SARIA Denmark ApS

Lundagervej 21, 8722 Hedensted

CVR no. 33 77 42 81

Annual report 2018

Approved at the Company's annual general meeting on 6 May 2019

Chairman:

Jan Isager

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Jan Isager

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Contents

Statement by the Board of Directors and the Executive Board

The Executive Board today discussed and approved the annual report of SARIA Denmark ApS for the financial year 1 January - 31 December 2018.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2018 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Hedensted, 1 April 2019
Executive Board:

Lars Krause-Kjær CEO	Anders Jeppesen Jensen	Jan Isager

Independent auditors' report

To the shareholders of SARIA Denmark ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of SARIA Denmark ApS for the financial year 1 January – 31 December 2018, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as a consolidated cash flow statement. 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 financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the 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, and for such internal control as 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 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 financial statements unless Management either intends to liquidate the Group or the Parent 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 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.
- Identify and assess the risks of material misstatement of the 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.

Independent auditor's report

- 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 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 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 financial statements, including the note disclosures, and whether the 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 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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 1 April 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen
State Authorised
Public Accountant
MNE no. 10121

Christian Jøker
State Authorised
Public Accountant
MNE no. 31471

Management's review

Company details

Name	SARIA Denmark ApS
Address, zip code, city	Lundagervej 21, 8722 Hedensted
CVR no.	33 77 42 81
Established	22 June 2011
Registered office	Hedensted
Financial year	1 January – 31 December
Executive Board	Lars Krause-Kjær, CEO Anders Jeppesen Jensen Jan Isager
Auditors	Ernst & Young Godkendt Revisionspartnerselskab EY Huset, Værkmestergade 25, DK-8000 Aarhus C

Management's review

Financial highlights for the Group

DKK'000	2018	2017	2016	2015	2014
Key figures					
Revenue	993,399	1,013,999	1,101,565	1,019,225	972,926
Gross profit	236,176	209,621	170,677	190,917	161,208
EBITDA	175,043	206,648	164,131	186,847	191,001
Ordinary operating profit	102,831	91,776	35,275	61,274	49,489
Profit/loss from financial income and expenses	-4,077	-3,398	-3,082	-10,499	-11,918
Profit before tax	121,504	100,435	44,119	66,090	62,499
Non-controlling interest's share of profit for the year	-48,753	-44,278	-24,354	-27,978	-23,806
Profit for the year	47,474	35,346	9,265	24,770	22,408
Non-current assets	349,620	324,300	369,710	435,455	455,056
Current assets	366,238	346,011	293,774	457,108	362,486
Total assets	715,858	670,311	663,484	592,563	817,542
Share capital	600	600	600	600	500
Equity	254,450	224,366	174,864	286,550	257,679
Provisions	0	0	0	0	1,967
Non-current liabilities other than provisions	164,973	176,404	206,381	317,946	310,825
Current liabilities other than provisions	296,435	269,541	282,239	288,067	247,071
Financial ratios					
Operating margin	12.0%	9.9%	4,3%	7.5%	7.2%
Gross margin	23.8%	20.7%	15,5%	18.7%	16.6%
Solvency ratio	35.5%	33.5%	26.4%	32.1%	31.5%
Return on equity	19.8%	17.7%	4.0%	9.1%	8.5%
Return on invested capital, excl. goodwill	45.3%	34,1%	13.7%	20.8%	18.2%
Return on invested capital, incl. goodwill	45.3%	33,2%	12.5%	17.6%	15.1%
Average number of full-time employees	293	297	312	303	289

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

Management's review

Principal activities of the Group

The principal activities of the Company are to hold 51% of the shares in the subsidiary Daka Denmark A/S and 100% of the shares in Bioceval Denmark A/S, which carries out the principle activities of the Group.

The Group's principal activities are the purchase of animal by-products from slaughterhouses, the meat and farming industry, etc. to process these products into various finished products for markets within pet food, feed, energy, fertilisation and foodstuffs.

Development in activities and financial matters

Profit for the year, including non-controlling shareholders' share of the result in subsidiaries amounts to DKK 96,227 thousand derived from revenue of DKK 993,399 thousand.

Operating profit amounted to DKK 119,340 thousand in 2018 compared to DKK 100,786 thousand last year. The financial year 2017 was affected by a loss from the subsidiary Bioceval Denmark A/S.

Of the profit for the year, dividends of DKK 58,400 thousand are proposed to the shareholders, whereas DKK 16,910 thousand is taken to equity as a reserve for net revaluation and DKK -27,502 thousand is taken to equity as retained earnings.

The Company's equity totals DKK 79,362 thousand, including proposed dividends, corresponding to 40.9% of the balance sheet total, 35.5% at group level.

Outlook

The Company expects a satisfactory development for the next financial year and to enjoy results at the same level as this year.

Risks

The Group has not undertaken any particular commercial risks other than those considered usual for the nature and size of the Group.

Monetary and commodity-related transactions are hedged to the extent deemed expedient.

