

**Aviagen ApS**

**Klostergade 13, 6622 Bække**

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**Annual report**

**1 July 2017 - 30 June 2018**

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**Company reg. no. 31 58 20 91**

The annual report have been submitted and approved by the general meeting on the 31 October 2018.

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Mr Patrick Germain Emiel Claeys  
Chairman of the meeting

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Notes to users of the English version of this document:

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

## **Management's report**

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The executive board has today presented the annual report of Aviagen ApS for the financial year 1 July 2017 to 30 June 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 30 June 2018 and of the company's results of its activities and cash flows in the financial year 1 July 2017 to 30 June 2018.

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

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

Baekke, 31 October 2018

### **Executive board**

Mr Christopher Hill

Mr Patrick Germain Emiel Claeys    Mr Patrick Marie-Louise Henri  
Cornelius Cos

## **Independent auditor's report**

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### **To the shareholder of Aviagen ApS**

#### **Opinion**

We have audited the financial statements of Aviagen ApS for the financial year 1 July 2017 to 30 June 2018, comprising accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2018 and of the results of the Company's operations and cash flows for the financial year 1 July 2017 to 30 June 2018 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of our report. We are independent of the Company 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibilities for the financial statements**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

## **Independent auditor's report**

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

- identify and assess the risks of material misstatement of the 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 Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view

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

### **Statement on the Management's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

## **Independent auditor's report**

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In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 31 October 2018

### **KPMG**

Statsautoriseret Revisionspartnerselskab  
Company reg. no. 25 57 81 98

Jakob Westerdahl  
State Authorised Public Accountant  
MNE-nr. 31449

## **Company data**

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### **The company**

Aviagen ApS  
Klostergade 13  
6622 Bække

Company reg. no. 31 58 20 91  
Established: 23 May 2008  
Domicile: Vejen, Denmark  
Financial year: 1 July - 30 June  
10th financial year

### **Executive board**

Mr Christopher Hill  
Mr Patrick Germain Emiel Claeys  
Mr Patrick Marie-Louise Henri Cornelius Cos

### **Parent company**

Aviagen EPI NV, Belgien

## Financial highlights

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EUR in thousands.

	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>
<b>Profit and loss account:</b>					
Gross profit	4.319	4.214	5.223	4.047	2.282
Results from operating activities	3.001	2.918	3.816	2.698	1.110
Net financials	-34	-108	6	69	-66
Results for the year	2.314	2.190	2.980	2.116	788
<b>Balance sheet:</b>					
Balance sheet sum	6.467	7.190	11.173	8.124	5.420
Investments in tangible fixed assets represent	0	19	0	0	0
Equity	2.277	2.464	3.273	6.293	4.177
<b>Cash flow:</b>					
Operating activities	2.445	2.303	6.386	1.171	61
Investment activities	0	-19	0	0	0
Financing activities	-2.500	-3.000	-6.000	0	0
<b>Employees:</b>					
Average number of full time employees	26	27	27	25	22
<b>Key figures in %:</b>					
Acid test ratio	159,7	151,7	141,4	443,7	436,0
Solvency ratio	35,2	34,3	29,3	77,5	77,1
Return on equity	97,6	76,3	62,3	40,4	20,8

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

The key figures appearing from the survey have been calculated as follows:

$$\text{Acid test ratio} = \frac{\text{Current assets} \times 100}{\text{Short-term liabilities}}$$

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

$$\text{Return on equity} = \frac{\text{Results for the year} \times 100}{\text{Average equity}}$$



## **Management's review**

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### **The principal activities of the enterprise**

The main activity of the company is the operation of a hatchery. The total sales of the company and the majority of its purchase takes place with consolidated companies.

### **Development in activities and financial matters**

The result of the company is considered satisfactory and as expected in the latest annual report.

### **Special risks**

Exchange rate risks:

The vast majority of the company's transactions take place in Euro, and consequently, it is estimated that no currency risk exists.

Other risks:

There is some risk that the company's livestock may be struck by diseases. The company has, however, established very strict procedures and made considerable investments with the purpose of reducing this risk to an absolute minimum.

### **Environmental issues**

The company seeks to limit the environmental impact as much as possible, for instance by exploiting by-products to a great extent, and additionally, current investments are made in order to limit possible undesirable emissions etc.

### **The expected development**

Without unforeseen circumstances, the company expects the result of 2018/19 to be on the same level.

