# *Eurofins Agroscience Service ApS*

Smedeskovvej 38, DK-8464 Galten

# Annual Report for 1 January - 31 December 2015

CVR No 34 90 17 40

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 23/5 2016

Marcus Balluff
Chairman

pwc

# Contents

# Management's Statement

The Executive  Board has today considered and adopted the Annual Report of Eurofins Agroscience Service ApS for the financial year 1 January - 31 December 2015.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for 2015.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Galten, 23 May 2016

**Direktion**

Karin Josefa Frederiksen    Marcus Balluf

# Independent Auditor's Report on the Financial Statements

To the Shareholder of Eurofins Agroscience Service ApS

We have audited the Financial Statements of Eurofins Agroscience Service ApS for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

**Management's Responsibility 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 as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

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

Our audit has not resulted in any qualification.

# Independent Auditor's Report on the Financial Statements

**Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Aarhus, 23 May 2016

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

| | |
|---|---|
| Henrik Trangeled Kristensen | Henrik Berring Rasmussen |
| State Authorised Public Accountant | State Authorised Public Accountant |

# Company Information

| | |
|---|---|
| **The Company** | Eurofins Agroscience Service ApS<br>Smedeskovvej 38<br>DK-8464 Galten<br><br>Telephone: 70 22 42 66<br>Facsimile: 70 22 42 55<br>Website: www.eurofins.dk<br><br>CVR No: 34 90 17 40<br>Financial period: 1 January - 31 December<br>Municipality of reg. office: Skanderborg |
| **Main activity** | The Company's activity is consultancy, laboratory and test services within the farming industry and other businesses associated herewith in Management's opinion. |
| **Executive Board** | Karin Josefa Frederiksen<br>Marcus Balluf |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Nobelparken<br>Jens Chr. Skous Vej 1<br>DK-8000 Aarhus C |
| **Bankers** | Danske Bank<br>Åboulevarden 69<br>DK-8000 Aarhus C |
| **Consolidated Financial Statements** | The Company is included in the Group Annual Report of Eurofins Scientific S.E., 23, Val Fleuri, L-1526, Luxembourg. |

# Income Statement 1 January - 31 December

| | Note | 2015 DKK | 2014 DKK |
|---|---|---|---|
| **Gross profit/loss** | | **1.332.225** | **1.325.172** |
| Staff expenses | 1 | -1.421.456 | -1.397.004 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | -191.777 | -131.019 |
| **Profit/loss before financial income and expenses** | | **-281.008** | **-202.851** |
| Financial income | | -973 | 0 |
| Financial expenses | 2 | -2.034 | -2.889 |
| **Profit/loss before tax** | | **-284.015** | **-205.740** |
| Tax on profit/loss for the year | | 69.194 | 56.718 |
| **Net profit/loss for the year** | | **-214.821** | **-149.022** |

# Distribution of profit

**Proposed distribution of profit**

| | | |
|---|---|---|
| Retained earnings | -214.821 | -149.022 |
| | **-214.821** | **-149.022** |

# Balance Sheet 31 December

## Assets

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | DKK | DKK |
| Other fixtures and fittings, tools and equipment | | 586.494 | 590.902 |
| **Property, plant and equipment** | | **586.494** | **590.902** |
| **Fixed assets** | | **586.494** | **590.902** |
| **Inventories** | | **0** | **21.613** |
| Trade receivables | | 531.590 | 0 |
| Contract work in progress | 3 | 188.469 | 31.432 |
| Receivables from group enterprises | | 214.408 | 409.817 |
| Other receivables | | 0 | 108.714 |
| Deferred tax asset | | 31.581 | 25.337 |
| Prepayments | | 15.528 | 0 |
| **Receivables** | | **981.576** | **575.300** |
| **Cash at bank and in hand** | | **161.998** | **384.457** |
| **Current assets** | | **1.143.574** | **981.370** |
| **Assets** | | **1.730.068** | **1.572.272** |