Intellectual capital

The Group's operations are characterised by complex structures i.a. within the market structures and production technologies particular to the industry.

Moreover, conditions for the Group's activities are constantly changing. The development of the Group's employees to handle such changes will gain significance in order to obtain success. Measures are constantly being taken to maintain and develop employee qualifications.

Environmental issues

The Group constantly strives to optimise its energy consumption and reduce the environmental impact of its operating activities.

The impact on the external environment in the form of odour has been a focus point, and the management thereof was satisfactory during the year.

Research and development activities

The Group does not carry on any research activities. The Group's production processes are continuously being optimised and its finished goods are undergoing constant development in order to increase their value in the Group's sales channels.

Management's review

Corporate social responsibility

According to applicable Danish accounting legislation, the SARIA Denmark ApS Group must prepare a report on the Group's corporate social responsibility.

Management takes the general view that the Group provides very important services to society as the Group's principal activity includes the recovery of organic by-products and organic residues that cannot directly be sold for animal feed or humane consumption. Therefore, we consider ourselves an important part of the circular economy.

As stated below, the Group's operations are subject to very detailed, comprehensive and complicated veterinary legislation on the recovery of in particular animal by-products - the so-called Bi-product regulation. The regulation is applicable within the EU. Naturally, compliance with the regulation consumes considerable management resources in a Company of our size.

For financial and productivity reasons, the Group is compelled to prioritise the preparation of written policies for the Group's various operational areas. This viewed in the light of the resources available in a business of the SARIA Denmark Group's size, which after all is limited.

Management generally takes corporate social responsibility and the various aspects thereof seriously. However, within several areas, the Company has chosen not to prepare detailed written policies. Instead, Management's position is incorporated in the day-to-day work through common management processes. Please refer to our comments on specific areas below.

Statutory report on the Company's business model

SARIA Denmark ApS is a holding company for the SARIA Group's Scandinavian activities. The Company currently holds 51% of the share capital in Daka Denmark A/S and 100% of the share capital in Bioceval Denmark A/S.

In Denmark, operations are handled by Daka Denmark A/S, including subsidiaries, as Bioceval Denmark A/S has had limited activities in the financial year 2018.

In Sweden, operations are handled by Konvex AB, including associated companies. The Company is wholly owned by Daka Denmark A/S.

Raw materials are processed at four production facilities in Denmark and one in Sweden.

Daka Denmark A/S

The Company's objective is to purchase, collect, process and sell organic by-products and organic residues, including used cooking oil and other food waste (raw material basis).

The below list shows the most important segments for the raw material basis:

Suppliers	Raw materials
Primary farm industry	Fallen stock yielding marketable produce (e.g. pigs and cattle)
Mink breeders and mink fur producers	Skinned carcases and fats
Large slaughterhouses	Slaughterhouse residues and by-products from pigs and cattle, respectively - collected in large containers or trailers
Small slaughterhouses, shops	Residues and by-products collected in bins, etc.
Restaurants, industry and public institutions, etc.	Food residues and used cooking oil

Management's review

According to applicable legislation (the "By-product regulation"), the Company's raw materials are classified in the categories listed below, which primarily include:

Category 1: Special risk material, including dead ruminants

Category 2: Dead animals with no risk material (e.g. dead pigs)

Category 3: Approved parts (incl. blood, plasma and haemoglobin) for healthy and veterinary-inspected animals.

Sale of the processed finished goods follows the category of the raw materials from which they have been processed as the By-product regulation stipulates rules for the use thereof.

Below please find a general list of the Company's production facilities in Denmark, the finished goods processed and their use:

Production facilities	Raw materials	Significant finished goods
Løsning Dakavej 10 DK-8723 Løsning	Category 3	Meal and pulp for feed ingredients Fat for feed ingredients
Randers Kronjydevej 8 DK-8960 Randers SØ	Category 2 Category 1	Meal for energy and fertiliser Fat for energy purposes Meal for energy purposes Fat for energy purposes
Løsning - biodiesel Dakavej 6 DK-8723 Løsning	Category 1 and 2 fat (own produced and purchased)	Biodiesel Various by-products, e.g. distillation waste ("bio heating oil") and glycerine
Horsens – ReFood Ålkjærvej 13 DK-8700 Horsens	Category 3 food waste and used cooking oil (UCO)	Pulp for biogas plant Resale of decontaminated UCO

Konvex AB

The Company handles the Group's activities in Sweden.

Unlike in Denmark, all raw materials (irrespective of original category) are processed as category 1.

There is only one production facility in Karlskoga, Sweden. The raw material is shredded into the so-called "Biomal". Biomal is sold for combustion at district heating plants.

Part of the Swedish raw materials are processed at the Group's Danish facility in Randers. Processing takes place taking into consideration the capacity in Sweden and higher values of finished goods obtained through the processes used at the Danish facilities. At the Danish facilities, fat is separated from the raw material before further application.

