods and goods for resale	11,448	11,722	10,445	10,594
		11,448	11,722	10,445	10,594
	Receivables				
	Trade receivables	1,237	1,140	235	120
	Receivables from group entities	0	0	710	2,057
	Receivables from associates	667	611	667	607
	Income taxes receivable	108	86	0	0
	Other receivables	3,268	3,562	3,230	3,506
	Deferred income	172	127	15	5
		5,452	5,526	4,857	6,295
	Cash	6,298	8,057	4,035	3,341
	Total current assets	23,198	25,305	19,337	20,230
	TOTAL ASSETS	56,734	59,574	58,714	59,199

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

		Group		Parent company	
Notes	EUR'000	2015	2014	2015	2014
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	53,646	53,511	53,646	53,511
	Retained earnings	-2,763	-2,255	-2,763	-2,255
	Total equity	50,883	51,256	50,883	51,256
	Provisions				
	Deferred tax	1,360	1,280	224	224
	Total provisions	1,360	1,280	224	224
	Liabilities other than provisions				
12	**Non-current liabilities other than provisions**				
	Other payables	78	235	0	0
		78	235	0	0
	Current liabilities other than provisions				
12	Current portion of long-term liabilities	156	156	0	0
	Trade payables	1,912	2,452	1,417	1,748
	Payables to group entities	0	0	5,014	2,792
	Payables to associates	31	13	31	13
	Other payables	1,506	3,208	636	2,327
	Deferred income	808	974	509	839
		4,413	6,803	7,607	7,719
	Total liabilities other than provisions	4,491	7,038	7,607	7,719
	TOTAL EQUITY AND LIABILITIES	56,734	59,574	58,714	59,199

1 Accounting policies
13 Collateral
14 Contractual obligations and contingencies, etc.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Statement of changes in equity

	Group		
EUR'000	**Share capital**	**Retained earnings**	**Total**
Equity at 1 January 2015	53,511	-2,255	51,256
Profit/loss for the year	0	-486	-486
Exchange adjustment	135	-22	113
Equity at 31 December 2015	53,646	-2,763	50,883

	Parent company		
EUR'000	**Share capital**	**Retained earnings**	**Total**
Equity at 1 January 2015	53,511	-2,255	51,256
Profit/loss for the year	0	-486	-486
Exchange adjustment	135	-22	113
Equity at 31 December 2015	53,646	-2,763	50,883

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Cash flow statement

Notes	EUR'000	Group 2015	Group 2014
	Profit/loss for the year	-486	573
15	Adjustments	2,407	1,229
	Cash generated from operations (operating activities)	1,921	1,802
16	Changes in working capital	-1,965	2,874
	Cash generated from operations (operating activities)	-44	4,676
	Interest received, etc.	12	33
	Interest paid, etc.	-31	-93
	Income taxes paid	-82	-32
	Cash flows from operating activities	-145	4,584
	Additions of intangible assets	-57	-243
	Additions of property, plant and equipment	-1,688	-1,096
	Disposals of property, plant and equipment	291	468
	Purchase of financial assets	-4	-10
	Acquisition of companies	0	-27
	Cash flows from investing activities	-1,458	-908
	Other repayments, long-term liabilities	-156	-156
	Cash flows from financing activities	-156	-156
	Net cash flow	-1,759	3,520
	Cash and cash equivalents at 1 January	8,057	4,537
17	**Cash and cash equivalents at 31 December**	6,298	8,057

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes

1 Accounting policies

The annual report of VikingGenetic F.M.B.A for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The accounting policies applied by the association are consistent with those of last year.

Consolidation

The consolidated financial statements comprise the parent, VikingGenetics F.M.B.A., and entities controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power of an entity. Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether control exists.

The consolidated entities' financial statements are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items. Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated. Investments in consolidated entities are set off by the parent's proportionate share of the consolidated entity's net asset value.

Recently acquired or sold subsidiaries are recognised in the consolidated income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

The purchase method of accounting is applied to the acquisition of subsidiaries. The cost is made up at the net present value of the consideration agreed plus directly attributable expenses. Conditional payments are recognised at the amount expected to be paid. Identifiable assets and liabilities in the acquired entities are recognised at the fair value at the time of acquisition. Provisions for restructuring expenses relating to the acquired entity are recognised if the restructuring has been decided at the time of acquisition. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the cost and the group's share of the fair value of the identifiable assets and liabilities is recognised as goodwill or negative goodwill.

Entities over which the group exercises significant influence are considered associates. Significant influence is presumed to exist when the group directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence. Associates are recognised in the consolidated financial statements at their net asset value.

Currency translation

Transactions denominated in foreign currencies are translated into Euro at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Euro at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes

1 Accounting policies - continued

Foreign group entities

Foreign subsidiaries and associates are considered separate enterprises. Items in such enterprises' income statements are translated at the average exchange rates for the month, and their balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of such enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the average exchange rates at the transaction date to closing.