### **Events subsequent to the financial year**

No events have occurred subsequent to the balance sheet date, that have material impact on the annual report of the company.

## **Accounting policies used**

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

The accounting policies used are unchanged compared to last year, and the annual report is presented in euro (EUR).

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

### **Translation of foreign currency**

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

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

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

## **Accounting policies used**

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### The profit and loss account

#### **Gross profit**

According to § 32 in the Danish Financial Statements Act, the gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, other operating income, and external costs.

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

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

Other external costs comprise costs for distribution, sales, administration, and operational leasing costs.

#### **Staff costs**

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

#### **Depreciation and writedown**

Depreciation and writedown comprise depreciation on and writedown relating to tangible fixed assets.

#### **Net financials**

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the income statement with the amounts concerning the financial year.

#### **Tax of the results for the year**

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

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

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

## Accounting policies used

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### The balance sheet

#### **Tangible fixed assets**

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

The basis of depreciation is cost with deduction of expected residual value.

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

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

Production plant and machinery	5-10 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

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

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

#### **Inventories**

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost of fodder includes the acquisition cost with the addition of delivery costs.

The cost of livestock includes the direct and indirect costs, including the acquisition of livestock, fodder, medicine, veterinary control visits, etc, however, adjusted with the individual livestock's expected remaining production capacity.

The cost of eggs comprises the cost for raw materials, consumables, direct wages, and indirect production costs.

Indirect production costs comprise indirect materials and wages and the maintenance of and depreciation on machinery, factory buildings, and equipment applied during the production process. Furthermore, indirect production costs comprise the costs for factory administration and management, and the capitalised development costs concerning the products.

## **Accounting policies used**

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

### **Debtors**

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

### **Deferred expenses**

Deferred expenses recognised under assets comprise incurred costs concerning subsequent years.

### **Available funds**

Available funds comprise cash at bank and in hand.

### **Equity - Dividend**

Dividend expected to be distributed for the year is recognised as a separate item under the equity.

### **Corporate tax and deferred tax**

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

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

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

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

### **Other provisions**

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

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

## **Accounting policies used**

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Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest.

### **Liabilities**

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

## **The cash flow statement**

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

### **Cash flow from operating activities**

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

### **Cash flow from investment activities**

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

### **Cash flow from financing activities**

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

### **Available funds**

Available funds comprise cash at bank and in hand

## **Profit and loss account 1 July - 30 June**

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All amounts in EUR.

<u>Note</u>	<u>2017/18</u>	<u>2016/17</u>
<b>Gross profit</b>	<b>4.319.098</b>	<b>4.214.218</b>
1 Staff costs	-1.265.244	-1.294.990
Depreciation and writedown relating to tangible fixed assets	-3.147	-918
Other operating costs	<u>-50.000</u>	<u>0</u>
<b>Operating profit</b>	<b>3.000.707</b>	<b>2.918.310</b>
2 Other financial costs	<u>-33.601</u>	<u>-108.227</u>
<b>Results before tax</b>	<b>2.967.106</b>	<b>2.810.083</b>
Tax on ordinary results	<u>-653.493</u>	<u>-619.724</u>
<b>3 Results for the year</b>	<b><u>2.313.613</u></b>	<b><u>2.190.359</u></b>

## Balance sheet 30 June

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All amounts in EUR.

<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Fixed assets</b>		
4 Production plant and machinery	14.824	17.971
Tangible fixed assets in total	<u>14.824</u>	<u>17.971</u>
<b>Fixed assets in total</b>	<b><u>14.824</u></b>	<b><u>17.971</u></b>
<b>Current assets</b>		
Livestock with contracting breeders	2.303.574	2.706.892
Stocks of fodder	20.728	34.377
Eggs	<u>1.010.026</u>	<u>814.562</u>
Inventories in total	<u>3.334.328</u>	<u>3.555.831</u>
Trade debtors	6.059	195.674
Amounts owed by group enterprises	1.820.422	2.110.630
5 Deferred tax assets	36.929	4.286
Other debtors	133.588	128.608
6 Deferred expenses	<u>12.482</u>	<u>13.219</u>
Debtors in total	<u>2.009.480</u>	<u>2.452.417</u>
Available funds	<u>1.108.866</u>	<u>1.163.479</u>
<b>Current assets in total</b>	<b><u>6.452.674</u></b>	<b><u>7.171.727</u></b>
<b>Assets in total</b>	<b><u>6.467.498</u></b>	<b><u>7.189.698</u></b>



## Balance sheet 30 June

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All amounts in EUR.