The Group is thus, as mentioned above and in respect of its sourcing activities (raw materials) and its sales activities (finished goods), subject to comprehensive and complicated legislation that governs purchases, application and sale of its products.

Management's review

Below please find an explanation of the Company's corporate social responsibility approach within the following areas:

- Human rights
- Environment
- Climate
- Social conditions and employee relations
- Anti-corruption and bribery
- Gender composition.

Below we have identified the most significant CSR-related risks in our business model, which are a focal point in our CSR work:

Area	Identified risks
Human rights	No particular risks identified. Management has therefore decided not to prepare any separate policy.
Environment	As the Company's products are manufactured from collected and processed organic residue discharges (primarily of animal origin), odour emission is from an environmental point of view the most important focal area.
Climate	Energy consumption in production.
Social conditions and employee relations	Work-related injuries
Anti-corruption and bribery	The area is in general deemed subject to limited risk. The Company's most important suppliers are Danish and secondary Western European - areas for which the risk of facing corruption and a request for bribe is considered insignificant. A small part of the Company's sale of finished goods takes place to countries where there is a risk of corruption and bribe. The Rethmann Group's (ultimate group) compliance rules stipulate zero tolerance in respect of corruption and bribery. Furthermore, it is explicitly stated that it is accepted that this policy may imply that the Company fails to win orders. Relevant employees in the Company have accepted the Group's compliance programme.

Human rights

The Company naturally supports internationally accepted human rights. Management has, however, decided not to prepare any separate policy in that respect. An explanation for that decision is given below.

It is in the nature of the Company to source its raw materials from the Scandinavian and to a minor extent, the Northern European markets, where compliance with human rights is deemed a matter of course. Other purchases (energy, machine investments, craftsmanlike services, etc.) are predominantly made in geographical areas where this is also deemed to be the case.

In terms of sales, the Company takes the view that market-related and commercial delimitation is made through compliance with relevant legislation such as veterinary legislation (By-product regulation) and the legislation and guidelines in force at the time in question e.g. in respect of sanctions, etc. from the respective authorities.

Management's review

Environment

Management of the SARIA Denmark Group has expressed the following general environmental policy:

> The Group must ensure optimum recycling of the organic by-products received taking into consideration applicable legislation whereby raw materials are recycled and used in a way that provides the highest value to the Company.
>
> Collection of raw materials, production and the environmental facilities are continuously reassessed to
>
> - ensure that environmental legislation and requirements as to the external environmental impact are observed with a sound margin
> - ensure that resources are used as efficiently as possible.
>
> The Company continuously focuses on improving the environment and its resource consumption.

Our focus on legislation and regulatory requirements rely on an assessment that compliance with the authorities' permits, guidelines and legislation is generally deemed to be sufficiently ambitious in very regulated areas such as Denmark and Sweden where the Company performs its activities.

Naturally, several environmental issues are relevant to the Company. In the past year, Management has in particular focused on odour emissions from the facilities in Randers among others due to the warm summer. By means of ongoing process-related optimisation and in close dialogue with local stakeholders and relevant authorities, implementation of satisfactory solutions for the area is pursued.

In the financial year, a few violations of the Company's permits were noted - in relation to odour (one injunction) and in relation to the discharge of contaminants with the waste water (two injunctions).

Optimisation of our air handling system and improvements to the treatment efficiency of our water treatment plant will be focal points in 2019.

Significant investments have been made throughout the years in technologies for air handling and water treatment at the Company's production facilities. It has been decided to make additional investments in an ozone plant at the production facility in Randers to further improve the air treatment.

Climate

Considering the Company's role in the cyclical economy within its commercial and geographical fields or operation, Management is of the opinion that the Company contributes considerably to the recycling of the world's limited resources.

Management assesses that the continuous process-related and financial optimisation measures ensure responsible use of the resources applied for the Company's operations.

Energy consumption is an important climate issue. The Company has implemented an energy management system to ensure in a well-documented and systematic way that the Company's energy performance and efficiency are improved on an ongoing basis and that energy consumption is thereby reduced.

Major tasks in the Company's energy management system is to analyse and monitor the energy consumption and to identify energy conservation projects. Projects are monitored and the Company ensures that energy-efficient purchases are made in relation to operations as well as maintenance. Our efforts in terms of energy are thus measured, monitored and evaluated on an ongoing basis. Deviations are to the extent possible followed by remedial actions.

The energy management system is ISO 50001 certified. Management assesses that this system contributes to ensuring optimised energy impact on the climate on the part of the Company.

The energy consumption for production purposes is mainly a function of selected technology in connection with investments made.

Management's review

Investments were made in new technology at the facility in Løsning in 2018. Compared with the year before, unit consumption (kW-hour per tonne processed raw materials) decreased in the financial year by 9.8% for electricity and 5.5% for steam.

For the facility in Randers, the corresponding unit consumption in 2018 is in line with last year.