Leases

Leases in respect of which the association does not bear all significant risks and enjoy all significant benefits associated with the title to the assets are considered operating leases. Payments under operating leases are recognised in the income statement over the term of the lease.

Income statement

Revenue

Income from the sale is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income includes items of a secondary nature relative to the association's core business.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the association's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Acquired IP rights	3-7 years

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes

1 **Accounting policies - continued**

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	20-30 years
Other fixtures and fittings, tools and equipment	3-10 years

Land is not depreciated.

Income from investments in group entities and associates

The item includes the entity's proportionate share of the profit/loss for the year in subsidiaries and associates after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses, realised and unrealised capital and exchange gains and losses on securities and foreign-currency transactions, and amortisation of mortgage loans.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Intangible assets comprise patents and licences. Patents and licences are measured at cost less accumulated amortisation. Patents and licences are amortised over the remaining patent term.

Development costs and internally generated rights are expensed in the income statement in the year of acquisition.

An impairment test is made for acquired intangible assets if there are indications of impairment. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if this is lower than the carrying amount.

Property, plant and equipment

Property, plant and equipment include land and buildings and other fixtures and fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes

1 **Accounting policies - continued**

An impairment test is made for property, plant and equipment if there are indications of impairment. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if this is lower than the carrying amount.

Investments in group entities and associates

On initial recognition, investments in subsidiaries and associates are measured at cost and subsequently at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies less or plus any residual value of positive or negative goodwill determined in accordance with the acquisition method. Subsidiaries and associates with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation reserve according to the equity method in so far as the carrying amount exceeds the acquisition cost.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition or formation. Enterprises disposed of are recognised up to the date of disposal.

Acquisitions of new subsidiaries and associates are accounted for using the purchase method, according to which the assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of revaluations made is taken into account.

Other securities and investments

Other securities and investments are measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at a value made up using generally recognised valuation principles if the securities are unlisted.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes

1 **Accounting policies - continued**

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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

Liabilities

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes

1 **Accounting policies - continued**

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short-term bank loans and short-term marketable securities which are subject to an insignificant risk of changes in value.

Segment information

Segment information is given for revenue broken down by business segment. The segmentation is in accordance with the entity's internal financial management.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on assets $$\frac{\text{Profit/loss from operating activites}}{\text{Average assets x 100}}$$

Current ratio $$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$$

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Return on equity $$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$$

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes

EUR'000	Group 2015	Group 2014	Parent company 2015	Parent company 2014
2 Revenue				
Business segmentation of revenue:				
Sale of semen	28,999	30,068	27,439	28,644
Sale of cattle	759	1,195	322	361
Other sales (goods and services)	1,079	1,183	370	401
	30,837	32,446	28,131	29,406
3 Other operating income				
Contributions	387	460	206	212
Other income	1,015	1,177	423	692
	1,402	1,637	629	904
4 Staff costs				
Wages/salaries	7,958	7,677	4,780	4,517
Pensions	1,013	975	524	503
Other social security costs	691	610	82	65
Other staff costs	391	547	183	214
	10,053	9,809	5,569	5,299
Average number of full-time employees	154	152	73	73
Remuneration to members of management:				
Executive board	192	177	192	177
Board of Directors	79	92	79	92
	271	269	271	269
5 Amortisation/depreciation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	564	495	462	388
Depreciation of property, plant and equipment	2,024	1,951	994	934
	2,588	2,446	1,456	1,322

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes

	EUR'000	Group 2015	Group 2014	Parent company 2015	Parent company 2014
6	**Financial income**				
	Interest receivable, group entities	0	0	40	70
	Other financial income	12	34	0	2
		12	34	40	72
7	**Financial expenses**				
	Interest expenses, group entities	0	0	74	0
	Other financial expenses	33	261	26	239
		33	261	100	239
8	**Tax for the year**				
	Estimated tax charge for the year	60	23	1	1
	Deferred tax adjustments in the year	45	-276	-6	-6
		105	-253	-5	-5

9 **Intangible assets**

EURt	Group Acquired intangible assets
Cost at 1 January 2015	2,032
Exchange adjustment	12
Additions in the year	57
Cost at 31 December 2015	2,101
Impairment losses and amortisation at 1 January 2015	1,038
Exchange adjustment	9
Amortisation/depreciation in the year	564
Impairment losses and amortisation at	1,611
Carrying amount at 31 December 2015	490

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EURt	Parent company Acquired intangible assets
Cost at 1 January 2015	1,438
Exchange adjustment	-4
Additions in the year	57
Cost at 31 December 2015	1,491
Impairment losses and amortisation at 1 January 2015	646
Exchange adjustment	-2
Amortisation/depreciation in the year	462
Impairment losses and amortisation at	1,106
Carrying amount at 31 December 2015	385