# Balance Sheet 31 December

## Liabilities and equity

| | Note | 2015 | 2014 |
|---|---|---|---|
| | | DKK | DKK |
| Share capital | | 125.000 | 125.000 |
| Retained earnings | | 230.527 | 445.348 |
| **Equity** | 4 | **355.527** | **570.348** |
| Credit institutions | | 3.047 | 0 |
| Trade payables | | 105.713 | 138.549 |
| Prepayments received recognised in debt | 3 | 500.379 | 451.654 |
| Payables to group enterprises | | 250.972 | 49.663 |
| Other payables | | 514.430 | 362.058 |
| **Short-term debt** | | **1.374.541** | **1.001.924** |
| **Debt** | | **1.374.541** | **1.001.924** |
| **Liabilities and equity** | | **1.730.068** | **1.572.272** |
| Contingent assets, liabilities and other financial obligations | 5 | | |

# Notes to the Financial Statements

| | | 2015 | 2014 |
|---|---|---|---|
| | | DKK | DKK |
| **1** | **Staff expenses** | | |
| | Wages and salaries | 1.319.941 | 1.281.475 |
| | Pensions | 95.234 | 85.305 |
| | Other social security expenses | 6.281 | 30.224 |
| | | **1.421.456** | **1.397.004** |
| **2** | **Financial expenses** | | |
| | Interest paid to group enterprises | 1.361 | 1.033 |
| | Other financial expenses | 673 | 506 |
| | Exchange adjustments, expenses | 0 | 1.350 |
| | | **2.034** | **2.889** |
| **3** | **Contract work in progress** | | |
| | Selling price of production for the period | 1.095.921 | 425.184 |
| | Payments received on account | -1.407.831 | -845.406 |
| | | **-311.910** | **-420.222** |
| | Recognised in the balance sheet as follows: | | |
| | Contract work in progress recognised in assets | 188.469 | 31.432 |
| | Prepayments received recognised in debt | -500.379 | -451.654 |
| | | **-311.910** | **-420.222** |

# Notes to the Financial Statements

## 4 Equity

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| | DKK | DKK | DKK |
| Equity at 1 January | 125.000 | 445.348 | 570.348 |
| Net profit/loss for the year | 0 | -214.821 | -214.821 |
| **Equity at 31 December** | **125.000** | **230.527** | **355.527** |

The share capital consists of 125,000 shares of a nominal value of DKK 1. No shares carry any special rights.

## 5 Contingent assets, liabilities and other financial obligations

| | 2015 | 2014 |
|---|---|---|
| | DKK | DKK |
| **Rental agreements and leases** | | |
| Lease obligations under operating leases. Total future lease payments: | | |
| Within 1 year | 82.891 | 83.232 |
| Between 1 and 5 years | 179.598 | 263.568 |
| | **262.489** | **346.800** |
| Lease obligations, period of non-terminability 12 months | 0 | 22.500 |

**Contingent liabilities**

The Group's Danish enterprises are jointly and severally liable for the tax on the Group's jointly taxed income etc. Moreover, the Group's Danish enterprises are jointly and severally liable for Danish withholding tax such as tax on dividend, royalty and interest. Any subsequent adjustments to the corporation tax or withholding tax may result i increase of the Company's liability.

# Accounting Policies

## Basis of Preparation

The Annual Report of Eurofins Agroscience Service ApS for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015 are presented in DKK.

**Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

**Leases**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

## Accounting Policies

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

**Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

## Income Statement

**Gross profit/loss**

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

**Revenue**

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year.  This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

# Accounting Policies

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

### Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments as well as extra payments and repayment under the on account taxation scheme.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation  with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

| | | |
|---|---|---|
| Other fixtures and fittings, tools and equipment | 3-10 | years |

Depreciation period and residual value are reassessed annually.

# Accounting Policies

Assets costing less than DKK 12,800 are expensed in the year of acquisition.

**Impairment of fixed assets**

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

**Inventories**

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The cost of consumables equals landed cost.

**Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

**Contract work in progress**

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

# Accounting Policies

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

### Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.