Social conditions and employee relations

The Company has concluded collective agreements for relevant areas with the respective partners. Collective agreements and relevant labour market-related legislation are of course observed. Thereby, it is ensured that guidelines applicable for the Danish and the Swedish labour markets are observed.

Moreover, the Company's HR policy is incorporated in internal guidelines that i.e. include:

- Alcohol policy - including alcohol abuse
- Working environment Due diligence processes have been implemented to avoid any work-related accidents and to handle them, if any
- Anti-bullying policy
- Work committee / dialogue fora
- Senior employees' policy
- Stress and healthcare policy.

The degree of compliance is not systematically measured as deviations are deemed to be evident in a business of SARIA Denmark Group's size.

Management assesses that all areas that could reasonably be deemed relevant are described in the internal guidelines.

Surveys of the physical as well as the mental working environment are made as required by legislation.

In 2018, the Company continued with its efforts to ensure sound physical and mental working conditions among others by following up upon nearby-accidents.

A total of six work-related accidents that included absence were noted in 2018. Follow-up was made and causes were identified to avoid similar accidents in future. The goal is to entirely avoid work-related accidents.

The Company does not observe any problems in attracting and maintaining relevant manpower other than what is a natural consequence of fluctuations in demand and supply of manpower.

A "social clause" is incorporated in relevant contracts with external suppliers by which the supplier accepts to:

- Ensure a safe and healthy working environment.
- Ensure that the supplier's employees are hired on common Danish wage and employment conditions and that the supplier lives up to them.
- Ensure that the supplier's employees are subject to relevant and common collective agreements.
- Ensure that the supplier's employees have the permit required to work legally in Denmark.
- Ensure that the supplier's employees to the extent required are registered in the Register of Foreign Service Providers (RUT).

Anti-corruption and bribery

The Company forms part of the German SARIA Group (subgroup to the German Rethmann Group). The Group has an organised approach to compliance through a developed Corporate Compliance Programme. The programme is to ensure that activities of the entire Group comply with legislation and rules, and therefore it includes guidelines for i.e. compliance with competition law, anti-bribery and integrity in business agreements, cooperation with authorities, etc.

Management's review

The presently used corporate compliance brochure has been prepared from the side of Rethmann Group. The brochure is handed out to all employees upon employment. Managers are to sign a corporate compliance declaration to confirm that they have received and understood the contents of the folder. All recently hired employees were informed of the scheme in 2018. All employees at relevant levels are thus informed of those guidelines.

Form and scope of the programme are subject to continuous development. A new compliance programme for our part of the Group has been developed from the SARIA Group and implementation in Denmark and Sweden will be finalized in the financial year 2019. Elements in this programme are:

- A new and updated corporate compliance brochure with principles for different areas of compliance – among these anti-corruption and bribery
- The brochure will be handed out to relevant employees together with a hand-out booklet where the employee confirms receipt of the new brochure
- Education in compliance through e-learning and class room activities to ensure continued and serious commitment and to increase awareness of the programme
- Quarterly review and reporting on the compliance situation in the Company
- On a yearly basis retrieval of a confirmation letter from relevant employees concerning individual compliance.

Gender composition

The gender composition in the Group is not equal, mainly because Daka Denmark A/S and subsidiaries are manufacturing companies, which for many years have operated in a line of business, which primarily employs and attracts male employees. Consequently, women are the underrepresented gender on the Executive Board and in other executive positions. The management team of the Group comprised 46 persons at 31 December 2018, which included the Group's Executive Board and the department managers of various functions and selected specialists. Female managers on the management team made up 24% in 2018. Female employees made up 22% of all employees in the Group in 2018.

The Group wishes to ensure equal opportunities for all, and its overall goal is to ensure that the Board of Directors at all times is made up of the most suitable candidates, irrespective of gender. The Board of Directors of Daka Denmark A/S comprises eight members of which six members are appointed at the annual general meeting and two members are employee representatives.

The Board of Directors in Daka Denmark A/S has set up a goal for the underrepresented gender on the Board of Directors, which is to account for at least one person. The Board of Directors has strived for fulfilling this goal within the end of 2018 taking into consideration natural replacements on the Board of Directors. At present, members appointed at the annual general meeting are of the same gender. The goal has not been fulfilled partly as there have only been very limited natural replacements on the Board in recent years and partly as there have been no qualified candidates among the underrepresented gender. It is still the Company's target that at least one of the Board members appointed by the general meeting is from the underrepresented gender, and that this goal must be fulfilled by the end of 2020.

The Group's overall goal is to ensure that at all times the Executive Board and management team are made up of the most suitable candidates, irrespective of gender. Furthermore, the Group wishes to ensure equal opportunities for all and wishes to also reflect the female/male ratio in society at management level. In setting goals for the share of women on the Board, the Group has laid down a policy which describes how to maintain and, if possible, increase the share of women in the Group in general and at management level in particular. In general, the policy contains three initiatives regarding women in management positions: attention within the Group so that female managers are a focus area for the Group; attraction and recruitment where the Group works to identify and motivate more women to apply for management jobs; and retention and development, focusing on management development of women, including courses and coaching processes.