10 Property, plant and equipment

	Group		
EURt	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015	41,573	7,623	49,196
Exchange adjustment	186	14	200
Additions in the year	188	1,500	1,688
Disposals in the year	-65	-74	-139
Cost at 31 December 2015	41,882	9,063	50,945
Impairment losses and depreciation at 1 January 2015	11,271	4,861	16,132
Exchange adjustment	40	4	44
Amortisation/depreciation in the year	1,178	846	2,024
Amortisation/depreciation and impairment of disposals in the year	0	-70	-70
Impairment losses and depreciation at 31 December 2015	12,489	5,641	18,130
Carrying amount at 31 December 2015	29,393	3,422	32,815

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EURt	Parent company		
	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2015	22,576	5,702	28,278
Exchange adjustment	-14	-14	-28
Additions in the year	107	1,302	1,409
Disposals in the year	-40	-27	-67
Cost at 31 December 2015	22,629	6,963	29,592
Impairment losses and depreciation at 1 January 2015	5,002	4,066	9,068
Exchange adjustment	5	-10	-5
Amortisation/depreciation in the year	445	549	994
Amortisation/depreciation and impairment of disposals in the year	0	-27	-27
Impairment losses and depreciation at 31 December 2015	5,452	4,578	10,030
Carrying amount at 31 December 2015	17,177	2,385	19,562

11 Investments

EURt	Group		
	Investments in associates, net asset value	Other securities and investments	I alt
Cost at 1 January 2015	81	110	191
Exchange adjustment	0	1	1
Disposals in the year	0	-5	-5
Additions in the year	0	8	8
Cost at 31 December 2015	81	114	195
Value adjustments at 1 January 2015	20	0	20
Exchange adjustment	1	0	1
Share of the profit/loss for the year	15	0	15
Value adjustments at 31 December 2015	36	0	36
Carrying amount at 31 December 2015	117	114	231

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EURt	Parent company: Investments in group entities, net asset value	Investments in associates, net asset value	Other securities and investments	I alt
Cost at 1 January 2015	20,482	27	54	20,563
Exchange adjustment	187	0	0	187
Disposals in the year	0	0	-3	-3
Additions in the year	0	0	6	6
Cost at 31 December 2015	20,669	27	57	20,753
Value adjustments at 1 January 2015	-1,605	9	0	-1,596
Exchange adjustment	4	-1	0	3
Share of the profit/loss for the year	254	15	0	269
Value adjustments at 31 December 2015	-1,347	23	0	-1,324
Carrying amount at 31 December 2015	19,322	50	57	19,429

EUR'000	Domicile	Interest	Equity	Profit/loss
Subsidiaries				
VikingGenetics Sweden AB	Skara, Sweden	100.00 %	6,513	41
VikingGenetics International AB	Skara, Sweden	100.00 %	208	37
VikingGenetics Finland Oy AB	Hollola, Finland	100.00 %	12,401	168
VikingGenetics Australia	Tallangatta, VIC, Australia	100.00 %	199	8

EUR'000	Domicile	Interest	Equity	Profit/loss
Associates				
Svensk Kôttrasprövning AB	Skara, Sweden	45.00 %	67	0
Procross ApS	Randers, Denmark	50.00 %	50	14

12 Long-term liabilities

EUR'000	Group: Total debt at 31/12 2015	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	234	156	78	0
	234	156	78	0

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13 Collateral

Group

VikingGenetics Finland Oy AB has put up security of EUR 1.6 million for mortgage debt.

Parent company

No security for loans has been put up at 31 December 2015.

14 Contractual obligations and contingencies, etc.

Other financial obligations

Group

VikingGenetics Finland Oy has liabilities under operating leases regarding computer equipment, totalling EUR 16.2 thousand.

A remaining lease liability equalling EUR 7 thousand expires in 2016, whereas remaining lease liabilities equalling EUR 6.2 thousand and EUR 3.0 thousand expires in 2017 and later than 2017, respectively.

EUR'000	Group 2015	Group 2014
15 Adjustments		
Amortisation/depreciation and impairment losses	2,588	2,446
Gain/loss on the sale of fixed assets	-221	-378
Provisions	0	0
Income from investments in associates	-15	-12
Financial income	-12	-34
Financial expenses	33	261
Tax for the year	106	-257
Other adjustments	-72	-797
	2,407	1,229
16 Changes in working capital		
Change in inventories	274	1,491
Change in receivables	196	1,453
Change in prepayments and trade and other payables	-523	-391
Other adjustments in working capital	-1,912	321
	-1,965	2,874
17 Cash and cash equivalents at year end		
Cash and cash equivalents according to the balance sheet	6,298	8,057
	6,298	8,057