<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Contributed capital	16.715	16.715
Results brought forward	<u>2.260.493</u>	<u>2.446.880</u>
<b>Equity in total</b>	<b><u>2.277.208</u></b>	<b><u>2.463.595</u></b>
 <b>Provisions</b>		
7 Other provisions	<u>150.000</u>	<u>0</u>
<b>Provisions in total</b>	<b><u>150.000</u></b>	<b><u>0</u></b>
 <b>Liabilities other than provisions</b>		
<b>Current liabilities other than provisions</b>		
Trade creditors	381.410	612.236
Debt to group enterprises	3.040.175	3.513.976
Corporate tax	545.479	523.439
8 Other debts	<u>73.226</u>	<u>76.452</u>
Current liabilities in total	<u>4.040.290</u>	<u>4.726.103</u>
<b>Liabilities other than provisions in total</b>	<b><u>4.040.290</u></b>	<b><u>4.726.103</u></b>
 <b>Equity and liabilities in total</b>	 <b><u>6.467.498</u></b>	 <b><u>7.189.698</u></b>

### 9 Contingencies

### 10 Related parties

## Statement of changes in equity

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All amounts in EUR.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 July 2016	16.715	3.256.521	3.273.236
Profit or loss for the year brought forward	0	-809.641	-809.641
Extraordinary dividend adopted during the financial year	0	3.000.000	3.000.000
Distributed extraordinary dividend adopted during the financial year.	0	-3.000.000	-3.000.000
Equity 1 July 2017	16.715	2.446.880	2.463.595
Profit or loss for the year brought forward	0	-186.387	-186.387
Extraordinary dividend adopted during the financial year	0	2.500.000	2.500.000
Distributed extraordinary dividend adopted during the financial year.	0	-2.500.000	-2.500.000
	<u><b>16.715</b></u>	<u><b>2.260.493</b></u>	<u><b>2.277.208</b></u>

## Cash flow statement 1 July - 30 June

All amounts in EUR.

<u>Note</u>	<u>2017/18</u>	<u>2016/17</u>
Results for the year	2.313.613	2.190.359
11 Adjustments	840.241	728.869
12 Change in working capital	<u>-10.768</u>	<u>340.370</u>
Cash flow from operating activities before net financials	3.143.086	3.259.598
Interest received and similar amounts	-2	1
Interest paid and similar amounts	<u>-33.601</u>	<u>-108.227</u>
Cash flow from ordinary activities	3.109.483	3.151.372
Corporate tax paid	<u>-664.096</u>	<u>-848.538</u>
<b>Cash flow from operating activities</b>	<b><u>2.445.387</u></b>	<b><u>2.302.834</u></b>
Purchase of tangible fixed assets	<u>0</u>	<u>-18.889</u>
<b>Cash flow from investment activities</b>	<b><u>0</u></b>	<b><u>-18.889</u></b>
Dividend distributed	<u>-2.500.000</u>	<u>-3.000.000</u>
<b>Cash flow from financing activities</b>	<b><u>-2.500.000</u></b>	<b><u>-3.000.000</u></b>
<b>Changes in available funds</b>	<b><u>-54.613</u></b>	<b><u>-716.055</u></b>
Available funds opening balance	<u>1.163.479</u>	<u>1.879.534</u>
<b>Available funds closing balance</b>	<b><u>1.108.866</u></b>	<b><u>1.163.479</u></b>
 <b>Available funds</b>		
Available funds	<u>1.108.866</u>	<u>1.163.479</u>
<b>Available funds closing balance</b>	<b><u>1.108.866</u></b>	<b><u>1.163.479</u></b>

## Notes

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All amounts in EUR.