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

Income statement

		Consolidated		Parent Company	
Note	DKK'000	2018	2017	2018	2017
2	Revenue	993,399	1,013,999	0	0
	Production costs	-757,223	-804,378	0	0
	Gross profit	236,176	209,621	0	0
	Distribution costs	-37,606	-30,259	0	0
	Administrative expenses	-95,739	-87,586	-133	-136
	Ordinary operating profit/loss	102,831	91,776	-133	-136
	Other operating income	17,393	12,625	0	0
	Other operating costs	-884	-3,615	0	0
	Operating profit/loss	119,340	100,786	-133	-136
	Income from investments in group entities	0	0	50,744	45,203
	Income from investments in associates	6,241	3,047	0	0
	Income from other investments	1,011	684	0	0
3	Other financial income	5,170	10,091	0	0
4	Financial expenses	-10,258	-14,173	-3,631	-3,618
	Profit before tax	121,504	100,435	46,980	41,449
5	Tax on profit for the year	-25,277	-20,811	828	826
	Profit after tax	96,227	79,624	47,808	42,275
	Non-controlling shareholders' share of the results of subsidiaries	-48,753	-44,278	0	0
	Profit for the year	47,474	35,346	47,808	42,275

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

Balance sheet

Note	DKK'000	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
	ASSETS				
	Non-current assets				
6	Intangible assets				
	Software	385	544	0	0
	Intangible assets under construction	5,918	200	0	0
		6,303	744	0	0
7	Property, plant and equipment				
	Land and buildings	105,984	113,348	0	0
	Plant and machinery	139,062	112,811	0	0
	Fixtures and fittings, tools and equipment	37,651	34,618	0	0
	Property, plant and equipment under construction	36,507	39,321	0	0
		319,204	300,098	0	0
	Investments				
8	Investments in subsidiaries	0	0	189,795	172,561
9	Investments in associates	9,178	8,523	0	0
	Other investments	14,935	14,935	0	0
		24,113	23,458	189,795	172,561
	Total non-current assets	349,620	324,300	189,795	172,561
	Current assets				
	Inventories				
	Raw materials and consumables	25,994	26,327	0	0
	Work in progress	1,319	1,551	0	0
	Finished goods and goods for resale	49,608	63,242	0	0
		76,921	91,120	0	0
	Receivables				
	Trade receivables	89,044	84,596	0	0
	Amounts owed by group entities	152,853	127,527	0	0
	Amounts owed by associates	6,730	4,451	0	0
10	Deferred tax asset	7,590	15,633	0	0
	Corporation tax	0	0	828	826
	Other receivables	23,524	14,405	0	0
	Prepayments	4,821	4,511	0	0
		284,562	251,123	828	826
	Cash	4,755	3,768	3,165	2,938
	Total current assets	366,238	346,011	3,993	3,764
	TOTAL ASSETS	715,858	670,311	193,788	176,325

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

Balance sheet

Note	DKK'000	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	600	600	600	600
	Reserve for net revaluation	0	0	0	16,601
	Retained earnings	13,099	22,972	20,362	13,300
	Proposed dividends	58,400	35,000	58,400	35,000
	Equity holders' share of equity	72,099	58,572	79,362	65,501
	Non-controlling interests	182,351	165,794	0	0
	Total equity	254,450	224,366	79,362	65,501
	Liabilities other than provisions				
12	Non-current liabilities other than provisions				
	Mortgage loans	153,772	165,237	0	0
	Amounts owed to group entities	11,201	11,167	0	0
		164,973	176,404	0	0
	Current liabilities other than provisions				
	Current portion of non-current liabilities other than provisions	9,777	8,089	0	0
	Credit institutions	27,256	10,384	0	0
	Trade payables	98,033	80,902	55	54
	Amounts owed to group entities	114,892	114,465	114,371	110,770
	Corporation tax	1,149	5,974	0	0
	Other payables	41,426	41,440	0	0
	Deferred income	3,902	8,287	0	0
		296,435	269,541	114,426	110,824
	Total liabilities other than provisions	461,408	445,945	114,426	110,824
	TOTAL EQUITY AND LIABILITIES	715,858	670,311	193,788	176,325

1 Accounting policies
13 Contingencies, etc.
14 Mortgages and collateral
15 Staff costs
16 Fee paid to auditors appointed at the annual general meeting
17 Related party disclosures

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

Statement of changes in equity

Note	DKK'000	Consolidated Share capital	Retained earnings	Proposed dividends	Total	Non-control-ling interests	Total equity
	Equity at 1 January 2017	600	18,983	19,000	38,583	136,281	174,864
	Dividend distributed	0	0	-19,000	-19,000	-18,268	-37,268
	Foreign currency translation	0	-471	0	-471	-453	-924
	Value adjustments of hedging instruments at 31 December	0	4,114	0	4,114	3,956	8,070
18	Transferred; see profit appropriation	0	346	35,000	35,346	44,278	79,624
	Equity at 1 January 2018	600	22,972	35,000	58,572	165,794	224,366
	Dividend distributed	0	0	-35,000	-35,000	-33,209	-68,209
	Foreign currency translation	0	-842	0	-842	-809	-1,651
	Value adjustments of hedging instruments at 31 December	0	1,895	0	1,895	1,822	3,717
18	Transferred; see profit appropriation	0	-10,926	58,400	47,474	48,753	96,227
	Equity at 31 December 2018	600	13,099	58,400	72,099	182,351	254,450

Note	DKK'000	Parent Company Share capital	Reserve for net revaluation	Retained earnings	Proposed dividends	Total
	Equity at 1 January 2017	600	0	18,983	19,000	38,583
	Dividend distributed	0	0	0	-19,000	-19,000
	Dividends paid from subsidiary	0	-19,011	19,011	0	0
	Foreign currency translation adjustments, foreign subsidiaries	0	-471	0	0	-471
	Value adjustments of hedging instruments at 31 December	0	4,114	0	0	4,114
18	Transferred; see profit appropriation		31,969	-24,694	35,000	42,275
	Equity at 1 January 2018	600	16,601	13,300	35,000	65,501
	Dividend distributed	0	0	0	-35,000	-35,000
	Dividends paid from subsidiary	0	-34,564	34,564	0	0
	Foreign currency translation adjustments, foreign subsidiaries	0	-842	0	0	-842
	Value adjustments of hedging instruments at 31 December	0	1,895	0	0	1,895
18	Transferred; see profit appropriation	0	16,910	-27,502	58,400	47,808
	Equity at 31 December 2018	600	0	20,362	58,400	79,362

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

Cash flow statement

Note	DKK'000	Consolidated 2018	Consolidated 2017
	Profit for the year	47,474	35,346
19	Adjustment for non-cash operating items, etc.	127,360	178,855
	Cash generated from operations (operating activities) before changes in working capital	174,834	214,201
20	Changes in working capital	-14,125	-50,275
	Cash generated from operations (operating activities)	160,709	163,926
	Corporation tax paid	-23,119	-19,394
	Cash flows from operating activities	137,590	144,532
	Acquisition of intangible assets	-5,955	-373
	Acquisition of property, plant and equipment	-75,137	-67,002
	Disposal of property, plant and equipment	351	61
	Dividends from associates	5,252	6,104
	Cash flows from investing activities	-75,489	-61,210
	External financing:		
	Repayment of long-term debt	-9,777	-30,559
	Shareholders:		
	Dividends paid	-68,209	-37,266
	Cash flows from financing activities	-77,986	-67,825
	Net cash flows from operating, investing and financing activities	-15,885	15,497
	Cash and cash equivalents at 1 January	-6,616	-22,113
	Cash and cash equivalents at 31 December	-22,501	-6,616

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

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

Notes to the financial statements

1 Accounting policies

The annual report of SARIA Denmark ApS for 2018 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, SARIA Denmark ApS, and subsidiaries in which SARIA Denmark ApS directly or indirectly holds more than 50% of the voting rights or which it otherwise controls. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence but which it does not control are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the 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 foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

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

Notes to the financial statements

1 Accounting policies (continued)

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity must be transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Income statement

Revenue

Income from collected raw material fees and sale of finished goods, comprising sale of meal, fat and blood products and biodiesel, is recognised in revenue when the most significant rewards and risks to the buyer have been transferred and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Trading enterprises recognise their cost of sales, and production enterprises recognise their production costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and maintenance, transportation and energy depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation as well as costs for protecting the internal and external environment.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. during the year are recognised as distribution costs. Costs relating to sales staff, advertising, exhibitions, transport and warehouse rent and depreciation are also recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for group management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation.

Other operating income and costs

Other operating income and costs comprise items secondary to the activities of the enterprises, including gains and losses on the disposal of intangible assets and property, plant and equipment.

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

Notes to the financial statements

1 Accounting policies (continued)

Profits/losses from investments in subsidiaries and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated income statement and the Parent Company income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised gains and losses on receivables, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Parent Company is covered by the Danish rules on compulsory joint taxation of SARIA Denmark ApS Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidated financial statements and up to the date on which they exit the consolidation.

The Parent Company is the administration company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of the joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive a joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill and software

Goodwill and software are measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised over 5 years. Software is amortised on a straight-line basis over the estimated useful life of 3-5 years.

Incineration rights

Incineration rights are measured at cost less accumulated amortisation and impairment losses. Incineration rights are amortised on a straight-line basis over the term of the agreement of 10 years.

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

Notes to the financial statements

1 Accounting policies (continued)

CO_2 rights

On initial recognition, CO_2 rights allocated and acquired are measured at cost. If CO_2 rights are allocated free of charge, cost is DKK 0.