	<u>2017/18</u>	<u>2016/17</u>
<b>1. Staff costs</b>		
Wages and salaries	1.173.496	1.215.959
Pensions	12.212	15.601
Other social security costs	79.536	63.430
	<b><u>1.265.244</u></b>	<b><u>1.294.990</u></b>
Executive board	<u>0</u>	<u>0</u>
Average number of employees	<u>26</u>	<u>27</u>
<b>2. Other financial costs</b>		
Financial costs, group enterprises	31.549	102.288
Other financial costs	2.052	5.939
	<b><u>33.601</u></b>	<b><u>108.227</u></b>
<b>3. Proposed distribution of the results</b>		
Extraordinary dividend adopted during the financial year	2.500.000	3.000.000
Allocated from results brought forward	-186.387	-809.641
<b>Distribution in total</b>	<b><u>2.313.613</u></b>	<b><u>2.190.359</u></b>
<b>4. Production plant and machinery</b>		
Cost opening balance	44.439	25.550
Additions during the year	<u>0</u>	<u>18.889</u>
<b>Cost closing balance</b>	<b><u>44.439</u></b>	<b><u>44.439</u></b>
Depreciation and writedown opening balance	-26.468	-25.550
Depreciation and writedown for the year	<u>-3.147</u>	<u>-918</u>
<b>Depreciation and writedown closing balance</b>	<b><u>-29.615</u></b>	<b><u>-26.468</u></b>
<b>Book value closing balance</b>	<b><u>14.824</u></b>	<b><u>17.971</u></b>

## Notes

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All amounts in EUR.

	<u>30/6 2018</u>	<u>30/6 2017</u>
<b>5. Deferred tax assets</b>		
Deferred tax assets opening balance	4.286	5.392
Deferred tax of the results for the year	<u>32.643</u>	<u>-1.106</u>
	<b><u>36.929</u></b>	<b><u>4.286</u></b>
The following items are subject to deferred tax:		
Tangible fixed assets	3.929	4.286
Provisions	<u>33.000</u>	<u>0</u>
	<b><u>36.929</u></b>	<b><u>4.286</u></b>
The company has recognized a deferred tax asset. The management of the company expects continuing positive results for the upcoming years which means that the future economic benefits of the asset are expected to flow to the company.		
<b>6. Deferred expenses</b>		
Prepaid insurance	6.186	6.969
Other prepayments	<u>6.296</u>	<u>6.250</u>
	<b><u>12.482</u></b>	<b><u>13.219</u></b>
<b>7. Other provisions</b>		
Change of the year in other provisions	<u>150.000</u>	<u>0</u>
	<b><u>150.000</u></b>	<b><u>0</u></b>
<b>8. Other debts</b>		
The Danish Labour Market Supplementary Pension Scheme and other social contributions	11.461	12.658
Salaries, wages and bonus	25.227	23.589
Holiday pay	15.838	19.505
Holiday pay obligation, salaried staff	<u>20.700</u>	<u>20.700</u>
	<b><u>73.226</u></b>	<b><u>76.452</u></b>

## Notes

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All amounts in EUR.

### 9. Contingencies

#### **Contingent liabilities**

The company has assumed a rent liability that is 100% variable in relation to the production, and consequently, this liability can not be determined. In 2017/18, the rent was EUR 206 thousand. In the financial year 2018/19 the rent is expected to remain at the same level.

#### **Operational leasing**

The company has entered into operational leasing contracts with reamaining terms of up till 22 months and with a total leasing payment of EUR 1.351 thousand.

#### **Joint taxation**

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

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

The liability relating to obligations in connection with corporation tax represents an estimated maximum of EUR 545 thousand at June 2018.

The liability relating to obligations in connection with withholding tax on dividend, interest and royalties represents an estimated maximum of EUR 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

## Notes

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All amounts in EUR.

### 10. Related parties

#### Controlling interest

Aviagen EPI NV

Majority shareholder

Nazarethsesteenweg 83

Deinze

Belgium

#### Other related parties

Aviagen International Finance Ltd.

Stratford Hatchery Alscott Industri Estate

Atherstone On Stour

CV37 8BH Stratford-Upon-Avon

Warwickshire

United Kingdom

Consolidated financial statements, in which the accounts of Aviagen ApS are recognised. Aviagen International Finance Ltd. which is the smallest group in which the company is included as a subsidiary. The consolidated financial statements of Aviagen International Finance Ltd. can be obtained by contacting the Company.

#### Related party transactions

The company has chosen only to disclose transactions that are not carried out on an arms length basis in accordance with section 98c (7) of the Danish Financial Statements Act.

	<u>2017/18</u>	<u>2016/17</u>
<b>11. Adjustments</b>		
Depreciation and amortisation	3.147	918
Other financial costs	33.601	108.227
Tax on ordinary results	653.493	619.724
Other provisions	150.000	0
	<b><u>840.241</u></b>	<b><u>728.869</u></b>
<b>12. Change in working capital</b>		
Change in inventories	221.503	-477.139
Change in debtors	475.580	3.761.210
Change in trade creditors and other liabilities	-707.851	-2.943.701
	<b><u>-10.768</u></b>	<b><u>340.370</u></b>