The basis of amortisation for CO_2 rights is measured at cost less scrap value. The scrap value depends on whether or not the Company expects to utilise the rights themselves or sell them. CO_2 rights are amortised as discharged.

To the extent that the actual discharge exceeds the CO_2 rights allocated and acquired, a liability is recognised corresponding to the fair value of the CO_2 rights which the Company is under an obligation to settle.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and other plant and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less any expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	15-20 years
Plant and machinery	8-15 years
Fixtures and fittings, tools and equipment	3-6 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured under the equity method.

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

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries and associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of SARIA Denmark ApS' annual report are not recognised in the reserve for net revaluation.

Acquisitions of 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.

Any excess of the cost over the fair value of the assets and liabilities identified (goodwill) is recognised as investments in subsidiaries and depreciated over the estimated useful life of five years. The net asset value of goodwill is assessed on an ongoing basis and is written down in the income statement if the carrying amount exceeds the expected future net income from the enterprise or activity to which goodwill is allocated.

Other investments

Other securities and investments, recognised under "Non-current assets", comprise unlisted securities measured at cost.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and direct production costs and indirect production overheads.

Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in the cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

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

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's and the Group's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of 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 comprise costs incurred concerning subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred 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.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

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 different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

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

Notes to the financial statements

1 Accounting policies (continued)

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Prepayments, equity and liabilities

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

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

Cash flows from investing activities

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.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group'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

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

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

Notes to the financial statements

		Consolidated		Parent Company	
	DKK'000	2018	2017	2018	2017
2	**Revenue**				
	Finished goods, Denmark	129,640	172,476	0	0
	Finished goods, abroad	147,422	159,716	0	0
	Biodiesel, Denmark	87,185	99,042	0	0
	Biodiesel, abroad	250,539	213,199	0	0
	Raw material fees, Denmark	270,446	262,495	0	0
	Raw material fees, abroad	108,167	107,071	0	0
		993,399	1,013,999	0	0
3	**Financial income**				
	Interest income from group entities	0	0	0	0
	Other interest income	426	4	0	0
	Other financial income	4,744	10,087	0	0
		5,170	10,091	0	0
4	**Financial expenses**				
	Interest expense to group entities	3,909	4,642	3,601	3,601
	Other interest expense	3,159	3,162	30	17
	Other financial expense	3,190	6,369	0	0
		10,258	14,173	3,631	3,618
5	**Tax on the profit for the year**				
	Current tax for the year	18,352	26,840	-828	-826
	Adjustment of deferred tax	6,926	-6,147	0	0
	Adjustment of tax relating to previous years	-1	118	0	0
		25,277	20,811	-828	-826

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

Notes to the financial statements

6 Intangible assets

DKK'000	Consolidated Software	Intangible assets under construc-tion	Total
Cost at 1 January 2018	11,626	200	11,826
Additions during the year	0	5,955	5,955
Transferred	237	-237	0
Disposals during the year	0	0	0
Cost at 31 December 2018	11,863	5,918	17,781
Amortisation at 1 January 2018	11,082	0	11,082
Disposals during the year	0	0	0
Amortisation for the year	396	0	396
Amortisation at 31 December 2018	11,478	0	11,478
Carrying amount at 31 December 2018	385	5,918	6,303
Amortised over	3-5 years		

7 Property, plant and equipment

DKK'000	Consolidated Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under con-struction	Total
Cost at 1 January 2018	191,685	326,607	81,023	39,321	638,636
Foreign currency translation	-2,002	-3,335	-244	-15	-5,596
Additions during the year	1,504	12,881	5,971	54,781	75,137
Transferred	1,781	46,801	8,998	-57,580	0
Disposals during the year	0	-2,500	-949	0	-3,449
Cost at 31 December 2018	192,968	380,454	94,799	36,507	704,728
Depreciation and impairment losses at 1 January 2018	78,337	213,796	46,405	0	338,538
Foreign currency translation	-1,487	-3,188	-197	0	-4,872
Disposals during the year	0	-2,500	-949	0	-3,449
Depreciation during the year	10,134	33,284	11,889	0	55,307
Depreciation and impairment losses at 31 December 2018	86,984	241,392	57,148	0	385,524
Carrying amount at 31 December 2018	105,984	139,062	37,651	36,507	319,204
Depreciated over	15-20 years	8-15 years	3-6 years		

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

Notes to the financial statements

8 Investments in subsidiaries

DKK'000	Parent Company 2018	Parent Company 2017
Cost at 1 January	155,960	155,960
Additions during the year	0	0
Cost at 31 December	155,960	155,960
Value adjustments at 1 January	16,601	-13,234
Dividend paid	-34,564	-19,011
Foreign currency translation	-842	-471
Fair value adjustments of hedging instruments	1,896	4,114
Profit/loss for the year	50,744	45,203
Value adjustments at 31 December	33,835	16,601
Carrying amount at 31 December	189,795	172,561

Name and registered office:	Voting rights and ownership
Daka Denmark A/S, Hedensted	51.0%
Bioceval Denmark A/S, Hedensted	100.0%

9 Investments in associates

Name and registered office:	Voting rights and ownership
Svensk Lantbrukstjänst AB, Lidköping, Sweden	50.0%
Gyllebo Gödning AB, Lidköping, Sweden	33.3%

10 Deferred tax asset

	Consolidated		Parent Company	
DKK'000	2018	2017	2018	2017
Deferred tax asset at 1 January	15,633	11,762	0	0
Adjustment of the deferred tax charge for the year	-6,942	6,147	0	0
Tax on equity transactions	-1,101	-2,276	0	0
Deferred tax asset at 31 December	7,590	15,633	0	0

11 Share capital

The share capital comprises 600,000 shares of DKK 1 each. All shares rank equally.

The recent 5-year changes of the share capital are specified as follows:

DKK'000	Parent Company				
	2018	2017	2016	2015	2014
Share capital at 1 January	600	600	600	500	500
Capital increase	0	0	0	100	0
Share capital at 31 December	600	600	600	600	500

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

Notes to the financial statements

DKK'000	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
12 Non-current liabilities				
Amounts owed to mortgage credit institutions which fall due more than 5 years after the balance sheet date	114,665	131,133	0	0
Amounts owed to group entities which fall due more than 5 years after the balance sheet date	0	0	0	0

13 Contingencies, etc.

	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
Contingent liabilities				
Lease obligations (operating leases) which fall due within 5 years	23,486	24,383	0	0
	23,486	24,383	0	0

CO_2 rights

Under the legislation on CO_2 quotas, the Danish Energy Agency has allocated quotas to the Company free of charge, corresponding to 253,832 tonnes for use in the period 1 January 2013 – 31 December 2020. The estimated need for the period amounts to 272,712 tonnes, corresponding to an estimated liability of DKK 3,418 thousand. At 31 December 2018, the liability is DKK 0.

Joint taxation

The Parent Company is jointly taxed with the Danish subsidiaries. As the administration company, together with the subsidiary, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit. At 31 December 2017, the net taxes payable to SKAT by the companies included in the joint taxation amounted to DKK 0. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may increase the companies' liability. The Group as a whole is not liable to others.

14 Mortgages and collateral

Land and buildings with a carrying amount of DKK 83,986 thousand have been provided as collateral for mortgages. In addition, a considerable part of the Parent Company's plant and machinery is deemed to be included in the collateral. Mortgage loans amounted to DKK 163,549 thousand at 31 December 2018.

15 Staff costs

DKK'000	Consolidated 2018	Consolidated 2017	Parent Company 2018	Parent Company 2017
Wages and salaries	158,581	147,004	0	0
Pensions	12,001	11,546	0	0
Other social security costs	6,422	6,447	0	0
	177,004	164,997	0	0
Remuneration to the Executive Board and the Board of Directors	1,875	1,861	0	0
Average number of full-time employees	293	297	0	0

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

Notes to the financial statements

16 Fees paid to auditors appointed at the annual general meeting

	Consolidated		Parent Company	
DKK'000	2018	2017	2018	2017
Fee regarding statutory audit	440	446	15	15
Assurance engagements	45	48	0	0
Tax assistance	23	747	0	0
Other assistance	379	305	31	31
	887	1,546	46	46

17 Related party disclosures

Parties exercising control

SARIA International GmbH, Werner Strasse 95, D-59379 Selm, Germany holds the majority of the share capital in the Company.

SARIA Denmark ApS is included in the consolidated financial statements of the ultimate parent company, Rethmann SE & Co. KG, Selm, Germany. The consolidated financial statements of Rethmann SE & Co. KG are available at the Company's address.

18 Appropriation of profit/loss

	Consolidated		Parent Company	
DKK'000	2018	2017	2018	2017
Proposed dividends	58,400	35,000	58,400	35,000
Reserve for net revaluation	0	0	16,910	31,969
Retained earnings	-10,926	346	-27,502	-24,694
Non-controlling interests	48,753	44,278	0	0
	96,227	79,624	47,808	42,275

	Consolidated	
DKK'000	2018	2017
19 Adjustment for non-cash operating items, etc.		
Amortisation and depreciation and impairment losses	55,703	105,862
Gain on disposal of non-current assets	-351	-35
Loss on disposal of non-current assets	0	2,397
Change in investments in associates	-6,241	-3,047
Tax on profit for the year	25,277	20,851
Minority shareholders' share of the results of subsidiaries	48,753	44,278
Change in fair value and derivative financial instruments	2,649	9,162
Foreign currency translation, etc.	1,570	-613
	127,360	178,855
20 Changes in working capital		
Change in inventories	14,199	7,958
Change in receivables	-41,482	-55,331
Change in trade and other payables	13,158	-2,902
	-14,125	-50,275